



<b>\$92,210,000</b>		
<b>DORMITORY AUTHORITY OF THE STATE OF NEW YORK CORNELL UNIVERSITY REVENUE BONDS SERIES 2019B</b>		
<b>Due: July 1, 2039</b>	<b>Price: 100%</b>	<b>CUSIP* 64990G MF6</b>

**Payment and Security:** The Cornell University Revenue Bonds, Series 2019B (the "Series 2019B Bonds") are special limited obligations of the Dormitory Authority of the State of New York ("DASNY"), payable solely from, and secured by a pledge of (i) certain payments to be made under the Loan Agreement dated as of January 26, 2000, as amended and supplemented, including as supplemented by a Supplemental Loan Agreement dated as of April 25, 2019 (collectively, the "Loan Agreement") between Cornell University (the "University") and DASNY, and (ii) all funds and accounts (except the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds tendered for purchase) established under DASNY's Cornell University Revenue Bond Resolution, adopted January 26, 2000, as amended and supplemented (the "Resolution"), and the Series 2019B Resolution Authorizing Cornell University Revenue Bonds, Series 2019B adopted March 6, 2019 (the "Series 2019B Resolution").

The Loan Agreement is a general, unsecured obligation of the University and requires the University to pay, in addition to the fees and expenses of DASNY and the Trustee, amounts sufficient to pay, when due, the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on all Bonds issued under the Resolution, including the Series 2019B Bonds.

**The Series 2019B Bonds are not a debt of the State of New York (the "State") nor is the State liable thereon. DASNY has no taxing power.**

**Description:** The Series 2019B Bonds will be supported by a Liquidity Facility in the form of a standby bond purchase agreement provided by U.S. Bank National Association (the "Liquidity Facility").

### U.S. Bank National Association

The Series 2019B Bonds will be offered as Variable Interest Rate Bonds and Option Bonds and as fully registered Bonds and while the Series 2019B Bonds bear interest at a Short-Term Rate, in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Series 2019B Bonds will initially bear interest at the Initial Rate during the Initial Rate Period through and including the Wednesday following their date of delivery. While the Series 2019B Bonds bear interest at the Initial Rate during the Initial Rate Period, the Series 2019B Bonds will not be subject to optional tender by the Holders of Series 2019B Bonds. Thereafter, the Series 2019B Bonds will bear interest at the Daily Rate for the Daily Rate Period until converted to another Rate Period. During any Daily Rate Period, the Remarketing Agent shall determine the Daily Rate for such Daily Rate Period by 10:00 a.m. New York City time on each Business Day for as long as the Series 2019B Bonds bear interest at a Daily Rate.

The method of determining the interest rate to be borne by the Series 2019B Bonds may be changed to other Rate Modes at the times and in the manner set forth herein. Unless otherwise set forth herein, the descriptions of the Series 2019B Bonds and the related documents included herein generally relate only to the terms and provisions which are applicable while the Series 2019B Bonds bear interest at a Daily Rate or a Weekly Rate.

The Series 2019B Bonds will be issued initially 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 2019B Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2019B Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2019B Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement to beneficial owners is the responsibility of DTC participants. See "PART 3 - THE SERIES 2019B BONDS - Book-Entry Only System" herein.

The Bank of New York Mellon, New York, New York is the Trustee and Tender Agent for the Series 2019B Bonds.

**CERTAIN DESCRIPTIONS OF THE UNIVERSITY, DASNY, THE RESOLUTION AND THE LOAN AGREEMENT ARE DESCRIBED IN THE OFFICIAL STATEMENT DATED APRIL 10, 2019 FOR THE DASNY CORNELL UNIVERSITY REVENUE BONDS, SERIES 2019A (THE "SERIES 2019A OFFICIAL STATEMENT"). THIS OFFICIAL STATEMENT SHOULD BE READ IN CONJUNCTION WITH THE SERIES 2019A OFFICIAL STATEMENT WHICH IS ATTACHED HERETO AS APPENDIX B.**

**Tenders for Purchase and Redemption:** The Series 2019B Bonds are subject to tender for purchase and optional redemption prior to maturity as more fully described herein.

**Tax Exemption:** In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, 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 2019B 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 Bond Counsel, interest on the Series 2019B Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2019B 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). Bond Counsel 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 2019B Bonds. See "PART 10 - TAX MATTERS" herein regarding certain other tax considerations.

*The Series 2019B Bonds are offered when, as, and if issued and received by the Underwriter. The offer of the Series 2019B Bonds may be subject to prior sale or 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, Bond Counsel to DASNY, and to certain other conditions. Certain legal matters will be passed upon for the University by Ropes & Gray LLP, Boston, Massachusetts and by Madelyn F. Wessel, University Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Ballard Spahr LLP, Philadelphia, Pennsylvania. DASNY expects to deliver the Series 2019B Bonds in definitive form in New York, New York, on or about April 25, 2019.*

### US Bancorp

Dated: April 12, 2019

\* CUSIP numbers have been assigned by an independent company not affiliated with DASNY and are included solely for the convenience of the holders of the Series 2019B Bonds. Neither DASNY nor the Underwriters is responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Series 2019B Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2019B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Series 2019B Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2019B Bonds.

*No dealer, broker, salesperson or other person has been authorized by DASNY, the University or the Underwriter to give any information or to make any representations with respect to the Series 2019B 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 University or the Underwriter.*

*This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be a sale of the Series 2019B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.*

*Certain information in this Official Statement has been supplied by the University and other sources that DASNY believes are reliable. Neither DASNY nor the Underwriter guarantees the accuracy or completeness of such information, and such information is not to be construed as a representation of DASNY or of the Underwriter. DASNY does not directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the University, (2) the sufficiency of the security for the Series 2019B Bonds or (3) the value or investment quality of the Series 2019B Bonds.*

*The University has reviewed the parts of this Official Statement describing the University, the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B. It is a condition to the sale of and the delivery of the Series 2019B Bonds that the University certify to the Underwriter and DASNY that, as of the date of this Official Statement and of delivery of the Series 2019B Bonds, such parts 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 University makes no representation as to the accuracy or completeness of any other information included in this Official Statement.*

*The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has 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 Underwriter does not guarantee the accuracy or completeness of such information.*

*The Trustee has no responsibility for the form and content of this Official Statement and has not independently verified, makes no representation regarding and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein or omitted herefrom.*

*References in this Official Statement to the Act, the Resolution, the Series 2019B Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2019B Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Act, the Resolution, the Series 2019B Resolution and the Loan Agreement are on file with DASNY and the 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 will the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of DASNY and the University have remained unchanged after the date of this Official Statement.*

**IN CONNECTION WITH THE OFFERING OF THE SERIES 2019B BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2019B BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH, TO THE EXTENT THEY ARE NOT RECITATIONS OF HISTORICAL FACT, CONSTITUTE "FORWARD-LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. A NUMBER OF IMPORTANT FACTORS AFFECTING THE UNIVERSITY'S FINANCIAL RESULTS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN FORWARD-LOOKING STATEMENTS.**

## TABLE OF CONTENTS

PART 1 – INTRODUCTION.....	1
Purpose of the Official Statement.....	1
Purpose of the Issue.....	1
Authorization of Issuance.....	1
DASNY .....	2
The University.....	2
Series 2019B Bonds .....	2
Payment of the Series 2019B Bonds .....	2
Security for the Series 2019B Bonds.....	3
Liquidity Facility.....	3
PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2019B BONDS .....	3
Payment of the Series 2019B Bonds .....	3
Liquidity Facility.....	4
Security for the Series 2019B Bonds.....	8
Proposed Amendments to the Loan Agreement and Resolution .....	8
Events of Default and Acceleration.....	9
Issuance of Additional Bonds.....	10
PART 3 – THE SERIES 2019B BONDS.....	10
General .....	10
Description of the Series 2019B Bonds.....	10
Redemption and Purchase in Lieu of Redemption Provisions .....	13
Certain Considerations Affecting Sales of Variable Rate Bonds .....	15
Book-Entry Only System .....	16
Principal and Interest Requirements.....	18
PART 4 – PLAN OF FINANCE AND THE REFUNDING PLAN.....	19
Plan of Finance.....	19
Refunding Plan.....	20
PART 5 – ESTIMATED SOURCES AND USES OF FUNDS .....	20
PART 6 – LEGALITY OF THE SERIES 2019B BONDS FOR INVESTMENT AND DEPOSIT .....	20
PART 7 – NEGOTIABLE INSTRUMENTS.....	20
PART 8 – TAX MATTERS .....	21
PART 9 – STATE NOT LIABLE ON THE SERIES 2019B BONDS.....	22
PART 10 – COVENANT BY THE STATE.....	22
PART 11 – LEGAL MATTERS .....	22
PART 12 – CONTINUING DISCLOSURE .....	23
PART 13 – REMARKETING AGENT AND REMARKETING AGREEMENT.....	23
PART 14 – UNDERWRITING .....	24
PART 15 – RATINGS.....	24
PART 16 – VERIFICATION OF MATHEMATICAL COMPUTATIONS.....	24
PART 17 – MISCELLANEOUS.....	25
APPENDIX A – DEFINITIONS.....	A-1
APPENDIX B – SERIES 2019A BONDS OFFICIAL STATEMENT.....	B-1
APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT.....	C-1
APPENDIX D – THE BANK.....	D-1
APPENDIX E – FORM OF OPINION OF BOND COUNSEL.....	E-1

[THIS PAGE INTENTIONALLY LEFT BLANK]



**DORMITORY AUTHORITY - STATE OF NEW YORK**  
**GERRARD P. BUSHELL – PRESIDENT**

**515 BROADWAY, ALBANY, N.Y. 12207**  
**ALFONSO L. CARNEY, JR., ESQ. – CHAIR**

---

---

**OFFICIAL STATEMENT RELATING TO**  
**\$92,210,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**CORNELL UNIVERSITY**  
**REVENUE BONDS, SERIES 2019B**

**PART 1 – INTRODUCTION**

**Purpose of the Official Statement**

The purpose of this Official Statement, including the cover page and appendices, is to provide information about DASNY and the University, in connection with the offering by DASNY of \$92,210,000 principal amount of its Cornell University Revenue Bonds, Series 2019B (the “Series 2019B Bonds”). The following is a brief description of certain information concerning the Series 2019B Bonds, DASNY and the University. A more complete description of such information and additional information that may affect decisions to invest in the Series 2019B Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain capitalized terms used in this Official Statement are defined in Appendix A hereto.

Certain descriptions of the University, DASNY, the Resolution and the Loan Agreement are described in the Official Statement dated April 10, 2019 for the DASNY Cornell University Revenue Bonds, Series 2019A (the “Series 2019A Official Statement”). This Official Statement should be read in conjunction with the Series 2019A Official Statement which is attached hereto as Appendix B.

**Purpose of the Issue**

The Series 2019B Bonds are being issued (i) to refund a portion of the outstanding principal amount of DASNY’s Cornell University Revenue Bonds, Series 2009A, (ii) to refund a portion of the outstanding principal amount of DASNY’s Commercial Paper Notes (Cornell University 1998 Issue) and (iii) to pay certain Costs of Issuance of the Series 2019B Bonds. See “PART 4 – PLAN OF FINANCE AND THE REFUNDING PLAN” and “PART 5 - ESTIMATED SOURCES AND USES OF FUNDS.”

A Liquidity Facility in the form of a standby bond purchase agreement will be delivered by U.S. Bank National Association (“U.S. Bank” or the “Bank”) on the Closing Date. The following is a brief description of certain information concerning the Series 2019B Bonds, DASNY and the University. A more complete description of such information and additional information that may affect decisions to invest in the Series 2019B Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in Appendix A hereto. Unless otherwise set forth herein, the descriptions of the Series 2019B Bonds and the related documents included herein generally relate only to the terms and provisions which are applicable while the Series 2019B Bonds bear interest at the Daily Rate or the Weekly Rate.

**Authorization of Issuance**

The Series 2019B Bonds will be issued pursuant to DASNY’s Cornell University Revenue Bond Resolution, adopted January 26, 2000, as amended and supplemented (the “Resolution”), the Series 2019B Resolution Authorizing Cornell University Revenue Bonds, Series 2019B adopted March 6, 2019 (the “Series 2019B Resolution”) and the Act. In addition to the Series 2019B Bonds, the Resolution authorizes the issuance of other Series of Bonds to pay

other Costs of one or more Projects, to pay certain Costs of Issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of DASNY issued for the benefit of the University. The Bonds permitted to be issued under the Resolution include Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds and Variable Interest Rate Bonds. All Bonds issued under the Resolution rank on a parity with each other and are secured equally and ratably with each other. See PART 2 – “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2019B BONDS.”

## **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 educational and not-for-profit institutions. See the Series 2019A Official Statement.

## **The University**

Cornell University (“Cornell” or the “University”) is a private research university chartered and operated under the laws of the State. The University comprises colleges and schools in Ithaca, New York (privately funded colleges and academic units and colleges that receive direct funding from the State of New York) and New York City (medical graduate and professional units as part of Weill Cornell Medicine and Cornell Tech with its academic partner the Technion - Israel Institute of Technology). See the Series 2019A Official Statement.

## **Series 2019B Bonds**

The Series 2019B Bonds are being issued as Variable Interest Rate Bonds and Option Bonds. The Series 2019B Bonds will initially bear interest at the Initial Rate during the Initial Rate Period through and including the Wednesday following their date of delivery. While the Series 2019B Bonds bear interest at the Initial Rate during the Initial Rate Period, the Series 2019B Bonds will not be subject to optional tender by the Holders of Series 2019B Bonds. Thereafter, the Series 2019B Bonds will bear interest at the Daily Rate for the Daily Rate Period until converted to another Rate Period. During any Daily Rate Period, the Remarketing Agent shall determine the Daily Rate for such Daily Rate Period by 10:00 a.m. New York City time on each Business Day for as long as the Series 2019B Bonds bear interest at a Daily Rate.

The Series 2019B Bonds will mature on July 1, 2039. At the election of DASNY with the consent of the University, the Series 2019B Bonds, or a portion thereof, may be converted to bear interest in another Rate Period, including the Fixed Rate Mode, determined and payable as described in the Bond Series Certificates. See “PART 3 - THE SERIES 2019B BONDS.”

The Series 2019B Bonds are subject to tender for purchase at the option of the Holders on any Business Day during a Daily Rate Period or Weekly Rate Period upon prior notice as described herein, and mandatorily upon conversion to another Rate Period or upon the expiration or termination of any Liquidity Facility then in effect, in each case at a Purchase Price equal to the principal amount of the Series 2019B Bonds to be purchased, plus, except as described herein, accrued interest, if any, to the Purchase Date. Such purchases are payable from proceeds of the remarketing of the Series 2019B Bonds, from moneys obtained under the Liquidity Facility then in effect for the Series 2019B Bonds and from moneys furnished by or on behalf of the University in accordance with the Resolution and Loan Agreement. U.S. Bank Municipal Products Group, a division of U.S. Bank National Association and U.S. Bancorp Investments, Inc. have been appointed as the Remarketing Agent for the Series 2019B Bonds (the “Remarketing Agent”).

For a more complete description of the Series 2019B Bonds, the determination of interest rates, conversion to another Rate Period and optional and mandatory tenders, see “PART 3 - THE SERIES 2019B BONDS.”

## **Payment of the Series 2019B Bonds**

The Series 2019B Bonds and all other Bonds which may be issued under the Resolution are special obligations of DASNY payable solely from the Revenues which consist of certain payments to be made by the

University under a Loan Agreement dated as of January 26, 2000, as amended and supplemented, including as supplemented by a Supplemental Loan Agreement dated as of April 25, 2019 (collectively, the “Loan Agreement”), which payments are pledged and assigned to the Trustee. The Loan Agreement is a general, unsecured obligation of the University. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2019B BONDS - Payment of the Series 2019B Bonds” and “- Proposed Amendments to the Loan Agreement and Resolution.”

### **Security for the Series 2019B Bonds**

The Series 2019B Bonds are secured equally with all other Bonds issued under the Resolution by the pledge of the Revenues, the proceeds of the Bonds and all funds and accounts established by the Resolution and any Series Resolution (other than the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds tendered for purchase).

The Loan Agreement is a general, unsecured obligation of the University. No security interest in any revenues or assets of the University has been granted by the University to DASNY under the Loan Agreement. However, the University has granted security interests in certain revenues and assets of the University to secure certain of the University’s outstanding indebtedness other than the Bonds. In addition, pursuant to the Loan Agreement, the University may incur Debt secured by a lien and pledge of revenues of the University without granting to DASNY any security interest in any revenues to secure the University’s obligations under the Loan Agreement. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2019B BONDS - Security for the Series 2019B Bonds and Issuance of Additional Bonds,” “- Proposed Amendments to the Loan Agreement and Resolution” and “PART 6 - THE UNIVERSITY - Indebtedness” in the Series 2019A Official Statement.

The Series 2019B Bonds are not a debt of the State nor is the State liable thereon. DASNY has no taxing power. Neither the State nor DASNY has any responsibility to make payments with respect to the Series 2019B Bonds except for DASNY’s responsibility to make payments from moneys received from the University pursuant to the Loan Agreement and from amounts held in the funds and accounts under the Resolution and pledged therefor.

### **Liquidity Facility**

While in the Daily Rate Mode and the Weekly Rate Mode, the Series 2019B Bonds are subject to optional and mandatory tender for purchase as described herein. The Bank has committed to deliver a Liquidity Facility for the Series 2019B Bonds, in the form of a standby bond purchase agreement, pursuant to which, and subject to certain conditions precedent, the Bank will be obligated to purchase the Series 2019B Bonds tendered for purchase pursuant to the Bond Series Certificate and not remarketed. The Liquidity Facility is scheduled to terminate on April 25, 2024 unless it is renewed or extended or terminated pursuant thereto. Under certain circumstances, the Bank’s obligations under the Liquidity Facility may be suspended or terminated by the Bank at any time without notice. See “PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2019B BONDS – Liquidity Facility” and “Appendix D – The Bank.”

## **PART 2 – SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2019B BONDS**

*Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2019B Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolution, the Series 2019B Resolution and the Bond Series Certificate. Copies of the Loan Agreement, the Resolution, the Series 2019B Resolution and the Bond Series Certificate are on file with DASNY and the Trustee. See also “Appendix C - Summary of Certain Provisions of the Loan Agreement and Proposed Amendments” and “Appendix D - Summary of Certain Provisions of the Resolution and Proposed Amendments” in the Series 2019A Official Statement for a more complete statement of the rights, duties and obligations of the parties thereto.*

### **Payment of the Series 2019B Bonds**

The Series 2019B Bonds and all other Bonds issued under the Resolution are special obligations of DASNY. The principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2019B Bonds

and all other Bonds which may be issued under the Resolution are payable solely from the Revenues, which consist of payments to be made by the University pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Bondholders. The Purchase Price of the Series 2019B Bonds is payable solely from (i) proceeds of remarketing of the Series 2019B Bonds, (ii) moneys obtained under the Liquidity Facility, if any, for the Series 2019B Bonds then in effect and (iii) payments to be made by the University pursuant to the Loan Agreement on account of the Purchase Price of the Series 2019B Bonds.

The Loan Agreement is a general, unsecured obligation of the University. The Loan Agreement obligates the University to make payments to satisfy the principal, Sinking Fund Installments and Redemption Price of and interest on Outstanding Series 2019B Bonds. Payments made by the University in respect of interest on the Series 2019B Bonds while during the Daily Rate Mode and the Weekly Rate Mode are to be made on the 20<sup>th</sup> day of the month prior to an Interest Payment Date, in an amount equal to the estimated interest coming due on the next succeeding Interest Payment Date. Payments by the University in respect of principal are to be made on the 20<sup>th</sup> day of each June immediately preceding the July 1 on which such principal becomes due. The Loan Agreement also obligates the University to pay, at least 45 days prior to a redemption date or purchase date of Series 2019B Bonds called for redemption or contracted to be purchased, the amount, if any, required to pay the Purchase Price or Redemption Price of such Series 2019B Bonds. See “PART 3 - THE SERIES 2019B BONDS - Redemption Provisions.”

DASNY has directed, and the University has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal, Sinking Fund Installments and Redemption Price of and interest on the Series 2019B Bonds.

The Loan Agreement also requires the University to pay the Purchase Price of Tendered Bonds that have not been remarketed and for the payment of which moneys have not been received from any Liquidity Facility then in effect. Payments made by the University or a Liquidity Facility for payment of the Purchase Price of Tendered Bonds, as well as the Remarketing Proceeds of Tendered Bonds, are to be made to the Tender Agent and deposited in the Purchase Account. The Purchase Account, all moneys therein and investments thereof are held in trust for, and irrevocably pledged to, the Holders of Tendered Bonds for payment of the Purchase Price of Tendered Bonds.

## **Liquidity Facility**

**General.** Pursuant to the Resolution, the University is not required to provide a Liquidity Facility. However, the University has elected to provide a Liquidity Facility for the Series 2019B Bonds. At any time, subject to the terms and provisions set forth in the Liquidity Facility, the University may either terminate the Liquidity Facility then in effect and determine not to provide a Liquidity Facility for the Series 2019B Bonds or may provide a substitute Liquidity Facility for the Series 2019B Bonds. The Series 2019B Bonds will be subject to mandatory tender upon either of such events.

The following is a summary of certain provisions of the standby bond purchase agreement (the “Liquidity Facility”) with respect to the Series 2019B Bonds to be entered into among the University, the Bank and the Trustee. The following summary does not purport to be a full and complete statement of the provisions of the Liquidity Facility. The Liquidity Facility should be read in full for a complete understanding of all the terms and provisions thereof. Copies of the Liquidity Facility are on file with the Trustee. For certain information regarding the Bank, see “APPENDIX D - THE BANK.”

The Bank agrees under the Liquidity Facility, on the terms and conditions set forth therein, to purchase, at the Purchase Price (as defined in the Liquidity Facility), Series 2019B Bonds bearing interest at the Daily Rate or Weekly Rate and which are not Series 2019B Bonds owned by or on behalf of, or for the benefit of or for the account of, the University or the Bank, which are tendered pursuant to an optional or mandatory tender (“Tendered Bonds”) pursuant to certain provisions of the Resolution and not remarketed. See “PART 3 - THE SERIES 2019B BONDS.” The amount of the Bank’s commitment under the Liquidity Facility is initially equal to the principal amount of the Series 2019B Bonds and up to 36 days of interest thereon at a maximum rate of 15% per annum. The amount of the commitment under the Liquidity Facility may be adjusted as provided in the Liquidity Facility. The Liquidity Facility is scheduled to terminate on April 25, 2024 unless it is extended as described therein or unless terminated as described



below. If requested by the University, the Liquidity Facility may be extended in the sole discretion of the Bank. Failure to extend the Liquidity Facility will result in a mandatory tender of the Series 2019B Bonds as described under the heading “PART 3 - THE SERIES 2019B BONDS – Description of the Series 2019B Bonds – Mandatory Purchase.”

If Tendered Bonds are not remarketed by the Remarketing Agent on the day the Series 2019B Bonds are to be tendered, the Trustee will give the Bank notice as provided in the Liquidity Facility. Upon receipt of such notice, and upon the Bank’s determination that the conditions precedent to purchase specified in the Liquidity Facility are satisfied, the Bank will transmit to the Trustee in immediately available funds an amount equal to the aggregate Purchase Price of such Tendered Bonds for which remarketing proceeds are not available as requested by the Trustee. Tendered Bonds purchased with such funds provided by the Bank will be registered in the name of the Bank and shall be held by the Trustee for the benefit of the Bank.

THE LIQUIDITY FACILITY IS AVAILABLE TO FUND PURCHASES OF THE SERIES 2019B BONDS COVERED THEREBY WHICH ARE TENDERED BUT FOR WHICH REMARKETING PROCEEDS ARE NOT AVAILABLE. THE LIQUIDITY FACILITY DOES NOT SUPPORT THE PAYMENT OF PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2019B BONDS COVERED THEREBY AS THE SAME BECOMES DUE AND PAYABLE. UNDER CERTAIN CIRCUMSTANCES DESCRIBED HEREIN, PURCHASES WILL NOT BE MADE UNDER THE LIQUIDITY FACILITY AND, THEREFORE, FUNDS MAY NOT BE AVAILABLE TO PURCHASE TENDERED BONDS.

The Liquidity Facility contain certain covenants on the part of the University. The Liquidity Facility provides that, without the prior written consent of the Bank, the University will not agree or consent to any amendment, supplement or modification of, or any waiver under, any Related Document. As used in the Liquidity Facility, the term “Related Documents” means the Liquidity Facility, the Resolution, the Series 2019B Resolution, the Loan Agreement, the Remarketing Agreement, this Official Statement, the Series 2019B Bonds and certain other agreements relating thereto.

***Events of Default Under Substitute Liquidity Facility.*** The following are “Events of Default” under the Liquidity Facility:

(a) any material representation or warranty made by the University in the Liquidity Facility (or incorporated therein by reference) or in any of the other Related Documents or in any certificate, document, instrument, opinion or financial or other statement contemplated by or made or delivered pursuant to or in connection with the Liquidity Facility or with any of the other Related Documents, shall prove to have been incorrect, incomplete or misleading in any material respect when made;

(b) any “event of default” shall have occurred under any of the Related Documents (as defined respectively therein);

(c) failure by the University to pay to the Bank the principal amount of or accrued interest on any Purchased Bonds as described in the Liquidity Facility when and as due thereunder (other than as a result of an acceleration relating to remedies described below under the caption “*Consequences of Events of Default*”);

(d) failure by the University to pay to the Bank any other obligations when and as due under the Liquidity Facility;

(e) principal of or interest on the Series 2019B Bonds shall not be paid by the University when due, whether on any regularly scheduled interest payment date, at maturity, upon redemption or acceleration (other than as a result of an acceleration relating to the remedies described below under the caption “*Consequences of Events of Default*”), or otherwise;

(f) default in the due observance or performance by the University of certain covenants set forth (or incorporated by reference) in the Liquidity Facility;

(g) default in the due observance or performance by the University of any other term, covenant or agreement set forth (or incorporated by reference) in the Liquidity Facility and the continuance of such default for 30 days after notice of the occurrence thereof;

(h) any material provision of the Liquidity Facility or any of the Related Documents with respect to the payment of principal of or interest on the Series 2019B Bonds shall cease to be valid and binding as a result of a non-appealable judgment by any court of competent jurisdiction, or the University shall contest in writing any such provision, or the University shall deny in writing that it has any or further liability under any material provisions of the Liquidity Facility or any of the other Related Documents with respect to the payment of principal of or interest on the Series 2019B Bonds;

(i) the University shall (i) have commenced against it, any case, proceeding or other action of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days, (ii) not pay, or admit in writing its inability to pay, its debts related to principal and interest payments as they become due or suspend payment of its obligations, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, conservator, liquidator or similar official for it or any substantial part of its property, or a receiver, custodian, trustee, conservator, liquidator or similar official shall be appointed for the University or any substantial part of the Property of the University, and such appointment continues undischarged or any such proceeding continues undismissed or unstayed for a period of sixty (60) or more days, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, or any other bankruptcy or similar law, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer in such proceeding or other pleading denying the material allegations of any such proceeding filed against it, (vi) fail to contest during a period of sixty (60) or more days any appointment or proceeding described in clause (iv) of this subsection (i) below, or (vii) take any corporate action to authorize or consent to any of the actions set forth above in this subsection (i);

(j) (i) default shall occur in any payment of principal of or premium, if any, or interest on any Parity Obligations of the University in an aggregate principal amount in excess of \$15,000,000 or any such Parity Obligations shall not be paid when and as due, whether on any regularly scheduled interest payment date, at maturity or upon redemption or otherwise (but excluding any acceleration of such Parity Obligation), or (ii) default shall occur on any Parity Obligations of the University in an aggregate principal amount in excess of \$15,000,000 and the maturity of such Parity Obligations has been accelerated as a result thereof;

(k) any final, non-appealable judgment or judgments for the payment of money in an aggregate amount in excess of \$15,000,000 shall be entered or filed against the University and remain unpaid and unvacated, unbonded or unstayed for a period of sixty (60) days;

(l) the University or any member of its Controlled Group shall fail to pay when due an amount or amounts aggregating in excess of \$15,000,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Vested Liabilities in excess of \$15,000,000 (collectively, a "Material Plan") shall be filed under Title IV of ERISA by the University or any other member of its Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against the University or any member of its Controlled Group to enforce section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within thirty (30) days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated;

(m) principal of or interest on any Parity Obligations subject to any other agreement between the University and the Bank shall, in either case, not be paid when due, whether on any regularly scheduled interest payment date, at maturity or upon redemption, or otherwise (but excluding any acceleration of such Parity Obligations pursuant to the terms of the agreement between the University and the Bank relating to such Parity Obligations);

(n) Moody's and S&P shall have lowered their respective ratings of the University's long-term unenhanced Indebtedness which is on a parity basis with, or is senior to, the Series 2019B Bonds to below "Baa3" and "BBB-" (or to the equivalent rating then in effect with respect to Moody's and/or S&P), respectively, or shall have suspended or withdrawn such ratings for credit-related reasons; or

(o) a ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service shall be rendered to the effect that interest on the Series 2019B Bonds is includable in the gross income of the holders or beneficial owners of the Series 2019B Bonds for federal income tax purposes and either (i) DASNY or the University, after being notified by the Internal Revenue Service, or any such holder or beneficial owner of Series 2019B Bonds, as applicable, shall not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted or (ii) a court of law shall make a determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered.

***Consequences of Events of Default.*** Upon the occurrence of any Event of Default under the Liquidity Facility described in paragraphs (c), (e), (h), (i), (j)(i), (k), (m) or (n) above, the Bank's obligation to purchase Series 2019B Bonds under the Liquidity Facility shall immediately terminate without notice or other action on the part of the Bank and its commitment to purchase Tendered Bonds under the Liquidity Facility shall immediately terminate and all accrued fees and other amounts due and outstanding under the Liquidity Facility shall be immediately due and payable.

In addition to the rights and remedies set forth in the immediately preceding paragraph, upon the occurrence of any other Event of Default under the Liquidity Facility, the Bank may, in its sole and absolute discretion, terminate its obligation to purchase Tendered Bonds under the Liquidity Facility by written notice to the Tender Agent (such termination to be effective thirty (30) days after such notice is received by the Tender Agent), specifying the applicable mandatory tender date, which is at least five days (or if such fifth day is not a Business Day, the preceding Business Day) prior to the date when the Bank will terminate its stated obligations under the Liquidity Facility, and declare that all accrued fees and other amounts due and outstanding under the Liquidity Facility shall be immediately due and payable.

In addition to the rights and remedies set forth in above, upon the occurrence of any Event of Default under the Liquidity Facility, the Bank may take any other action or remedies available to it under the Liquidity Facility, the Related Documents or otherwise pursuant to law or equity in order to enforce the rights of the Bank thereunder, under the Related Documents or otherwise, provided, however, that the Bank shall not have the right to terminate its obligation to purchase unremarketed Series 2019B Bonds, to declare any amount due under the Liquidity Facility due and payable, or to accelerate the maturity date of the Series 2019B Bonds except as provided in the Liquidity Facility and in the Resolution.

***Termination of the Liquidity Facility.*** The obligation of the Bank to purchase Series 2019B Bonds under the Liquidity Facility shall expire on the earliest of (i) April 25, 2024 (subject to extension as provided in the Liquidity Facility), (ii) the date on which no Series 2019B Bonds covered by the Liquidity Facility are Outstanding, (iii) the date on which the Available Commitment is voluntarily terminated by the University, (iv) the date on which the Bank's obligation to purchase Tendered Bonds has been terminated as described under "Consequences of Events of Default" described above, (v) the Bank's close of business on the date on which the interest rate on all Series 2019B Bonds covered by the Liquidity Facility is converted to an interest rate other than a Daily Rate or a Weekly Rate, so long as the Bank has honored any purchase of Series 2019B Bonds resulting from such conversion or change in accordance with the terms of the Liquidity Facility and the Resolution, or (vi) the Bank's close of business on the date on which a substitute Liquidity Facility is issued pursuant to the terms of the Resolution, so long as the Bank has honored any purchase of Series 2019B Bonds resulting from such substitution in accordance with the terms of this the Liquidity Facility and the Resolution.

***Substitute Liquidity Facility.*** Subject to any limitations contained in any Liquidity Facility then in effect or the agreement with the provider of such Liquidity Facility, the University may replace the Liquidity Facility for the Series 2019B Bonds with a substitute Liquidity Facility. A Liquidity Facility is not required to be replaced if the ratings on the Series 2019B Bonds are reduced, suspended or withdrawn by Moody's or S&P. "PART 3 - THE SERIES 2019B BONDS – Description of the Series 2019B Bonds – Mandatory Purchase."

### **Security for the Series 2019B Bonds**

The Series 2019B Bonds are secured equally with all other Bonds issued under the Resolution by the pledge of the Revenues, the proceeds of the Bonds and all funds and accounts established by the Resolution and any Series Resolution (other than the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds tendered for purchase).

The Series 2019B Bonds are not a debt of the State nor is the State liable thereon. DASNY has no taxing power. Neither the State nor DASNY has any responsibility to make payments with respect to the Series 2019B Bonds except for DASNY's responsibility to make payments from moneys received from the University pursuant to the Loan Agreement and from amounts held in the funds and accounts under the Resolution and pledged therefor.

The Loan Agreement and the obligation of the University to make payments under the Loan Agreement are general, unsecured obligations of the University. The obligations of the University to make payments or cause the same to be made under the Loan Agreement are complete and unconditional and the amount, manner and time of making such payments are not to 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 University may otherwise have against DASNY, the Trustee or any Bondholder for any cause whatsoever.

No security interest in any revenues or assets of the University has been granted by the University to DASNY under the Loan Agreement. However, the University has granted security interests in certain revenues and assets of the University to secure certain of the University's outstanding indebtedness other than the Bonds. See the Series 2019A Official Statement for a description of such indebtedness of the University secured by certain pledged revenues. In the event of a default under any debt instrument secured by such pledged revenues, the holder or trustee under such debt instrument (including DASNY as the holder of such other debt) will have the right to collect a portion or all of such pledged revenues, and apply the revenues so collected to the payment of amounts due under such debt instrument. Any revenues so collected and applied will not be available for satisfying any of the University's obligations under the Loan Agreement.

### **Proposed Amendments to the Loan Agreement and Resolution**

The Loan Agreement is proposed to be amended and restated in order to effect certain proposed amendments (the "Proposed Loan Agreement Amendments") and a Supplemental and Amendatory Resolution containing certain proposed amendments to the Resolution (the "Proposed Resolution Amendments") was adopted by DASNY on March 6, 2019. The consent of the holders of a majority in principal amount of Outstanding Bonds under the Resolution is required for the Proposed Loan Agreement Amendments and the Proposed Resolution Amendments to become effective. The Proposed Loan Agreement Amendments include removal of covenants relating to engagement of a Management Consultant; removal of specific insurance requirements; a more stream-lined requisition process; and other clarifications and corrections. The Proposed Resolution Amendments include modernization and alignment of certain provisions of the Resolution with current DASNY policy; removal of provisions regarding certain optional newspaper notice publications and the 30-day waiting period for amendments to become effective; and allowance for certain provisions to be applicable to a particular Series of Bonds, such as payment dates, conditional notice of redemption and consent of a Facility Provider having the same effect as consent of bondholders. See "Appendix C – Summary of Certain Provisions of the Loan Agreement and Proposed Amendments" and "Appendix D – Summary of Certain Provisions of the Resolution and Proposed Amendments" in the Series 2019A Official Statement.

The Resolution provides that purchasers of the Bonds, whether purchasing as underwriters, for resale or otherwise, upon such purchase may consent to an amendment, change, modification or waiver of the Loan Agreement

and an amendment, change, modification or waiver under the Resolution with the same effect as a consent given by the Holder of such Bonds.

Simultaneously with the issuance of the Series 2019B Bonds, the Underwriter will consent to the Proposed Loan Agreement Amendments and the Proposed Resolution Amendments on behalf of the holders of the Series 2019B Bonds. The University expects each of the underwriters for the Series 2019A Bonds (as defined herein) on behalf of the holders of the Series 2019A Bonds and the purchaser of the Series 2019C Bonds (as defined herein) also to consent to the Proposed Loan Agreement Amendments and the Proposed Resolution Amendments. All purchasers of the Series 2019B Bonds will be bound by the consent of the Underwriter, and by their purchase of the Series 2019B Bonds and acceptance of the delivery thereof, will be deemed to have consented to the Proposed Loan Agreement Amendments and the Proposed Resolution Amendments. However, as of the date hereof, the Series 2019B Bonds do not constitute a majority of Outstanding Bonds. DASNY also will seek the consent of the holders of all other Bonds issued prior to the issuance of the Series 2019B Bonds and which will remain Outstanding upon the issuance of the Series 2019B Bonds, and the Proposed Loan Agreement Amendments and the Proposed Resolution Amendments will become effective only upon the consent of the holders of a majority in principal amount of Outstanding Bonds under the Resolution. DASNY and the University expect to request that the underwriters or purchasers for any future series of Bonds issued under the Resolution consent to the Proposed Loan Agreement Amendments and the Proposed Resolution Amendments.

### **Events of Default and Acceleration**

The following are events of default under the Resolution: (i) a default by DASNY in the payment of the principal, Sinking Fund Installment, if any, or Redemption Price of or interest on any Bond; (ii) a default by DASNY in the due and punctual performance of the tax covenants contained in the Resolution, and, as a result thereof, the interest on Bonds of a Series shall no longer be excludable from gross income under the Code; (iii) a default by DASNY in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolution or any Series Resolution on the part of DASNY to be performed and the continuance of such default for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to DASNY by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 25% in principal amount of the Outstanding Bonds; or (iv) an event of default under the Loan Agreement shall have been declared and is continuing and all sums payable by the University under the Loan Agreement have been declared immediately due and payable (unless such declaration has been annulled). Unless otherwise specified above, 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 (other than as described in clause (ii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Bonds Outstanding will, by notice in writing to DASNY, declare the principal of and interest on all of the Bonds Outstanding to be immediately due and payable. At the expiration of 30 days from the giving of notice of such declaration, such principal and interest will become immediately due and payable. The Trustee, with the written consent of the Holders of not less than 25% in principal amount of Bonds not yet due by their terms and then Outstanding, will annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

Notwithstanding any other provision of the Resolution to the contrary, upon DASNY's failure to comply with the covenant described in clause (ii) of the first paragraph under this heading, upon the direction of the Holders of not less than 25% in principal amount of the Outstanding Bonds of the Series affected thereby, the Trustee is to exercise the rights and remedies provided to the Bondholders under the Resolution. However, the Resolution provides that in no event may the Trustee, whether or not it is acting at the direction of the Holders of 25% or more in principal amount of the Outstanding Bonds of the Series affected thereby, declare the principal of such Series of Bonds, and the interest accrued thereon, to be due and payable immediately as a result of DASNY's failure to comply with such covenant.

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee to the Holders of the Bonds within 30 days after knowledge of the occurrence thereof unless such default has been remedied or cured before the giving of such notice. However, except in the case of default in the payment of the principal, Sinking Fund Installment, if any, or Redemption Price of, or interest on, any

of the Bonds, the Trustee is protected in withholding such notice thereof from the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Bonds.

### **Issuance of Additional Bonds**

In addition to the Bonds currently Outstanding under the Resolution and the Series 2019B Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance one or more projects and for other specified purposes including to refund Outstanding Bonds or other notes or bonds of DASNY issued on behalf of the University. The Bonds which may be issued include Fixed Interest Rate Bonds, Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds and Variable Interest Rate Bonds. There is no limit on the amount of additional Bonds that may be issued under the Resolution or the amount of indebtedness that may be otherwise incurred by the University.

### **PART 3 – THE SERIES 2019B BONDS**

*Set forth below is a narrative description of certain provisions relating to the Series 2019B Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution and the Loan Agreement, copies of which are on file with DASNY and the Trustee. See also the descriptions of the Loan Agreement and the Resolution in the Series 2019A Official Statement.*

#### **General**

The Series 2019B Bonds will be issued pursuant to the Resolution. The Series 2019B Bonds will initially bear interest at the Initial Rate during the Initial Rate Period through and including the Wednesday following their date of delivery. Thereafter, the Series 2019B Bonds will bear interest at the Daily Rate, which is a variable rate of interest determined by the Remarketing Agent on each Business Day, unless and until the Series 2019B Bonds is converted to bear interest at another Rate Period, as set forth herein. All of the Series 2019B Bonds must bear interest at the same rate mode. The Series 2019B Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), pursuant to DTC’s Book-Entry Only System. Purchases of beneficial interests in the Series 2019B Bonds will be made in book-entry form, without certificates. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2019B Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2019B Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Series 2019B Bonds is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined). If at any time the Book-Entry Only System is discontinued for the Series 2019B Bonds, the Series 2019B Bonds will be exchangeable for fully registered Series 2019B Bonds in any authorized denominations of the same maturity without charge except 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” below.

If the Series 2019B Bonds are not registered in the name of DTC, Cede & Co. (or such other nominee), the principal, Purchase Price or Redemption Price of Series 2019B Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, New York, New York, as Trustee, Paying Agent and Tender Agent upon presentation and surrender of such Series 2019B Bonds to it. Interest on the Series 2019B Bonds will be payable in immediately available funds by check or draft or, at the request of a Holder, by wire transfer to the wire transfer address within the continental United States to which such Holder has, prior to the applicable Record Date, directed the Trustee to wire such interest. The Record Date is the close of business on the Business Day immediately preceding each Interest Payment Date.

**This Official Statement in general describes the Series 2019B Bonds only while the Series 2019B Bonds bear interest at the Initial Rate, a Daily Rate or a Weekly Rate. Certain descriptions of the University, DASNY, the Resolution and the Loan Agreement are described in the Series 2019A Official Statement. This Official Statement should be read in conjunction with the Series 2019A Official Statement.**

## **Description of the Series 2019B Bonds**

The Series 2019B Bonds are fully registered Bonds and are available in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof (an “Authorized Denomination”). The Series 2019B Bonds may be exchanged for other Series 2019B Bonds of any other Authorized Denominations upon payment of a charge sufficient to reimburse DASNY or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such exchange and for the cost of preparing the new bond, and otherwise as provided in the Indenture. DASNY will not be obligated to make any exchange or transfer of Series 2019B Bonds (i) during the period beginning on the Record Date next preceding an Interest Payment Date for such Series 2019B Bonds and ending on such Interest Payment Date (defined below) or (ii) after the date next preceding the date on which the Trustee commences selection of Series 2019B Bonds for redemption.

**Daily Rate.** During any Daily Rate Period, the Series 2019B Bonds will bear interest at the Daily Rate. During any Daily Rate Period, the Remarketing Agent shall determine the Daily Rate for such Daily Rate Period by 10:00 a.m. New York City time on each Business Day. If for any reason the Daily Rate for any Business Day is not established, no Remarketing Agent shall be serving as such under the Bond Series Certificate or the rate so established is held to be invalid or unenforceable with respect to any day, then the interest rate for such Business Day shall be 100% of the Daily Rate Index on the date such interest rate was (or would have been) determined as provided above. The Daily Rate for any non-Business Day will be the rate for the last Business Day on which a Daily Rate was set.

**Weekly Rate.** During any Weekly Rate Period, the Series 2019B Bonds will bear interest at the Weekly Rate. During any Weekly Rate Period, a Weekly Rate will be set by 5:00 p.m. New York City time on each Wednesday (or the immediately preceding Business Day, if such Wednesday is not a Business Day) for the next Calendar Week; provided, that the Weekly Rate for the first Calendar Week (or portion thereof) following the Effective Date or Conversion Date resulting in a change in the Rate Period to a Weekly Rate shall be set on the Business Day immediately preceding such Effective Date or Conversion Date, as the case may be. If for any reason the Weekly Rate for any Calendar Week is not established as aforesaid, no Remarketing Agent shall be serving as such under the Bond Series Certificate or the rate so established is held to be invalid or unenforceable with respect to any Calendar Week, then the Weekly Rate for such Calendar Week shall be 100% of the Weekly Rate Index on the date such interest rate was (or would have been) determined as provided above.

**Interest Payment Dates.** Interest on the Series 2019B Bonds will be paid initially on May 1, 2019, and thereafter, on the first Business Day of each month while the Series 2019B Bonds bear interest at a Daily Rate or a Weekly Rate, until converted to bear interest at another Rate Period, and on each Conversion Date (each, an “Interest Payment Date”). Interest on the Bonds will be computed during any Daily Rate Period or Weekly Rate Period on the basis of a 365 day or 366 day year, as appropriate, for the actual number of days elapsed.

**Rate Periods.** The Series 2019B Bonds will initially bear interest at the Initial Rate during the Initial Rate Period through and including the Wednesday following their date of delivery. Thereafter, the Series 2019B Bonds will bear interest in the Daily Rate Period until converted to the Weekly Rate Period, Monthly Rate Period, Semi-Annual Rate Period, Variable-Term Rate Period, Medium-Term Rate Period, Fixed Rate Period or Bank Purchase Rate Period as provided for in the Bond Series Certificate.

**Establishment of Rates.** The Rate will be the rate of interest which, in the judgment of the Remarketing Agent, upon consultation with DASNY and the University (except that the Remarketing Agent shall not be obligated to consult the University and DASNY with respect to Daily Rates or Weekly Rates), having due regard for the prevailing financial market conditions for revenue bonds or other securities the interest on which is excluded from gross income for federal income tax purposes of the same general nature as the Series 2019B Bonds which are competitive as to credit and maturity (or period for tender) with the credit and maturity (or period for tender) of the Series 2019B Bonds, would be the lowest interest rate which would enable the Series 2019B Bonds to be placed at a price of par (plus accrued interest, if any) on the first day of the applicable Rate Period.

**Conversion.** During any Daily Rate Period or Weekly Rate Period, the Rate Period for the Series 2019B Bonds shall be converted, at the option of DASNY, upon the written request of the University, from a Short-Term Rate Period to another Short-Term Rate Period or to a Medium-Term Rate Period, from any Rate Period to the Fixed Rate Period, from a Medium Term Rate Period to a Short-Term Rate Period or from the rate in effect during one

Medium-Term Rate Period to the rate in effect during any other Medium-Term Rate Period, upon delivery by DASNY to the Remarketing Agent, the Trustee, the Tender Agent and the Liquidity Facility Issuer not less than fourteen (14) Business Days prior to the proposed Effective Date or the proposed Conversion Date, as the case may be, of (i) a written notice (the "Conversion Notice"), which notice shall be deemed received upon telephone confirmation of receipt to the University and the Remarketing Agent thereof by the Tender Agent, specifying (A) the Effective Date or the Conversion Date, as the case may be, (B) the new Rate Period to take effect, (C) the rating expected to be assigned to the Series 2019B Bonds after such Effective Date or Conversion Date, as the case may be, (D) the form and substance of the Liquidity Facility, if any, and the identity of the Liquidity Facility Issuer and (E) the length of the Medium-Term Rate Period if the Series 2019B Bonds will bear interest at a Medium-Term Rate, and (ii) an Opinion of Bond Counsel with respect to the proposed change of the Rate Period.

If the Rate Period then in effect is a Daily Rate Period or Weekly Rate Period, the Conversion Date or the Effective Date, as the case may be, must occur on the first Business Day of the next calendar month which occurs at least fourteen (14) Business Days after the Tender Agent receives the Conversion Notice.

By 10:00 a.m. New York City time on the proposed Effective Date or the proposed Conversion Date, as the case may be, DASNY shall either (i) deliver a supplemental Opinion of Bond Counsel or (ii) notify the Tender Agent, the Trustee, the Remarketing Agent and the Liquidity Facility Issuer that the Rate Period for the Series 2019B Bonds shall not be converted from one Rate Period to another Rate Period on the proposed Effective Date or to the Fixed Rate Period on the proposed Conversion Date, as the case may be, but all Series 2019B Bonds shall be deemed to have been tendered for purchase on the proposed Effective Date or the proposed Conversion Date, as the case may be, and shall be purchased on the proposed Effective Date or the proposed Conversion Date, as the case may be, and the Series 2019B Bonds shall remain in the Rate Period in effect prior to the proposed Effective Date or proposed Conversion Date.

"Conversion Date" means the day on which the interest rate on all the Series 2019B Bonds shall be converted or is proposed to be converted to the Fixed Rate or a different Rate (or, with respect to notices, time periods and requirements in connection with the proceedings for such conversion, the day on which it is proposed that such conversion occur).

**Optional Tender.** While the Series 2019B Bonds bear interest at the Initial Rate during the Initial Rate Period, the Series 2019B Bonds will not be subject to optional tender by the Holders of Series 2019B Bonds. While the Series 2019B Bonds bear interest at the Daily Rate or the Weekly Rate, the Holders of Series 2019B Bonds may elect to tender their Series 2019B Bonds (or portions thereof in Authorized Denominations) to the Tender Agent for purchase at the Purchase Price on any Business Day (an "Optional Tender Date").

During the Daily Rate Period, in order to exercise the tender option, a Holder must (a) give or deliver to the Remarketing Agent and the Tender Agent at their respective principal offices by 11:00 a.m., New York City time, on such Optional Tender Date of an irrevocable telephonic, facsimile or electronic notice which states (i) the aggregate principal amount of each Series 2019B Bond to be purchased and (ii) that such Series 2019B Bond (or portion thereof in an Authorized Denomination) shall be purchased on such Optional Tender Date pursuant to the Bond Series Certificate; and (b) deliver the Series 2019B Bond to the Tender Agent at its principal office at or prior to 1:00 p.m., New York City time, on such Optional Tender Date.

During the Weekly Rate Period, in order to exercise the tender option, a Holder must (a) give or deliver to the Remarketing Agent and the Tender Agent at their respective principal offices, not earlier than the seventh calendar day prior to the Optional Tender Date, and not later than 5:00 p.m., New York City time, on the Business Day next preceding such Optional Tender Date, of an irrevocable telephonic, facsimile or electronic notice which states (i) the aggregate principal amount of each Series 2019B Bond to be purchased and (ii) that such Series 2019B Bond (or portion thereof in an Authorized Denomination) shall be purchased on such Optional Tender Date pursuant to the Bond Series Certificate; and (b) deliver the Series 2019B Bond to the Tender Agent at its principal office at or prior to 1:00 p.m., New York City time, on such Optional Tender Date.

Any election of a Bondholder to tender a Series 2019B Bond (or portion thereof as aforesaid) for purchase on the Optional Tender Date shall be irrevocable and shall be binding on the Bondholder making such election and on any transferee of such Bondholder.



***Mandatory Purchase.*** The Series 2019B Bonds bearing interest at a Rate other than the Fixed Rate or the Bank Purchase Rate are subject to mandatory tender and purchase at a Purchase Price equal to the principal amount thereof plus accrued interest on the following dates (each a “Mandatory Purchase Date”): (i) on each Effective Date or proposed Effective Date (other than with respect to conversions between the Daily Rate Mode and Weekly Rate Mode); (ii) after a change in the Rate Period to a Variable-Term Rate Period, with respect to each Series 2019B Bond, on the first day of each succeeding Variable-Term Rate Period applicable to such Series 2019B Bond; (iii) on the Conversion Date or proposed Conversion Date (other than with respect to conversions between the Daily Rate Mode and Weekly Rate Mode); (iv) on the fifth (5th) day (or preceding Business Day if such day is not a Business Day) preceding the effective date of any expiration or earlier termination of any Liquidity Facility or any alternate Liquidity Facility then in effect; (v) on the date of substitution of the Liquidity Facility then in effect; (vi) on any Business Day, at the direction and discretion of DASNY, upon fifteen (15) days’ notice given by the Tender Agent to the Bondholders by first class mail (or, at the option of the Tender Agent, by certified mail, return receipt requested); and (vii) any additional date(s) on which the Series 2019B Bonds are subject to mandatory tender as provided for in the Bond Series Certificate.

***Immediate Termination or Suspension of Obligation to Purchase Series 2019B Bonds Under the Liquidity Facility in Certain Circumstances.*** WHILE THE LIQUIDITY FACILITY IS IN PLACE, UPON THE OCCURRENCE AND CONTINUANCE OF CERTAIN EVENTS OF DEFAULT, THE OBLIGATION OF THE BANK TO PURCHASE THE SERIES 2019B BONDS UNDER THE LIQUIDITY FACILITY WILL TERMINATE OR BE SUSPENDED IMMEDIATELY WITHOUT PRIOR NOTICE OR DEMAND TO HOLDERS OF THE SERIES 2019B BONDS AND WITHOUT MANDATORY TENDER OF THE SERIES 2019B BONDS. AFTER THE OCCURRENCE OF SUCH DEFAULTS, OWNERS OF A SERIES 2019B BOND TENDERED FOR PURCHASE WOULD NOT BE ENTITLED TO HAVE THEIR SERIES 2019B BOND PURCHASED BY THE BANK FROM FUNDS MADE AVAILABLE UNDER THE LIQUIDITY FACILITY. See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2019B BONDS – Liquidity Facility – Events of Default Under Liquidity Facility – Consequences of Events of Default” herein.

***Remarketing of Series 2019B Bonds.*** Upon receipt of any notice given with respect to a tender of the Series 2019B Bonds or a Conversion Notice, that any Series 2019B Bonds will be or are required to be tendered for purchase, the Remarketing Agent shall use its best efforts to remarket such Series 2019B Bonds (or portions thereof in Authorized Denominations) on any Optional Tender Date or Mandatory Purchase Date, as the case may be, at the Purchase Price. By 11:00 a.m. New York City time on each Optional Tender Date or Mandatory Purchase Date, other than the Conversion Date or proposed Conversion Date, and by 2:00 p.m. New York City time on the Business Day prior to the Conversion Date or proposed Conversion Date, the Remarketing Agent shall give notice by telephone of the principal amount of such Series 2019B Bonds (or portions thereof in Authorized Denominations) for which it has arranged a remarketing, along with the principal amount of Series 2019B Bonds, if any, for which it has not arranged a remarketing, to the Trustee and the Tender Agent, and, by 11:15 a.m. New York City time on each such date, shall transfer to the Tender Agent the proceeds of the remarketing of such Series 2019B Bonds against delivery of the remarketed Series 2019B Bonds.

The Tender Agent shall notify the Liquidity Issuer by 11:30 a.m. of the principal amount of Series 2019B Bonds for which it does not have remarketing proceeds on deposit in the Bond Purchase Fund. The Tender Agent shall then draw under the Liquidity Facility in an amount equal to the full Purchase Price of those tendered Series 2019B Bonds for which it does not have remarketing proceeds on deposit in the Bond Purchase Fund. The Remarketing Agent shall not be required to remarket any Series 2019B Bonds if it has actual knowledge that an Event of Default shall have occurred and be continuing hereunder with respect to the Series 2019B Bonds. So long as a Liquidity Facility is in effect for tendered Series 2019B Bonds, no such tendered Series 2019B Bonds shall be remarketed by the Remarketing Agent for purchase by or on behalf of the Authority or the University.

### **Redemption and Purchase in Lieu of Redemption Provisions**

The Series 2019B Bonds are subject to redemption as described below. The Series 2019B Bonds are not subject to purchase in lieu of redemption so long as a Liquidity Facility is in effect.

***Optional Redemption.*** The Series 2019B Bonds in the Daily Rate Mode or the Weekly Rate Mode are subject to redemption prior to maturity at the election of DASNY, in whole or in part, on any Business Day, at a

Redemption Price equal to one hundred per centum (100%) of the principal amount of the Series 2019B Bonds or portion thereof to be redeemed, plus accrued interest, if any, to the redemption date.

***Mandatory Sinking Fund Redemption.*** While the Series 2019B Bonds are bearing interest at a Daily Rate or a Weekly Rate, the Series 2019B Bonds are subject to redemption prior to maturity, in part, through application of Sinking Fund Installments at the Redemption Price of one hundred percent (100%) of the principal amount of the Series 2019B Bonds or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption on July 1 of each of the years set forth in the following table, or if any such July 1 is not an Interest Payment Date, on the Interest Payment Date next succeeding such July 1, the amounts set forth in the following table:

<u>Year</u>	<u>Principal Amount</u>
2035	\$17,370,000
2036	17,890,000
2037	18,425,000
2038	18,980,000
2039*	19,545,000

\*Final Maturity

***Purchase in Lieu of Redemption.*** Any Series 2019B Bond which is subject to optional redemption may be purchased by the Trustee at the direction of the University with the consent of DASNY, in whole or in part at any time, at a price of 100% of the principal amount thereof plus accrued interest to the date set for purchase. The University's obligation to purchase or cause to be purchased a Series 2019B Bond is conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2019B Bonds to be purchased on the purchase date. If sufficient money is available on the purchase date to pay the Purchase Price of the Series 2019B Bonds to be purchased, the former registered owners of such Series 2019B Bonds will have no claim thereunder or under the Resolution or otherwise for payment of any amount other than the Purchase Price. If sufficient money is not available on the purchase date for payment of the Purchase Price, the Series 2019B Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the purchase date, who will be entitled to the payment of the principal of and interest on such Series 2019B Bonds in accordance with their respective terms pursuant to the Rate and Rate Period in effect immediately prior to such Purchase Date. In the event not all of the Outstanding Series 2019B Bonds are to be purchased, the Series 2019B Bonds to be purchased will be selected by lot in the same manner as the Series 2019B Bonds to be redeemed in part are to be selected. Notwithstanding the foregoing, the Series 2019B Bonds shall not be subject to purchase in lieu of redemption so long as a Liquidity Facility is in effect.

***Selection of Bonds to be Redeemed.*** In the event less than all of the Outstanding Series 2019B Bonds of like maturity are to be redeemed, the Trustee shall select for redemption Purchased Bonds before selecting any other Series 2019B Bonds for redemption. Such Series 2019B Bonds will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

***Notice of Redemption.*** The Trustee is to give notice of the redemption of the Series 2019B Bonds in the name of DASNY, by first-class mail, postage prepaid, not less than 15 days prior to the redemption date, to the registered owners of any Series 2019B Bonds which are to be redeemed, at their last known addresses appearing on the registration books of DASNY not more than ten Business Days prior to the date such notice is given. The failure of any owner of a Series 2019B Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2019B Bond. If directed in writing by an Authorized Officer of DASNY, the Trustee will publish or cause to be published such notice in an Authorized Newspaper not less than 15 days prior to the redemption date, but publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of such Series 2019B Bonds.

If on the redemption date moneys for the redemption of the Series 2019B Bonds to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the redemption

price, and if notice of redemption has been mailed, then interest on such Series 2019B Bonds will cease to accrue from and after the redemption date and such Series 2019B Bonds will no longer be considered to be Outstanding.

### **Certain Considerations Affecting Sales of Variable Rate Bonds**

***The Remarketing Agent is Paid by the University.*** The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing the Series 2019B Bonds that are tendered by the Holders by operation of either optional or mandatory tender (subject, in each case, to the terms of the Remarketing Agreement). The Remarketing Agent is appointed by the University and is paid by the University for its services. As a result, the interests of the Remarketing Agent may differ from those of existing Holders and potential purchasers of Series 2019B Bonds.

***The Remarketing Agent Routinely Purchases Bonds for its Own Account.*** The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account and, in its sole discretion, acquires such tendered obligations in order to achieve a successful remarketing of the obligations (i.e., because there otherwise are not enough buyers to purchase the obligations) or for other reasons. Similarly, the Remarketing Agent is permitted, but not obligated, to purchase Series 2019B Bonds for its own account. However, the Remarketing Agent is not obligated to purchase any obligations, including the Series 2019B Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 2019B Bonds by purchasing and selling Series 2019B Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 2019B Bonds. The Remarketing Agent may also sell any Series 2019B Bonds it purchases to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2019B Bonds. The purchase of Series 2019B Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Series 2019B Bonds in the market than is actually the case. The practices described above also may result in fewer Series 2019B Bonds being tendered in a remarketing.

***Series 2019B Bonds May be Offered at Different Prices on any Date.*** Pursuant to the Remarketing Agreement and the Resolution, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 2019B Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable date on which the interest rate on the Series 2019B Bonds is determined. The interest rate will reflect, among other factors, the level of market demand for the Series 2019B Bonds (including whether the Remarketing Agent is willing to purchase Series 2019B Bonds for its own account). There may or may not be Series 2019B Bonds tendered and remarketed on such date, the Remarketing Agent may or may not be able to remarket any Series 2019B Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Series 2019B Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Series 2019B Bonds at the remarketing price. In the event the Remarketing Agent owns any Series 2019B Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2019B Bonds on any date, including any date on which the interest rate on the Series 2019B Bonds is determined, at a discount to par to some investors.

***The Ability to Sell the Series 2019B Bonds other than through Tender Process May Be Limited.*** The Remarketing Agent may buy and sell Series 2019B Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to tender their Series 2019B Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Series 2019B Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2019B Bonds other than by tendering the Series 2019B Bonds in accordance with the tender process. Under certain circumstances the Remarketing Agent may have the ability to cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

***The Remarketing Agent may be Removed, Resign or Cease Remarketing the Series 2019B Bonds Without a Successor Being Named.*** Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

## **Book-Entry Only System**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2019B Bonds. The Series 2019B Bonds will be issued 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 2019B Bond certificate will be issued for each maturity of the Series 2019B Bonds, each in the aggregate principal amount of such maturity, and will be 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 for 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”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2019B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019B Bonds on DTC’s records. The ownership interest of each actual purchaser of the Series 2019B Bonds (“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, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019B 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 ownership interests in the Series 2019B Bonds, except in the event that use of the book-entry system for the Series 2019B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019B 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 Series 2019B 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 2019B Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2019B 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.

Redemption notices will be sent to DTC. If less than all of the Series 2019B Bonds within a maturity of the Series 2019B Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2019B Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual

procedures, DTC mails an Omnibus Proxy to DASNY 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 2019B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and redemption premium, if any, of and interest payments on the Series 2019B 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 Trustee on the payable 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 Participant and not of DTC, the Underwriter, the Trustee or DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DASNY or the 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 Direct and Indirect Participants.

DASNY and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2019B Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of or interest on the Series 2019B Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2019B Bonds or other action to be taken by registered owners and for all other purposes whatsoever. DASNY, the University, the Trustee and the Underwriter have no responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2019B Bonds under or through DTC or any Direct or Indirect Participant, or any other person that is not shown on the registration books of DASNY (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant, the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2019B Bonds, any notice that is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by DASNY or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2019B Bonds at any time by giving reasonable notice to DASNY and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2019B 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, the Series 2019B Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that DASNY believes to be reliable, but DASNY takes no responsibility for the accuracy thereof.

Each person for whom a Direct or Indirect Participant acquires an interest in the Series 2019B Bonds, as nominee, may desire to make arrangements with such Direct or Indirect Participant to receive a credit balance in the records of such Direct or Indirect Participant, and may desire to make arrangements with such Direct or Indirect Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Direct or Indirect Participant and to have notification made of all interest payments. **NONE OF DASNY, THE UNIVERSITY, THE TRUSTEE OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2019B BONDS.**

So long as Cede & Co. is the registered owner of the Series 2019B Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2019B Bonds (other than under the caption "PART 10 - TAX MATTERS" herein) means Cede & Co., as aforesaid, and does not mean the Beneficial Owners of the Series 2019B 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 Trustee to DTC only.

For every transfer and exchange of Series 2019B 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 2019B Bonds if DASNY determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2019B Bonds or (ii) a continuation of the requirement that all of the Outstanding Series 2019B Bonds be registered in the registration books kept by the 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 found by DASNY or restricted registration is no longer in effect, Series 2019B Bond certificates will be delivered as described in the Resolution.

NONE OF DASNY, THE UNIVERSITY, THE UNDERWRITER NOR THE TRUSTEE WILL 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 2019B 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 2019B 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 2019B BONDS, (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2019B BONDS OR (VI) ANY OTHER MATTER.

#### **Principal and Interest Requirements**

The following table sets forth the amounts, after giving effect to the issuance of the Series 2019B Bonds, required to be paid by the University during each twelve month period ending June 30 shown for the payment of the principal of and interest on the Series 2019B Bonds, debt service on other outstanding indebtedness of the University and the total debt service on all indebtedness of the University, including the Series 2019B Bonds.

## Debt Service on University Indebtedness

12 Month Period Ending June 30	Series 2019B Bonds <sup>(1)(2)</sup>			Debt Service on Series 2019A Bonds and Estimated Debt Service on Series 2019C Bonds <sup>(1)(2)</sup>	Debt Service on Other Outstanding Indebtedness <sup>(1)(2)(3)(4)</sup>	Total Debt Service <sup>(1)(2)(3)(4)</sup>
	Principal Payments	Interest Payments	Total Debt Service			
2020	-	\$2,770,752	\$ 2,770,752	\$17,264,681	\$ 68,729,085	\$ 88,764,518
2021	-	2,761,848	2,761,848	17,253,420	68,859,663	88,874,930
2022	-	2,766,300	2,766,300	17,256,250	69,035,541	89,058,091
2023	-	2,766,300	2,766,300	17,259,650	69,187,216	89,213,166
2024	-	2,770,752	2,770,752	17,259,730	166,169,975	186,200,457
2025	-	2,761,848	2,761,848	17,257,070	66,602,331	86,621,248
2026	-	2,766,300	2,766,300	17,257,900	61,542,966	81,567,166
2027	-	2,766,300	2,766,300	17,260,900	61,712,898	81,740,098
2028	-	2,770,752	2,770,752	17,261,980	61,900,286	81,933,018
2029	-	2,761,848	2,761,848	17,254,570	61,970,345	81,986,763
2030	-	2,766,300	2,766,300	17,319,900	57,415,901	77,502,101
2031	-	2,766,300	2,766,300	17,321,700	72,299,481	92,387,481
2032	-	2,770,752	2,770,752	17,322,366	72,454,025	92,547,142
2033	-	2,761,848	2,761,848	17,322,899	72,583,176	92,667,923
2034	-	2,766,300	2,766,300	17,324,600	66,938,575	87,029,475
2035	\$17,370,000	2,766,300	20,136,300	-	67,123,930	87,260,230
2036	17,890,000	2,248,813	20,138,813	-	57,010,483	77,149,296
2037	18,425,000	1,705,750	20,130,750	-	57,104,542	77,235,292
2038	18,980,000	1,155,750	20,135,750	-	52,901,677	73,037,427
2039	19,545,000	586,350	20,131,350	-	52,650,376	72,781,726
2040	-	-	-	-	52,547,844	52,547,844
2041	-	-	-	-	15,649,244	15,649,244
2042	-	-	-	-	15,630,820	15,630,820
2043	-	-	-	-	15,610,745	15,610,745
2044	-	-	-	-	15,593,345	15,593,345
2045	-	-	-	-	15,572,946	15,572,946
2046	-	-	-	-	15,553,875	15,553,875
2047	-	-	-	-	15,530,458	15,530,458
2048	-	-	-	-	15,511,924	15,511,924
2049	-	-	-	-	15,487,504	15,487,504

- (1) This table excludes interest for the Series 2019B&C Bonds payable on May 1, 2019 through July 1, 2019. FY2019 debt service on Other Indebtedness is also excluded.
- (2) For the purpose of this table, variable interest rates are assumed at a rate of 3.0% until maturity. The University is fully hedging its variable rate debt with interest rate swaps.
- (3) This table excludes any debt outstanding under the \$200 million authorized tax-exempt commercial paper program and the \$200 million taxable commercial paper program.
- (4) This table excludes the Series 2009A Bonds being refunded by the Series 2019A Bonds, Series 2019B Bonds and Series 2019C Bonds.

### PART 4 – PLAN OF FINANCE AND THE REFUNDING PLAN

#### Plan of Finance

In conjunction with the issuance of the Series 2019B Bonds, the University anticipates the substantially simultaneous issuance of the DASNY Cornell University Revenue Bonds, Series 2019A (the “Series 2019A Bonds”) and the DASNY Cornell University Revenue Bonds, Series 2019C (the “Series 2019C Bonds”). The proceeds of the Series 2019A Bonds and the Series 2019C Bonds will be used, along with the proceeds of the Series 2019B Bonds, to pay the redemption price of and interest on (i) a portion of the DASNY Cornell University Revenue Bonds, Series 2009A maturing on and after July 1, 2019 (the “Refunded 2009A Bonds”) and (ii) DASNY’s Commercial Paper Notes (Cornell University 1998 Issue) (the “Refunded Commercial Paper” and, together with the Refunded 2009A Bonds, the “Refunded Obligations”). The issuance of the Series 2019B Bonds is not contingent on the issuance of the Series

2019A Bonds or the Series 2019C Bonds. This Official Statement does not describe the Series 2019A Bonds or the Series 2019C Bonds.

**Refunding Plan**

The University expects to use the majority of proceeds from the Series 2019B Bonds, along with funds of the University and the proceeds of the Series 2019A Bonds and the Series 2019C Bonds, to pay the redemption price of and interest on the Refunded Obligations. Such proceeds and other available funds will be used to purchase certain Defeasance Securities, the maturing principal and interest on which will be sufficient, together with any uninvested cash, to pay the interest on and the principal and redemption price of the Refunded 2009A Bonds coming due on and prior to their respective maturity or redemption dates. Simultaneously with the issuance and delivery of the Series 2019B Bonds, such Defeasance Securities will be deposited with the trustee under the Resolution. A portion of the proceeds of the Series 2019B Bonds will be transferred to the issuing and paying agent appointed in a resolution pursuant to which the Refunded Commercial Paper was issued.

At the time of such deposits, DASNY will give such trustee irrevocable instructions to give notices of the redemption of the Refunded 2009A Bonds subject to redemption and to apply the maturing principal of and interest on the Defeasance Securities, together with any uninvested cash, held in trust solely for the payment of the principal, interest and redemption price coming due on the respective Refunded 2009A Bonds. In the opinion of Bond Counsel, upon making such deposits with the trustee under the Resolution and the giving of such irrevocable instructions, the Refunded 2009A Bonds will, under the terms of the Resolution, be deemed to have been paid, will no longer be outstanding and the covenants, agreements and obligations of DASNY with respect to the Refunded 2009A Bonds under the Resolution will be discharged and satisfied.

**PART 5 – ESTIMATED SOURCES AND USES OF FUNDS**

**Sources of Funds**

Principal Amount of the Series 2019B Bonds	\$92,210,000.00
7/1/19 Interest Payment from University Funds	<u>1,876,492.96</u>
<b>Total Sources of Funds</b>	<b><u>\$94,086,492.96</u></b>

**Uses of Funds**

Deposit to Refunding Escrow for Refunded 2009A Bonds	\$77,730,546.58
Deposit to Refund Commercial Paper	15,890,517.00
Costs of Issuance	439,770.08
Underwriter’s Discount	<u>25,659.30</u>
<b>Total Uses of Funds</b>	<b><u>\$94,086,492.96</u></b>

**PART 6 – LEGALITY OF THE SERIES 2019B BONDS FOR INVESTMENT AND DEPOSIT**

Under New York State law, the Series 2019B 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.

The Series 2019B Bonds may be deposited with the State Comptroller to secure deposits of State money in banks, trust companies and industrial banks.

**PART 7 – NEGOTIABLE INSTRUMENTS**

The Series 2019B Bonds are negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2019B Bonds.



## PART 8 – TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), 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 2019B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Series 2019B Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2019B 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 Bond Counsel is set forth in Appendix E hereto.

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 2019B Bonds. DASNY and the University have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2019B 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 2019B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2019B Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel 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 Bond Counsel’s attention after the date of issuance of the Series 2019B Bonds may adversely affect the value of, or the tax status of interest on, the Series 2019B Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not be relied upon in connection with any such actions, events or matters.

In addition, Bond Counsel has relied, among other things, on the opinion of Ropes & Gray LLP, Counsel to the University, regarding the current qualification of the University as an organization described in Section 501(c)(3) of the Code and on the opinion of Madelyn F. Wessel, University Counsel, regarding the intended operation of the facilities to be refinanced by the Bonds as substantially related to the University’s charitable purpose under Section 513(a) of the Code. Each such opinion is subject to a number of qualifications and limitations. Furthermore, neither Counsel to the University nor University Counsel can give or has given any opinion or assurance about the future activities of the 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. Failure of the University to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities refinanced by the Bonds in a manner that is not substantially related to the University’s charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Bonds being included in federal gross income, possibly from the date of the original issuance of the Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2019B 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 2019B 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. Bond Counsel 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 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 Bonds. Prospective purchasers of the 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 Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2019B Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of DASNY or the University, 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 University have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2019B Bonds ends with the issuance of the Series 2019B Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend DASNY, the University or the Beneficial Owners regarding the tax-exempt status of the Series 2019B Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than DASNY, the University 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 tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which DASNY or the University legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2019B 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 2019B Bonds, and may cause DASNY, the University or the Beneficial Owners to incur significant expense.

#### **PART 9 – STATE NOT LIABLE ON THE SERIES 2019B BONDS**

The Act provides that notes and bonds of DASNY are not a debt of the State, that the State is not liable on them and that such notes and bonds are not payable out of any funds other than those of DASNY. The Resolution specifically provides that the Series 2019B Bonds are not a debt of the State and that the State is not liable on the Series 2019B Bonds.

#### **PART 10 – 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 11 – LEGAL MATTERS**

Certain legal matters incidental to the authorization and issuance of the Series 2019B Bonds by DASNY are subject to the approval of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to DASNY, whose approving opinion will be delivered with the Series 2019B Bonds. The proposed form of Bond Counsel's opinion is set forth in Appendix E hereto.

Certain legal matters will be passed upon for the University by Ropes & Gray LLP, Boston, Massachusetts, and by Madelyn F. Wessel, University Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Ballard Spahr LLP, Philadelphia, Pennsylvania.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2019B Bonds or questioning or affecting the validity of the Series 2019B Bonds or the proceedings and authority under which they are to be issued.

## **PART 12 – CONTINUING DISCLOSURE**

In order to assist the Underwriter 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 University will enter into a written agreement (the “Continuing Disclosure Agreement”) for the benefit of the Holders of the Series 2019B Bonds with Digital Assurance Certification LLC, as disclosure dissemination agent and the Trustee. The proposed form of the Continuing Disclosure Agreement is attached as Appendix C hereto. The University is currently in compliance in all material respects with its previous undertakings with regard to continuing disclosure for prior obligations issued.

## **PART 13 – REMARKETING AGENT AND REMARKETING AGREEMENT**

U.S. Bancorp Investments, Inc. (“USBII”) and U.S. Bank Municipal Products Group, a division of U.S. Bank National Association (“USBMPG”) have been appointed by the University to serve as the initial Remarketing Agent for the Series 2019B Bonds. USBMPG is also the Underwriter of the Series 2019B Bonds, and will receive additional compensation in that capacity, and is affiliated with U.S. Bank National Association, the initial Liquidity Facility Issuer.

The Remarketing Agent agrees that its responsibilities under the Remarketing Agreement and under the Resolution will include (a) exercising its best efforts in its remarketing of the Series 2019B Bonds; (b) effecting and processing such purchases; (c) billing and receiving payment of Series 2019B Bond purchases; (d) causing the proceeds from the secondary sale of the Series 2019B Bonds to be transferred to the Tender Agent; (e) determining the Daily Rates; and (f) performing other related functions. Such best efforts to remarket Series 2019B Bonds shall be exercised without regard to any interest rate to be borne by the Series 2019B Bonds while held by the Bank.

The Remarketing Agent may be removed at any time on five (5) Business Days’ prior written notice, by an instrument of DASNY and the University (with the written consent of the Bank) filed with the Remarketing Agent, the Trustee, the Bank, the Tender Agent and the Paying Agent and the Remarketing Agent may resign upon forty-five (45) days’ prior written notice to DASNY, the University, the Trustee, the Tender Agent, the Bank and the Paying Agent.

The Remarketing Agent may suspend remarketing the Series 2019B Bonds with immediate effect if it determines, in its reasonable judgment, that for any reason, it is not advisable to attempt to remarket the Series 2019B Bonds due to, without limitation, the following: (i) a pending or proposed change in applicable tax laws that would adversely affect the tax-exempt status of the Series 2019B Bonds; (ii) a material adverse change in the financial condition of the University; (iii) a general banking moratorium by Federal, New York or State authorities; (iv) a material disruption in commercial banking or securities settlement or clearance services; (v) the outbreak or escalation of hostilities or other national or international calamity or crisis; (vi) a downgrade or withdrawal of the rating of the Series 2019B Bonds; (vii) an imposition by any governmental authority or any nationally recognized securities exchange of material restrictions on securities or the Series 2019B Bonds or similar obligations; (viii) trading on the New York Stock Exchange or any other major national stock exchange shall have been suspended or materially limited; (ix) the bankruptcy or default of any other issuer of or obligor on obligations of the general character of the Series 2019B Bonds or on similar commercial paper; or (x) a material misstatement or omission in the Official Statement as then modified or supplemented.

The Remarketing Agent, in its individual capacity, either as principal or agent, may (but is not obligated to) buy, sell, own, hold and deal in any of the Series 2019B Bonds, and may join in any action which any owner of any Series 2019B Bond may be entitled to take with the like effect as if it did not act in any capacity hereunder. Such purchases or sales are not required to be at par. The Remarketing Agent may sell any Series 2019B Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others.

The Remarketing Agent shall incur no liability to the University or any other party for its actions as Remarketing Agent pursuant to the terms of the Remarketing Agreement and of the Resolution except for its negligence or willful misconduct. The obligation of the Remarketing Agent to remarket Series 2019B Bonds under the Remarketing Agreement shall be on a best efforts basis in soliciting offers to purchase Series 2019B Bonds. The

Remarketing Agent will be acting solely as the University's agent in the remarketing of the Series 2019B Bonds. The Remarketing Agent is not obligated to buy or to take any position in the Series 2019B Bonds for its own account.

The foregoing summary of certain provisions of the Remarketing Agreement does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Remarketing Agreement. A copy of the Remarketing Agreement may be obtained from the Trustee upon request.

#### **PART 14 – UNDERWRITING**

The Series 2019B Bonds are being purchased by USBMPG (the "Underwriter"). The Underwriter has agreed to purchase all but not less than all of the Series 2019B Bonds at an aggregate purchase price of \$92,184,340.70 (which represents the par amount of Series 2019B Bonds less the Underwriter's discount of \$25,659,30). The Underwriter will be obligated to purchase all of the Series 2019B Bonds if any are purchased. The initial public offering prices may be changed, from time to time, by the Underwriter.

The Series 2019B Bonds may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Series 2019B Bonds into investment trusts) at prices lower than such public offering prices. The execution of the Continuing Disclosure Agreement referred to under "CONTINUING DISCLOSURE" above is a condition precedent to the obligation of the Underwriter to purchase the Series 2019B Bonds.

"US Bancorp" is the marketing name of U.S. Bancorp and its subsidiaries, including USBII and USBMPG.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may in the future perform various investment banking services for the University, for which they will receive customary fees and expenses. In the ordinary course of its business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the University.

#### **PART 15 – RATINGS**

Moody's Investors Service ("Moody's") has assigned a rating of "Aa1" with a stable outlook to the long-term obligations of the University. Standard & Poor's Ratings Services, a division of Standard & Poor's Financial Services LLC ("Standard & Poor's") has assigned a rating of "AA" with a stable outlook to the long-term obligations of the University. Moody's is expected to assign a short-term credit rating of "VMIG 1" to the Series 2019B Bonds and Standard Poor's is expected to assign a short-term rating of "A-1+" to the Series 2019B 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 agencies at the following addresses: Standard & Poor's, 55 Water Street, New York, New York 10041; and Moody's, 250 Greenwich Street, New York, New York 10007. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating agencies if, in the judgment of any or all of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Series 2019B Bonds.

#### **PART 16 – VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Causey Demgen & Moore, P.C., a firm of independent certified public accountants, will deliver to DASNY and the University its report verifying the mathematical accuracy of the arithmetical computations which establish the adequacy of the cash, the maturing principal amounts and the interest on the Defeasance Securities deposited with the trustee under the Resolution to pay the principal and redemption price of and interest coming due on the Refunded 2009A Bonds on their respective maturity or redemption dates as described in "PART 4 — PLAN OF FINANCE AND THE REFUNDING PLAN." Causey Demgen & Moore, P.C. will express no opinion on the reasonableness of

the assumptions provided to them, the likelihood that the principal of and interest on the Series 2019B Bonds will be paid as described in the schedules provided to them, or the exclusions of the interest on the Series 2019B Bonds from gross income for federal income tax purposes.

#### **PART 17 – MISCELLANEOUS**

References in this Official Statement to the Act, the Resolution, the Bond Series Certificate, and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Bond Series Certificate and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Bond Series Certificate and the Loan Agreement are on file with DASNY and the Trustee.

The agreements of DASNY with Holders of the Series 2019B Bonds are fully set forth in the Resolution. Neither any advertisement of the Series 2019B Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2019B 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 regarding the University was supplied by the University. DASNY believes that this information is reliable, but DASNY makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

“Appendix A – Definitions” and “Appendix E – Form of Opinion of Bond Counsel” have been prepared by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel.

“Appendix D – The Bank” has been prepared by U.S. Bank.

The University has reviewed the parts of this Official Statement describing the University and Appendix B. It is a condition to the delivery of the Series 2019B Bonds that the University certify to the Underwriter and DASNY that, as of the date of this Official Statement and the date of delivery of the Series 2019B Bonds, such parts do not contain any untrue statement of a material fact and do not omit 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 University has agreed to indemnify DASNY, the Underwriter 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/ Gerrard P. Bushell            
          Authorized Officer

**DEFINITIONS**

[THIS PAGE INTENTIONALLY LEFT BLANK]



## DEFINITIONS

The following are definitions of certain terms used in this Official Statement.

*“Accreted Value”* means with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Capital Appreciation Bond or a Bond Series Certificate and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a year of twelve thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates;

*“Act”* means the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, as amended, and constituting Title 4 of Article 8 of the Public Authorities Law, as amended);

*“Appreciated Value”* means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Deferred Income Bond or a Bond Series Certificate and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues during any semi-annual period in equal daily amounts on the basis of a year of twelve thirty-day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date;

*“Arbitrage Rebate Fund”* means the fund so designated, created and established pursuant to the Resolution;

*“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 the fee payable to the Authority consisting of all of the Authority's internal costs and overhead expenses attributable to the issuance of the Bonds of a Series and the construction of the Projects, as more particularly described in the Loan Agreement;

*“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 Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Managing Director of Public Finance, the Managing Director of Construction, the Managing Director of Policy and Program Development, the Chief Financial Officer, the General Counsel, the Deputy General Counsel, the Associate General Counsel, and an Assistant General Counsel, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of the Authority to perform such act or execute such document; (ii) in the case of the University, any officer of the University, and when used with reference to any act or document, means the person or persons authorized by a resolution or the by-laws of the University, or designated in writing by an officer of the University to act on such officer's behalf, to perform such act or execute such document; and (iii) in the case of the Trustee, any officer of the Trustee with direct responsibility for the administration of the Resolution and 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 the Trustee or the by-laws of the Trustee;

“*Bond or Bonds*” means any of the bonds of the Authority authorized pursuant to the Resolution and issued pursuant the Resolution and to a Series Resolution;

“*Bond Counsel*” means an attorney or a law firm, appointed by the Authority, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal obligations;

“*Bondholder or Holder of Bonds or Holder*” or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any Outstanding Bond;

“*Bond Series Certificate*” means a certificate of an Authorized Officer of the Authority fixing terms, conditions and other details of Bonds in accordance with the delegation of power to do so under the Resolution or under a Series Resolution, as supplemented or amended;

“*Bond Year*” means a period of twelve (12) consecutive months beginning July 1 in any calendar year and ending on June 30 of the succeeding calendar year;

“*Book-Entry Bond*” means a Bond authorized to be issued, and issued to and registered in the name of, a Depository for the participants in such Depository or the beneficial owner of such Bond;

“*Business Day*” means any day which is not a Saturday, Sunday or a legal holiday in the State or a day on which banking institutions chartered by the State or the United States of America or the Trustee, are legally authorized to close in The City of New York; provided that, with respect to Option Bonds and Variable Rate Bonds of a Series, such a term means any day which is not a Saturday, Sunday or a legal holiday in the State or a day on which the New York Stock Exchange, banking institutions chartered by the State or the United States of America, the Trustee or the issuer of the Credit Facility or Liquidity Facility for such Bonds are legally authorized to close in The City of New York;

“*Capital Appreciation Bond*” means any Bond as to which interest is compounded on each Valuation Date therefor and is payable only at the maturity or prior redemption thereof;

“*Code*” means the Internal Revenue Code of 1986 or any successor provisions of law, and the applicable regulations thereunder;

“*Cost or Costs of Issuance*” means the items of expense incurred in connection with the preparation, authorization, sale and issuance of Bonds and the preparation and execution of the Loan Agreement, 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, legal fees and charges, professional consultants’ fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for insurance on Bonds, commitment fees or similar charges relating to a Credit Facility or a Liquidity Facility, costs and expenses of refunding Bonds or other bonds or notes of the Authority, costs and expenses incurred pursuant to a Remarketing Agreement, and other costs, charges and fees, including the Authority Fee, in connection with the foregoing;

“*Cost or Costs of a Project*” means costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection with a Project, 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) cost and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of such Project, (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 such Project, 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 such Project, (v) costs and expenses required for the acquisition of equipment or machinery, (vi) all other costs which the University shall be required to pay for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of such Project, (vii) any sums required to reimburse the University 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 such Project (including interest on moneys borrowed from parties other than the University), (viii) interest on Bonds prior to, during and for a reasonable period after the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of such project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with such Project or pursuant to the Loan Agreement, the Resolution, a Credit Facility, a Liquidity Facility or a Remarketing Agreement;

“*Credit Facility*” means an irrevocable letter of credit, surety bond, loan agreement, or other agreement, facility or insurance or guaranty 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 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 saving 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 the Authority or the Trustee is entitled to obtain moneys to pay the principal, purchase price or Redemption Price of Option Bonds due in accordance with their terms or tendered for purchase or redemption, plus accrued interest thereon to the date of payment, purchase or redemption thereof in accordance herewith and with the Series Resolution authorizing such Bonds or a Bond Series Certificate, whether or not the Authority is in default hereunder or the University is in default under the Loan Agreement.

“*Debt*” means indebtedness for borrowed money whether or not evidenced by notes, bonds, debentures or other similar evidences of indebtedness, or any guarantee of indebtedness for borrowed money, including indebtedness under purchase money mortgages, capital leases, installment sales contracts and similar security arrangements which appear as debt on the audited balance sheet of the University;

“*Defeasance Security*” means (a) a direct obligation of the United States of America, an obligation the principal of and interest on which are guaranteed by the United States of America (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment), an obligation to which the full faith and credit of the United States of America are pledged (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment) 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, which, in each case, is not subject to redemption prior to maturity other than at the option of the holder thereof or which has been irrevocably called for redemption on a stated future date or (b) an Exempt Obligation (i) which 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) which is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or direct obligations of the United States of America 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 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 direct obligations of the United States of America 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 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) which are rated by each Rating Service in the highest rating category of each Rating Service for such Exempt Obligation; provided, however, that such term shall not mean any interest in a unit investment trust or mutual fund;

*“Deferred Income Bond”* means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such Deferred Income Bond, and as to which interest accruing after the Interest Commencement Date is payable periodically during each Bond Year;

*“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 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;

*“Exempt Obligation”* means 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 (i) excludable from gross income under Section 103 of the Code, (ii) not an item of tax preference 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, in the highest rating category by each Rating Agency, or, if such obligation is not rated by a Rating Agency, has been assigned a comparable rating by another nationally recognized rating service;

*“Facility Provider”* means the provider of a Credit Facility or a Liquidity Facility with respect to Bonds of a Series.

*“Fixed Rate”* means the rate at which a Bond of a Series bears interest to its maturity during the Fixed Rate Period, as established in accordance with the Resolution.

*“Fixed Rate Mode”* means a Rate Mode in which a Bond of a Series in such Rate Mode bears interest at a Fixed Rate.

*“Fixed Rate Period”* means the period from and including the Conversion Date and extending to and including the date of maturity of a Bond of a Series in the Fixed Rate Mode.

*“Interest Commencement Date”* means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Series Resolution authorizing such Bond or a Bond Series Certificate, after which interest accruing on such Bond shall be payable on the interest payment date immediately succeeding such Interest Commencement Date and semi-annually thereafter periodically during each Bond Year;

*“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 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 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 the Authority is entitled to obtain moneys 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 hereof and of the Series Resolution authorizing such Bonds or a Bond Series Certificate.

*“Loan Agreement”* means the Loan Agreement executed by and between the Authority and the University, in connection with the issuance of the Bonds, as the same shall have been heretofore or hereafter amended, supplemented or otherwise modified as permitted by the Resolution and by the Loan Agreement;

“*Management Consultant*” means a nationally recognized accounting or management consulting firm or other similar firm, experienced in reviewing and assessing university and hospital operations, acceptable to the Authority;

“*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;

“*Option Bond*” means any Bond which by its terms may be tendered by and at the option of 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;

“*Outstanding,*” when used in reference to Bonds, means, as of a particular date, all Bonds authenticated and delivered under the Resolution and under any applicable Series Resolution except (i) any Bond cancelled by the Trustee at or before such date; (ii) any Bond deemed to have been paid in accordance with the Resolution; (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the Resolution; (iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond 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 Series Resolution authorizing such Bond;

“*Paying Agent*” means, with respect to the Bonds of any Series, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution or of a Series Resolution, a Bond Series Certificate or any other resolution of the Authority adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed;

“*Project*” means a “dormitory” as defined in the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of Bonds, as more particularly described and designated in the Resolution or any Series Resolution;

“*Record Date*” means, unless the Series Resolution authorizing a Series of Bonds or a 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 calendar month next preceding an interest payment date;

“*Redemption Price,*” when used with respect to a Bond, 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 Bond Series Certificate;

“*Resolution*” means the “Cornell University Revenue Bond Resolution”, adopted January 26, 2000, as amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof;

“*Revenues*” means all payments received or receivable by the Authority pursuant to the Loan Agreement, which 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 Arbitrage Rebate Fund);

“*S&P*” means S&P Global Ratings, a corporation organized and existing under the laws of the State of New York, and its successors and assigns;

“*Series*” means all of the Bonds authenticated and delivered on original issuance and pursuant hereto and to the Series Resolution authorization such Bonds as a separate Series of Bonds or a Bond Series Certificate, and any Bonds 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 Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to the Series Resolution;

“*Sinking Fund Installment*” means, as of any date of calculation and with respect to any Bonds of a Series, so long as any Bonds thereof are Outstanding, the amount of money required by the Resolution or Series Resolution pursuant to which such Bonds were issued or by the applicable Bond Series Certificate, to be paid on a single future July 1 for the retirement of any Outstanding Bonds of said Series which mature after said future July 1, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future July 1 is deemed to be the date when a 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;

“*State*” means the State of New York;

“*Supplemental Resolution*” means any resolution of the Authority amending or supplementing the Resolution, any Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms of the Resolution;

“*Trustee*” means the bank or trust company appointed as Trustee for the Bonds pursuant to the Resolution and having the duties, responsibilities and rights provided for herein, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant hereto;

“*University*” means the institution of higher education, duly incorporated and existing under the laws of the State, whose principal campus is located in Ithaca, New York, the corporate name of which is “Cornell University” and any successor thereto as permitted by the Loan Agreement;

“*Valuation Date*” means (i) with respect to any Capital Appreciation Bond, the date or dates set forth in the Series Resolution authorizing such Bond or a Bond Series Certificate on which specific Accreted Values are assigned to such Capital Appreciation Bond, and (ii) with respect to any Deferred Income Bond, the date or dates prior to the Interest Commencement Date set forth in the Series Resolution authorizing such Bond or a Bond Series Certificate on which specific Appreciated Values are assigned to such Deferred Income Bond;

“*Variable Interest Rate*” means a variable interest rate or rates to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds, the method of computing such variable interest rate is specified in the Series Resolution authorizing such Bonds or a Bond Series Certificate and shall 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) or a function of such objectively determinable interest rate or rates which may be in effect from time to time or at a particular time or times; provided that such variable interest rate shall be subject to a Maximum Interest Rate and may be subject to a Minimum Interest Rate and that there may be an initial rate specified, in each case as provided in such Series Resolution or a Bond Series Certificate or (ii) a stated interest rate that may be changed from time to time as provided in the Series Resolution authorizing such Bonds or a Bond Series Certificate; and provided that such interest rate shall be subject to a Maximum Interest Rate; and provided, further, that such Series Resolution or Bond Series Certificate shall also specify either (i) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective;

“*Variable Interest Rate Bond*” means any Bond which bears a Variable Interest Rate, provided that a Bond the interest rate on which shall have been fixed for the remainder of the term thereof shall no longer be a Variable Interest Rate Bond.

**SERIES 2019A OFFICIAL STATEMENT**

[THIS PAGE INTENTIONALLY LEFT BLANK]





<b>\$114,575,000</b>	
<b>DORMITORY AUTHORITY OF THE STATE OF NEW YORK CORNELL UNIVERSITY REVENUE BONDS, SERIES 2019A</b>	
<b>Dated: Date of Delivery</b>	<b>Due: July 1, as shown on the inside front cover</b>

**Payment and Security:** The Cornell University Revenue Bonds, Series 2019A (the "Series 2019A Bonds") are special limited obligations of the Dormitory Authority of the State of New York ("DASNY"), payable solely from, and secured by a pledge of (i) certain payments to be made under the Loan Agreement dated as of January 26, 2000, as amended and supplemented, including as supplemented by a Supplemental Loan Agreement dated as of April 25, 2019 (collectively, the "Loan Agreement") between Cornell University (the "University") and DASNY, and (ii) all funds and accounts (except the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds tendered for purchase) established under DASNY's Cornell University Revenue Bond Resolution, adopted January 26, 2000, as amended and supplemented (the "Resolution"), and the Series 2019A Resolution Authorizing Cornell University Revenue Bonds, Series 2019A adopted March 6, 2019 (the "Series 2019A Resolution").

The Loan Agreement is a general, unsecured obligation of the University and requires the University to pay, in addition to the fees and expenses of DASNY and the Trustee, amounts sufficient to pay, when due, the principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on all Bonds issued under the Resolution, including the Series 2019A Bonds.

The Series 2019A Bonds are not a debt of the State of New York (the "State") nor is the State liable thereon. DASNY has no taxing power.

**Description:** The Series 2019A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due January 1, 2020 and each July 1 and January 1 thereafter) will be payable by check or draft mailed to the registered owners of the Series 2019A Bonds at their addresses as shown on the registration books held by the Trustee or, at the option of a holder of at least \$1,000,000 in principal amount of Series 2019A Bonds, by wire transfer to the holder of such Series 2019A Bonds, each as of the close of business on the fifteenth day of the month next preceding an interest payment date. The principal or Redemption Price of the Series 2019A Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent or, with respect to Redemption Price, at the option of a holder of at least \$1,000,000 in principal amount of Series 2019A Bonds, by wire transfer to the holders of such Series 2019A Bonds as more fully described herein.

The Series 2019A Bonds will be issued initially 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 2019A Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2019A Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2019A Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement to beneficial owners is the responsibility of DTC participants. See "PART 3 - THE SERIES 2019A BONDS - Book-Entry Only System" herein.

**Redemption or Purchase:** *The Series 2019A Bonds are not subject to optional redemption prior to maturity.*

**Tax Exemption:** In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, 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 2019A 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 Bond Counsel, interest on the Series 2019A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2019A 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). Bond Counsel 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 2019A Bonds. See "PART 10 - TAX MATTERS" herein regarding certain other tax considerations.

*The Series 2019A Bonds are offered when, as, and if issued and received by the Underwriters. The offer of the Series 2019A Bonds may be subject to prior sale or 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, Bond Counsel to DASNY, and to certain other conditions. Certain legal matters will be passed upon for the University by Ropes & Gray LLP, Boston, Massachusetts, and by Madelyn F. Wessel, University Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Ballard Spahr LLP, Philadelphia, Pennsylvania. DASNY expects to deliver the Series 2019A Bonds in definitive form in New York, New York, on or about April 25, 2019.*

<b>Citigroup</b>		
<b>Drexel Hamilton, LLC</b>	<b>Morgan Stanley</b>	<b>Ramirez &amp; Co., Inc.</b>

\$114,575,000  
DORMITORY AUTHORITY OF THE STATE OF NEW YORK  
CORNELL UNIVERSITY  
REVENUE BONDS, SERIES 2019A

<u>Due</u> <u>July 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number</u> *
2020	\$ 8,540,000	3.00%	1.46%	64990GLC4
2021	9,775,000	4.00	1.49	64990GLD2
2022	10,165,000	4.00	1.53	64990GLE0
2023	10,575,000	5.00	1.58	64990GLF7
2024	11,100,000	5.00	1.64	64990GLG5
2025	11,660,000	5.00	1.68	64990GLH3
2026	12,240,000	5.00	1.70	64990GLJ9
2027	12,855,000	5.00	1.75	64990GLK6
2028	13,495,000	5.00	1.82	64990GLL4
2029	14,170,000	5.00	1.90	64990GLM2

\* CUSIP numbers have been assigned by an independent company not affiliated with DASNY and are included solely for the convenience of the holders of the Series 2019A Bonds. Neither DASNY nor the Underwriters is responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Series 2019A Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2019A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Series 2019A Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2019A Bonds.

*No dealer, broker, salesperson or other person has been authorized by DASNY, the University or the Underwriters to give any information or to make any representations with respect to the Series 2019A 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 University or the Underwriters.*

*This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be a sale of the Series 2019A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.*

*Certain information in this Official Statement has been supplied by the University and other sources that DASNY believes are reliable. Neither DASNY nor the Underwriters guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of DASNY or of the Underwriters. DASNY does not directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the University, (2) the sufficiency of the security for the Series 2019A Bonds or (3) the value or investment quality of the Series 2019A Bonds.*

*The University has reviewed the parts of this Official Statement describing the University, the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B. It is a condition to the sale of and the delivery of the Series 2019A Bonds that the University certify to the Underwriters and DASNY that, as of the date of this Official Statement and of delivery of the Series 2019A Bonds, such parts 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 University 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, their 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.*

*The Trustee has no responsibility for the form and content of this Official Statement and has not independently verified, makes no representation regarding and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein or omitted herefrom.*

*References in this Official Statement to the Act, the Resolution, the Series 2019A Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2019A Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Act, the Resolution, the Series 2019A Resolution and the Loan Agreement are on file with DASNY and the 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 will the delivery of this Official Statement or any sale made after its delivery create any implication that the affairs of DASNY and the University have remained unchanged after the date of this Official Statement.*

IN CONNECTION WITH THE OFFERING OF THE SERIES 2019A BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2019A BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH, TO THE EXTENT THEY ARE NOT RECITATIONS OF HISTORICAL FACT, CONSTITUTE "FORWARD-LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. A NUMBER OF IMPORTANT FACTORS AFFECTING THE UNIVERSITY'S FINANCIAL RESULTS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN FORWARD-LOOKING STATEMENTS.

## TABLE OF CONTENTS

<u>Part</u>	<u>Page</u>	<u>Part</u>	<u>Page</u>
<b>PART 1 - INTRODUCTION</b> .....	1	Investments.....	21
Purpose of the Official Statement .....	1	Liquidity .....	22
Purpose of the Issue .....	1	Endowment and Similar Funds.....	22
Authorization of Issuance .....	1	Gifts and Bequests.....	23
DASNY.....	1	Capital Plan .....	23
The University .....	1	Indebtedness .....	23
Series 2019A Bonds.....	2	Pension Plans.....	24
Payment of the Series 2019A Bonds.....	2	Insurance .....	24
Security for the Series 2019A Bonds.....	2	Financial Advisor .....	25
<b>PART 2 - SOURCE OF PAYMENT AND SECURITY</b>		Litigation .....	25
<b>FOR THE SERIES 2019A BONDS</b> .....	3	<b>PART 7 - DASNY</b> .....	25
Payment of the Series 2019A Bonds.....	3	Background, Purposes and Powers.....	25
Security for the Series 2019A Bonds.....	3	Governance.....	26
Proposed Amendments to the Loan Agreement and		Claims and Litigation .....	30
Resolution .....	4	Other Matters.....	30
Events of Default and Acceleration .....	4	<b>PART 8 - LEGALITY OF THE SERIES 2019A</b>	
Issuance of Additional Bonds .....	5	<b>BONDS FOR INVESTMENT AND DEPOSIT</b> .....	30
<b>PART 3 - THE SERIES 2019A BONDS</b> .....	5	<b>PART 9 - NEGOTIABLE INSTRUMENTS</b> .....	30
General.....	5	<b>PART 10 - TAX MATTERS</b> .....	30
Description of the Series 2019A Bonds .....	6	<b>PART 11 - STATE NOT LIABLE ON THE SERIES</b>	
Redemption Provisions .....	6	<b>2019A BONDS</b> .....	32
Book-Entry Only System.....	7	<b>PART 12 - COVENANT BY THE STATE</b> .....	32
Principal and Interest Requirements .....	9	<b>PART 13 - LEGAL MATTERS</b> .....	33
<b>PART 4 - PLAN OF FINANCE AND THE</b>		<b>PART 14 - UNDERWRITING</b> .....	33
<b>REFUNDING PLAN</b> .....	11	<b>PART 15 - CONTINUING DISCLOSURE</b> .....	33
Plan of Finance .....	11	<b>PART 16 - RATINGS</b> .....	33
Refunding Plan.....	11	<b>PART 17 - VERIFICATION OF MATHEMATICAL</b>	
<b>PART 5 - ESTIMATED SOURCES AND USES OF</b>		<b>COMPUTATIONS</b> .....	34
<b>FUNDS</b> .....	11	<b>PART 18 - MISCELLANEOUS</b> .....	34
<b>PART 6 - THE UNIVERSITY</b> .....	12	Appendix A - Definitions .....	A-1
General.....	12	Appendix B - Financial Statements of Cornell	
Ithaca Campus.....	12	University (With Report of Independent Auditors	
New York City Campuses.....	12	Thereon) .....	B-1
Accreditation.....	13	Appendix C - Summary of Certain Provisions of the	
Governance .....	13	Loan Agreement and Proposed Amendments .....	C-1
Administration .....	15	Appendix D - Summary of Certain Provisions of the	
Financial Management.....	16	Resolution and Proposed Amendments .....	D-1
Student Information .....	17	Appendix E - Form of Approving Opinion of Bond	
Application, Admissions and Enrollment .....	17	Counsel .....	E-1
Tuition and Other Student Charges.....	18	Appendix F - Form of Continuing Disclosure	
Financial Aid.....	19	Agreement .....	F-1
Faculty .....	19		
Employee Relations .....	19		
Organized Research .....	20		
Annual Financial Information.....	20		



**DORMITORY AUTHORITY - STATE OF NEW YORK  
GERRARD P. BUSHELL – PRESIDENT**

**515 BROADWAY, ALBANY, N.Y. 12207  
ALFONSO L. CARNEY, JR., ESQ. – CHAIR**

---

---

**OFFICIAL STATEMENT RELATING TO  
\$114,575,000  
DORMITORY AUTHORITY OF THE STATE OF NEW YORK  
CORNELL UNIVERSITY  
REVENUE BONDS, SERIES 2019A**

**PART 1 - INTRODUCTION**

**Purpose of the Official Statement**

The purpose of this Official Statement, including the cover page and appendices, is to provide information about DASNY and the University, in connection with the offering by DASNY of \$114,575,000 principal amount of its Cornell University Revenue Bonds, Series 2019A (the “Series 2019A Bonds”). The following is a brief description of certain information concerning the Series 2019A Bonds, DASNY and the University. A more complete description of such information and additional information that may affect decisions to invest in the Series 2019A Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain capitalized terms used in this Official Statement are defined in Appendix A hereto.

**Purpose of the Issue**

The Series 2019A Bonds are being issued (i) to refund a portion of the outstanding principal amount of DASNY’s Cornell University Revenue Bonds, Series 2009A, (ii) to refund a portion of the outstanding principal amount of DASNY’s Tax-Exempt Commercial Paper Notes (Cornell University 1998 Issue) and (iii) to pay certain Costs of Issuance of the Series 2019A Bonds. See “PART 4 – PLAN OF FINANCE AND THE REFUNDING PLAN” and “PART 5 - ESTIMATED SOURCES AND USES OF FUNDS.”

**Authorization of Issuance**

The Series 2019A Bonds will be issued pursuant to DASNY’s Cornell University Revenue Bond Resolution, adopted January 26, 2000, as amended and supplemented (the “Resolution”), the Series 2019A Resolution Authorizing Cornell University Revenue Bonds, Series 2019A adopted March 6, 2019 (the “Series 2019A Resolution”) and the Act. In addition to the Series 2019A Bonds, the Resolution authorizes the issuance of other Series of Bonds to pay other Costs of one or more Projects, to pay certain Costs of Issuance of such Series of Bonds and to refund all or a portion of Outstanding Bonds or other notes or bonds of DASNY issued for the benefit of the University. The Bonds permitted to be issued under the Resolution include Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds and Variable Interest Rate Bonds. All Bonds issued under the Resolution rank on a parity with each other and are secured equally and ratably with each other. See PART 2 – “SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2019A BONDS.”

**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 educational and not-for-profit institutions. See “PART 7 – DASNY.”

**The University**

Cornell University (“Cornell” or the “University”) is a private research university chartered and operated under the laws of the State. The University comprises colleges and schools in Ithaca, New York (privately funded

colleges and academic units and colleges that receive direct funding from the State of New York) and New York City (medical graduate and professional units as part of Weill Cornell Medicine and Cornell Tech with its academic partner the Technion - Israel Institute of Technology). See “PART 6 - THE UNIVERSITY” and “Appendix B - Financial Statements of Cornell University (With Report of Independent Auditors Thereon).”

### **Series 2019A Bonds**

The Series 2019A Bonds are dated their date of delivery and bear interest from such date (payable January 1, 2020 and on each July 1 and January 1 thereafter) at the rates and will mature at the times set forth on the inside front cover page of this Official Statement. See “PART 3 - THE SERIES 2019A BONDS - Description of the Series 2019A Bonds.”

### **Payment of the Series 2019A Bonds**

The Series 2019A Bonds and all other Bonds which may be issued under the Resolution are special obligations of DASNY payable solely from the Revenues which consist of certain payments to be made by the University under a Loan Agreement dated as of January 26, 2000, as amended and supplemented, including as supplemented by a Supplemental Loan Agreement dated as of April 25, 2019 (collectively, the “Loan Agreement”), which payments are pledged and assigned to the Trustee. The Loan Agreement is a general, unsecured obligation of the University. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2019A BONDS - Payment of the Series 2019A Bonds” and “- Proposed Amendments to the Loan Agreement and Resolution.”

### **Security for the Series 2019A Bonds**

The Series 2019A Bonds are secured equally with all other Bonds issued under the Resolution by the pledge of the Revenues, the proceeds of the Bonds and all funds and accounts established by the Resolution and any Series Resolution (other than the Arbitrage Rebate Fund and any fund established for the payment of the purchase price of Option Bonds tendered for purchase).

The Loan Agreement is a general, unsecured obligation of the University. No security interest in any revenues or assets of the University has been granted by the University to DASNY under the Loan Agreement. However, the University has granted security interests in certain revenues and assets of the University to secure certain of the University’s outstanding indebtedness other than the Bonds. In addition, pursuant to the Loan Agreement, the University may incur Debt secured by a lien and pledge of revenues of the University without granting to DASNY any security interest in any revenues to secure the University’s obligations under the Loan Agreement. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2019A BONDS - Security for the Series 2019A Bonds and Issuance of Additional Bonds,” “- Proposed Amendments to the Loan Agreement and Resolution” and “PART 6 - THE UNIVERSITY - Indebtedness.”

The Series 2019A Bonds are not a debt of the State nor is the State liable thereon. DASNY has no taxing power. Neither the State nor DASNY has any responsibility to make payments with respect to the Series 2019A Bonds except for DASNY’s responsibility to make payments from moneys received from the University pursuant to the Loan Agreement and from amounts held in the funds and accounts under the Resolution and pledged therefor.

## **PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2019A BONDS**

*Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2019A Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Loan Agreement, the Resolution and the Series 2019A Resolution. Copies of the Loan Agreement, the Resolution and the Series 2019A Resolution are on file with DASNY and the Trustee. See also "Appendix C - Summary of Certain Provisions of the Loan Agreement and Proposed Amendments" and "Appendix D - Summary of Certain Provisions of the Resolution and Proposed Amendments" for a more complete statement of the rights, duties and obligations of the parties thereto.*

### **Payment of the Series 2019A Bonds**

The Series 2019A Bonds and all other Bonds issued under the Resolution are special obligations of DASNY. The principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2019A Bonds and all other Bonds which may be issued under the Resolution are payable solely from the Revenues, which consist of payments to be made by the University pursuant to the Loan Agreement on account of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Bonds. The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the Bondholders.

The Loan Agreement is a general obligation of the University. The Loan Agreement obligates the University to make payments to satisfy the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on Outstanding Series 2019A Bonds. Payments made by the University in respect of interest on the Series 2019A Bonds are to be made on the 20<sup>th</sup> day of each June immediately preceding the July 1 and on the 20<sup>th</sup> day of each December immediately preceding the January 1 on which interest is payable, in each case in an amount equal to the interest coming due on the next succeeding interest payment date. Payments by the University in respect of principal are to be made on the 20<sup>th</sup> day of each June immediately preceding the July 1 on which such principal becomes due. The Loan Agreement also obligates the University to pay, at least 45 days prior to a redemption date or purchase date of Series 2019A Bonds called for redemption or contracted to be purchased, the amount, if any, required to pay the Purchase Price or Redemption Price of such Bonds. See "PART 3 - THE SERIES 2019A BONDS - Redemption and Purchase in Lieu of Redemption Provisions."

DASNY has directed, and the University has agreed, to make such payments directly to the Trustee. Such payments are to be applied by the Trustee to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Series 2019A Bonds.

### **Security for the Series 2019A Bonds**

The Series 2019A Bonds are secured equally with all other Bonds issued under the Resolution by the pledge of the Revenues, the proceeds of the Bonds and all funds and accounts established by the Resolution and any Series Resolution (other than the Arbitrage Rebate Fund and any fund established for the payment of the Purchase Price of Option Bonds tendered for purchase).

The Series 2019A Bonds are not a debt of the State nor is the State liable thereon. DASNY has no taxing power. Neither the State nor DASNY has any responsibility to make payments with respect to the Series 2019A Bonds except for DASNY's responsibility to make payments from moneys received from the University pursuant to the Loan Agreement and from amounts held in the funds and accounts under the Resolution and pledged therefor.

The Loan Agreement and the obligation of the University to make payments under the Loan Agreement are general, unsecured obligations of the University. The obligations of the University to make payments or cause the same to be made under the Loan Agreement are complete and unconditional and the amount, manner and time of making such payments are not to 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 University may otherwise have against DASNY, the Trustee or any Bondholder for any cause whatsoever.

No security interest in any revenues or assets of the University has been granted by the University to DASNY under the Loan Agreement. However, the University has granted security interests in certain revenues and assets of the University to secure certain of the University's outstanding indebtedness other than the Bonds. See

“PART 6 - THE UNIVERSITY - Indebtedness,” for a description of such indebtedness of the University secured by certain pledged revenues. In the event of a default under any debt instrument secured by such pledged revenues, the holder or trustee under such debt instrument (including DASNY as the holder of such other debt) will have the right to collect a portion or all of such pledged revenues, and apply the revenues so collected to the payment of amounts due under such debt instrument. Any revenues so collected and applied will not be available for satisfying any of the University’s obligations under the Loan Agreement.

### **Proposed Amendments to the Loan Agreement and Resolution**

The Loan Agreement is proposed to be amended and restated in order to effect certain proposed amendments (the “Proposed Loan Agreement Amendments”) and a Supplemental and Amendatory Resolution containing certain proposed amendments to the Resolution (the “Proposed Resolution Amendments”) was adopted by DASNY on March 6, 2019. The consent of the holders of a majority in principal amount of Outstanding Bonds under the Resolution is required for the Proposed Loan Agreement Amendments and the Proposed Resolution Amendments to become effective. The Proposed Loan Agreement Amendments include removal of covenants relating to engagement of a Management Consultant; removal of specific insurance requirements; a more streamlined requisition process; and other clarifications and corrections. The Proposed Resolution Amendments include modernization and alignment of certain provisions of the Resolution with current DASNY policy; removal of provisions regarding certain optional newspaper notice publications and the 30-day waiting period for amendments to become effective; and allowance for certain provisions to be applicable to a particular Series of Bonds, such as payment dates, conditional notice of redemption and consent of a Facility Provider having the same effect as consent of bondholders. See “Appendix C – Summary of Certain Provisions of the Loan Agreement and Proposed Amendments” and “Appendix D – Summary of Certain Provisions of the Resolution and Proposed Amendments.”

The Resolution provides that purchasers of the Bonds, whether purchasing as underwriters, for resale or otherwise, upon such purchase may consent to an amendment, change, modification or waiver of the Loan Agreement and an amendment, change, modification or waiver under the Resolution with the same effect as a consent given by the Holder of such Bonds.

Simultaneously with the issuance of the Series 2019A Bonds, Citigroup Global Markets Inc., as representative of the Underwriters (the “Representative”), will consent to the Proposed Loan Agreement Amendments and the Proposed Resolution Amendments on behalf of the holders of the Series 2019A Bonds and DASNY and the University expect each of the underwriter for the Series 2019B Bonds (as defined herein) on behalf of the holders of the Series 2019B Bonds and the purchaser of the Series 2019C Bonds (as defined herein) to consent to the Proposed Loan Agreement Amendments and the Proposed Resolution Amendments. All purchasers of the Series 2019A Bonds will be bound by the consent of the Representative, on behalf of the Underwriters, and by their purchase of the Series 2019A Bonds and acceptance of the delivery thereof, will be deemed to have consented to the Proposed Loan Agreement Amendments and the Proposed Resolution Amendments. However, as of the date hereof, the Series 2019A Bonds do not constitute a majority of Outstanding Bonds. DASNY also will seek the consent of the holders of all other Bonds issued prior to the issuance of the Series 2019A Bonds and which will remain Outstanding upon the issuance of the Series 2019A Bonds and the Proposed Loan Agreement Amendments and the Proposed Resolution Amendments will become effective upon the consent of the holders of a majority in principal amount of Outstanding Bonds under the Resolution. DASNY and the University expect to request that the underwriters or purchasers for any future series of Bonds issued under the Resolution consent to the Proposed Loan Agreement Amendments and the Proposed Resolution Amendments.

### **Events of Default and Acceleration**

The following are events of default under the Resolution: (i) a default by DASNY in the payment of the principal, Sinking Fund Installment, if any, or Redemption Price of or interest on any Bond; (ii) a default by DASNY in the due and punctual performance of the tax covenants contained in the Resolution, and, as a result thereof, the interest on Bonds of a Series shall no longer be excludable from gross income under the Code; (iii) a default by DASNY in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolution or any Series Resolution on the part of DASNY to be performed and the continuance of such default for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to DASNY by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of not less than 25% in principal amount of



the Outstanding Bonds; or (iv) an event of default under the Loan Agreement shall have been declared and is continuing and all sums payable by the University under the Loan Agreement have been declared immediately due and payable (unless such declaration has been annulled). Unless otherwise specified above, 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 (other than as described in clause (ii) of the preceding paragraph) occurs and continues, the Trustee may, and upon the written request of Holders of not less than 25% in principal amount of the Bonds Outstanding will, by notice in writing to DASNY, declare the principal of and interest on all of the Bonds Outstanding to be immediately due and payable. At the expiration of 30 days from the giving of notice of such declaration, such principal and interest will become immediately due and payable. The Trustee, with the written consent of the Holders of not less than 25% in principal amount of Bonds not yet due by their terms and then Outstanding, will annul such declaration and its consequences under the terms and conditions specified in the Resolution with respect to such annulment.

Notwithstanding any other provision of the Resolution to the contrary, upon DASNY's failure to comply with the covenant described in clause (ii) of the first paragraph under this heading, upon the direction of the Holders of not less than 25% in principal amount of the Outstanding Bonds of the Series affected thereby, the Trustee is to exercise the rights and remedies provided to the Bondholders under the Resolution. However, the Resolution provides that in no event may the Trustee, whether or not it is acting at the direction of the Holders of 25% or more in principal amount of the Outstanding Bonds of the Series affected thereby, declare the principal of such Series of Bonds, and the interest accrued thereon, to be due and payable immediately as a result of DASNY's failure to comply with such covenant.

The Resolution provides that the Trustee is to give notice in accordance with the Resolution of each event of default known to the Trustee to the Holders of the Bonds within 30 days after knowledge of the occurrence thereof unless such default has been remedied or cured before the giving of such notice. However, except in the case of default in the payment of the principal, Sinking Fund Installment, if any, or Redemption Price of, or interest on, any of the Bonds, the Trustee is protected in withholding such notice thereof from the Holders if the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders of the Bonds.

### **Issuance of Additional Bonds**

In addition to the Bonds currently Outstanding under the Resolution and the Series 2019A Bonds, the Resolution authorizes the issuance of other Series of Bonds to finance one or more projects and for other specified purposes including to refund Outstanding Bonds or other notes or bonds of DASNY issued on behalf of the University. The Bonds which may be issued include Fixed Interest Rate Bonds, Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds and Variable Interest Rate Bonds. There is no limit on the amount of additional Bonds that may be issued under the Resolution or the amount of indebtedness that may be otherwise incurred by the University.

## **PART 3 - THE SERIES 2019A BONDS**

*Set forth below is a narrative description of certain provisions relating to the Series 2019A Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution and the Loan Agreement, copies of which are on file with DASNY and the Trustee. See also "Appendix C - Summary of Certain Provisions of the Loan Agreement and Proposed Amendments" and "Appendix D - Summary of Certain Provisions of the Resolution and Proposed Amendments" for a more complete description of certain provisions of the Series 2019A Bonds.*

### **General**

The Series 2019A Bonds will be issued pursuant to the Resolution. The Series 2019A Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2019A Bonds will be made in book-entry form, without certificates. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2019A Bonds, payments of the principal, Purchase Price and Redemption Price of and interest on the Series 2019A Bonds will be made by the Trustee directly to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the

Beneficial Owners of the Series 2019A Bonds is the responsibility of the DTC Participants and the Indirect Participants (as hereinafter defined). If at any time the Book-Entry Only System is discontinued for the Series 2019A Bonds, the Series 2019A Bonds will be exchangeable for fully registered Series 2019A Bonds in any authorized denominations of the same maturity without charge except 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” below and “Appendix D - Summary of Certain Provisions of the Resolution and Proposed Amendments.”

### **Description of the Series 2019A Bonds**

The Series 2019A Bonds are dated their date of delivery and bear interest from such date (payable January 1, 2020 and on each July 1 and January 1 thereafter) at the rates set forth on the inside front cover page of this Official Statement. The Series 2019A Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Series 2019A Bonds will be payable by check mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 of Series 2019A Bonds, by wire transfer to the wire transfer address within the continental United States to which the registered owner has instructed the Trustee to make such payment at least five days prior to the interest payment date. If the Series 2019A Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal and Redemption Price of the Series 2019A Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon, New York, New York, the Trustee and Paying Agent. For a more complete description of the Series 2019A Bonds, see “Appendix D - Summary of Certain Provisions of the Resolution and Proposed Amendments.”

### **Redemption Provisions**

The Series 2019A Bonds are subject to redemption, and to purchase in lieu of redemption, as described below.

*Optional Redemption.* The Series 2019A Bonds are not subject to optional redemption prior to maturity.

*Selection of Bonds to be Redeemed.* In the case of redemptions of less than all of the Series 2019A Bonds, other than mandatory redemptions, DASNY will select the maturities of the Series 2019A Bonds to be redeemed. If less than all of the Series 2019A Bonds of a maturity are to be redeemed, the Series 2019A Bonds of such maturity to be redeemed will be selected by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

*Notice of Redemption.* The Trustee is to give notice of the redemption of the Series 2019A Bonds in the name of DASNY, by first-class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the redemption date to the registered owners of any Series 2019A Bonds which are to be redeemed, at their last known addresses appearing on the registration books of DASNY not more than ten Business Days prior to the date such notice is given. The failure of any owner of a Series 2019A Bond to be redeemed to receive notice of redemption will not affect the validity of the proceedings for the redemption of such Series 2019A Bond. If directed in writing by an Authorized Officer of DASNY, the Trustee will publish or cause to be published such notice in an Authorized Newspaper not less than 30 days nor more than 60 days prior to the redemption date, but publication is not a condition precedent to such redemption and failure to publish such notice or any defect in such notice or publication will not affect the validity of the proceedings for the redemption of such Series 2019A Bonds.

If on the redemption date moneys for the redemption of the Series 2019A Bonds to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the redemption price, and if notice of redemption has been mailed, then interest on the Series 2019A Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2019A Bonds will no longer be considered to be Outstanding.

For a more complete description of the redemption and other provisions relating to the Series 2019A Bonds, see “Appendix D - Summary of Certain Provisions of the Resolution and Proposed Amendments.” Also see

“Book-Entry Only System” below for a description of the notices of redemption to be given to Beneficial Owners of the Series 2019A Bonds when the Book-Entry Only System is in effect.

### **Book-Entry Only System**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2019A Bonds. The Series 2019A Bonds will be issued 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 2019A Bond certificate will be issued for each maturity of the Series 2019A Bonds, each in the aggregate principal amount of such maturity, and will be 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 for 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”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2019A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019A Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2019A 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, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019A 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 ownership interests in the Series 2019A Bonds, except in the event that use of the book-entry system for the Series 2019A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019A 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 Series 2019A 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 2019A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2019A 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.

Redemption notices will be sent to DTC. If less than all of the Series 2019A Bonds within a maturity of the Series 2019A Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2019A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to DASNY 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 2019A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and redemption premium, if any, of and interest payments on the Series 2019A 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 Trustee on the payable 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 Participant and not of DTC, the Underwriters, the Trustee or DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DASNY or the 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 Direct and Indirect Participants.

DASNY and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2019A Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of or interest on the Series 2019A Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2019A Bonds or other action to be taken by registered owners and for all other purposes whatsoever. DASNY, the University, the Trustee and the Underwriters have no responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2019A Bonds under or through DTC or any Direct or Indirect Participant, or any other person that is not shown on the registration books of DASNY (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant, the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2019A Bonds, any notice that is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by DASNY or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2019A Bonds at any time by giving reasonable notice to DASNY and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2019A 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, the Series 2019A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that DASNY believes to be reliable, but DASNY takes no responsibility for the accuracy thereof.

Each person for whom a Direct or Indirect Participant acquires an interest in the Series 2019A Bonds, as nominee, may desire to make arrangements with such Direct or Indirect Participant to receive a credit balance in the records of such Direct or Indirect Participant, and may desire to make arrangements with such Direct or Indirect Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Direct or Indirect Participant and to have notification made of all interest payments. NONE OF DASNY, THE UNIVERSITY, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2019A BONDS.

So long as Cede & Co. is the registered owner of the Series 2019A Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2019A Bonds (other than under the caption "PART 10 -

TAX MATTERS” herein) means Cede & Co., as aforesaid, and does not mean the Beneficial Owners of the Series 2019A 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 Trustee to DTC only.

For every transfer and exchange of Series 2019A 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 2019A Bonds if DASNY determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2019A Bonds or (ii) a continuation of the requirement that all of the Outstanding Series 2019A Bonds be registered in the registration books kept by the 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 found by DASNY or restricted registration is no longer in effect, Series 2019A Bond certificates will be delivered as described in the Resolution.

NONE OF DASNY, THE UNIVERSITY, THE UNDERWRITERS NOR THE TRUSTEE WILL 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 2019A 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 2019A 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 2019A BONDS, (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2019A BONDS OR (VI) ANY OTHER MATTER.

### **Principal and Interest Requirements**

The following table sets forth the amounts, after giving effect to the issuance of the Series 2019A Bonds, required to be paid by the University during each twelve month period ending June 30 of the Bond Years shown for the payment of the principal of and interest on the Series 2019A Bonds, debt service on other outstanding indebtedness of the University and the total debt service on all indebtedness of the University, including the Series 2019A Bonds. See “PART 6 - THE UNIVERSITY – Indebtedness.”

## Debt Service on University Indebtedness

### Series 2019A Bonds

12 Month Period Ending June 30	Principal Payments	Interest Payments	Total Debt Service	Estimated Debt Service on Series 2019B&C Bonds <small>(1)(2)</small>	Debt Service on Other Outstanding Indebtedness <small>(1)(2)(3)(4)</small>	Total Debt Service <small>(1)(2)(3)(4)</small>
2020	\$ 8,540,000	\$6,340,951	\$14,880,951	\$ 5,154,482	\$ 68,729,085	\$ 88,764,518
2021	9,775,000	5,102,350	14,887,350	5,137,918	68,859,663	88,874,930
2022	10,165,000	4,711,350	14,876,350	5,146,200	69,035,541	89,058,091
2023	10,575,000	4,304,750	14,879,750	5,146,200	69,187,216	89,213,166
2024	11,100,000	3,776,000	14,876,000	5,154,482	166,169,975	186,200,457
2025	11,660,000	3,221,000	14,881,000	5,137,918	66,602,331	86,621,248
2026	12,240,000	2,638,000	14,878,000	5,146,200	61,542,966	81,567,166
2027	12,855,000	2,026,000	14,881,000	5,146,200	61,712,898	81,740,098
2028	13,495,000	1,383,250	14,878,250	5,154,482	61,900,286	81,933,018
2029	14,170,000	708,500	14,878,500	5,137,918	61,970,345	81,986,763
2030	-	-	-	20,086,200	57,415,901	77,502,101
2031	-	-	-	20,088,000	72,299,481	92,387,481
2032	-	-	-	20,093,118	72,454,025	92,547,142
2033	-	-	-	20,084,747	72,583,176	92,667,923
2034	-	-	-	20,090,900	66,938,575	87,029,475
2035	-	-	-	20,136,300	67,123,930	87,260,230
2036	-	-	-	20,138,813	57,010,483	77,149,296
2037	-	-	-	20,130,750	57,104,542	77,235,292
2038	-	-	-	20,135,750	52,901,677	73,037,427
2039	-	-	-	20,131,350	52,650,376	72,781,726
2040	-	-	-	-	52,547,844	52,547,844
2041	-	-	-	-	15,649,244	15,649,244
2042	-	-	-	-	15,630,820	15,630,820
2043	-	-	-	-	15,610,745	15,610,745
2044	-	-	-	-	15,593,345	15,593,345
2045	-	-	-	-	15,572,946	15,572,946
2046	-	-	-	-	15,553,875	15,553,875
2047	-	-	-	-	15,530,458	15,530,458
2048	-	-	-	-	15,511,924	15,511,924
2049	-	-	-	-	15,487,504	15,487,504

- (1) This table excludes interest for the Series 2019B&C Bonds payable on May 1, 2019 through July 1, 2019. FY2019 debt service on Other Indebtedness is also excluded.
- (2) For the purposes of this table, floating interest rates are assumed at a rate of 3.0%. The University is fully hedging its floating rate debt with interest rate swaps.
- (3) This table excludes any debt outstanding under the \$200 million authorized tax-exempt commercial paper program and the \$200 million taxable commercial paper program.
- (4) This table excludes the Series 2009A Bonds being refunded by the Series 2019A Bonds, Series 2019B Bonds and Series 2019C Bonds.

## PART 4 - PLAN OF FINANCE AND THE REFUNDING PLAN

### Plan of Finance

In conjunction with the issuance of the Series 2019A Bonds, the University anticipates the substantially simultaneous issuance of the DASNY Cornell University Revenue Bonds, Series 2019B (the "Series 2019B Bonds") and the DASNY Cornell University Revenue Bonds, Series 2019C (the "Series 2019C Bonds"). The proceeds of the Series 2019B Bonds and the Series 2019C Bonds will be used, along with the proceeds of the Series 2019A Bonds, to pay the redemption price of and interest on (i) a portion of the DASNY Cornell University Revenue Bonds, Series 2009A maturing on and after July 1, 2019 (the "Refunded 2009A Bonds") and (ii) DASNY's Tax-Exempt Commercial Paper Notes (Cornell University 1998 Issue) (the "Refunded Commercial Paper" and, together with the Refunded 2009A Bonds, the "Refunded Obligations"). The issuance of the Series 2019A Bonds is not contingent on the issuance of the Series 2019B Bonds or the Series 2019C Bonds. This Official Statement does not describe the Series 2019B Bonds or the Series 2019C Bonds.

### Refunding Plan

The University expects to use the majority of proceeds from the Series 2019A Bonds, along with funds of the University and the proceeds of the Series 2019B Bonds and the Series 2019C Bonds, to pay the redemption price of and interest on the Refunded Obligations. Such proceeds and other available funds will be used to purchase certain Defeasance Securities, the maturing principal and interest on which will be sufficient, together with any uninvested cash, to pay the interest on and the principal and redemption price of the Refunded 2009A Bonds coming due on and prior to their respective maturity or redemption dates. Simultaneously with the issuance and delivery of the Series 2019A Bonds, such Defeasance Securities will be deposited with the trustee under the Resolution. A portion of the proceeds of the Series 2019A Bonds will be transferred to the issuing and paying agent appointed in a resolution pursuant to which the Refunded Commercial Paper was issued.

At the time of such deposits, DASNY will give such trustee irrevocable instructions to give notices of the redemption of the Refunded 2009A Bonds subject to redemption and to apply the maturing principal of and interest on the Defeasance Securities, together with any uninvested cash, held in trust solely for the payment of the principal, interest and redemption price coming due on the respective Refunded 2009A Bonds. In the opinion of Bond Counsel, upon making such deposits with the trustee under the Resolution and the giving of such irrevocable instructions, the Refunded 2009A Bonds will, under the terms of the Resolution, be deemed to have been paid, will no longer be outstanding and the covenants, agreements and obligations of DASNY with respect to the Refunded 2009A Bonds under the Resolution will be discharged and satisfied.

## PART 5 - ESTIMATED SOURCES AND USES OF FUNDS

### Sources of Funds

Principal Amount of the Series 2019A Bonds	\$114,575,000.00
Original Issue Premium	20,578,618.15
7/1/19 Interest Payment from University Funds	<u>2,750,548.87</u>
<b>Total Sources of Funds</b>	<b><u>\$ 137,904,167.02</u></b>

### Uses of Funds

Deposit to Refunding Escrow for Refunded 2009A Bonds	\$113,948,703.51
Deposit to Refund Commercial Paper	23,292,198.00
Costs of Issuance	433,070.63
Underwriters' Discount	230,194.88
<b>Total Uses of Funds</b>	<b><u>\$137,904,167.02</u></b>

## PART 6 - THE UNIVERSITY

### General

Founded in 1865, Cornell University (“Cornell” or the “University”) is a privately endowed research university and State of New York (the “State”) federal land-grant institution, with a responsibility to make contributions in all fields of knowledge in a manner that prioritizes public engagement to improve the quality of life in the state, the nation and the world.

The University’s main campus is in Ithaca, New York. New York City is home to both Weill Cornell Medicine (“WCM”) and the Cornell Tech campus. WCM also has a campus in Doha, Qatar. As a land-grant university, Cornell operates a cooperative extension outreach program in every county of New York State and receives annual funding from the State to support research, outreach and educational programs.

### Ithaca Campus

The campus is located on 2,300 acres in New York State’s Finger Lakes region. The campus comprises privately funded colleges and academic units (the “Endowed Colleges”) and four schools that receive direct funding from the State (the “Contract Colleges”). In 1865, the State legislature designated Cornell as New York State’s land-grant institution under the Morrill Act of 1862. The Contract Colleges are operated by the University on behalf of the State pursuant to statute or contractual agreements under the general supervision of the trustees of the State University of New York (“SUNY”). The privately funded Endowed Colleges and academic units in Ithaca are the College of Architecture, Art and Planning; the College of Arts and Sciences; the College of Business, the College of Engineering; the Graduate School; the School of Hotel Administration; the Law School; the Johnson School of Management; the School of Continuing Education and Summer Sessions; and University Libraries. The four Contract Colleges are the College of Agriculture and Life Sciences; the College of Human Ecology; the School of Industrial and Labor Relations, and the College of Veterinary Medicine.

*Contract Colleges.* Cornell’s Contract Colleges have been assigned by State legislation with specific responsibilities in research and extension directed to support State needs. The specialized missions of the Contract Colleges, as set forth in the State Education Law, are included in Cornell’s charter. The cost of construction and acquisition for certain Contract College facilities is borne primarily by the State through the State University Construction Fund.

State operating and capital contributions provide significant financial support to the integrated academic and research programs of the University as well as general campus overhead costs. State operating budget appropriations are received as part of the SUNY appropriation budget and are based on negotiations with SUNY and the New York State Department of Budget. In addition to the direct operating budget appropriation received through SUNY, State funds also support employee benefits and debt service on SUNY bonds used to finance certain Contract College facilities.

Future State support for the Contract Colleges is dependent on the enactment of annual appropriations by the State and the willingness and ability of the State and SUNY to provide such payments. In the event that future State support for the Contract Colleges is below historic levels, the University may be required to increase tuition charges and/or decrease expenditures at the Contract Colleges.

### New York City Campuses

*Weill Cornell Medicine.* Founded in 1898, and affiliated with New York-Presbyterian Hospital since 1927, WCM comprises the academic units of the Medical College and the Graduate School of Medical Sciences and the Weill Cornell Physician Organization (the “Physician Organization”). The Medical College and the Graduate School of Medical Sciences conduct instructional and research activities in the medical field, and, through the Physician Organization, the physician members generate clinical practice income for Cornell from their professional services to patients.

*Cornell Tech.* In December 2011, the City of New York selected Cornell, with its academic partner, the Technion-Israel Institute of Technology, to develop and build a new applied science and engineering campus on



Roosevelt Island in New York City. After operating in lower Manhattan since 2012, Cornell Tech opened the Roosevelt Island campus in September 2017.

### **Accreditation**

Cornell is regionally accredited by the Middle States Commission on Higher Education. In addition, Cornell's academic programs are accredited by a number of programmatic education accrediting associations.

### **Governance**

Cornell is governed by a Board of Trustees (the "Board of Trustees") which meets four times a year. The Board of Trustees includes: four ex-officio trustees, 43 members elected by the Board of Trustees for staggered terms of four years each; eight members elected by alumni for staggered terms of four years each; two members elected by faculty for terms of four years each; two members elected by students for terms of two years each; one member elected by employees for a term of four years; one member being the eldest lineal descendent of Ezra Cornell; and three members appointed by the Governor of the State of New York for terms of three years. For the academic year 2018-2019, the University has 63 members of the Board of Trustees.

The Board of Trustees is composed of the following members:

#### Leadership

ROBERT S. HARRISON (Chairman)  
DONALD C. OPATRY (Vice Chairman)  
BARTON J. WINOKUR (Chairman of Executive Committee)

#### Affiliation

Former Chief Executive Officer, Clinton Global Initiative  
Retired Advisory Director, The Goldman Sachs Group Inc.  
Chairman and Chief Executive Office, Dechert LLP

#### Ex-Officio Members

ANDREW CUOMO  
CARL E. HEASTIE  
MARTHA E. POLLACK  
ANDREA STEWART-COUSINS

#### Title

Governor of the State of New York  
Speaker of the New York State Assembly  
President of Cornell University  
President Pro Tempore of the New York State Senate

#### Other Members

SHEILA W. ALLEN  
RICHARD A. BAKER  
MATTHEW L. BIBEN  
JESSICA M. BIBLIOWICZ  
JOHN O. BOOCHEVER  
DOUGLAS L. BRAUNSTEIN  
DAVID J. BREAZZANO  
JOHN CERIALE  
MARIO CILENTO  
DAVID S. COHEN  
EZRA CORNELL  
GARY S. DAVIS  
NICOLE BISAGNI DELTORO  
DAVID M. EINHORN  
STEPHANIE KEENE FOX  
LINDA M. GADSBY  
THOMAS T. GROOS  
ALEXANDER D. HANSON  
MELISSA A. HINES  
KATRINA E. JAMES  
KRAIG H. KAYSER  
RUBEN J. KING-SHAW, JR  
PEGGY J. KOENIG  
ELIZABETH C. EVERETT KRISBERG

#### Affiliation

Former Dean, College of Veterinary Medicine, University of Georgia  
Executive Chairman, Hudson's Bay Company  
Partner, Debevoise & Plimpton LLP  
Senior Advisor, Bridge Growth Partners  
Chief Digital Strategy and Innovation Officer, Atlas Research  
Managing Partner, Hudson Executive Capital LP  
President, DDJ Capital Management  
Managing Director, Prospect Advisors  
President, New York State AFL-CIO  
Former Deputy Director, Central Intelligence Agency  
President, Cornell Pochily Investment Advisors, Inc.  
Principal, DKR Capital Partners LP  
President, Andrews & Cole, LLC  
President, Greenlight Capital, Inc  
Retired Vice President of Systems & Technology, Bank One  
Vice President and Deputy General Counsel, Scholastic, Inc.  
Partner, City Light Capital  
Vice President, TGS Management Corporation  
Professor, Cornell University  
Senior Director, College and Career Programs, Harlem Children's Zone  
President and CEO, Seneca Foods Corporation  
Chief Strategy Officer, Steward Health System LLC  
Chair, ABRY Partners, LLC  
Managing Director, Global Research, Bank of America Merrill Lynch

Other Members

JERAMY A. KRUSER  
BRUCE V. LEWENSTEIN  
WILLIAM LIM  
DUSTIN LIU  
PAMELA G. MARRONE  
LOWELL C. McADAM  
RONALD D. McCRAY

MARY JOHN MILLER

HOWARD P. MILSTEIN

MANISHA A. MUNASINGHE

JOHN A. NOBLE  
BARBARA G. NOVICK  
LELAND C. PILLSBURY

JONATHAN K. POE  
YONN K. RASMUSSEN  
BRUCE S. RAYNOR  
GIRISH V. REDDY

GENE RESNICK, M.D.  
DALE S. ROSENTHAL  
GEORGE A. SCANGOS  
MARTIN F. SCHEINMAN, ESQ.  
ARYAN SHAYEGANI

ANNE MEINIG SMALLING  
J. ALLEN SMITH

BRADLEY H. STONE  
CHIAKI TANUMA  
RATAN N. TATA  
MICHAEL A. TROY

LAURA A. WILKINSON  
CRAIG YUNKER  
JIA ZHU  
KAREN P. ZIMMER

Affiliation

Applications Systems Analyst, Cornell University  
Professor, Cornell University  
Managing Director, CL3 Architects  
Student, Cornell University  
Chief Executive Officer, Marrone Bio Innovations, Inc  
Chairman and Chief Executive Officer, Verizon Communications  
Former Chairman of the Board, Interim President and CEO, Career Education Corp  
Former Under Secretary for Domestic Finance, U.S. Department of the Treasury  
Chairman, President, & Chief Executive Officer, New York Private Bank & Trust  
Ph.D. Student, Cornell University  
President, Noblehurst Farms, Inc  
Vice Chairman and Co-Founder, Blackrock Inc  
Founder, Co-Chairman and Chief Executive Officer, Thayer Lodging Group Inc  
Former Sales Manager, Cisco Systems, Inc  
Vice President, Xerographic Component Systems Group, Xerox Corp  
Principal, R&S Associates, LLC  
Former Chief Executive Officer, Prisma Capital Partners LP, Co-CEO of PAAMCO Prisma Holdings  
Senior Medical Consultant  
Former President, Clark Financial Services Group  
Chief Executive Officer, Vir Bio  
Arbitrator, Scheinman Arbitration and Mediation Services  
Ophthalmologist and Assistant Clinical Professor at Yale University School of Medicine  
President and Managing Partner, HM International  
Former President and Chief Executive Officer, Four Seasons Hotels and Resorts  
President, Global Gaming Asset Management  
President and Chief Executive Officer, Green House Co. Ltd.  
Chairman, Tata Trusts  
Advisory Director and Global Head of Alumni Relations, Goldman Sachs  
Partner-Attorney, Weil, Gotschal & Manges LLP  
Managing Member, CY Farms/Batavia Turf  
Managing Director, Bain Capital Asia, LLC  
Independent Consultant, Health IT, Patient Safety, and Quality Improvement

The Board of Trustees also has the following committees: Executive; Academic Affairs; Investment; Audit, Risk and Compliance; University Relations; Buildings and Properties; Development; Alumni Affairs; Finance; Student Life, Trustee-Community Communications; Compensation; and Research and Innovation.

## Administration

The President of Cornell, as chief executive and educational officer, is charged with the principal responsibility for administration of the University. The Board of Trustees elects all officers of Cornell, which include:

<u>Name</u>	<u>Position</u>
Martha E. Pollack	President
Michael I. Kotlikoff	Provost
Augustine M.K. Choi, M.D.	Provost for Medical Affairs
Madelyn F. Wessel	University Counsel and Secretary of the Corporation
Joanne M. DeStefano	Executive Vice President and Chief Financial Officer

Brief biographies for each of the above listed officers follow:

*Martha E. Pollack, President.* Dr. Martha E. Pollack is the fourteenth president of Cornell University and a professor of computer science, information science, and linguistics. She took office in April 2017. As president, she is committed to sustaining and enhancing Cornell's academic distinction by building on its unique strengths as an Ivy League and land grant university with exceptional breadth of expertise. She supports a culture of educational "verve," investing in new, evidence-based approaches to teaching and learning. She works to develop important synergies among and within Cornell's campuses, building on the vision of "One Cornell" and capitalizing on the complementary strengths of the University's urban and rural campuses. Among her highest priorities are promoting Cornell's founding commitment to diversity and egalitarianism, and fostering an inclusive community whose members consistently seek to communicate effectively across difference. Dr. Pollack was previously provost and executive vice president for academic affairs at the University of Michigan. She is a fellow of the American Association for the Advancement of Science, the Association for Computing Machinery, and the Association for the Advancement of Artificial Intelligence. She earned a bachelor's degree in linguistics at Dartmouth College and an M.S. and Ph.D. in computer and information science at the University of Pennsylvania.

*Michael I. Kotlikoff, Provost.* Dr. Michael I. Kotlikoff, a professor of molecular physiology, became the 16th Provost of Cornell University in August 2015. A member of the Cornell faculty since 2000, he was Dean of the College of Veterinary Medicine from 2007 to 2015. He also served as the founding chair of the Department of Biomedical Sciences from 2000 to 2007 at Cornell and was a faculty member at the University of Pennsylvania for 15 years, chairing the Department of Animal Biology from 1995 to 2000. Dr. Kotlikoff's laboratory uses mouse genetics, molecular biology and molecular imaging to advance the understanding of cardiovascular biology. He has served on or chaired many university committees, as well as numerous National Institutes of Health committees and editorial boards. Dr. Kotlikoff received his B.A. (literature) and V.M.D. degrees from the University of Pennsylvania and his Ph.D. in Physiology from the University of California, Davis.

*Augustine M.K. Choi, Provost for Medical Affairs.* Dr. Augustine M.K. Choi is the Stephen and Suzanne Weiss Dean of WCM and Provost for Medical Affairs of Cornell University. Prior to his appointment as Dean in January 2017, he served as the Sanford I. Weill Chairman and Professor of Medicine in the Joan and Sanford I. Weill Department of Medicine at WCM and as Physician-in-Chief of New York-Presbyterian/Weill Cornell Medical Center. Dr. Choi received his bachelor's degree in 1980 from the University of Kentucky and his M.D. in 1984 from the University of Louisville. After completing his internship and residency in Internal Medicine at Duke University and a fellowship in Pulmonary and Critical Care Medicine at Johns Hopkins University, he began his academic career in 1990 in the Division of Pulmonary and Critical Care Medicine at Johns Hopkins University. In 1998 he moved to an appointment at Yale University, and in 2000 he became Chief of the Division of Pulmonary, Allergy and Critical Care Medicine at the University of Pittsburgh. In 2007, he was appointed the Parker B. Francis Professor of Medicine at Harvard Medical School and Chief of Pulmonary and Critical Care Medicine at Brigham and Women's Hospital.

*Madelyn F. Wessel, University Counsel and Secretary of the Corporation.* Madelyn Wessel is University Counsel and Secretary to the Board. Ms. Wessel is a corporate officer and reports jointly to the President and Board of Trustees. As University Counsel, she supervises and directs all legal services rendered on behalf of the University. As Secretary of the Corporation, she also serves as Secretary of the Board of Trustees, heading the office that provides governance advice to and administrative support for the Board of Trustees. Ms. Wessel came to

Cornell from Virginia Commonwealth University where she served as University Counsel and as a Senior Assistant Attorney General for the Commonwealth of Virginia. Previously Associate University Counsel at the University of Virginia, Ms. Wessel had a broad practice including intellectual property law, Freedom of Information Act (FOIA), technology, libraries, student affairs, civil rights, constitutional law, and employment law. She also served as Deputy and later Chief Deputy City Attorney for the City of Portland, Oregon and as an Assistant Attorney General and Chief of the Opinions Division, Massachusetts Office of the Attorney General. Ms. Wessel was elected to the Board of Directors of the National Association of College and University Attorneys (“NACUA”) for an at-large term from 2013-2016, and she chairs the NACUA publication series NACUANOTES. She has authored papers and presentations for NACUA, EDUCAUSE, state bar associations, the American Bar Association (ABA), and other scholarly and professional entities in areas ranging from intellectual property law and data security, to constitutional law, civil rights, and employment. Ms. Wessel holds a B.A. with Honors from Swarthmore College and a J.D. from Boston University.

*Joanne M. DeStefano, Executive Vice President and Chief Financial Officer.* Joanne DeStefano is the Executive Vice President and Chief Financial Officer for Cornell University. Ms. DeStefano began her tenure with the University in 1990 as the general accounting manager for the Contract Colleges and has since held a number of positions with progressive responsibility, having most recently served as the Vice President for Finance and Chief Financial Officer. Prior to joining the University, Ms. DeStefano worked in the corporate sector. She is a member of the National Association of College and University Business Officers and has held board of director positions with the Quali Foundation and the Council on Governmental Relations. Ms. DeStefano is a graduate of Syracuse University with a Bachelor of Science in accounting and a 1997 graduate of the Johnson Graduate School of Management at Cornell University with a Master of Business Administration in finance.

## **Financial Management**

Cornell consists of three major organizational units: (i) Endowed, which includes the Endowed Colleges, Cornell Tech, the central University administration, and the enterprise and service operations for the Ithaca campus; (ii) the Contract Colleges and (iii) WCM. These three units are subject to the common administrative authority and control of the Board of Trustees, but generally operate as financially discrete entities. The laws establishing the Contract Colleges prohibit other units of the University from using the annual State appropriations attributable to those colleges. Except as specifically required by law, the Contract and Endowed Colleges are, to the extent practicable, governed by common management principles and policies determined at the private discretion of the University. In addition to the three major organizational units, the University’s subsidiaries and certain affiliated organizations are included in the consolidated financial statements. All significant intercompany transactions and balances are eliminated in the consolidated financial statements included in “Appendix B - Financial Statements of Cornell University (With Report of Independent Auditors Thereon).”

Cornell’s budget is approved by the Board of Trustees in May of each year and is developed through the following process.

During the budget process, the University sets basic priorities and income estimates in the fall that are then reviewed and refined and become the basis for the development of unit budget plans in the spring. WCM’s budget must first be approved by the Board of Overseers of WCM before being ratified by the Board of Trustees.

*Contract Colleges.* The State budget for the Contract Colleges is dependent upon the preparation of the budget for the State. The State budget development process for the Contract Colleges begins in late fall with preliminary requests that are reviewed with SUNY and culminates with the adoption of the State budget for the following State fiscal year (April 1 – March 31). The Contract Colleges also begin preparing an all-funds budget in the fall for approval in late spring.

*Capital Budget.* The capital budget process through which the University considers the priorities, costs, and financing of capital projects begins in late summer. The capital budget is finalized with a review by the Board of Trustees’ Finance Committee in March and approved by the full Board of Trustees in May. Updates and changes occur throughout the year.

## Student Information

The student body currently consists of over 15,000 undergraduates and 9,600 graduate and professional students from all 50 U.S. states and approximately 120 countries. Cornell counts more than 300,000 living alumni. The following table includes enrollment figures for the undergraduate, graduate and professional programs in Ithaca, and for the Medical College in New York City.

<b>Enrollment Summary</b>			
<b>Fall</b>	<b>Full-Time Undergraduate</b>	<b>Full-Time Graduate / Professional &amp; Medical College</b>	<b>Total Full-Time Enrollment</b>
2014	14,453	8,420	22,873
2015	14,315	8,625	22,940
2016	14,566	8,822	23,388
2017	14,907	9,219	24,126
2018	15,182	9,666	24,848

## Application, Admissions and Enrollment

Cornell receives applications substantially in excess of the number of students it can accept to the undergraduate, graduate and professional programs. The following tables set forth the number of applications for admissions and demand data for students as of fall semester for the years listed.

<b>Freshman Admission Statistics</b>					
<b>Fall</b>	<b>Total Applications</b>	<b>Acceptances</b>	<b>Acceptance Rate</b>	<b>Number Enrolled</b>	<b>Yield</b>
2014	43,037	6,105	14.2%	3,261	53.4%
2015	41,900	6,315	15.1	3,219	51.0
2016	44,965	6,337	14.1	3,342	52.7
2017	47,039	5,962	12.7	3,375	56.6
2018	51,324	5,448	10.6	3,325	61.0

Cornell accepted 22.6% of early decision applicants for the Class of 2023 (compared to 24.4% for the Class of 2022).

## Percentage of Entering Freshman Scoring 600+ on SAT

<b>Fall</b>	<b>Verbal</b>	<b>Math</b>
2014	91%	96%
2015	92	95
2016	92	95
2017	97	96
2018	98	98

**Graduate and Professional School Admissions  
Fall 2018**

<u>School</u>	<u>Total Applications</u>	<u>Acceptances</u>	<u>Acceptance Rate</u>	<u>Number Enrolled</u>	<u>Yield</u>
Graduate School	23,522	5,330	22.7%	2,520	47.3%
Graduate School of Medical Sciences	672	143	21.3	71	49.7
Medical College (M.D.)	5,992	346	5.8	106	30.6
Law School	4,148	881	21.2	196	22.2
Graduate School of Management	1,851	643	34.7	349	54.3
Veterinary School	1,136	175	15.4	115	65.7
Cornell Tech	1,584	482	30.4	237	49.2

**Tuition and Other Student Charges**

The table below provides undergraduate and graduate tuition rates for the major divisions of the University over the last five academic years.

**Tuition Rates**

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
<b>Undergraduate</b>					
Endowed Colleges	\$47,050	\$48,800	\$50,712	\$52,612	\$54,584
Contract College – Resident	30,910	32,740	33,968	35,242	36,564
Contract College - Non-resident	47,050	48,800	50,712	52,612	54,584
<b>Graduate Research</b>					
Graduate (Tier 3) <sup>1</sup>	29,500	29,500	29,500	29,500	29,500
Graduate (Tier 4) <sup>2</sup>	20,800	20,800	20,800	20,800	20,800
<b>Professional Degree</b>					
Graduate (Tier 1) <sup>3</sup>	47,050	48,900	50,712	52,612	54,584
Graduate (Tier 2) <sup>4</sup>	30,785	32,000	33,200	34,444	35,736
Johnson Graduate School of Management (MBA)	58,192	59,532	61,584	63,894	66,290
Law School	59,360	59,950	61,400	63,242	65,456
Veterinary Medicine Professional - resident	31,800	32,750	33,732	34,750	35,966
Veterinary Medicine Professional - non-resident	46,650	48,050	49,492	50,980	52,892
<b>Weill Cornell Medicine</b>					
Medical College (M.D.)	49,500	50,950	52,500	55,130	57,050
Graduate Medical College (Ph.D.)	32,200	32,850	33,500	35,170	36,170

<sup>1</sup> Tier 3 Research and other doctoral degrees include M.A., M.S., M.S./Ph.D., Ph.D., M.F.A., D.M.A., J.S.D., programs and non-degree students, associated predominantly with the Endowed Colleges.

<sup>2</sup> Tier 4 M.A., M.S., M.S./Ph.D., Ph.D, programs and non-degree students, associated predominantly with the Contract Colleges.

<sup>3</sup> Tier 1 Professional degrees include: Executive M.H.R.M., March I and II, M.Eng., M.M.H., and M.P.S. (CALs-AEM, App. Stats, Information Science, RE), and M.S. (Information Systems).

<sup>4</sup> Tier 2 Professional degrees include M.H.A, M.I.L.R., M.L.A, M.R.P., M.P.A., M.H.H., M.P.S. (CALs, Hum Ec., ID, ILR – excluding, ILR NYC, ILR eMPS).

In addition to tuition, students on the Ithaca campus pay an annual activity and health fee, and students at WCM pay a health service fee. There are several room and board plans. For 2018-2019, the average cost for room and board for the Ithaca campus is approximately \$14,766.

### Financial Aid

Students receive assistance from various sources, which include University funds, State and federal financial aid programs, and other awards from outside sources. Cornell recently reaffirmed its policy of making admissions decisions without regard to the ability of students or parents to pay educational costs.

The following table provides a breakdown of the sources from which undergraduate need-based scholarship and grant aid has been provided over the last five academic years.

**Sources of Undergraduate Aid (In Thousands)**

<u>Academic Year</u>	<u>Cornell Aid</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Outside Award</u>	<u>Total</u>
2013-14	\$239,003	\$4,040	\$40,269	\$ 5,923	\$289,235
2014-15	239,183	5,461	48,953	16,786	310,383
2015-16	235,435	5,523	48,426	16,645	306,029
2016-17	244,128	5,850	47,617	17,938	315,533
2017-18	257,562	6,433	47,522	17,285	328,802

Effective February 25, 2019, the University was placed on provisional certification status by the U.S. Department of Education (“ED”) with respect to federal student financial aid programs for a three-year period ending December 2021. The University’s provisional status is based on administrative deficiencies noted during routine annual audits over the period 2012-2018. The University is committed to addressing and preventing recurrences, and it will seek reinstatement of its full certification status in 2021.

During the period of provisional certification status, the University remains fully eligible to participate in all federal and state financial aid programs. Provisional certification status requires that the University request and receive ED approval prior to (a) offering new academic programs; (b) establishing an additional location at which an academic program is delivered and in connection with which federal financial aid is awarded; or (c) making other substantial changes, including changes to an academic program if the program wishes to have access to federal financial aid.

Provisional certification status also carries fewer due process protections than full certification. As a result, ED may withdraw the University’s provisional certification more easily than if it were fully certified. Provisional certification does not otherwise limit access to financial aid by students attending the University.

### Faculty

As of the fall of 2018, the University’s total faculty was approximately 3,550. Of those, on the Ithaca campus, 74% hold tenure positions and more than 99% hold the highest degrees in their respective fields.

### Employee Relations

Cornell has nine collective bargaining agreements with eight unions covering approximately 1,500 full-time employees as of June 30, 2018. The contracts are with the Building Trades Council (expires June 2020); two units in New York City with the Communication Workers of America (exempt unit: expires June 2022; non-exempt unit: expires March 2023); Cornell Police Union (expires June 2021); the International Union of Operating Engineers-Ithaca (expires March 2024); Teamsters (expires September 2019); the United Automobile, Aerospace, and Agricultural Implement Workers of America (expires June 2021); the International Security, Police and Fire Professionals of America (expires September 2021); and Cornell Adjunct Faculty Alliance (School of Industrial Labor Relations ) (expires June 2019).

## Organized Research

In fiscal year 2018, organized research expenditures increased by 10% over the prior year, primarily due to an 11% increase in sponsored research. The majority of the federally-sponsored expenditures originate from the Department of Health and Human Services and the National Science Foundation, representing 51.2% and 25.2%, respectively. The following table is a five-year summary of organized research expenditures:

### Total Research (In Millions)

<u>June 30</u>	<u>Expenditures</u>
2014	\$777.0
2015	817.5
2016	827.1
2017	820.5
2018	901.6

## Annual Financial Information

The tables that follow are based on the audited financial statements of the University for fiscal years ended June 30, 2014 through 2018, and should be read in conjunction with the audited financial statements of the University and related footnotes as of June 30, 2018, included in Appendix B.

*Statement of Financial Position.* Following is a summary of assets, liabilities and net assets as of June 30, for the fiscal years ended June 30, 2014 through 2018.

### Statement of Financial Position (In Thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Assets	\$12,529,305	\$12,771,287	\$12,515,232	\$13,230,048	\$13,636,899
Total Liabilities	3,285,925	3,289,876	3,476,238	3,205,429	3,132,576
Net Assets	9,243,380	9,481,411	9,038,994	10,024,619	10,504,323
Net Assets Comprised of:					
Unrestricted	3,014,917	2,970,754	2,698,090	3,120,525	3,425,131
Temporarily Restricted	3,494,173	3,577,319	3,204,004	3,329,946	3,381,016
Permanently Restricted	<u>2,734,290</u>	<u>2,933,338</u>	<u>3,136,900</u>	<u>3,574,148</u>	<u>3,698,176</u>
Total	<u>\$9,243,380</u>	<u>\$9,481,411</u>	<u>\$9,038,994</u>	<u>\$10,024,619</u>	<u>\$10,504,323</u>



*Statement of Activities.* The following table provides a summary of revenues and other additions and expenses as of June 30, for the fiscal years ended June 30, 2014 through 2018.

<b>Statement of Activities<sup>1</sup></b>					
<b>(In Thousands)</b>					
	<b><u>2013-2014</u></b>	<b><u>2014-2015</u></b>	<b><u>2015-2016</u></b>	<b><u>2016-2017</u></b>	<b><u>2017-2018</u></b>
<b>Operating Revenues</b>					
Net Tuition and fees	\$569,153	\$611,054	\$646,763	\$676,896	\$726,621
State and federal appropriations	149,065	148,712	149,138	150,912	150,632
Grants and contracts	601,582	594,768	586,828	597,060	655,738
Contributions	381,136	320,956	266,629	297,628	242,965
Investment return, distributed	327,528	314,342	327,906	355,904	346,774
Physician Organization	827,433	927,579	982,430	1,050,433	1,103,335
Other	<u>685,469</u>	<u>719,220</u>	<u>849,520</u>	<u>885,023</u>	<u>966,244</u>
<b>Total Operating Revenues</b>	<b><u>\$3,541,366</u></b>	<b><u>\$3,636,631</u></b>	<b><u>\$3,809,214</u></b>	<b><u>\$4,013,856</u></b>	<b><u>\$4,192,309</u></b>
<b>Operating Expenses</b>					
Compensation and benefits	\$2,151,980	\$2,297,837	\$2,442,735	\$2,585,582	\$2,736,170
Purchased Services	235,723	255,159	313,165	315,228	356,591
Supplies and general	555,314	625,337	666,041	655,409	691,079
Maintenance and Facilities	143,825	134,069	122,324	132,302	128,935
Interest Expense	91,190	89,447	56,803	52,635	51,541
Depreciation	<u>231,670</u>	<u>259,776</u>	<u>258,698</u>	<u>280,176</u>	<u>307,109</u>
<b>Total Operating Expenses</b>	<b><u>\$3,409,702</u></b>	<b><u>\$3,661,625</u></b>	<b><u>\$3,859,766</u></b>	<b><u>\$4,021,332</u></b>	<b><u>\$4,271,425</u></b>
Change in net assets from operating activities	\$131,664	\$(24,994)	\$(50,552)	\$(7,476)	\$(79,116)
Change in net assets from non-operating activities	<u>1,017,283</u>	<u>263,025</u>	<u>(391,865)</u>	<u>993,101</u>	<u>558,820</u>
Change in net assets	\$1,148,947	\$238,031	\$(442,417)	\$985,625	\$479,704
Total net assets, beginning of year	<u>8,094,433</u>	<u>9,243,380</u>	<u>9,481,411</u>	<u>9,038,994</u>	<u>10,024,619</u>
Total net assets, end of year	<b><u>\$9,243,380</u></b>	<b><u>\$9,481,411</u></b>	<b><u>\$9,038,994</u></b>	<b><u>\$10,024,619</u></b>	<b><u>\$10,504,323</u></b>

<sup>1</sup> Certain amounts in the fiscal years 2016 and 2017 have been reclassified to conform to subsequent year presentation.

## Investments

The University's Investment Policy for Long Term Investments ("LTI") is to manage a balanced fund using external managers for domestic and international equity, commodities, and fixed income investments and various partnerships for hedge funds, real estate and private equity. The assets are managed to maximize total return subject to risk constraints.

The Investment Committee of the Board of Trustees oversees all investable assets, including the allocation of investments among external investment managers and any restrictions on the amounts of funds in any type of investment. The Investment Committee delegates authority for day-to-day management, supervision, and administration of the funds to the Chief Investment Officer.

The Long Term Investment Pool (LTIP) represents the core investor in the LTI. External managers oversee a significant portion of the LTI portfolio, except for a small subset of accounts, overseen by Cornell entities, whose aggregate value (at June 30, 2018) was less than \$175 million (2.4% of LTI).

The University's LTI as of June 30, 2018 is summarized in the following table:

**Long Term Investments at Fair Value (By Percentage as of June 30, 2018)**

<u>Type</u>	<u>Current Values (In Millions)</u>	<u>Percentage</u>
Global Equities	\$1,161.6	16.1%
Emerging Market Equity	743.3	10.3%
Private Equity	1,674.8	23.1%
Real Assets	1,545.1	21.4%
Enhance Fixed Income	674.3	9.3%
Core Fixed Income	186.2	2.6%
Marketable Alternatives	1,166.0	16.1%
Diversifying Assets	0.0	0.0%
<u>Cash</u>	<u>79.0</u>	<u>1.1%</u>
Total	<u>\$7,230.3</u>	<u>100%</u>

**Liquidity**

The University has various sources of internal liquidity. A summary of these sources is displayed in the following table as of June 30, 2018.

**Total Daily Liquidity  
(In Thousands)**

	<u>June 30, 2018</u>
Cash, money market funds and repurchase agreements	\$130,798
US Treasuries and Agencies / other	158,376
Total Daily Liquidity	<u>\$289,174</u>

**Endowment and Similar Funds**

The following is a five-year summary of the endowment and similar funds net asset balances (based on generally accepted accounting principles) for all divisions of the University. Living trust funds are excluded as the income from living trusts is payable to one or more beneficiaries during their lifetime, and is not available to Cornell.

**Fair Value of Endowment and Similar Funds  
(In Millions)**

<u>June 30</u>	<u>Permanently Restricted Endowment and Related Appreciation</u>	<u>Funds Functioning as Endowment</u>	<u>Funds Held in Trust</u>	<u>Total Endowment and Similar Funds</u>
2014	\$4,010.7	\$1,734.2	\$145.0	\$5,889.9
2015	4,121.7	1,761.8	154.0	6,037.5
2016	3,952.6	1,631.6	173.5	5,757.7
2017	4,554.9	1,780.6	180.9	6,516.4
2018	4,927.6	1,774.6	169.3	6,871.5

## Gifts and Bequests

Cornell received approximately \$3.0 billion in gifts and bequests over the last five fiscal years ended June 30, 2018. The table below shows gifts (excluding pledges and outside trusts) by type of donor as reported by the Cornell Alumni Affairs Office in accordance with Council for Advancement and Support of Education (CASE) standards.

### Gifts by Type of Donor (In Millions)

<u>Donor</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Corporations	\$17.6	\$29.9	\$48.2	\$38.7	\$30.8
Foundations	78.7	59.2	63.8	63.9	64.8
Alumni	298.3	349.7	300.7	483.3	244.3
Friends/Other	<u>151.5</u>	<u>151.8</u>	<u>188.9</u>	<u>157.6</u>	<u>167.5</u>
Total	<u>\$546.1</u>	<u>\$590.6</u>	<u>\$601.6</u>	<u>\$743.5</u>	<u>\$507.4</u>

## Capital Plan

In fiscal year 2018, the University implemented a ten-year capital plan to advance significant strategic and faculty renewal needs. The plan captured capital projects with a total cost above \$10 million. The total cost of the plan was approximately \$3.4 billion. Funding for the projects is expected to come from a variety of sources, including fund raising, funds provided by New York State, and debt.

## Indebtedness

As of June 30, 2018, the University had \$1.3 billion of outstanding debt, which included 81% fixed rate debt and 19% variable rate debt. In fiscal year 2019, the University issued \$150 million taxable 30-year fixed-rate debt (the "Taxable Note") and increased taxable commercial paper by \$70 million to finance capital projects. In fiscal year 2019, through the issuance of the Series 2019A Bonds, the Series 2019B Bonds and the Series 2019C Bonds, the University plans to refund approximately \$310 million of the Refunded 2009A Bonds and the Refunded Tax-exempt Commercial Paper Series.

The University currently has three continuing covenants agreements in place with a financial institution with respect to the Authority's Cornell University Revenue Bonds, Series 2000A and 2000B and the Tompkins County Industrial Development Agency Variable Rate Demand Civic Facility Revenue Bonds (Cornell University Project) Series 2002A (the "CCAs"). The CCAs contain certain reporting requirements and a financial covenant based on expendable resources to debt that is required to be satisfied annually.

The University currently has a standby bond purchase facility (the "Series 2004 SBPA") in place with respect to DASNY's Cornell University Revenue Bonds, Series 2004. The Series 2004 SBPA was renewed in December 2018 for a three-year term expiring January 2022. If the financial institution counterparty does not renew the Series 2004 SBPA, such financial institutions must provide notification at least 60 days prior to the expiration date. The Series 2004 SBPA includes an event of default if the University rating is withdrawn, suspended or reduced below Baa3 and BBB- by Moody's Investors Service ("Moody's") and/or S&P Global Ratings ("S&P") respectively.

In addition, concurrently with the closing of the Series 2019A Bonds, the University anticipates entering into certain agreements with financial institutions in connection with the Series 2019B Bonds and the Series 2019C Bonds. Such agreements may include additional financial and credit rating maintenance covenants. For more information on the Series 2019B Bonds and the Series 2019C Bonds, see "PART 4 – PLAN OF FINANCE AND THE REFUNDING PLAN."

An aggregate amount of indebtedness of approximately \$80.8 million (as of June 30, 2018) relating to DASNY's Cornell University Revenue Bonds, Series 1990B and DASNY's Cornell University Tax-Exempt

Commercial Paper Program are secured by liens on certain pledged revenues of the University. All other outstanding indebtedness of the University is unsecured.

The University maintains up to \$200 million in working capital lines of credit with three different financial institutions (\$25 million expiring in February 2020, \$100 million expiring in April 2019 and \$75 million expiring in April 2020). The lines of credit include an event of default if the University rating is withdrawn, suspended or reduced below Aa3 and AA- by Moody's and/or S&P respectively for two of the agreements, and Baa2 and BBB by Moody's and/or S&P respectively for the other.

The University had approximately \$785 million notional amount (as of June 30, 2018) of executed interest rate swap agreements with various counterparties including Morgan Stanley Derivatives Products, Inc., Goldman Sachs Mitsui Marine Derivative Products, L.P., Merrill Lynch Capital Services, Inc., The Bank of New York Mellon and JPMorgan Chase Bank, N.A., pursuant to which the University pays or will pay a fixed rate in exchange for receiving a floating rate. In accordance with the generally accepted accounting principles, the University is required to record the market value of swaps. The market value of the swaps has changed from a \$170.4 million liability as of June 30, 2018 to a \$188.1 million liability as of February 28, 2019. The swaps are valued on a daily basis and the market value will fluctuate based on interest rates.

For additional information concerning the University's outstanding indebtedness, see "Appendix B - Financial Statements of Cornell University (With Report of Independent Auditors Thereon)."

### **Pension Plans**

The University's employee retirement plan coverage is provided by two basic types of plans: one based on a predetermined level of funding (defined contribution), and the other based on a years-of-service calculation to determine the level of benefit to be provided (defined benefit). The primary defined contribution plans for the Endowed Colleges and for exempt employees (those not subject to the overtime provisions of the Fair Labor Standards Act) at WCM are carried by the Teachers Insurance and Annuity Association, the College Retirement Equities Fund, the Vanguard Group (WCM only), and Fidelity Investments (Endowed Colleges only), all of which permit employee contributions. Total contributions of the Endowed Colleges and WCM plans for the fiscal years ended June 30, 2018 and 2017 amounted to \$115.1 million and \$111.3 million, respectively.

WCM maintains the University's only defined benefit plan. The participants include non-exempt employees at WCM who meet the eligibility requirements for participation. The plan was frozen in 1976 for exempt employees at WCM, and the accrued benefits were merged with the active non-exempt retirement plan in 1989. In accordance with Employee Retirement Income Security Act ("ERISA") requirements for the defined benefit plans, the University must fund annually with an independent trustee an actuarially determined amount that represents normal costs plus amortization of prior service costs over a forty-year period that began on July 1, 1976. For further information concerning the funded status of this plan, see footnote 6 to "Appendix B - Financial Statements of Cornell University (With Report of Independent Auditors Thereon)."

Employees of the Contract Colleges are covered under the New York State pension plan. Contributions to the State retirement system and other fringe benefit costs are paid directly by the State. The amount of the direct payments applicable to the University as revenue and expenditures is not currently determinable and is not included in the University's consolidated financial statements. The University reimburses the State for fringe benefit costs on certain salaries, principally those associated with externally sponsored programs. The amounts reimbursed to the State during the years ended June 30, 2018 and June 30, 2017, were \$17.3 million and \$16.8 million, respectively, which are included in the expenses of general operations.

### **Insurance**

The University retains self-insurance for property, general liability, student health insurance, and certain health benefits, with excess insurance as appropriate. The University carries insurance on its buildings and their contents with a blanket policy limit of \$1.0 billion per occurrence on a replacement costs basis for its multiple campus properties with various deductibles. In addition, the University obtains medical malpractice insurance through MCIC Vermont ("MCIC"). MCIC is a reciprocal risk retention group that provides medical malpractice

insurance coverage and risk management services to its subscribers. All of WCM faculty physicians are enrolled in MCIC.

### **Financial Advisor**

The Yuba Group LLC, also known as Yuba Group Advisors (the “Financial Advisor”), has been retained by the University to serve as its financial advisor in connection with the offering of the Series 2019A Bonds. The following three sentences have been provided by the Financial Advisor. The Financial Advisor is not obligated to make, and has not undertaken, an independent verification of any of the information contained in the Official Statement and makes no guarantee as to the accuracy, completeness or fairness of such information. The Financial Advisor is an independent financial advisory and consulting firm and is not engaged in the underwriting or trading of municipal securities or other negotiable instruments. The Financial Advisor does not receive a fee related to or contingent upon the sale and closing of the Series 2019A Bonds.

### **Litigation**

The University has been named in a class action claiming that the University, its pension plan oversight committee, and certain individuals breached fiduciary duties under ERISA with regard to prudent selection of a single record-keeper, minimization of administrative fees, offering too many investment options including two specific underperforming funds, and failing to monitor its fiduciaries regarding these issues. The University’s motion to dismiss was granted in part in 2017, with four claims dismissed in their entirety while three claims were dismissed in part. Discovery was completed on the remaining claims, and the University has filed for summary judgment on all remaining claims; that motion is pending. The University is also a defendant in various other legal actions, some of which are for substantial monetary amounts that arise out of the normal course of its operations. Although the final outcome of all of the above-described actions cannot be forecast with precision, the University’s administration is of the opinion that eventual liability related to these actions, if any, will not have a material effect on the University’s financial position.

## **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 Alcoholism and Substance Abuse Services, 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 March 31, 2019, DASNY had approximately \$54.9 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 507 employees located in three main offices (Albany, New York City and Buffalo) and at approximately 46 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 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 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.

PAUL S. ELLIS, ESQ., *Secretary*, New York.

Paul S. Ellis was appointed as a Member of DASNY by the Speaker of the State Assembly on September 19, 2016. Mr. Ellis is the Managing Member of Paul Ellis Law Group LLC, a law firm with a corporate/securities/capital markets practice with emphasis on private placements, mergers and acquisitions, venture capital/private equity transactions and joint ventures. He previously worked for Donovan Leisure Newton & Irvine and Winston & Strawn and served in staff positions in the U.S. Senate and the Massachusetts House of Representatives. He co-founded the New York Technology Council and serves on the Board of the NY Tech Alliance and as Chairman of the Housing Committee of Bronx Community Board 8. He holds a Bachelor of Arts degree from Harvard University and a Juris Doctor degree from Georgetown University Law Center.

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.

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.

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.

GERARD ROMSKI, ESQ., Mount Kisco.

Gerard Ronski 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. Ronski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Ronski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

MARYELLEN ELIA, *Commissioner of Education of the State of New York*, Loudonville; *ex-officio*.

MaryEllen Elia was appointed by the Board of Regents to serve as Commissioner of Education and President of the University of the State of New York effective July 6, 2015. As Commissioner of Education, Ms. Elia serves as Chief Executive Officer of the State Education Department and as President of the University of the State of New York which is comprised of public and non-public elementary and secondary schools, public and independent colleges and universities, libraries, museums, broadcasting facilities, historical repositories, proprietary schools and services for children and adults with disabilities. Prior to her appointment in New York, Ms. Elia served as Superintendent of Schools in Hillsborough County, Florida for 10 years. She began her career in education in 1970 as a social studies teacher in Buffalo’s Sweet Home Central School District and taught for 19 years before becoming an administrator. She holds a Bachelor of Arts degree in History from Daemen College in Buffalo, a Master of Education from the University at Buffalo and a Master of Professional Studies from SUNY Buffalo.

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.

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.

The principal staff of DASNY is as follows:

GERRARD P. BUSHHELL is the President and chief executive officer of DASNY. Mr. Bushell is responsible for the overall management of DASNY’s administration and operations. Prior to joining DASNY, Mr. Bushell was Director, Senior Institutional Advisor of BNY Mellon’s alternative and traditional investment management businesses. Prior thereto, he held a number of senior advisory roles, including Director, Client Partner Group at Kohlberg Kravis Roberts & Co. (KKR), Managing Director, Institutional Sales at Arden Asset Management LLC and Head of Institutional Sales at ClearBridge: a Legg Mason Company (formerly Citi Asset



Management). Mr. Bushell previously served as Director of Intergovernmental Affairs for New York State Comptroller H. Carl McCall. Mr. Bushell holds a Bachelor of Arts degree, Master of Arts degree and Ph.D. in Political Science from Columbia University.

MICHAEL T. CORRIGAN is the Vice President of DASNY, and assists the President in the administration and operation of DASNY. Mr. Corrigan came to DASNY in 1995 as Budget Director, and served as Deputy Chief Financial Officer from 2000 until 2003. He began his government service career in 1983 as a budget analyst for Rensselaer County and served as the County's Budget Director from 1986 to 1995. Immediately before coming to DASNY, he served as the appointed Rensselaer County Executive for a short period. Mr. Corrigan holds a Bachelor of Arts degree in Economics from the State University of New York at Plattsburgh and a Master of Arts degree in Business Administration from the University of Massachusetts.

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, 2018. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

## **PART 8 - LEGALITY OF THE SERIES 2019A BONDS FOR INVESTMENT AND DEPOSIT**

Under New York State law, the Series 2019A 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.

The Series 2019A Bonds may be deposited with the State Comptroller to secure deposits of State money in banks, trust companies and industrial banks.

## **PART 9 - NEGOTIABLE INSTRUMENTS**

The Series 2019A Bonds are negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Resolution and in the Series 2019A Bonds.

## **PART 10 - TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), 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 2019A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Series 2019A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2019A 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 Bond Counsel is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the Series 2019A Bonds is less than the amount to be paid at maturity of such Series 2019A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 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 2019A 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 2019A Bonds is the first price at which a substantial amount of such maturity of the Series 2019A 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 2019A Bonds accrues daily over the term to maturity of such Series 2019A 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 2019A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2019A Bonds. Beneficial Owners of the Series 2019A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2019A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2019A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2019A Bonds is sold to the public.

Series 2019A 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 purchaser. 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 2019A Bonds. DASNY and the University have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2019A 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 2019A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2019A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel 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 Bond Counsel’s attention after the date of issuance of the Series 2019A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2019A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not be relied upon in connection with any such actions, events or matters.

In addition, Bond Counsel has relied, among other things, on the opinion of Ropes & Gray LLP, Counsel to the University, regarding the current qualification of the University as an organization described in Section 501(c)(3) of the Code and on the opinion of Madelyn F. Wessel, University Counsel, regarding the intended operation of the facilities to be refinanced by the Bonds as substantially related to the University’s charitable purpose under Section 513(a) of the Code. Each such opinion is subject to a number of qualifications and limitations. Furthermore, neither Counsel to the University nor University Counsel can give or has given any opinion or assurance about the future activities of the 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. Failure of the University to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities refinanced by the Bonds in a manner that is not substantially related to the University’s charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Bonds being included in federal gross income, possibly from the date of the original issuance of the Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2019A 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 2019A 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. Bond Counsel 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 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 Bonds. Prospective purchasers of the 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 Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2019A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of DASNY or the University, 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 University have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2019A Bonds ends with the issuance of the Series 2019A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend DASNY, the University or the Beneficial Owners regarding the tax-exempt status of the Series 2019A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than DASNY, the University 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 tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which DASNY or the University legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2019A 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 2019A Bonds, and may cause DASNY, the University or the Beneficial Owners to incur significant expense.

#### **PART 11 - STATE NOT LIABLE ON THE SERIES 2019A BONDS**

The Act provides that notes and bonds of DASNY are not a debt of the State, that the State is not liable on them and that such notes and bonds are not payable out of any funds other than those of DASNY. The Resolution specifically provides that the Series 2019A Bonds are not a debt of the State and that the State is not liable on the Series 2019A Bonds.

#### **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 - LEGAL MATTERS**

Certain legal matters incidental to the authorization and issuance of the Series 2019A Bonds by DASNY are subject to the approval of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to DASNY, whose approving opinion will be delivered with the Series 2019A Bonds. The proposed form of Bond Counsel's opinion is set forth in Appendix E hereto.

Certain legal matters will be passed upon for the University by Ropes & Gray LLP, Boston, Massachusetts, and by Madelyn F. Wessel, University Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Ballard Spahr LLP, Philadelphia, Pennsylvania.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2019A Bonds or questioning or affecting the validity of the Series 2019A Bonds or the proceedings and authority under which they are to be issued.

## **PART 14 - UNDERWRITING**

Citigroup Global Markets Inc., as representative of the Underwriters, has agreed, subject to certain conditions, to purchase the Series 2019A Bonds from DASNY at an aggregate purchase price of \$134,923,423.27 (which represents the par amount of Series 2019A Bonds less the Underwriters' discount of \$230,194.88 plus original issue premium of \$20,578,618.15) and to make a public offering of the Series 2019A Bonds at prices that are not in excess of the public offering price or prices stated on the inside front cover page of this Official Statement. The Underwriters will be obligated to purchase all such Series 2019A Bonds if any are purchased.

The Series 2019A Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

Each of the following paragraphs in this section has been provided by one or more of the Underwriters identified therein.

Citigroup Global Markets Inc., an underwriter of the Series 2019A Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts with respect to the Series 2019A Bonds.

Morgan Stanley & Co. LLC, an Underwriter of the Series 2019A Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2019A Bonds.

## **PART 15 - 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 University will enter into a written agreement (the "Continuing Disclosure Agreement") for the benefit of the Holders of the Series 2019A Bonds with Digital Assurance Certification LLC, as disclosure dissemination agent and the Trustee. The proposed form of the Continuing Disclosure Agreement is attached as Appendix F hereto. The University is currently in compliance in all material respects with its previous undertakings with regard to continuing disclosure for prior obligations issued.

## **PART 16 - RATINGS**

Moody's Investors Service ("Moody's") has assigned a rating of "Aa1" with a stable outlook to the Series 2019A Bonds. Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("Standard & Poor's") has assigned a rating of "AA" with a stable outlook to the Series 2019A 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 agencies at the following addresses: Standard & Poor's, 55 Water Street, New York, New York 10041; and Moody's, 250 Greenwich Street, New York, New York 10007. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating agencies if, in the judgment of any or all of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Series 2019A Bonds.

#### **PART 17 - VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Causey Demgen & Moore, P.C., a firm of independent certified public accountants, will deliver to DASNY and the University its report verifying the mathematical accuracy of the arithmetical computations which establish the adequacy of the cash, the maturing principal amounts and the interest on the Defeasance Securities deposited with the trustee under the Resolution to pay the principal and redemption price of and interest coming due on the Refunded 2009A Bonds on their respective maturity or redemption dates as described in "PART 4 — PLAN OF FINANCE AND THE REFUNDING PLAN." Causey Demgen & Moore, P.C. will express no opinion on the reasonableness of the assumptions provided to them, the likelihood that the principal of and interest on the Series 2019A Bonds will be paid as described in the schedules provided to them, or the exclusions of the interest on the Series 2019A Bonds from gross income for federal income tax purposes.

#### **PART 18 - MISCELLANEOUS**

References in this Official Statement to the Act, the Resolution, the Series 2019A Resolution and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2019A Resolution and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2019A Resolutions and the Loan Agreement are on file with DASNY and the Trustee.

The agreements of DASNY with Holders of the Series 2019A Bonds are fully set forth in the Resolution. Neither any advertisement of the Series 2019A Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2019A 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 regarding the University was supplied by the University. DASNY believes that this information is reliable, but DASNY makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

"Appendix A - Definitions," "Appendix C - Summary of Certain Provisions of the Loan Agreement and Proposed Amendments," "Appendix D - Summary of Certain Provisions of the Resolution and Proposed Amendments" and "Appendix E - Form of Approving Opinion of Bond Counsel" have been prepared by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel.

"Appendix B - Financial Statements of Cornell University (With Report of Independent Auditors Thereon)" contains the financial statements of the University as of and for the year ended June 30, 2018, which have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing therein.

The University has reviewed the parts of this Official Statement describing the University, the Plan of Finance and the Refunding Plan, the Estimated Sources and Uses of Funds and Appendix B. The University shall certify as of the dates of sale and delivery of the Series 2019A 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 University 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/ Gerrard P. Bushell  
Authorized Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]



**DEFINITIONS**

[THIS PAGE INTENTIONALLY LEFT BLANK]

## DEFINITIONS

The following are definitions of certain terms used in this Official Statement.

*“Accreted Value”* means with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Capital Appreciation Bond or a Bond Series Certificate and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a year of twelve thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates;

*“Act”* means the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, as amended, and constituting Title 4 of Article 8 of the Public Authorities Law, as amended);

*“Annual Administrative Fee”* means the fee payable during each Bond Year for the general administrative and supervisory expenses of the Authority in an amount more particularly described in the Loan Agreement;

*“Appreciated Value”* means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Deferred Income Bond or a Bond Series Certificate and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues during any semi-annual period in equal daily amounts on the basis of a year of twelve thirty-day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date;

*“Arbitrage Rebate Fund”* means the fund so designated, created and established pursuant to the Resolution;

*“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 the fee payable to the Authority consisting of all of the Authority's internal costs and overhead expenses attributable to the issuance of the Bonds of a Series and the construction of the Projects, as more particularly described in the Loan Agreement;

*“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 Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Managing Director of Public Finance, the Managing Director of Construction, the Managing Director of Policy and Program Development, the Chief Financial Officer, the General Counsel, the Deputy General Counsel, the Associate General Counsel, and an Assistant General Counsel, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of the Authority to perform such act or execute such document; (ii) in the case of the University, any officer of the

University, and when used with reference to any act or document, means the person or persons authorized by a resolution or the by-laws of the University, or designated in writing by an officer of the University to act on such officer's behalf, to perform such act or execute such document; and (iii) in the case of the Trustee, any officer of the Trustee with direct responsibility for the administration of the Resolution and 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 the Trustee or the by-laws of the Trustee;

*“Bond or Bonds”* means any of the bonds of the Authority authorized pursuant to the Resolution and issued pursuant the Resolution and to a Series Resolution;

*“Bond Counsel”* means an attorney or a law firm, appointed by the Authority, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal obligations;

*“Bondholder or Holder of Bonds or Holder”* or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any Outstanding Bond;

*“Bond Purchase Fund”* means the fund so designated, created and established pursuant to the Resolution;

*“Bond Series Certificate”* means a certificate of an Authorized Officer of the Authority fixing terms, conditions and other details of Bonds in accordance with the delegation of power to do so under the Resolution or under a Series Resolution, as supplemented or amended;

*“Bond Year”* means a period of twelve (12) consecutive months beginning July 1 in any calendar year and ending on June 30 of the succeeding calendar year;

*“Book-Entry Bond”* means a Bond authorized to be issued, and issued to and registered in the name of, a Depository for the participants in such Depository or the beneficial owner of such Bond;

*“Business Day”* means any day which is not a Saturday, Sunday or a legal holiday in the State or a day on which banking institutions chartered by the State or the United States of America or the Trustee, are legally authorized to close in The City of New York; provided that, with respect to Option Bonds and Variable Rate Bonds of a Series, such a term means any day which is not a Saturday, Sunday or a legal holiday in the State or a day on which the New York Stock Exchange, banking institutions chartered by the State or the United States of America, the Trustee or the issuer of the Credit Facility or Liquidity Facility for such Bonds are legally authorized to close in The City of New York;

*“Capital Appreciation Bond”* means any Bond as to which interest is compounded on each Valuation Date therefor and is payable only at the maturity or prior redemption thereof;

*“Code”* means the Internal Revenue Code of 1986 or any successor provisions of law, and the applicable regulations thereunder;

*“Construction Fund”* means the fund so designated, created and established for a Project pursuant to a Series 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 University relating to the construction of a Project, and any amendments to the foregoing;

*“Cost or Costs of Issuance”* means the items of expense incurred in connection with the preparation, authorization, sale and issuance of Bonds and the preparation and execution of the Loan Agreement, 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, legal fees and charges, professional consultants' fees,

fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for insurance on Bonds, commitment fees or similar charges relating to a Credit Facility or a Liquidity Facility, costs and expenses of refunding Bonds or other bonds or notes of the Authority, costs and expenses incurred pursuant to a Remarketing Agreement, and other costs, charges and fees, including the Authority Fee, in connection with the foregoing;

*“Cost or Costs of a Project”* means costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection with a Project, 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) cost and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of such Project, (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 such Project, 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 such Project, (v) costs and expenses required for the acquisition of equipment or machinery, (vi) all other costs which the University shall be required to pay for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of such Project, (vii) any sums required to reimburse the University 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 such Project (including interest on moneys borrowed from parties other than the University), (viii) interest on Bonds prior to, during and for a reasonable period after the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of such project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with such Project or pursuant to the Loan Agreement, the Resolution, a Credit Facility, a Liquidity Facility or a Remarketing Agreement;

*“Credit Facility”* means an irrevocable letter of credit, surety bond, loan agreement, or other agreement, facility or insurance or guaranty 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 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 saving 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 the Authority or the Trustee is entitled to obtain moneys to pay the principal, purchase price or Redemption Price of Option Bonds due in accordance with their terms or tendered for purchase or redemption, plus accrued interest thereon to the date of payment, purchase or redemption thereof in accordance herewith and with the Series Resolution authorizing such Bonds or a Bond Series Certificate, whether or not the Authority is in default hereunder or the University is in default under the Loan Agreement.

*“Debt”* means indebtedness for borrowed money whether or not evidenced by notes, bonds, debentures or other similar evidences of indebtedness, or any guarantee of indebtedness for borrowed money, including indebtedness under purchase money mortgages, capital leases, installment sales contracts and similar security arrangements which appear as debt on the audited balance sheet of the University;

*“Debt Service Fund”* means the fund so designated, created and established pursuant to the Resolution;

*“Defeasance Security”* means (a) a direct obligation of the United States of America, an obligation the principal of and interest on which are guaranteed by the United States of America (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment), an obligation to which the full faith and credit of the United States of America are pledged (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment) 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, which, in each case, is not subject to redemption prior to maturity other than at the option of the holder thereof or which has been irrevocably called for redemption on a stated future date or

(b) an Exempt Obligation (i) which 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) which is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or direct obligations of the United States of America 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 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 direct obligations of the United States of America 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 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) which are rated by each Rating Service in the highest rating category of each Rating Service for such Exempt Obligation; provided, however, that such term shall not mean any interest in a unit investment trust or mutual fund;

*“Deferred Income Bond”* means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such Deferred Income Bond, and as to which interest accruing after the Interest Commencement Date is payable periodically during each Bond Year;

*“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 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;

*“Exempt Obligation”* means 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 (i) excludable from gross income under Section 103 of the Code, (ii) not an item of tax preference 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, in the highest rating category by each Rating Agency, or, if such obligation is not rated by a Rating Agency, has been assigned a comparable rating by another nationally recognized rating service;

*“Fixed Rate”* means the rate at which a Series 2016A Bond bears interest to its maturity during the Fixed Rate Period, as established in accordance with the Resolution.

*“Fixed Rate Mode”* means a Rate Mode in which a Series 2016A Bond in such Rate Mode bears interest at a Fixed Rate.

*“Fixed Rate Period”* means the period from and including the Conversion Date and extending to and including the date of maturity of a Series 2016A Bond in the Fixed Rate Mode.

*“Government Obligation”* means a direct obligation of the United States of America, an obligation the principal of and interest on which are guaranteed by the United States of America, an obligation (other than an obligation the payment of the principal of which is not fixed as to amount or time or payment) to which the full faith and credit of the United States of America are pledged, an obligation of any federal agency approved by the Authority, 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 a share or interest in a mutual fund, partnership or other fund wholly comprised of such 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;

*“Insurance Consultant”* means a person or firm who is not an employee or officer of the University or an employee or member of the Authority who is appointed by the University and is satisfactory to the Trustee, is qualified to survey risks and to recommend insurance coverage for hospital facilities and services and organizations engaged in like operations, has actuarial personnel experienced in the area of insurance for which the University is insuring and who has a favorable national reputation for skill and experience in such surveys and such recommendations;

*“Interest Commencement Date”* means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Series Resolution authorizing such Bond or a Bond Series Certificate, after which interest accruing on such Bond shall be payable on the interest payment date immediately succeeding such Interest Commencement Date and semi-annually thereafter periodically during each Bond Year;

*“Investment Agreement”* means an agreement for the investment of moneys with a Qualified Financial Institution;

*“Liens”* means any mortgage, pledge, lien, charge, security interest or lease in the nature thereof (including any conditional sale agreement, equipment trust agreement or other title retention agreement) or other encumbrance of whatsoever nature;

*“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 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 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 the Authority is entitled to obtain moneys 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 hereof and of the Series Resolution authorizing such Bonds or a Bond Series Certificate.

*“Loan Agreement”* means the Loan Agreement executed by and between the Authority and the University, in connection with the issuance of the Bonds, as the same shall have been heretofore or hereafter amended, supplemented or otherwise modified as permitted by the Resolution and by the Loan Agreement;

*“Management Consultant”* means a nationally recognized accounting or management consulting firm or other similar firm, experienced in reviewing and assessing university and hospital operations, acceptable to the Authority;

*“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;

*“Note or Notes”* means any obligation or obligations described in the Resolution and issued by the Authority in accordance with the Act;

*“Option Bond”* means any Bond which by its terms may be tendered by and at the option of 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;

*“Outstanding,”* when used in reference to Bonds, means, as of a particular date, all Bonds authenticated and delivered under the Resolution and under any applicable Series Resolution except (i) any Bond cancelled by the Trustee at or before such date; (ii) any Bond deemed to have been paid in accordance with the Resolution; (iii) any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to the

Resolution; (iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond 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 Series Resolution authorizing such Bond;

*“Paying Agent”* means, with respect to the Bonds of any Series, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Resolution or of a Series Resolution, a Bond Series Certificate or any other resolution of the Authority adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed;

*“Project”* means a “dormitory” as defined in the Act, which may include more than one part, financed in whole or in part from the proceeds of the sale of Bonds, as more particularly described and designated in the Resolution or any Series Resolution;

*“Qualified Financial Institution”* means (i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, (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 any state of the United States of America, (iii) a corporation affiliated with or which is a subsidiary of any entity described in (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity or (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; provided, however, that in the case of any entity described in (ii) or (iii) above, the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time an Investment Agreement is entered into by the Authority are rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "A" or better by each Rating Service, or, if such obligations are not rated by a Rating Service, have been assigned a comparable rating by another nationally recognized rating service; provided, however, in no event shall such obligations be rated lower than the lowest rating assigned by a Rating Service to any Outstanding Bonds;

*“Qualified Hedge”* means, with respect to any Bonds, any financial arrangement (i) that is entered into by the Authority at the request of the University or the University with the approval of the Authority with an entity which is a Qualified Hedge Provider at the time the arrangement is entered into; (ii) which provides that the Authority or the University shall pay to such Qualified Hedge Provider for any period an amount based on the interest accruing at a fixed rate on an amount equal to the principal amount of such Bonds Outstanding, and that such entity shall pay to the Authority during such period an amount based on the interest accruing on a principal amount equal to the same principal amount of such Bonds, at a variable rate of interest computed according to a formula set forth in such arrangement, or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Hedge with respect to such Bonds;

*“Qualified Hedge Provider”* means, with respect to any Bonds, an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability or whose payment obligations under a Qualified Hedge are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability are rated (at the time the subject Qualified Hedge is entered into) at least as high as A3 and A- , or the equivalent thereof, by each Rating Service;

*“Record Date”* means, unless the Series Resolution authorizing a Series of Bonds or a 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 calendar month next preceding an interest payment date;



“*Redemption Price*,” when used with respect to a Bond, 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 Bond Series Certificate;

“*Refunding Bonds*” means all Bonds, whether issued in one or more Series of Bonds, authenticated and delivered on original issuance pursuant to the Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution;

“*Report Date*” means June 30 and December 31 of each year;

“*Resolution*” means the “Cornell University Revenue Bond Resolution”, adopted January 26, 2000, as amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof;

“*Restricted Property*” means any of the University’s assets;

“*Revenues*” means all payments received or receivable by the Authority pursuant to the Loan Agreement, which 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 Arbitrage Rebate Fund);

“*S&P*” means Standard & Poor’s Corporation, a corporation organized and existing under the laws of the State of New York, 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 hereunder, is rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, not less than the second highest rating category by each Rating Agency or is rated with a comparable rating by any other nationally recognized rating service acceptable to an Authorized Officer of the Authority and (v) 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, not less than the second highest rating category by each Rating Agency or is rated with a comparable rating by any other nationally recognized rating service acceptable to an Authorized Officer of the Authority;

“*Serial Bonds*” means the Bonds so designated in a Series Resolution or a Bond Series Certificate;

“*Series*” means all of the Bonds authenticated and delivered on original issuance and pursuant hereto and to the Series Resolution authorization such Bonds as a separate Series of Bonds or a Bond Series Certificate, and any Bonds 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 Authority authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to the Series Resolution;

“*Short-Term Debt*” means Debt of the University, other than Debt to the Authority, (i) which Debt is payable upon demand, (ii) twenty percent (20%) or more of the original principal amount of which Debt is payable in any Bond Year prior to the Bond Year during which Bonds are no longer Outstanding or (iii) the principal amount of which is payable prior to maturity at the option of the holder thereof (other than upon acceleration upon an event of default) prior to the Bond Year during which Bonds are no longer Outstanding, including any note, bond, debenture or other evidence of indebtedness of the University which may be tendered to the University at the option of the holder thereof for purchase, payment or redemption prior to maturity; provided that such term shall not include any Debt twenty percent (20%) or more of the original principal amount of which is payable during any Bond Year if (x) such Debt was incurred on the same date as other Debt of the University is incurred, (y) such Debt and such other Debt were incurred pursuant to a common plan of financing and (z) less than twenty percent (20%)

of the aggregate original principal amount of such Debt and such other Debt is payable in each Bond Year prior to the Bond Year during which Bonds are no longer Outstanding; provided further that such term shall not include Debt less than twenty percent (20%) of the original principal amount of which is payable during each of the current and immediately succeeding two (2) Bond Years and Debt which is not payable at the option of the holder thereof during the current or either of the immediately succeeding two(2) Bond Years;

“*Sinking Fund Installment*” means, as of any date of calculation and with respect to any Bonds of a Series, so long as any Bonds thereof are Outstanding, the amount of money required by the Resolution or Series Resolution pursuant to which such Bonds were issued or by the applicable Bond Series Certificate, to be paid on a single future July 1 for the retirement of any Outstanding Bonds of said Series which mature after said future July 1, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future July 1 is deemed to be the date when a 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;

“*State*” means the State of New York;

“*Supplemental Resolution*” means any resolution of the Authority amending or supplementing the Resolution, any Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms of the Resolution;

“*Tax Certificate and Agreement*” means the Tax Certificate and Agreement executed by an Authorized Officer of the Authority in connection with the issuance of Bonds of a Series;

“*Term Bonds*” means the Bonds so designated in a Series Resolution or a Bond Series Certificate and payable from Sinking Fund Installments;

“*Trustee*” means the bank or trust company appointed as Trustee for the Bonds pursuant to the Resolution and having the duties, responsibilities and rights provided for herein, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant hereto;

“*University*” means the institution of higher education, duly incorporated and existing under the laws of the State, whose principal campus is located in Ithaca, New York, the corporate name of which is “Cornell University” and any successor thereto as permitted by the Loan Agreement;

“*Valuation Date*” means (i) with respect to any Capital Appreciation Bond, the date or dates set forth in the Series Resolution authorizing such Bond or a Bond Series Certificate on which specific Accreted Values are assigned to such Capital Appreciation Bond, and (ii) with respect to any Deferred Income Bond, the date or dates prior to the Interest Commencement Date set forth in the Series Resolution authorizing such Bond or a Bond Series Certificate on which specific Appreciated Values are assigned to such Deferred Income Bond;

“*Variable Interest Rate*” means a variable interest rate or rates to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds, the method of computing such variable interest rate is specified in the Series Resolution authorizing such Bonds or a Bond Series Certificate and shall 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) or a function of such objectively determinable interest rate or rates which may be in effect from time to time or at a particular time or times; provided that such variable interest rate shall be subject to a Maximum Interest Rate and may be subject to a Minimum Interest Rate and that there may be an initial rate specified, in each case as provided in such Series Resolution or a Bond Series Certificate or (ii) a stated interest rate that may be changed from time to time as provided in the Series Resolution authorizing such Bonds or a Bond Series Certificate; and provided that such interest rate shall be subject to a Maximum Interest Rate; and provided, further, that such Series Resolution or Bond Series Certificate shall also specify either (i) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective;

*“Variable Interest Rate Bond”* means any Bond which bears a Variable Interest Rate, provided that a Bond the interest rate on which shall have been fixed for the remainder of the term thereof shall no longer be a Variable Interest Rate Bond.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**FINANCIAL STATEMENTS OF CORNELL UNIVERSITY  
(WITH REPORT OF INDEPENDENT AUDITORS THEREON)**

[THIS PAGE INTENTIONALLY LEFT BLANK]

## Report of Independent Auditors

To The Board of Trustees of Cornell University

We have audited the accompanying consolidated financial statements of Cornell University (the “University”), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities for the year ended June 30, 2018 and statements of cash flows for the years ended June 30, 2018 and 2017.

### 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 University’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 University’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 Cornell University as of June 30, 2018 and 2017 and the changes in its net assets for the year ended June 30, 2018 and its cash flows for the years ended June 30, 2018 and 2017 in accordance with accounting principles generally accepted in the United States of America.

### Other Matter

We previously audited the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities and of cash flows for the year then ended (not presented herein), and in our report dated October 25, 2017, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying summarized financial information as of June 30, 2017 and for the year then ended is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Rochester, New York  
November 1, 2018

[THIS PAGE INTENTIONALLY LEFT BLANK]



**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

AS OF JUNE 30, 2018 AND JUNE 30, 2017 (in thousands)

	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
1 Cash and cash equivalents	\$ 241,127	\$ 181,265
2 Accounts receivable, net (note 2-A)	444,990	392,435
3 Contributions receivable, net (note 2-B)	826,109	902,846
4 Prepaid expenses and other assets	137,030	136,032
5 Student loans receivable, net (note 2-C)	73,772	79,211
6 Investments (note 3)	7,503,029	7,170,535
7 Land, buildings, and equipment, net (note 4)	4,297,047	4,256,807
8 Funds held in trust by others (note 5)	113,795	110,917
9 Total assets	<u>\$ 13,636,899</u>	<u>\$ 13,230,048</u>
<b>Liabilities</b>		
10 Accounts payable and accrued expenses	\$ 592,141	\$ 637,597
11 Deferred revenue and other liabilities	201,310	190,025
12 Obligations under split interest agreements (note 5)	135,331	133,459
13 Deferred benefits (note 6)	621,348	656,473
14 Funds held for others (note 7)	108,195	137,093
15 Obligations under capital leases (note 9)	122,552	67,842
16 Bonds and notes payable (note 8)	1,305,651	1,332,261
17 Government advances for student loans	46,048	50,679
18 Total liabilities	<u>3,132,576</u>	<u>3,205,429</u>
<b>Net assets (note 11)</b>		
19 Unrestricted	3,425,131	3,120,525
20 Temporarily restricted	3,381,016	3,329,946
21 Permanently restricted	<u>3,698,176</u>	<u>3,574,148</u>
22 Total net assets	<u>10,504,323</u>	<u>10,024,619</u>
23 Total liabilities and net assets	<u>\$ 13,636,899</u>	<u>\$ 13,230,048</u>

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

**CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR-ENDED JUNE 30, 2018 (in thousands)**

(WITH SUMMARIZED INFORMATION FOR THE YEAR-ENDED JUNE 30, 2017)

	Unrestricted	Temporarily Restricted
<b>Operating revenues</b>		
1 Tuition and fees	\$ 1,111,779	\$ -
2 Scholarship allowance	<u>(385,158)</u>	<u>-</u>
3 Net tuition and fees	726,621	-
4 State and federal appropriations	150,632	-
5 Grants, contracts and similar agreements		
6 Direct	495,946	-
7 Indirect cost recoveries	159,792	-
8 Contributions	84,622	158,343
9 Investment return, distributed	206,188	140,586
10 Medical Physician Organization	1,103,335	-
11 Auxiliary enterprises	167,391	-
12 Educational activities and other sales and services	798,853	-
13 Net assets released from restrictions	<u>311,962</u>	<u>(311,962)</u>
14 Total operating revenues	4,205,342	(13,033)
<b>Operating expenses (note 10)</b>		
15 Compensation and benefits	2,736,170	-
16 Purchased services	356,591	-
17 Supplies and general	691,079	-
18 Maintenance and facilities costs	128,935	-
19 Interest expense (note 8)	51,541	-
20 Depreciation	<u>307,109</u>	<u>-</u>
21 Total operating expenses	4,271,425	-
22 Change in net assets from operating activities	<u>(66,083)</u>	<u>(13,033)</u>
<b>Nonoperating revenues and (expenses)</b>		
23 State appropriations for capital acquisitions	33,930	-
24 Grants, contracts and similar agreements for capital acquisitions	7,441	-
25 Contributions for capital acquisitions, trusts and endowments	3,095	60,895
26 Investment return, net of amount distributed	71,264	223,647
27 Change in value of split interest agreements	2,589	(3,826)
28 Pension and postretirement changes	45,581	-
29 Swap interest and change in value of interest rate swaps	23,601	-
30 Other	(22,563)	-
31 Net assets released for capital acquisitions and reclassifications	<u>205,751</u>	<u>(216,613)</u>
32 Change in net assets from nonoperating activities	<u>370,689</u>	<u>64,103</u>
33 Change in net assets	304,606	51,070
34 Net assets, beginning of the year	3,120,525	3,329,946
35 Net assets, end of the year	<u>\$ 3,425,131</u>	<u>\$ 3,381,016</u>

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

Permanently Restricted	<b>2018</b> Total	<b>2017</b> Total	
\$ -	\$ 1,111,779	\$ 1,044,627	1
-	(385,158)	(367,731)	2
-	726,621	676,896	3
-	150,632	150,912	4
-			5
-	495,946	451,023	6
-	159,792	146,037	7
-	242,965	297,628	8
-	346,774	355,904	9
-	1,103,335	1,050,433	10
-	167,391	162,433	11
-	798,853	722,590	12
-	-	-	13
-	4,192,309	4,013,856	14
-			
-	2,736,170	2,585,582	15
-	356,591	315,228	16
-	691,079	655,409	17
-	128,935	132,302	18
-	51,541	52,635	19
-	307,109	280,176	20
-	4,271,425	4,021,332	21
-			
-	(79,116)	(7,476)	22
-			
-	33,930	45,096	23
-	7,441	31,168	24
115,690	179,680	390,535	25
(4,296)	290,615	411,133	26
1,796	559	10,571	27
-	45,581	58,094	28
-	23,601	55,560	29
(24)	(22,587)	(9,056)	30
10,862	-	-	31
124,028	558,820	993,101	32
124,028	479,704	985,625	33
3,574,148	10,024,619	9,038,994	34
\$ 3,698,176	\$ 10,504,323	\$ 10,024,619	35

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

FOR THE YEARS-ENDED JUNE 30, 2018 AND JUNE 30, 2017 (in thousands)

	2018	2017
<b>Cash flows from operating activities</b>		
1 Change in net assets	\$ 479,704	\$ 985,625
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities		
2 Proceeds from contributions for capital acquisitions, trusts and endowments	(204,423)	(464,383)
3 Depreciation and amortization	298,981	271,339
4 Net realized and unrealized (gain)/loss on investments	(544,723)	(674,063)
5 Pension and postretirement changes	(45,581)	(58,094)
6 Change in value of interest rate swaps	(44,840)	(81,451)
7 Bond call premium	-	18,973
8 Loss on disposals of land, building, and equipment	1,226	7,470
9 Other adjustments	(2,877)	(10,825)
Change in assets and liabilities		
10 Accounts receivable, net	(52,555)	11,626
11 Contributions receivable, net	76,737	83,476
12 Prepaid expenses and other assets	(3,533)	(4,703)
13 Accounts payable and accrued expenses	22,335	(1,700)
14 Deferred revenue and other liabilities	11,285	(5,423)
15 Obligations under split interest agreements	(1,006)	12,058
16 Deferred benefits	10,456	18,319
17 Net cash provided/(used) by operating activities	<u>1,186</u>	<u>108,244</u>
<b>Cash flows from investing activities</b>		
18 Proceeds from the sale and maturities of investments	10,842,078	17,338,881
19 Purchase of investments	(10,622,635)	(17,181,628)
20 Acquisition of land, buildings, and equipment (net)	(312,591)	(453,370)
21 Student loans granted	(9,744)	(12,655)
22 Student loans repaid	15,475	14,974
23 Change in funds held for others, net of unrealized (gain)/loss on investments	(36,114)	(33,636)
24 Net cash used by investing activities	<u>(123,531)</u>	<u>(327,434)</u>
<b>Cash flows from financing activities</b>		
Proceeds from contributions for capital acquisitions, trusts and endowments		
25 Investment in endowments	151,571	395,753
26 Investment in physical plant	50,488	65,202
27 Investment subject to living trust agreements	2,364	3,428
28 Principal payments of bonds, notes payable and capital leases	(33,265)	(279,731)
29 Proceeds from issuance of bonds and notes payable	15,680	52,731
30 Bond call premium, bond premium and issuance costs	-	(18,973)
31 Government advances for student loans	(4,631)	(51)
32 Net cash provided by financing activities	<u>182,207</u>	<u>218,359</u>
33 Net change in cash and cash equivalents	59,862	(831)
34 Cash and cash equivalents, beginning of year	181,265	182,096
35 Cash and cash equivalents, end of year	<u>\$ 241,127</u>	<u>\$ 181,265</u>
<b>Supplemental disclosure of cash flow information</b>		
36 Cash paid for interest	\$ 59,442	\$ 61,497
37 Increase/(decrease) in construction payables, non-cash activity	\$ (22,951)	\$ 7,334
38 Assets acquired under capital leases	\$ 56,350	\$ 64,267
39 Gifts-in-kind	\$ 2,586	\$ 10,250

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

## 1. SIGNIFICANT ACCOUNTING POLICIES

### A. Description of the Organization

Founded in 1865, Cornell University (“the University”) is dedicated to a mission of learning, discovery, and engagement. Cornell is a private university, the federal land-grant institution of New York State, and a member of the Ivy League. Cornell administers four contract colleges, which are also units of the State University of New York. Described as the first truly American university because of its founders’ revolutionary egalitarian and practical vision of higher education, the University is dedicated to its land-grant mission of outreach and public engagement. Cornell’s community includes over 24,000 students, 4,000 faculty, and approximately 282,000 alumni who live and work across the globe.

The University comprises colleges and schools in Ithaca, New York (seven undergraduate units and four graduate and professional units), New York City (two medical graduate and professional units, together with its physician organization referred to collectively as “Weill Cornell Medicine” or “WCM”), and Doha, Qatar (the “Weill Cornell Medical College in Qatar”). Also in New York City, the Cornell Tech campus offers graduate programs in applied sciences, including two programs offered jointly with the Technion - Israel Institute of Technology under the auspices of the Joan and Irwin Jacobs Technion-Cornell Institute (“Jacobs Institute”).

The University is subject to the common administrative authority and control of the Cornell University Board of Trustees. The University is prohibited from using funds attributable to the contract colleges (i.e., those colleges operated by the University on behalf of New York State) for other units of the University. Except as specifically required by law, the contract and endowed colleges at Ithaca, Cornell Tech, and WCM are, to the extent practicable, governed by common management principles and policies determined at the private discretion of the University. In addition to the activities of the endowed and contract colleges, the University’s subsidiaries and certain affiliated organizations are included in the consolidated financial statements. All significant intercompany transactions and balances are eliminated in the accompanying consolidated financial statements.

### B. Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Net assets, revenues, gains, and losses are categorized based on the existence or absence of donor-imposed restrictions.

The University’s Board of Trustees, with consideration to the actions, reports, information, advice, and counsel provided by its duly constituted committees and appointed officers of the University, including University Counsel, has instructed the University to preserve the historical dollar value of donor-restricted (true) endowment funds, absent explicit donor direction to the contrary. As a result, the University classifies as permanently restricted net assets the original gift value of true endowments, plus any subsequent gifts and accumulations made in accordance with the directions of the applicable gift instruments. In accordance with accounting standards, the portion of the true endowment fund not classified as permanently restricted net assets is classified as temporarily restricted net assets except when the fair value of the endowment fund is less than its historical dollar value. For these “underwater” funds, the difference between historic dollar value and fair value is reflected in unrestricted net assets.

Temporarily restricted net assets also include gifts and appropriations from the endowment that can be expended, but for which the donors’ purpose restrictions have not yet been met, as well as net assets with explicit or implied time restrictions, such as pledges and split-interest agreements. Expiration of donor restrictions is reported in the consolidated statement of activities as a reclassification from temporarily restricted net assets to unrestricted net assets on the net assets released from restriction lines.

Unrestricted net assets are the remaining net assets of the University.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

---

### C. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in bank accounts, money market funds, and other temporary investments held for working capital purposes with an original maturity term of ninety days or less. The carrying amount of cash equivalents approximates fair value because of their short terms of maturity. Cash that is part of the University's investment portfolio is reported as investments and included in Note 3.

### D. Contributions

Contributions, including unconditional promises to give (pledges), are recognized as revenues in the appropriate categories of net assets in the periods received. A pledge is recorded at the present value of estimated future cash flows, based on an appropriate discount rate determined by management at the time of the contribution. Amortization of this discount in subsequent years is included in contribution revenue. A contribution of assets other than cash is recorded at its estimated fair value on the date of the contribution. Contributions for capital projects, endowments, and similar funds are reported as non-operating revenues. Conditional promises to donate to the University are not recognized until the conditions are substantially met.

Temporarily restricted net assets include contributions to the University and to the Cornell University Foundation ("Foundation"), an affiliated entity that is included in the consolidated financial statements. The Foundation maintains a donor-advised fund for which the donors can make recommendations to the fund's trustees regarding distributions to the University or other charitable organizations. Distributions from the Foundation to external charitable organizations are recorded as non-operating expenses.

### E. Investments

The University's investments are recorded in the consolidated financial statements at fair value. The values of publicly traded securities are based on quoted market prices and exchange rates, if applicable. The fair value of non-marketable securities is based on valuations provided by external investment managers. These investments are generally less liquid than other investments, and the values reported by the general partner or investment manager may differ from the values that would have been reported, had a ready market for these securities existed. The University exercises due diligence in assessing the policies, procedures, and controls implemented by its external investment managers, and believes the carrying amount of these assets is a reasonable estimate of fair value.

Investment income is recorded on an accrual basis, and purchases and sales of investment securities are reflected on a trade-date basis. Realized gains and losses are calculated using average cost for securities sold.

Investment return included in operating revenues consists of amounts appropriated by the Board of Trustees from the pooled endowment, as well as income and realized gains and losses on investments from working capital and non-pooled endowments and similar funds. Unrealized gains and losses on investments, any difference between total return and amounts appropriated from the pooled endowment, and income and realized gains reinvested per donor restrictions are reported as non-operating activities.

### F. Fair-Value Hierarchy

The University values certain financial and non-financial assets and liabilities, on a recurring basis, in accordance with a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. Fair value is defined as the price associated with an orderly transaction between market participants at the measurement date. This fair-value hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments, which is based on market data obtained from sources independent of the University. The hierarchy of inputs used to measure fair value, and the primary valuation methodologies used by the University for assets and liabilities measured at fair value, are disclosed below.

The fair value of Level 1 securities is based upon quoted prices in accessible active markets for identical assets. Market price data is generally obtained from exchange or dealer markets. The University does not adjust the quoted price for such assets.

The fair value of Level 2 securities is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data. Inputs are obtained from various sources, including market participants, dealers, and brokers. In determining fair value of financial instruments, the University considers factors such as interest-rate yield curves, duration of the instrument, and counterparty credit

risk. The fair value of Level 2 securities is determined using multiple valuation techniques including the market approach, income approach, or cost approach.

The fair value of Level 3 securities is based upon valuation techniques that use significant unobservable inputs.

Inputs used in applying the various valuation techniques refer to the assumptions that are used to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors. A financial instrument's level within the fair-value hierarchy is based on the lowest level of any input that is significant to the fair-value measurement. The University considers observable data to be market data that is readily available and reliable and provided by independent sources. The categorization of a financial instrument within the fair-value hierarchy is, therefore, based upon the pricing transparency of the instrument, and does not correspond to the University's perceived risk of that instrument.

#### **G. Derivative Instruments**

The University has approved the use of derivatives by outside investment managers, based on investment guidelines negotiated at the time of a manager's appointment. The derivatives are used to adjust fixed-income durations and rates, to create "synthetic exposures" to certain types of investments, and to hedge foreign currency fluctuations. The University records the fair value of a derivative instrument within the applicable portfolio. The change in the fair value of a derivative instrument held for investment is included in non-operating investment return in the consolidated statement of activities.

In addition, the University holds other derivatives to manage its current and/or future long-term debt. These instruments are recorded at fair value as either prepaid or accrued expenses in the consolidated statement of financial position, and the swap interest and change in fair value is recorded as non-operating activity in the consolidated statement of activities.

Derivatives involve counterparty credit exposure. To minimize this exposure, the University manages counterparty risk by limiting swap exposure for each counterparty and monitoring the financial health of swap counterparties, and has structured swap documents to limit maximum loss in the event of counterparty default.

#### **H. Land, Buildings, and Equipment**

Land, buildings, and equipment are stated in the consolidated statement of financial position at cost on the date of acquisition or at fair value on the date of donation, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the asset, and is reflected as an operating expense. Expenditures associated with the construction of new facilities are recorded as construction in progress until the projects are completed.

The University's collections of art, rare books, and other property have been acquired through purchases and contributions since the University's inception. They are recognized as capital assets and are reflected, net of accumulated depreciation, in the consolidated statement of financial position. A collection received as a gift is recorded at fair value as an increase in net assets in the year in which it is received.

#### **I. Split-Interest Agreements**

The University's split-interest agreements with donors consist primarily of charitable gift annuities, pooled income funds, and charitable trusts for which the University serves as trustee. Assets held in trust are either separately invested or included in the University's investment pools in accordance with the agreements. Contributions of split-interest agreements, net of related liabilities, increase temporarily restricted net assets or permanently restricted net assets. Liabilities associated with charitable gift annuities and charitable trusts represent the present value of the expected payments to the beneficiaries based on the terms of the agreements. Pooled income funds are recognized at the net present value of the net assets expected at a future date. Gains or losses resulting from changes in fair value, changes in assumptions, and amortization of discount are recorded as changes in value of split-interest agreements in the appropriate restriction categories in the non-operating section of the consolidated statement of activities.

#### **J. Funds Held in Trust by Others**

Funds held in trust by others represent resources that are not in the possession or under the control of the University. These funds are administered by outside trustees, with the University receiving income or residual interest. Funds held in trust by others are recognized at the estimated fair value of assets or the present value of future cash flows due to the University when the irrevocable trust is established or the University is notified of its existence. Gains or losses resulting from changes in fair value are recorded as non-operating activities in the consolidated statement of activities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

---

### K. Endowments

The responsibility for accepting, preserving, and managing those funds entrusted to the University rests, by law, with the Board of Trustees; however, the Trustees have delegated authority for investment decisions to the Investment Committee of the Board of Trustees. The Investment Committee determines investment policy, objectives, and guidelines, including allocation of assets between classes of investments.

The University's investment objective for its endowment assets is to maximize total return within reasonable risk parameters, specifically to achieve a total return, net of expenses, of at least five percent in excess of inflation, as measured by the Consumer Price Index over rolling five-year periods. The achievement of favorable investment returns enables the University to distribute over time increasing amounts from the endowment so that present and future needs can be treated equitably in inflation-adjusted terms. Diversification is a key component of the University's standard for managing and investing endowment funds, and asset allocation targets are subject to ongoing reviews by the Investment Committee.

The University applies the "prudent person" standard when deciding whether to appropriate or accumulate endowment funds, and considers the following factors: the duration and preservation of the endowment fund, the purposes of the institution and the endowment fund, the general economic conditions including the potential effect of inflation or deflation, the expected total return of the fund, other resources of the University, the needs of the University and the fund to make distributions and preserve capital, and the University's investment policy.

The Board authorizes an annual distribution from endowment funds that is within a target range of 4.4 percent to 5.9 percent of a 12-quarter rolling average of the unit fair value. The Trustees may occasionally make step adjustments, either incremental or decremental, based on prior investment performance, current market conditions, and/or any of the factors for prudent judgment described above. Total distributions, or spending, is presented as investment return, distributed, on the consolidated statement of activities, and includes endowment payout and an administrative fee that supports the investment and stewardship costs of the University endowment.

The New York Prudent Management of Institutional Funds Act ("NYPMIFA") established a requirement related to appropriations from endowments for which the fair value falls below the historic dollar value ("underwater"). The University, in compliance with NYPMIFA, notified available donors who had established endowments prior to September 17, 2010 of the new law, and offered these donors the option of requiring the University to maintain historical dollar value for their endowment funds. A minority of donors requested this option; for those who did, the University has designed procedures to ensure that the University maintains historical dollar value by not expending the payout on any underwater fund.

### L. Sponsored Agreements

Revenues under grants, contracts, and similar agreements are recognized at the time expenditures are incurred. These revenues include the recovery of facilities and administrative costs, which are recognized according to the rates defined in the respective sponsored agreement. Amounts received in advance and in excess of incurred expenditures are recorded as deferred revenues.

### M. Medical Physician Organization

The Medical Physician Organization ("MPO") provides the management structure for the practice of medicine for all WCM physicians at the main academic medical center and various clinical practice sites throughout New York City. In addition to generating clinical practice income, MPO members may provide instruction and conduct research activities. MPO revenue represents patient care and management service agreement fees. Expenses of the clinical practice, including physician compensation, administrative operations, and provision for uncollectible accounts, are reflected as University expenses.

### N. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Management's assumptions are related primarily to the appropriate discount rate for the purposes of fair-value calculations, to allowances for doubtful accounts and contractual allowances, and to self-insured risks. Actual results may differ from those estimates.



### O. Comparative Financial Information

The consolidated statement of activities includes prior-year information in summary form rather than by restriction class. Such information does not include sufficient detail to constitute a presentation of prior-year data in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the University's consolidated financial statements for the prior fiscal year from which the summarized information was derived.

### P. Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09–Revenue from Contracts with Customers (Topic 606) at the conclusion of a joint effort with the International Accounting Standards Board to create common revenue recognition guidance for U.S. GAAP and international accounting standards. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services, by allocating transaction price to identified performance obligations, and recognizing that revenue as performance obligations are satisfied. Qualitative and quantitative disclosures will be required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In August of 2015, FASB issued ASU 2015-14–Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which makes ASU 2014-09 effective for the fiscal year ending June 30, 2019. The University is planning for the implementation of this new standard and reviewing the potential impact on the financial statements, which is not expected to be material.

In February 2016, the FASB issued ASU 2016-02–Leases (Topic 842), which provides accounting guidance for leases from both the lessor's and lessee's perspective. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases; however, the University will evaluate other impacts of the new guidance. The new standard will be effective in the fiscal year ending June 30, 2020. The University has begun its planning for implementation of this new standard and is reviewing the potential impact on the financial statements.

In August 2016, the FASB issued ASU 2016-14–Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities to improve the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The significant changes under the new guidance include the reduction of net asset classifications to two categories based on the existence or absence of donor restrictions, and additional disclosure requirements related to board designation of net assets, and related to the liquidity and availability of the entity's financial assets. ASU 2016-14 is effective for the fiscal year ending June 30, 2019. The University is planning for the implementation of this new standard.

In June 2018, the FASB issued ASU 2018-08–Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The amendments are intended to assist in evaluating whether transactions should be accounted for as contributions or as exchange transactions subject to other guidance and in determining whether a contribution is conditional. The new standard will be effective for contributions received for the fiscal year ending June 30, 2019. The University has begun its planning for implementation of this new standard and is reviewing the potential impact on the financial statements.

### Q. Revisions

The University has revised the consolidated statement of financial position, statement of activities and statement of cash flows for the year ended June 30, 2017 to correct the classification of \$46 million of investments internally designated to fund the WCM post-retirement medical benefits plan. The University has concluded these investments were not effectively restricted and therefore should not have been considered plan assets in accordance with Accounting Standards Codification (ASC) 715, Compensation – Retirement Benefits. The consolidated statement of financial position, statement of activities and statement of cash flows for the year ended June 30, 2017 have been corrected to reflect this and other immaterial revisions between cash flow categories. This misclassification had no impact on net assets on the consolidated statement of activities. The University has evaluated the impact of this misclassification and concluded that it is not material, individually or in the aggregate, to the previously reported June 30, 2017 consolidated financial statements.

The following exhibit shows the impact of this misclassification in the consolidated statement of financial position, statement of activities and statement of cash flows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

REVISIONS			
	As previously reported	Adjustment	As revised
<b>Statement of Financial Position</b>			
Investments	\$ 7,124,578	\$ 45,957	\$ 7,170,535
Total assets	13,184,091	45,957	13,230,048
Deferred benefits	610,516	45,957	656,473
Total liabilities	3,159,472	45,957	3,205,429
Total liabilities and net assets	13,184,091	45,957	13,230,048
<b>Statement of Activities</b>			
Investment return, net of amount distributed	405,014	6,119	411,133
Pension and postretirement changes	64,213	(6,119)	58,094
<b>Statement of Cash Flows</b>			
Net realized and unrealized (gain)/loss on investments	(672,248)	(6,119)	(678,367)
Pension and postretirement changes	(64,213)	6,119	(58,094)

To conform to the revised June 30, 2017 balances, revisions were additionally made to Investments and Deferred Benefits disclosures included within note 3 and note 6 of these consolidated financial statements.

**R. Income Taxes**

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate sections of the Internal Revenue Code. In accordance with the accounting standards, the University evaluates its income tax position each fiscal year to determine whether the position is more likely than not to be sustained if examined by the applicable taxing authority. This review had no material impact on the University's consolidated financial statements.

**2. RECEIVABLES**

**A. Accounts Receivable**

The University's receivables from the sources identified in the table below are reviewed and monitored for aging and other factors that affect collectability.

Accounts receivable from the following sources were outstanding as of June 30:

SUMMARY OF ACCOUNTS RECEIVABLE		
	2018	2017
Grants and contracts	\$ 94,718	\$ 95,361
NewYork-Presbyterian Hospital and other affiliates	51,508	40,484
Patients (net of contractual allowances)	128,750	118,608
Reinsurance receivable	122,351	103,726
Student accounts	14,896	13,659
Other	66,344	60,339
Gross accounts receivable	\$ 478,567	\$ 432,177
Less: allowance for doubtful accounts	(33,577)	(39,742)
Net accounts receivable	\$ 444,990	\$ 392,435

The patient accounts receivable for medical services was comprised of the following at June 30, 2018 and 2017, respectively: commercial third parties 68.5 percent and 67.3 percent; federal/state government 17.4 percent and 16.7 percent; and patients 14.1 percent and 16.0 percent. Note 12 provides additional information related to the reinsurance receivable.

Other accounts receivable include receivables from other government agencies, matured bequests, and other operating activities.

### B. Contributions Receivable

Unconditional promises to give, or pledges, are recorded in the consolidated financial statements at present value using discount rates ranging from 1.0 percent to 7.0 percent. The methodology for estimating uncollectible amounts is based on an analysis of the historical collectability of contributions receivable. Contributions are expected to be realized as follows:

#### SUMMARY OF CONTRIBUTIONS RECEIVABLE

	2018	2017
Less than one year	\$ 341,413	\$ 372,009
Between one and five years	435,315	413,276
More than five years	164,223	242,001
Gross contributions receivable	\$ 940,951	\$ 1,027,286
Less: unamortized discount	(89,292)	(96,517)
Less: allowance for uncollectible amounts	(25,550)	(27,923)
Net contributions receivable	\$ 826,109	\$ 902,846

Contributions receivable as of June 30 are intended for the following purposes:

#### EXPECTED PURPOSE OF CONTRIBUTIONS RECEIVABLE

	2018	2017
Program support	\$ 420,169	\$ 469,049
Capital purposes	157,839	184,457
Long-term support	248,101	249,340
Net contributions receivable	\$ 826,109	\$ 902,846

At June 30, 2018, conditional promises not reflected in the consolidated financial statements, which consist primarily of bequest intentions and conditional promises with significant requirements, were \$502,357.

### C. Student Loans Receivable

In keeping with Ezra Cornell's vision, the University has a "need-blind" policy of admission. Many students receive financial aid that consists of scholarship/fellowship grants, work-study opportunities and, when appropriate, student loans.

Student loan programs are funded by donor contributions, other institutional sources, and governmental programs, primarily the Federal Perkins Loan Program. The amounts received from the federal government's portion of the Perkins program are ultimately refundable to the federal government and are reported as a liability on the University's consolidated statement of financial position as government advances for student loans. The Federal Perkins Loan Program ended as of June 30, 2018. Existing loans will be serviced throughout the repayment term.

Student loans are often subject to unique restrictions and conditions and, therefore, it is not practical to determine their fair values. The allowance for doubtful accounts is for all loans, whether in repayment status or not.

The table below provides additional information about the student loan receivables and the allowances associated with federal and institutional loan programs.

#### SUMMARY OF STUDENT LOANS RECEIVABLE

	2018			2017
	Receivable	Allowance	Net receivable	Net receivable
Federal revolving loans	\$ 40,291	\$ (1,074)	\$ 39,217	\$ 47,969
Institutional loans	37,476	(2,921)	34,555	31,242
Total student loans receivable	\$ 77,767	\$ (3,995)	\$ 73,772	\$ 79,211

## 3. INVESTMENTS

### A. General Information

The University's investments are overseen by the Investment Committee of the Board of Trustees. The University's investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

movements of the world equity, fixed income, commodities, real estate, and private equity markets. Based on guidelines established by the Investment Committee, the University's Investment Office directs the investment of endowment and trust assets, certain working capital, and temporarily invested expendable funds.

The University maintains a number of investment pools or categories for specific purposes as follows:

INVESTMENT POOLS/CATEGORIES AT FAIR VALUE

	2018	2017
Long-term investments (LTI)		
Long-term investment pool (LTIP)	\$ 6,781,595	\$ 6,363,271
Other LTI	448,695	394,477
Total LTI	\$ 7,230,290	\$ 6,757,748
Separately invested and other assets	272,739	412,787
Total investments	\$ 7,503,029	\$ 7,170,535

Total earnings on the University's investment portfolio for the fiscal years ended June 30 is presented in the following table:

SUMMARY OF INVESTMENT RETURN

	2018	2017
Interest and dividends, net of investment fees	\$ 85,450	\$ 75,310
Net realized gain/(loss)	430,245	324,195
Net unrealized gain/(loss)	121,694	367,532
Total investment return	\$ 637,389	\$ 767,037

B. Fair Value

The University's investment holdings as of June 30, categorized in accordance with the fair-value hierarchy, are summarized in the following tables:

INVESTMENTS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	Net asset value	2018 Total	2017 Total
Cash and cash equivalents	\$ 142,849	\$ 20,272	\$ -	\$ -	\$ 163,121	\$ 349,592
Derivatives	-	(5,961)	-	-	(5,961)	(2,260)
Equity						
Domestic equity	284,020	315,090	1,654	-	600,764	709,560
Foreign equity	386,998	538,044	849	610,424	1,536,315	1,260,740
Hedged equity	-	-	2,788	-	2,788	435,754
Private equity	-	-	61,974	1,572,494	1,634,468	1,380,558
Fixed income						
Asset backed fixed income	-	21,282	844	-	22,126	27,575
Corporate bonds	-	132,214	2,070	-	134,284	224,985
Equity partnership	-	31	-	531,869	531,900	459,181
International	2,970	28,632	469	-	32,071	93,168
Municipals	-	3,003	-	-	3,003	11,005
Mutual funds (non-equity)	196	14,854	-	-	15,050	19,921
Preferred/convertible	-	1,380	4,929	-	6,309	20,117
Other fixed income	-	495	-	-	495	105
US government	109,562	59,470	-	-	169,032	130,575
Marketable alternatives	-	279	-	1,324,224	1,324,503	878,982
Real assets	-	62,694	19,997	1,242,818	1,325,509	1,185,786
Receivable for investments sold	31,701	-	-	-	31,701	20,038
Payable for investments purchased	(49,126)	-	-	-	(49,126)	(58,923)
Other	-	-	24,677	-	24,677	24,076
Total investments	\$ 909,170	\$ 1,191,779	\$ 120,251	\$ 5,281,829	\$ 7,503,029	\$ 7,170,535
Securities not included in investment portfolio						
Cash and cash equivalents	\$ 118,905	\$ -	\$ -	\$ -	\$ 118,905	\$ 69,963

Level 1 investments consist of cash and cash equivalents, equity, and fixed-income securities with observable market prices. Fair value is readily determinable based on quoted prices in active markets. Unsettled trade receivable and payable valuations are reflective of cash settlements subsequent to the fiscal year-end and are also categorized as Level 1. The University does not adjust the quoted price for such instruments, even in situations where the University holds a large position and a sale of all its holdings could reasonably impact the quoted price.

Investments that are classified as Level 2 include domestic and foreign equities, as well as fixed income securities that trade in markets that are not considered to be active. Fair value is based on observable inputs for similar instruments in the market, and obtained by various sources including market participants, dealers, and brokers; the University's custodian secures pricing for these assets. The fair value of derivative investments is based on market prices from the financial institution that is the counterparty to the derivative.

Level 3 investments have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value are based upon the best information in the circumstance and may require significant management judgment. Investments included in Level 3 consist primarily of the University's ownership in real estate, oil and mineral rights, limited partnerships, and equity positions in private companies.

### C. Investments Using Net Asset Value

The net asset value ("NAV") column above represents the University's ownership interest in certain alternative investments. As a practical expedient, the University uses its ownership interest in the NAV to determine the fair value of all alternative investments that do not have a readily determinable fair value, and have financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The NAV of these investments is determined by the general partner and is based upon appraisal or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the general partner will take into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The University has performed significant due diligence around these investments to ensure that NAV is an appropriate measure of fair value as of June 30.

The following table provides additional information about alternative investments measured at NAV:

#### SUMMARY OF ALTERNATIVE INVESTMENTS MEASURED USING NET ASSET VALUE

Asset class	NAV in funds	Unfunded commitments	Timing to draw commitments	Redemption terms*
Private equity	\$ 1,572,494	\$ 696,741	1 to 10 years	These funds are in a private equity structure, with no ability to be redeemed
Real assets	1,242,818	521,851	1 to 10 years	These funds are in a private equity structure, with no ability to be redeemed
Fixed income	531,869	258,577	1 to 10 years	No redemptions available for funds in a private equity structure; balance includes 5% within 7 days, 11% with rolling 2-year redemptions with 90-days notice, and 8% within 5 years **
Foreign equity	610,424	n/a	n/a	Ranges between thrice-monthly redemption with 2-days notice, to rolling 3-year redemption with 90-days notice
Marketable alternatives	1,324,224	n/a	n/a	Ranges between quarterly redemption with 30-days notice, to 33% redemption per year with 60-days notice
Total for alternative investments using NAV	\$ 5,281,829	\$ 1,477,169		

\* Represents initial investment lock up restriction. No other material redemption restrictions, such as redemption gates, were in place at year end.

\*\* 76% of NAV is in a private equity structure, with no ability to be redeemed. Redemption provisions for the remaining 24% are shown above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

**D. Level 3 Investments**

The table below presents a summary of Level 3 investment activity. All net realized and unrealized gains/(losses) in the table are reflected in the accompanying consolidated statement of activities. Net unrealized gains/(losses) relate to those financial instruments held by the University at June 30, 2018. There were no significant transfers into or out of Level 3 during the fiscal year ended June 30, 2018.

SUMMARY OF LEVEL 3 INVESTMENT ACTIVITY

	Fair value at June 30, 2017	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value at June 30, 2018
Equity							
Domestic equity	\$ 1,656	\$ -	\$ (2)	\$ -	\$ -	\$ -	\$ 1,654
Foreign equity	6,744	(681)	591	-	(5,805)	-	849
Hedged equity	4,945	(140)	70	17	(2,104)	-	2,788
Private equity	47,822	(352)	1,205	13,305	(6)	-	61,974
Fixed income							
Asset backed fixed income	929	33	(40)	-	(78)	-	844
Corporate bonds	2,888	21	25	248	(1,112)	-	2,070
International	-	-	(22)	491	-	-	469
Preferred/convertible	5,014	-	(85)	-	-	-	4,929
Real assets	23,953	(59)	(6,375)	3,363	(885)	-	19,997
Other	24,076	147	698	1,164	(1,408)	-	24,677
Total level 3 investments	\$ 118,027	\$ (1,031)	\$ (3,935)	\$ 18,588	\$ (11,398)	\$ -	\$ 120,251

Level 3 equities not priced by qualified third parties (e.g., brokers, pricing services, etc.) are valued using discounted cash flows, taking into account various factors including nonperformance risk, counterparty risk, and marketability. Investment value is also derived using a market approach through comparison to recent and relevant market multiples of comparable companies. Start-up assets, held by the University's student-run venture fund or other similar programs, are maintained at or near initial investment amounts due to the nature of the activity.

Level 3 asset-backed fixed income investments are valued using discounted cash flows. Preferred/convertible fixed income investments are valued using discounted cash flows or a market approach using a dividend multiplier. Investments in start-up companies, as described above, are valued at or near initial investment amounts.

Level 3 real assets represent directly owned real estate, and oil or mineral rights. To the extent feasible, third-party appraisals are used to value real estate directly owned by the University. If current appraisals are not available, fair value is based on the capitalization rate valuation model or discounted cash flow, corroborated by local market data, if available. Oil and mineral rights are valued based on industry standard revenue multiplier methodologies or discounted cash flows.

The following table provides additional information related to the valuation of the investments classified by the University as Level 3.

QUANTITATIVE INFORMATION ABOUT LEVEL 3 FAIR VALUE MEASUREMENT

	Level 3 fair value	Valuation technique(s)	Unobservable inputs	Range (weighted average)
Equity				
Domestic equity	\$ 1,654	Start-up valuation		
Foreign equity	849	Third-party valuation		
Hedged equity	2,788	Third-party valuation		
Private equity	1,082	Discounted cash flow	Discount rate	13%
			Discount for lack of marketability	20%
	5,165	Start-up valuation		
	55,727	Third-party valuation		
Fixed income				
Asset backed fixed	844	Discounted cash flow	Discount rate	3.9% - 4.7% (4.6%)
Corporate bonds	2,070	Third-party valuation		
International	469	Third-party valuation		
Preferred/convertible	4,929	Market comparable	Dividend multiple	17.1x - 20.7x (20.0x)
Real assets	166	Discounted cash flow	Discount rate	15%
			Years to maturity	12
	972	Sales comparison approach	Recent transactions	
	18,859	Third-party valuation		
Other	9,286	Discounted cash flow	Discount rate	3.0% - 5.3% (3.5%)
			Years to maturity	4 - 14 (7)
	1,291	Start-up valuation		
	14,100	Third-party valuation		
Total Level 3 investments	\$ 120,251			

The methods described above may produce a fair-value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, while the University believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

#### E. Derivative Holdings

The use of certain financial derivative instruments is governed by either the University's written investment policy, specific manager guidelines, or partnership/fund agreement documents. Specifically, financial derivative instruments may be used to manage foreign currency exposure, to obtain commodity exposure, to create synthetic exposure, or to obtain protection against increases in interest rates. These derivatives, based on definitions in GAAP, are not designated as hedging instruments. As part of its overall diversification strategy, the University allocates a percentage of its assets to investment managers specializing in securities whose prices are denominated in foreign currencies. The investment guidelines provide discretion to these managers to adjust the foreign currency exposure of their investment portfolios by using derivative instruments. A derivative is used for buying or selling foreign currency under a short-term contract to lock in the dollar cost of a specific pending purchase or sale of a foreign security, or for selling foreign currency under a longer-term contract to hedge against a general decline in the dollar value of foreign security holdings.

Some investment managers have discretion, limited by overall investment guidelines, to use derivative instruments to create investment exposures that could not be created as efficiently with other types of investments. These synthetic exposures in the University's portfolio consist of four types: 1) forward contracts used to increase exposure to a foreign currency beyond the level of underlying security investments in that currency; 2) futures contracts used to create exposures to assets where the futures market provides a more efficient investment than the underlying securities; 3) swap contracts, also used to provide a more efficient means to gain exposure than the underlying securities; and 4) option contracts used to adjust the exposure of the long-term portfolio to interest rate volatility.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

The University entered into option contracts on interest-rate swaps as a way to mitigate the impact of a significant rise in interest rates in the future. Under the terms of certain option contracts on interest-rate swaps, the University is obligated to make future premium payments. At June 30, 2018 and 2017, the University had unfunded premium payment commitments of \$3,072 and \$4,097 respectively. The University's premium payment schedule is as follows: \$1,024 for the years ending June 30, 2019, 2020 and 2021.

The following table provides detailed information on the derivatives included in the investment portfolio as of June 30.

### FAIR VALUE OF DERIVATIVE HOLDINGS IN STATEMENT OF FINANCIAL POSITION

Location	Derivative type	2018			2017		
		Notional amount	# of Contracts	Fair value	Notional amount	# of Contracts	Fair value
Investments							
	Foreign currency	\$ -	28	\$ 426	\$ -	43	\$ (341)
	Commodity	130,826	55	(1,735)	-	-	-
	Synthetic	174,941	16	(2,951)	(3,464)	2	(1)
	Interest rate	301,004	3	(1,701)	301,004	3	(1,918)
	Total fair value	\$ 606,771	102	\$ (5,961)	\$ 297,540	48	\$ (2,260)

## 4. LAND, BUILDINGS, AND EQUIPMENT

### A. General Information

Land, buildings, and equipment are detailed as follows:

#### LAND, BUILDINGS, AND EQUIPMENT

	Book value at June 30, 2018	Book value at June 30, 2017
Land, buildings, and equipment	\$ 6,232,741	\$ 5,745,468
Furniture, equipment, books, and collections	1,371,173	1,310,794
Capital leases	125,059	68,708
Construction in progress	211,039	488,652
Total before accumulated depreciation	\$ 7,940,012	\$ 7,613,622
Accumulated depreciation	(3,642,965)	(3,356,815)
Net land, buildings, and equipment	\$ 4,297,047	\$ 4,256,807

Certain properties, for which the University has possession and beneficial use for an indefinite period and which other entities may also record as assets, are included in the consolidated statement of financial position, as follows: (1) land, buildings, and equipment of the Contract Colleges aggregating \$741,078 and \$742,876 at June 30, 2018 and 2017, respectively, the acquisition cost of which was borne primarily by New York State and (2) land, buildings, and equipment for which titles rest with government and corporate agencies aggregating \$1,338 and \$2,438 at June 30, 2018 and 2017, respectively.

The future commitments on capital projects in progress, excluding projects funded by New York State, are approximately \$98,768 at June 30, 2018.

### B. Cornell Tech Campus

In December 2011, the University, in partnership with Technion-Israel Institute of Technology, won the Applied Sciences NYC competition to build and operate a new applied sciences and engineering campus in New York City. The city committed, through the New York City Economic Development Corporation (NYCEDC), a location and seed funding for the initial construction of the new campus. Under the terms of the agreement with the NYCEDC and the ninety-nine year ground lease for Roosevelt Island, the University made the commitment to create the new applied sciences campus in three phases, with milestones in 2017, 2027, and 2037. In addition, the University has enrollment, faculty, and other operational commitments as part of the agreement.

In 2014, the University broke ground on Roosevelt Island, taking the first steps toward the completion of the Phase I development commitments, which include the first academic building, a residential building, a corporate co-location space,



and an executive education facility. The total cost of demolition of the existing structures on the site is considered to be a prepaid cost of the ground lease, and will be amortized over the term of the lease. At June 30, 2018, the unamortized amount of the demolition costs is \$55,364.

On March 31, 2016, the University entered into a joint venture with the Hudson Companies through its subsidiary H/R Tech Residential LLC. The purpose of the new joint venture, called Hudson Cornell Residential JV LLC, is to construct and operate the new residential facility on the Cornell Tech campus. The University has an equity interest of 86.59 percent and controlling financial interest and, therefore, consolidates the joint venture. This consolidation resulted in \$128,149 included in land, buildings, and equipment, net attributed to the joint venture at June 30, 2018. In addition, Hudson Cornell Tech LLC, a subsidiary of Hudson Cornell Residential JV LLC, held bonds and notes payable related the construction of the residential building (“The House”) (see Note 8A). Unrestricted net assets of \$4,509 and \$5,625, representing the non-controlling interest of H/R Tech Residential LLC, is also consolidated into the University’s net assets at June 30, 2018 and 2017, respectively. Operating activity related to the joint venture is immaterial in the current fiscal year.

The Tata Innovation Center (formerly “The Bridge”) is a corporate co-location building and condominium association comprised of a “Cornell Unit” and one or more other units initially owned by the developer and/or its affiliates. The University has entered into a lease agreement for the Cornell Unit for a term of thirty-five years. As part of the lease agreement, the University has made a commitment in the form of gap rent for the developer’s unit(s) in an amount not to exceed \$2,982 annually, or \$44,731 over twenty years. The annual amount of gap rent is adjusted based upon the occupancy level in the developer’s unit(s). During the year ended June 30, 2018, a gap rent payment of \$2,982 was made.

Cornell Tech met its first milestone when faculty, staff, and researchers moved into the first academic building (Bloomberg Center) on Roosevelt Island during the summer of 2017, and students, faculty, and researchers moved into the House in advance of the fall semester. In addition, programs and operations in both the Bloomberg Center and The Tata Innovation Center began during the 2017-2018 academic year, rounding out the University’s operational commitments.

## 5. OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS AND FUNDS HELD IN TRUST BY OTHERS

The University reports its obligations under split-interest agreements at fair value. The fair value of the obligation is calculated annually and considered Level 3 in the fair-value hierarchy. The discount rate is based on average return of investment-grade corporate bonds, weighted using a schedule of actuarial estimates of the lives of the income beneficiaries and the relative value of the agreements.

The University’s interest in funds held in trust by others is considered Level 3 in the fair-value hierarchy. Trusts in which the University has an income interest are valued annually using estimated cash flows based on average actual income over three years. Remainder interests are determined using present value calculations based on annual valuation reports received from the funds’ trustees. The discount rates used to estimate present value are based on the average return of investment-grade corporate bonds, weighted according to a schedule of actuarial estimates.

The following tables summarize the fair values and activity of funds held in trust by others and obligations under split interest agreements.

### SPLIT-INTEREST AGREEMENTS AT FAIR VALUE AND LEVEL 3 QUANTITATIVE INFORMATION

	2018 Total	Valuation methodologies	Unobservable inputs	Range (weighted average)
Funds held in trust by others				
Remainder	\$ 53,682	Present value calculation	Discount rate Years to maturity	4.00% 0-55 (11)
Lead and perpetual	60,113	Discounted cash flows	Discount rate	4.60%
Total funds held in trust by others	<u>\$ 113,795</u>			
Obligations under split interest agreements	\$ 135,331	Discounted cash flows	Discount rate Years to maturity	4.20% 0-62 (16)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

### SUMMARY OF LEVEL 3 SPLIT-INTEREST AGREEMENT ACTIVITY

	Fair value at June 30, 2017	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value at June 30, 2018
Funds held in trust by others							
Remainder	\$ 50,067	\$ 1,638	\$ (2,053)	\$ 5,099	\$ (1,069)	\$ -	\$ 53,682
Lead and perpetual	60,850	(3,725)	(16)	3,004	-	-	60,113
Total funds held in trust by others	\$ 110,917	\$ (2,087)	\$ (2,069)	\$ 8,103	\$ (1,069)	\$ -	\$ 113,795
Obligations under split-interest agreements	\$ 133,459	\$ -	\$ 1,872	\$ -	\$ -	\$ -	\$ 135,331

## 6. DEFERRED BENEFITS

### A. General Information

Accrued employee benefit obligations as of June 30 include:

#### SUMMARY OF DEFERRED BENEFITS

	2018	2017
Postemployment benefits	\$ 26,034	\$ 27,526
Pension and other postretirement benefits	406,852	441,200
Other deferred benefits	188,462	187,747
Total deferred benefits	\$ 621,348	\$ 656,473

Accrued postemployment benefits include workers' compensation and medical continuation benefits for those on long-term disability. Other deferred benefits include primarily vacation accruals, deferred compensation, and medical benefit claims incurred but not reported. Additionally, the University provides various benefits to former or inactive employees after employment, but before retirement, that are recognized when they are earned.

### B. Pension and Postretirement Plans

The University's employee retirement plan coverage is provided by two basic types of plans: one based on a predetermined level of funding (defined contribution), and the other based on a years-of-service calculation to determine the level of benefit to be provided (defined benefit).

The primary defined contribution plans for endowed colleges at Ithaca and for exempt employees (those not subject to the overtime provisions of the Fair Labor Standards Act) at WCM are carried by the Teachers Insurance and Annuity Association; the College Retirement Equities Fund; the Vanguard Group (WCM only); and Fidelity Investments (the endowed colleges at Ithaca only), all of which permit employee contributions within the tax deferred annuity plans. Total contributions of the endowed colleges at Ithaca and WCM plans for the fiscal years ended June 30, 2018 and 2017 amounted to \$115,051 and \$111,336 respectively.

WCM maintains the University's only defined benefit pension plan. The participants include non-exempt employees at WCM who meet the eligibility requirements for participation. The plan was frozen in 1976 for exempt employees at WCM and the accrued benefits were merged with the active non-exempt retirement plan in 1989. In accordance with Employee Retirement Income Security Act (ERISA) requirements for the defined benefit plans, the University must fund annually with an independent trustee an actuarially determined amount.

Additionally, the University provides health and life insurance benefits for eligible retired employees and their dependents, based on the attainment of a set of defined service and age requirements. The cost of providing these benefits is accrued during the service lives of employees.

### C. Obligations and Funded Status

The following table sets forth the defined benefit pension and postretirement plans' obligations and funded status as of June 30:

## SUMMARY OF OBLIGATIONS AND FUNDED STATUS

	Pension benefits		Other postretirement	
	2018	2017	2018	2017
Change in plan assets				
Fair value of plan assets at beginning of year	\$ 111,530	\$ 96,109	\$ 255,181	\$ 217,866
Actual return on plan assets	9,186	13,147	19,753	32,315
Employer contribution	6,500	6,000	26,781	23,052
Benefits paid	(4,331)	(3,726)	(21,781)	(18,052)
Fair value of plan assets at end of year	\$ 122,885	\$ 111,530	\$ 279,934	\$ 255,181
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 175,870	\$ 160,601	\$ 632,041	\$ 638,835
Service cost (benefits earned during the period)	10,824	9,509	30,757	30,535
Interest cost	7,658	6,758	26,250	24,734
Actuarial (gain)/loss	(1,736)	2,728	(48,814)	(46,851)
Gross benefits paid	(4,331)	(3,726)	(20,212)	(16,614)
Less: federal subsidy on benefits paid	-	-	1,364	1,402
Projected benefit obligation at end of year	\$ 188,285	\$ 175,870	\$ 621,386	\$ 632,041
Funded status	\$ (65,400)	\$ (64,340)	\$ (341,452)	\$ (376,860)
Amounts recognized in the consolidated statement of financial position	\$ (65,400)	\$ (64,340)	\$ (341,452)	\$ (376,860)
Amounts recorded in unrestricted net assets not yet amortized as components of net periodic benefit cost				
Prior service cost	\$ (324)	\$ (416)	\$ -	\$ -
Net actuarial (gain)/loss	38,887	44,933	40,557	93,844
Amount recognized as reduction in unrestricted net assets	\$ 38,563	\$ 44,517	\$ 40,557	\$ 93,844
Amounts recorded in nonoperating pension and postretirement changes				
Change in amounts not yet amortized as components of net periodic benefit cost	\$ 5,954	\$ 7,282	\$ 53,287	\$ 78,000
Other components of net periodic benefit cost	(2,690)	(3,621)	(10,970)	(23,567)
Total nonoperating pension and postretirement changes	\$ 3,264	\$ 3,661	\$ 42,317	\$ 54,433

The accumulated benefit obligation for the pension plans was \$160,410 and \$150,761 at June 30, 2018 and 2017, respectively. The accumulated benefit obligation differs from the projected benefit obligation in the table above in that it includes no assumptions about future compensation levels. It represents the actuarial present value of future payments to plan participants using current and past compensation levels. For postretirement plans other than pensions, the accumulated benefit obligation is the same as the projected benefit obligations because the liabilities are not compensation-related.

**D. Net Periodic Benefit Cost**

Net benefit expense related to the pension and postretirement plans for the fiscal years ended June 30 includes the following components:

## NET PERIODIC BENEFIT COST

	Pension benefits		Other postretirement	
	2018	2017	2018	2017
Service cost (benefits earned during the period)	\$ 10,824	\$ 9,509	\$ 30,757	\$ 30,535
Interest cost	7,658	6,758	26,250	24,734
Expected return on plan assets	(7,818)	(6,621)	(18,773)	(16,067)
Amortization of prior service cost	(92)	(92)	-	-
Amortization of net (gain)/loss	2,942	3,576	3,493	7,283
Net periodic benefit cost	\$ 13,514	\$ 13,130	\$ 41,727	\$ 46,485

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

The amounts of prior service costs and actuarial gains/losses that will be amortized into net periodic benefit cost for the year ending June 30, 2019 are estimated as follows:

ESTIMATED COMPONENTS OF NET PERIODIC BENEFIT COST		
	Pension benefits	Other postretirement
Prior service cost	\$ (92)	\$ -
Net actuarial (gain)/loss	1,812	-
Total	\$ 1,720	\$ -

**E. Actuarial Assumptions**

Assumptions used in determining the pension and postretirement plans' benefit obligations and net periodic costs are:

SUMMARY OF ACTUARIAL ASSUMPTIONS

	Pension benefits		Other postretirement	
	2018	2017	2018	2017
Used to calculate benefit obligations at June 30				
Discount rate	4.31%	4.04%	4.30% / 4.29%	3.97% / 3.96%
Rate of compensation increase	3.00%	3.00%		
Used to calculate net periodic cost at July 1				
Discount rate	4.04%	3.94%	3.97% / 3.96%	3.83% / 3.79%
Expected return on plan assets	7.00%	7.00%	7.30%	7.30%
Rate of compensation increase	3.00%	3.00%		
Assumed health care cost trend rates				
Health care cost trend rate assumed for next year	n/a	n/a	5.50% / 6.00%	6.00% / 6.50%
Ultimate trend rate	n/a	n/a	4.50%	4.50%
Years to reach ultimate trend rate	n/a	n/a	3 / 4	4 / 5

The health care cost trend rate assumption has a significant effect on the amounts reported for postretirement health care plans. Increasing the health care cost trend rate by one percent in each future year would increase the benefit obligation by \$124,281 and the annual service and interest cost by \$15,004. Decreasing the health care cost trend rate by one percent in each future year would decrease the benefit obligation by \$88,256 and the annual service and interest cost by \$10,780.

**F. Plan Assets**

The University's Retirement Plan Oversight Committee ("RPOC") is chaired by the Vice President and Chief Human Resources Officer, with committee members selected from across multiple disciplines at the University. Its primary purpose is to assist the University in fulfilling its fiduciary responsibilities by providing guidance and oversight for the University's retirement plans, including oversight of the custodial bank. The RPOC, in accordance with an Investment Policy Statement, and in conjunction with its outside consultant, regularly reviews the investment strategies, along with evolving institutional objectives, and will make recommendations regarding possible changes to asset allocation and investment managers accordingly.

The University's overall investment objectives for the pension plan and postretirement healthcare plan assets are broadly defined to include an inflation-adjusted rate of return that seeks growth commensurate with a prudent level of risk. To achieve this objective, the University has established fully discretionary trusts with a custodial bank as trustee and investment manager for WCM's defined benefit pension plan and the postretirement medical benefit plan for the University's endowed employees on the Ithaca campus. Under those trust agreements the custodial bank implements investment allocations through various investment funds in order to carry out the investment objectives established by the RPOC.

Risk mitigation is achieved by diversifying investments across multiple asset classes, investing in high quality securities, and permitting flexibility in the balance of investments in the recommended asset classes. Market risk is inherent in any portfolio, but the investment policies and strategies are designed to avoid concentration of risk in any one entity, industry, country, or commodity. The funds in which the plan assets are invested are well-diversified and managed to avoid concentration of risk. The expected rate of return assumptions are based on the expertise provided by investment managers at the custodial bank. The factors that impact the expected rates of return for various asset types includes assumptions about inflation, historically based real returns, anticipated value added by investment managers, and expected average asset allocations.

The fair values of the pension plan assets and postretirement medical benefit plan assets are categorized according to the fair-value hierarchy. Both the pension plan and postretirement medical benefit plans invest in funds to meet their investment objectives. The asset allocation is based on the underlying assets of the various funds. The fair-value level is based upon each fund as the unit of measure. The fair value of the plans' assets as of June 30 and the rollforward for Level 3 assets are disclosed in the tables below.

## SUMMARY OF PLAN ASSETS

	Target allocation	Pension benefits		Other postretirement	
		2018	2017	2018	2017
Percentage of plan assets					
Equity securities	39-85%	64%	65%	77%	77%
Fixed income securities	15-55%	30%	29%	23%	23%
Real estate	0-10%	6%	6%	0%	0%
Total		100%	100%	100%	100%

## PENSION PLAN ASSETS AT FAIR VALUE

	Level 1	Level 2	Level 3	2018	2017
	fair value	fair value	fair value	Total	Total
Cash and cash equivalents					
Money market	\$ 3	\$ -	\$ -	\$ 3	\$ 342
Equity securities					
U.S. small cap	-	8,463	-	8,463	7,629
U.S. large cap	-	35,989	-	35,989	32,008
U.S. multi cap	-	7,364	-	7,364	6,798
U.S. REITS	-	3,082	-	3,082	2,695
Emerging markets	-	8,075	-	8,075	8,053
International equity	-	16,347	-	16,347	15,371
Fixed income securities					
U.S. high yield bonds	-	5,263	-	5,263	6,140
Corporate bonds	-	23,528	-	23,528	20,557
Mortgage-backed securities	-	3,441	-	3,441	3,015
International fixed income	-	1,225	-	1,225	2,176
Floating-rate debt instruments	-	2,457	-	2,457	-
Other types of investments					
Real estate	-	-	7,278	7,278	6,746
Receivable for investments sold	2,097	-	-	2,097	-
Payable for investments purchased	(1,727)	-	-	(1,727)	-
Total assets	\$ 373	\$ 115,234	\$ 7,278	\$ 122,885	\$ 111,530

## SUMMARY OF LEVEL 3 PENSION PLAN ACTIVITY

	Fair value, June 30, 2017	Realized gain/(loss)	Unrealized gain/(loss)	Purchases	Sales	Transfers in/(out) of Level 3	Fair value, June 30, 2018
	Mortgage-backed securities	\$ 2,985	\$ -	\$ 2	\$ 454	\$ -	\$ (3,441)
Real estate	6,746	-	532	-	-	-	7,278
Total Level 3 assets	\$ 9,731	\$ -	\$ 534	\$ 454	\$ -	\$ (3,441)	\$ 7,278

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

### POSTRETIREMENT PLAN ASSETS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	2018 Total	2017 Total
Cash and cash equivalents					
Money market	\$ 1,563	\$ -	\$ -	\$ 1,563	\$ 3,921
Equity securities					
U.S. small cap	-	26,586	-	26,586	25,061
U.S. large cap	-	90,548	-	90,548	82,011
Emerging markets	-	35,464	-	35,464	30,063
International equity	-	55,961	-	55,961	51,544
U.S. REITS	-	6,210	-	6,210	6,609
Fixed income securities					
U.S. high yield bonds	-	15,351	-	15,351	16,084
Corporate bonds	-	44,100	-	44,100	34,740
Emerging markets debt	-	4,150	-	4,150	5,133
Receivable for investments sold	3,649	-	-	3,649	1,928
Payable for investments purchased	(3,648)	-	-	(3,648)	(1,913)
Total assets	\$ 1,564	\$ 278,370	\$ -	\$ 279,934	\$ 255,181

### G. Expected Contributions and Benefit Payments

The expected annual contributions and benefit payments that reflect anticipated service are as follows:

#### EXPECTED CONTRIBUTIONS AND BENEFIT PAYMENTS

	Pension benefits	Other postretirement	
		Employer paid	Government subsidy
University contributions			
2019	\$ 7,000	\$ 25,052	n/a
Future benefit payments			
2019	5,698	21,314	1,817
2020	6,165	23,090	1,999
2021	7,067	24,748	2,183
2022	7,406	26,180	2,386
2023	7,778	27,769	2,602
2024-2028	52,616	168,540	16,767

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 established a prescription drug benefit known as "Medicare Part D" that also established a federal subsidy to sponsors of retiree healthcare benefit plans. The estimated future government subsidy amounts are reflected in the table above.

### H. Contract College Employees

Employees of the Contract Colleges are covered under the New York State pension plans. Contributions to the state retirement system and other employee benefit costs are paid directly by the state. The amounts of direct payments made by the state on behalf of Contract College employees are not currently determinable and are not included in the consolidated financial statements. The University reimburses the state for employee benefit costs on certain salaries, principally those associated with externally sponsored programs. The amounts reimbursed to the state during the fiscal years ended June 30, 2018 and 2017 were \$17,306 and \$16,834, respectively, and were included in operating expenses.

### 7. FUNDS HELD FOR OTHERS

The University, in limited instances, invests funds on behalf of related parties. Independent trustees are responsible for the designation of income distribution. The value of the funds included on the investment line in the consolidated statement of financial position was \$222,006 and \$259,275 for the fiscal years ended June 30, 2018 and 2017, respectively. The University recognizes an offsetting liability for funds held for others, with one adjustment described below.

The New York Hospital-Cornell Medical Center Fund, Inc. (“Center Fund”), which benefits WCM and the New York-Presbyterian Hospital, is the major external organization invested in the University’s long-term investment portfolio with assets of \$184,225 and \$174,655 for the fiscal years ended June 30, 2018 and 2017, respectively. WCM holds a significant beneficial interest in the assets of the Center Fund of \$113,811 and \$122,182, for the fiscal years ended June 30, 2018 and 2017, respectively. The liability related to New York-Presbyterian’s interest is \$70,414 and \$52,473 for the fiscal years ended June 30, 2018 and 2017, respectively.

The Boyce Thompson Institute for Plant Research (“BTI”) is an independent, non-profit organization whose mission is to advance and communicate scientific knowledge in plant biology to improve agriculture, protect the environment, and enhance human health. In 2017, BTI elected to withdraw its assets, with a fair value of \$44,881 as of June 30, 2017 and an offsetting liability on the University’s consolidated statement of financial position, from the University’s long-term investment portfolio. The withdrawal was completed in July 2017.

## 8. BONDS AND NOTES PAYABLE

### A. General Information

Bonds and notes payable are reported at carrying value, which is the par amount net of unamortized issuance costs, premiums, and discounts. Bonds and notes payable as of June 30 are summarized as follows:

#### SUMMARY OF BONDS AND NOTES PAYABLE

	<u>2018</u>	<u>2017</u>	<u>Interest rates</u>	<u>Final maturity</u>
Dormitory Authority of the State of New York (DASNY)				
Revenue Bond Series				
1990B-fixed rate	\$ 27,870	\$ 31,150	4.50 to 5.00%	2025
2000A-variable rate/monthly	35,355	37,875	1.29 to 2.29	2029
2000B-variable rate/monthly	49,085	52,805	1.29 to 2.29	2030
2004A&B-variable rate/weekly	62,825	65,850	0.74 to 1.79	2033
2008B&C-fixed rate	106,035	109,210	5.00	2037
2009A-fixed rate	261,050	268,155	4.00 to 5.00	2039
2010A-fixed rate	285,000	285,000	4.00 to 5.00	2040
2016A-fixed rate	117,205	121,920	3.00 to 5.00	2035
Tax-exempt commercial paper	52,890	52,890	0.79 to 1.67	2037
Tompkins County Industrial Development Agency (TCIDA)				
2002A-variable rate/monthly	30,365	32,245	1.29 to 2.29	2030
2008A-fixed rate	57,320	59,155	3.00 to 5.00	2037
Empire State Development	1,375	1,500	-	2029
2007A Taxable commercial paper	83,890	83,890	1.15 to 2.10	-
Hudson Cornell Residential JV LLC	96,630	80,949	3.48 to 3.85	2019
Other	<u>6,027</u>	<u>6,271</u>	4.90 to 6.63	2039
Outstanding bonds and notes payable	\$ 1,272,922	\$ 1,288,865		
Unamortized premium and issuance costs	<u>32,729</u>	<u>43,396</u>		
Total bonds and notes payable	<u>\$ 1,305,651</u>	<u>\$ 1,332,261</u>		

Debt and related debt service for borrowings by New York State for the construction and renovation of facilities of the Contract Colleges are not included in the consolidated financial statements because they are not liabilities of the University.

Under the DASNY Revenue Bond Series 1990B and tax-exempt commercial paper notes agreements, these are general obligations of the University and are secured by a pledge of revenue. The University has not granted a pledge of revenue on other debt.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

During the fiscal year ended June 30, 2017, the University redeemed Series 2009 taxable bonds with a maturity date in January 2019. The University incurred a \$18,973 make-whole call premium on the early redemption, reported as non-operating other in the consolidated statement of activities.

Hudson Cornell Tech LLC, a subsidiary of Hudson Cornell Residential JV LLC (see Note 4B), contracted with Wells Fargo Bank, N.A. for a variable-rate building and equipment loan up to \$105,000. The University has consolidated \$96,630 and \$80,949 of debt attributable to the subsidiary at June 30, 2018 and 2017, respectively. The loan is secured by a security interest in the building and equipment.

The University maintains tax-exempt and taxable commercial paper programs. Tax-exempt commercial paper is used to finance qualified capital projects and equipment purchases. Taxable commercial paper is also used for these purposes, and can be used to finance short-term working capital needs. The maximum authorized amount of each commercial paper program is \$200,000.

Scheduled principal and interest payments on bonds and notes for the next five fiscal years and thereafter are shown below:

ANNUAL DEBT SERVICE REQUIREMENTS			
Year	Principal	Interest	Total
2019	\$ 128,984	\$ 45,718	\$ 174,702
2020	33,715	39,947	73,662
2021	35,267	44,916	80,183
2022	36,949	43,460	80,409
2023	38,598	42,014	80,612
Thereafter	999,409	433,551	1,432,960
Total	\$ 1,272,922	\$ 649,606	\$ 1,922,528

The University estimates future interest payments on variable-rate debt based on the Securities Industry and Financial Markets Association (SIFMA) rate for tax-exempt debt and the London Interbank Offered Rates (LIBOR) rate for taxable debt.

### B. Interest-Rate Swaps

The University approved the use of interest-rate swaps to mitigate interest-rate risk in the debt portfolio. Interest-rate swaps are derivative instruments; however, their use by the University is not considered to be hedging activity, based on definitions in generally accepted accounting principles.

Through the use of interest-rate swap agreements, the University is exposed to the risk that counterparties will fail to meet their contractual obligations. To mitigate counterparty risk, the University limits swap exposure for each counterparty. Master agreements with counterparties include netting arrangements that permit the University to net amounts due to the counterparty with amounts due from the counterparty. Utilizing netting arrangements reduces the maximum loss in the event of counterparty default.

The University's swap agreements contain a credit-rating-contingent feature in which the counterparties can request collateral on agreements in net liability positions. At June 30, 2018 and 2017, the University did not have collateral on deposit with any counterparty.

The University's interest-rate swaps are valued as of June 30 by an independent third party that uses the mid-market levels, as of the close of business, to value each agreement. The valuations provided are derived from proprietary models based upon well-recognized financial principles and estimates about relevant future market conditions and the University's credit worthiness. The University's interest-rate swaps are classified as Level 2 in the fair-value hierarchy.

At June 30, 2018, the University had five interest-rate swap agreements to exchange variable-rate cash flows for fixed-rate cash flows without the exchange of the underlying principal amount. Net payments or receipts of the swap agreements are recorded as adjustments to the swap interest and change in value of interest-rate swaps line in the consolidated statement of activities. In all agreements in effect at June 30, 2018, the counterparty pays a variable interest rate equal to a percentage of the one-month LIBOR.

The following table provides detailed information on the interest-rate swaps at June 30, 2018, with comparative fair values for June 30, 2017. The swaps are reported based on notional amount.



## FAIR VALUE OF INTEREST-RATE SWAPS IN STATEMENT OF FINANCIAL POSITION

Location	Notional amount	Interest rate	Termination date	Basis	2018 Level 2 fair value	2017 Level 2 fair value
Swap interest and change in value of interest-rate swaps						
	\$ 32,245	4.52	July 1, 2030	LIBOR	\$ (5,012)	\$ (6,939)
	87,557	3.92	July 1, 2038	LIBOR	(16,131)	(21,289)
	275,000	3.88	July 1, 2040	LIBOR	(79,298)	(95,715)
	188,465	3.48	July 1, 2041	LIBOR	(30,153)	(40,574)
	190,510	3.77	July 1, 2044	LIBOR	(39,819)	(50,735)
Total fair value					\$ (170,413)	\$ (215,252)

**C. Standby Bond Purchase Agreements**

The University has a standby bond purchase agreement with BNY Mellon (expiring January 2019) to purchase the DASNY Series 2004 bonds in the event that these bonds cannot be remarketed. In the event that the bonds cannot be remarketed and the agreement is not otherwise renewed, the University will be required to redeem the bonds or refinance the bonds in a different interest rate mode. In the event that the bonds cannot be remarketed and the University did not redeem, the University will have a current obligation to purchase the bonds tendered.

**D. Lines of Credit**

The University maintains two \$100 million lines of credit with annual expiration dates of January 31 and April 1. As of June 30, 2018 and 2017, the University had not borrowed against either line of credit. The University records the working capital lines of credit activity and outstanding balances as other liabilities in the consolidated statement of financial position.

**9. LEASES**

The University enters into lease agreements for the use of real property, machinery, and equipment. Total operating lease expenses were \$43,227 and \$35,829 for the fiscal years ended June 30, 2018 and 2017, respectively. The future annual minimum lease payments in the following table are payments under operating leases expiring at various dates through June 30, 2068, and payments under capital leases expiring at various dates through September 30, 2051. The capital lease balance is primarily related to building leases for the Breazzano Family Center for Business Education at Ithaca and the Tata Innovation Center at Cornell Tech.

## ANNUAL MINIMUM LEASE PAYMENTS

Year	Capital	Operating
2019	\$ 8,846	\$ 46,430
2020	8,773	45,488
2021	8,669	45,009
2022	8,570	41,277
2023	9,118	39,268
Thereafter	294,990	340,289
Total minimum lease payments	\$ 338,966	\$ 557,761
Less: Amount representing interest	(216,414)	
Present value of net minimum lease payments	\$ 122,552	

## 10. FUNCTIONAL EXPENSES AND STUDENT AID

Total expenses by functional categories for the fiscal years ended June 30 are as follows:

FUNCTIONAL EXPENSES		
	2018	2017
Instruction	\$ 900,894	\$ 872,383
Research	649,322	599,178
Public service	130,017	128,674
Academic support	318,291	293,823
Student services	206,429	174,661
Medical services	1,363,249	1,300,558
Institutional support	434,830	420,409
Enterprises and subsidiaries	282,053	258,834
Total expenses	\$ 4,285,085	\$ 4,048,520

The expenses for operations and maintenance of facilities, depreciation, and interest related to capital projects are allocated to functional categories based on square footage. The amounts allocated for operations and maintenance were approximately \$150,994 and \$150,379 for the fiscal years ended June 30, 2018 and 2017, respectively.

Student financial assistance is shown as a component of instruction expense unless the assistance is for tuition and mandatory fees. If the assistance is for tuition and mandatory fees, the amounts are recorded as scholarship allowance, which reduces tuition revenue. Total financial assistance amounts classified as instruction expense were \$49,394 and \$45,262 for the fiscal years ended June 30, 2018 and 2017, respectively.

Functional expenses include other components of net periodic benefit cost, recorded in nonoperating revenues and expenses, totaling \$13,660 and \$27,188 for the years ended June 30, 2018 and 2017, respectively.

Certain prior-year amounts for Institutional support have been reclassified to Medical services to conform to the current year presentation.

## 11. NET ASSETS

### A. General Information

The University's net assets as of June 30 are as follows:

#### SUMMARY OF NET ASSETS

	Unrestricted	Temporarily restricted	Permanently restricted	2018 Total	2017 Total
Endowment					
True endowment	\$ (12,155)	\$ 1,766,257	\$ 3,173,462	\$ 4,927,564	\$ 4,554,894
Funds functioning as endowment (FFE)	1,422,855	351,752	-	1,774,607	1,780,625
Total true endowment and FFE	\$ 1,410,700	\$ 2,118,009	\$ 3,173,462	\$ 6,702,171	\$ 6,335,519
Funds held by others, perpetual	-	-	169,310	169,310	180,925
Total University endowment	\$ 1,410,700	\$ 2,118,009	\$ 3,342,772	\$ 6,871,481	\$ 6,516,444
Other net assets					
Operations	(246,163)	471,590	-	225,427	139,666
Student loans	9,033	-	50,253	59,286	53,776
Facilities and equipment	2,939,859	103,772	-	3,043,631	2,972,055
Split interest agreements	-	67,455	40,882	108,337	107,731
Funds held by others, other than perpetual	-	29,399	28,951	58,350	52,357
Contributions receivable, net	-	590,791	235,318	826,109	902,846
Long-term accruals	(688,298)	-	-	(688,298)	(720,256)
Total net assets	\$ 3,425,131	\$ 3,381,016	\$ 3,698,176	\$ 10,504,323	\$ 10,024,619

Unrestricted net asset balances for operations are affected primarily by operating activities and strategic decisions to invest expendable balances in funds functioning as endowment and capital projects. Long-term accruals represent longer-term liabilities including the unfunded amount of pension and postretirement benefits, vacation accruals, conditional asset retirement obligations for asbestos remediation, and fair-value adjustment on interest-rate swaps.

## B. Endowment

The University endowment net assets at June 30 were held in support of the following purposes:

### SUMMARY OF ENDOWMENT PURPOSE

	2018	2017
Academic programs and research	\$ 1,966,874	\$ 1,840,470
Financial aid	1,733,832	1,601,140
Professorships	1,447,617	1,362,084
General purpose and other	1,275,690	1,249,398
Facilities support	108,708	103,893
CU Foundation	169,450	178,534
Total true endowment and FFE, end of year	\$ 6,702,171	\$ 6,335,519

Of the endowment assets held at the University, 98 percent was invested in the LTIP at June 30, 2018 and 96 percent at June 30, 2017. The LTIP is a mutual-fund-like vehicle used for investing the University's true endowments, funds functioning as endowment, and other funds that are not expected to be expended for at least five years. The University employs a unit method of accounting for the LTIP. Each participating fund enters into and withdraws from the pooled investment account based on monthly unit fair values. Participation in the LTIP using unrestricted funds requires a minimum investment of one hundred thousand dollars and a commitment of at least five years.

At June 30, 2018, 291 of 7,147 true endowment funds invested in the LTIP had a total historic dollar value of \$150,991 and a fair value of \$138,836, resulting in these endowments being underwater by a total of \$12,155. The University holds significant appreciation on endowments to offset these temporary decreases in value. The University has maintained these true endowment funds at their historical book value.

Changes in the endowment net assets, exclusive of funds held in trust by others, for the fiscal years ended June 30 are presented below:

### SUMMARY OF ENDOWMENT ACTIVITY

	Unrestricted	Temporarily restricted	Permanently restricted	2018 Total	2017 Total
True endowment and FFE, beginning of year	\$ 1,395,479	\$ 1,909,832	\$ 3,030,208	\$ 6,335,519	\$ 5,584,197
Investment return					
Net investment income	12,618	37,578	1	50,197	41,734
Net realized and unrealized gain/(loss)	173,320	417,932	(1,714)	589,538	641,486
Total investment return	\$ 185,938	\$ 455,510	\$ (1,713)	\$ 639,735	\$ 683,220
New gifts	5,703	20,917	115,975	142,595	387,247
Amounts appropriated for expenditure/reinvestment	(78,925)	(234,799)	2,368	(311,356)	(317,054)
Other changes and reclassifications	(97,495)	(33,451)	26,624	(104,322)	(2,091)
Total true endowment and FFE, end of year	\$ 1,410,700	\$ 2,118,009	\$ 3,173,462	\$ 6,702,171	\$ 6,335,519

## 12. SELF-INSURANCE

The University retains self-insurance for property, general liability, student health insurance, and certain health benefits. In addition, the University has an equity interest in a multi-provider captive insurance company for medical malpractice.

### A. Medical Malpractice

The University obtains medical malpractice insurance through MCIC Vermont ("MCIC"). MCIC is a reciprocal risk retention group that provides medical malpractice insurance coverage and risk management services to its subscribers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands)

MCIC is owned by the University, New York-Presbyterian Hospital, and four other institutions of higher education and their respective teaching hospitals. All of WCM's faculty physicians are enrolled in MCIC. The medical malpractice incurred but not reported liability is calculated annually on an actuarial basis.

WCM has recorded medical malpractice liabilities of \$170,633 and \$151,006 at June 30, 2018 and 2017, respectively, as other liabilities in the consolidated statement of financial position. In addition, WCM maintains a reinsurance program with MCIC with anticipated recoveries of \$122,351 and \$103,726, respectively, recorded as accounts receivable (Note 2A).

**B. Student Health Plan**

The University has established a self-funded student health plan under Section 1124 of the New York State Insurance Law ("NYSIL"). The Student Health Plan ("SHP") provides health insurance coverage to students at the University's Ithaca-based campuses. The table below presents a summary of SHP operations occurring during the University's fiscal years ended June 30.

SUMMARY OF STUDENT HEALTH PLAN OPERATIONS

	July 1 - July 31 (prior plan year)	August 1 - June 30 (current plan year)	2018 Fiscal year total	July 1 - August 16 (prior plan year)	August 17 - June 30 (current plan year)	2017 Fiscal year total
Total premium revenue	\$ 2,475	\$ 29,897	\$ 32,372	\$ 3,693	\$ 26,965	\$ 30,658
Expenses						
Medical and prescription drug expense	2,819	21,000	23,819	2,976	14,264	17,240
Health center capitation	523	5,847	6,370	786	5,299	6,085
Administrative fees	381	3,240	3,621	82	2,387	2,469
Total expenses	\$ 3,723	\$ 30,087	\$ 33,810	\$ 3,844	\$ 21,950	\$ 25,794
Net income from health plan operations	\$ (1,248)	\$ (190)	\$ (1,438)	\$ (151)	\$ 5,015	\$ 4,864

The University has established reserves with the amounts necessary to satisfy obligations of the plan. Based on an analysis and recommendation of a qualified actuary, and with the approval of New York State, the reserve for medical claims incurred but not reported ("IBNR") and claims reported but not paid ("RBNP") is maintained at an amount not less than 14.5 percent of expected medical claims and 5 percent of expected pharmacy drug claims. In addition, a separate contingency reserve has been established for the purpose of satisfying unexpected obligations in the event of termination of the plan. The contingency reserve is maintained at an amount not less than 5 percent of the total current plan year premiums and is invested in the University's endowment. NYS requires that the assets of the contingency reserve consist of certain investments of the types specified in Section 1404 of NYSIL. The specified types of investments include U.S. government securities categorized in fair-value hierarchy Level 1, of which the University holds \$109,562 and \$42,897 in its investment portfolio as of June 30, 2018 and 2017, respectively (Note 3B). Premium revenue is billed in advance of the plan year (unearned) and recognized as revenue on a monthly basis as coverage is provided. The changes in the unearned premiums and SHP reserves during the fiscal years ended June 30 are presented below.

SUMMARY OF STUDENT HEALTH PLAN UNEARNED PREMIUMS

	2018		2017	
	2016-2017 plan year	2017-2018 plan year	2015-2016 plan year	2016-2017 plan year
Balance as of July 1	\$ 2,270	\$ -	\$ 3,625	\$ -
Balance as of June 30	-	2,764	-	2,270
Net change	\$ (2,270)	\$ 2,764	\$ (3,625)	\$ 2,270

SUMMARY OF STUDENT HEALTH PLAN RESERVES

	IBNR/RBNP reserve		Contingency reserve	
	2018	2017	2018	2017
Balance as of July 1	\$ 3,203	\$ 2,500	\$ 1,723	\$ 1,547
Balance as of June 30	3,275	3,203	1,863	1,723
Net change	\$ 72	\$ 703	\$ 140	\$ 176

### **13. CONTINGENT LIABILITIES**

The University is a defendant in various legal actions, some for substantial monetary amounts, that arise out of the normal course of its operations. Although the final outcome of the actions cannot be foreseen, the University's administration is of the opinion that eventual liability, if any, will not have a material effect on the University's financial position.

### **14. SUBSEQUENT EVENTS**

In August 2018, the University issued \$150 million taxable 30-year fixed-rate debt to finance capital projects. Based on the University's evaluation of subsequent events through November 1, 2018, the date on which the consolidated financial statements were issued, there were no other events with material impact on the University's consolidated financial statements.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**SUMMARY OF CERTAIN PROVISIONS  
OF THE LOAN AGREEMENT AND PROPOSED AMENDMENTS**

The following is a brief summary, prepared by Bond Counsel, of certain provisions of the Loan Agreement pertaining to the Series 2019A Bonds and of certain Proposed Loan Agreement Amendments to become effective upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds. Such summary does not purport to be complete and reference is made to the Loan Agreement for full and complete statements of such and all provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix A.

**Duration of Agreement**

The Loan Agreement shall remain in full force and effect until no Bonds are Outstanding and until other payments, expenses and fees payable thereunder by the University shall have been made or provision made for the payment thereof; provided, however, that pursuant to the Loan Agreement and the liabilities and the obligations of the University to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred and the obligations of the University under the Loan Agreement shall nevertheless survive any such termination. Upon such termination, an Authorized Officer of the Authority shall deliver such documents as may be reasonably requested by the University to evidence such termination and the discharge of its duties under the Loan Agreement.

*(Section 43)*

**Project Financing**

The Authority agrees to use its best efforts to issue, sell and deliver Series 2000A Bonds in a principal amount not exceeding \$70,000,000 and the Series 2000B Bonds in a principal amount not exceeding \$90,000,000. The proceeds of the Series 2000A Bonds shall be applied as specified in the Series Resolution authorizing the issuance of the Series 2000A Bonds or the Bond Series Certificate relating to such Bonds. The proceeds of the Series 2000B Bonds shall be applied as specified in the Series Resolution authorizing the issuance of the Series 2000B Bonds or the Bond Series Certificate relating to such Bonds. The proceeds of any other Series of Bonds shall be applied as specified in the Series Resolution authorizing the issuance of such Series of Bonds in the Bond Series Certificate relating to such Series of Bonds.

*(Section 4(1))*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, paragraphs 1 of Section 4 of the Loan Agreement will be amended and restated as summarized below:***

The Authority agrees to use its best efforts to authorize, issue, sell and deliver the Bonds in the aggregate principal amount sufficient, together with other money available therefor, (i) to pay for the refunding of all or a portion of outstanding notes or bonds issued for the benefit of the University, (ii) pay for the Costs of the Project, and (ii) to pay Costs of Issuance. The proceeds of a Series of Bonds shall be applied as specified in the Series Resolutions or the Series Certificate(s) relating to such Series of Bonds.

*(Section 4(1), as proposed to be amended)*

**Construction of Projects**

1. The University agrees that, whether or not there are sufficient moneys available to it under the provisions of the Resolution and under the Loan Agreement, the University shall complete the acquisition, design, construction, reconstruction, rehabilitation and improving or otherwise providing and furnishing and equipping of each Project, substantially in accordance with the Contract Documents relating thereto. Subject to the conditions thereof, the Authority will, to the extent of moneys available in the applicable Construction Fund, cause the University to be reimbursed for, or pay, any costs and expenses incurred by the University which constitute Costs of the Project, provided such costs and expenses are approved by an Authorized Officer of the Authority.

2. (a) To the extent that moneys are available therefor, moneys in a Construction Fund shall be disbursed as the construction of the Project for which such fund was established progresses, but not more frequently than once a month, unless otherwise agreed to in writing by an Authorized Officer of the Authority, in amounts as shall be requested by the University pursuant to a request for disbursement as provided in the Loan Agreement, but not in excess of that reasonably determined by the Authority to be needed to reimburse the University for, or to pay, any costs and expenses constituting Costs of the Project previously paid or then due which were incurred by the University in connection with the Project.

(b) Prior to the Authority making and delivering any certificate required to be delivered to the Trustee in connection with payments to be made pursuant to the Resolution for Costs of a Project, other than interest on Outstanding Bonds, the University shall deliver to the Authority the following:

(i) copies of all invoices, paid or unpaid;

(ii) copies of front and back of cancelled checks, if any; and

(iii) a certificate of an Authorized Officer of the University certifying that the amount of money for which payment is requisitioned has been incurred or expended for items which constitute Costs of the Project for which such certificate is delivered.

3. The University will receive the disbursements of moneys in each Construction Fund to be made under the Loan Agreement, and will hold the right to receive the same, as a trust fund for the purpose of paying the Costs of the Project for which each disbursement was made, and will apply the same first to such payment before using any part thereof for any other purposes.

4. The University shall permit the Authority and its authorized representatives, at any time during normal business hours, to enter upon the property of the University, the Projects to inspect the Projects and all materials, fixtures and articles used or to be used in construction of the Projects, and to examine all Contract Documents. The University shall furnish to the Authority and its authorized representatives, when requested, copies of such Contract Documents. The University agrees to retain all documentation of expenditures for items which constitute Costs of the Project for at least seven (7) years after the date of completion of the Project to which such documentation relates.

5. An Authorized Officer of the Authority, in his sole and absolute discretion, may waive, from time to time, any of the conditions set forth in Section 5 of the Loan Agreement. Any such waiver shall not be deemed a waiver by the Authority of its right to thereafter require compliance with any such condition. The University acknowledges and agrees that disbursements from a Construction Fund are to be made by the Trustee and shall be made in accordance with the Resolution only upon receipt by the Trustee of the documents required by the Resolution to be executed and delivered in connection with such disbursements. The Authority agrees to provide the University with a copy of each certificate made by the Authority and delivered to the Trustee in connection with payments from a Construction Fund for the payment of Costs of Issuance.

6. A Project shall be deemed to be complete upon delivery to the Authority and the Trustee of a certificate signed by an Authorized Officer of the University which certificate shall be delivered as soon as practicable after the completion of such Project, or upon delivery to the Trustee and the University of a certificate signed by an Authorized Officer of the Authority and delivered at any time after completion of such Project. Any such certificate shall comply with the requirements of the Resolution. The Authority agrees that it will not execute and deliver any such certificate unless the Authority has notified the University in writing that, in the Authority's judgment, such Project has been completed substantially in accordance with the plans and specifications therefor for such Project and has requested the University to execute and deliver the certificate provided for in this paragraph and the University has failed to execute and deliver such certificate within thirty (30) days after such notice is given. The moneys, if any, remaining in the Construction Fund established for such Project after such Project has been deemed to be complete shall be paid as provided in the Resolution.

7. Notwithstanding the foregoing, if, on the date a Series of Bonds is issued a Project in connection with which such Series of Bonds is issued shall have been deemed to be complete as provided in the Loan Agreement or otherwise, the provisions of the Loan Agreement relating to the construction of Projects shall be



inapplicable to such Project, unless such Project is amended to increase the scope thereof pursuant to the Loan Agreement, in which case the provisions thereof relating to the construction of Projects shall apply to such Project.

*(Section 5)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, paragraphs 2(b) and, 4 and 6 of Section 5 of the Loan Agreement will be amended and restated as summarized below:***

2. (b) Prior to making and delivering any certificate required to be delivered to the Trustee in connection with payments to be made pursuant to the Resolution for Costs of a Project, other than interest on Outstanding Bonds, the Authority shall have received a certificate of the University in the form set forth in the Loan Agreement, with only such changes as may be acceptable to the Authority in its sole discretion.

4. The University shall permit the Authority and its authorized representatives, at any time during normal business hours, to enter upon the property of the University, the Projects to inspect the Projects and all materials, fixtures and articles used or to be used in construction of the Projects, and to examine all Contract Documents. The University shall furnish to the Authority and its authorized representatives, when requested, copies of such Contract Documents. The University agrees to retain all original documentation related to expenditures for items which constitute Costs of the Project for at least three (3) years after the last of the Bonds or any refunding bonds are retired for inspection at any time by the Authority or its auditors.

6. A Project shall be deemed to be complete upon delivery to the Authority and the Trustee of a certificate signed by an Authorized Officer of the University which certificate shall be delivered as soon as practicable after the completion of such Project, or upon delivery to the Trustee and the University of a certificate signed by an Authorized Officer of the Authority and delivered at any time after completion of such Project. Any such certificate shall comply with the requirements of the Resolution. The Authority agrees that it will not execute and deliver any such certificate unless the Authority has notified the University in writing that, in the Authority's judgment, such Project has been completed substantially in accordance with the plans and specifications therefor and the University has failed to execute and deliver the certificate provided for in this paragraph within thirty (30) days after such notice is given. The moneys, if any, remaining in the Construction Fund after such Project has been deemed to be complete shall be paid as provided in the Resolution.

*(Paragraphs 2(b), 4 and 6 of Section 5, as proposed to be amended)*

#### **Amendment of a Project; Cost Increases; Additional Bonds**

1. A Project may be amended by the University with the prior written consent of an Authorized Officer of the Authority 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.

2. The University shall provide such moneys as in the reasonable judgment of an Authorized Officer of the Authority may be required for the cost of completing a Project in excess of the moneys in the Construction Fund established for such Project, whether such moneys are required as a result of an increase in the scope of the project or otherwise. Such moneys shall be paid to the Trustee for deposit in the applicable Construction Fund within fifteen (15) days of receipt of notice from the Authority that such moneys are required.

3. No Contract Documents shall be entered into after the date of execution of the Loan Agreement and no material modification, addition or amendment to the Contract Documents shall be made after the date of execution thereof, including without limitation change orders materially affecting the scope or nature of a Project or where the cost of implementing the change exceeds \$50,000, without the prior written approval of an Authorized Officer of the Authority, which approval shall not be unreasonably withheld. The University agrees to furnish or cause to be furnished to the Authority copies of all change orders regardless of amount, upon the request of an Authorized Officer of the Authority therefor.

4. The Authority, upon the request of the University, may, but shall not be required to, issue Bonds to provide moneys required for the cost of completing a Project in excess of the moneys in the applicable

Construction Fund or issue Refunding Bonds. Nothing contained in the Loan Agreement or in the Resolution shall be construed as creating any obligation upon the Authority to issue Bonds for such purpose, it being the intent thereof to reserve to the Authority full and complete discretion to decline to issue Bonds for such purpose. The proceeds of any additional Bonds shall 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)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, the first sentence of paragraph 1 of Section 6 of the Loan Agreement will be amended and restated as summarized below and paragraph 3 of Section 6 of the Loan Agreement will be deleted in its entirety.***

A Project (to the extent financed by proceeds of Bonds) may be amended by the University with the prior written consent of an Authorized Officer of the Authority to decrease, increase or otherwise modify the scope thereof.

*(First sentence of paragraph 1 of Section 6, as proposed to be amended)*

### **Compliance with Governmental Requirements.**

The Contract Documents shall conform to all Governmental Requirements. The University shall comply with all Governmental Requirements with respect to each Project, or any part thereof; and the construction, operation, maintenance, repair and replacement thereof and any requirement of an insurance company writing insurance thereon irrespective of the nature of the work required to be done, extraordinary as well as ordinary and foreseen as well as unforeseen. Anything contained in this Section to the contrary notwithstanding, the University shall have the right to contest the validity of any Governmental Requirement or the application thereof at the University's sole cost and expense. During such contest, compliance with the contested Governmental Requirement may be deferred by the University, provided that prior to commencing any action or proceeding, administrative or judicial, contesting the Governmental Requirement the University notifies the Authority of University's intention to contest such Governmental Requirement and, if an Authorized Officer of the Authority requests, shall furnish to the Authority a surety bond, moneys or other security, satisfactory to an Authorized Officer of the Authority, securing compliance with the contested Governmental Requirement and payment of all interest, penalties, fines, fees and expenses resulting from or in connection with such contest or the failure of the University to comply with the contested Governmental Requirement. Any such action or proceeding instituted by the University shall be commenced as soon as is reasonably possible after the assertion of the applicability to a Project or any part thereof, of the contested Governmental Requirement by a governmental authority, and shall be prosecuted to final adjudication or other final disposition with reasonable dispatch. Notwithstanding the furnishing of any bond, deposit or other security, the University promptly shall comply with any such Governmental Requirement and compliance shall not be deferred if at any time any Project, or any part thereof, to which such contested Governmental Requirement relates, would in the reasonable judgment of an Authorized Officer of the Authority be in substantial danger by reason of the University's noncompliance with such Governmental Requirement of being sold, attached, forfeited, foreclosed, transferred, conveyed, assigned or otherwise subjected to any proceeding, equitable remedy, lien, charge, fee or penalty that would impair (i) the interests or security of the Authority hereunder or under the Resolution; (ii) the ability of the Authority to enforce its rights hereunder or thereunder; (iii) the ability of the Authority to fulfill the terms of any covenants or perform any of its obligations hereunder or thereunder; or (iv) the ability of the University to fulfill the terms of any covenants or perform any of its obligations hereunder.

*(Section 7)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, the Section 7 of the Loan Agreement will be amended and restated as summarized below.***

The Contract Documents shall conform to all Governmental Requirements in effect on their respective dates of execution. The University shall comply with (i) all Governmental Requirements which, if not complied with, could adversely affect the University, its operation or financial condition or title to its properties in any material respect, and (ii) any requirement of an insurance company writing insurance thereon irrespective of the nature of the work required to be done. Anything contained in this Section to the contrary notwithstanding, the

University shall have the right to contest the validity of any Governmental Requirement or the application thereof at the University's sole cost and expense. During such contest, compliance with any such contested Governmental Requirement may be deferred by the University, provided that prior to commencing any action or proceeding, administrative or judicial, contesting such Governmental Requirement the University shall notify the Authority of the University's intention to contest such Governmental Requirement and, if the Authority requests, shall furnish to the Authority a surety bond, moneys or other security, satisfactory to the Authority, securing compliance with the contested Governmental Requirement and payment of all interest, penalties, fines, fees and expenses resulting from or in connection with such contest or the failure of the University to comply with the contested Governmental Requirement. Any such action or proceeding instituted by the University shall be commenced as soon as is reasonably possible after the assertion of the applicability to the Project or any part thereof of the contested Governmental Requirement by a governmental authority, and shall be prosecuted to final adjudication or other final disposition with reasonable dispatch. Notwithstanding the furnishing of any bond, deposit or other security, the University promptly shall comply with any such Governmental Requirement and compliance shall not be deferred if at any time the Project or any part thereof to which such contested Governmental Requirement relates would, in the reasonable judgment of the Authority, be in substantial danger by reason of the University's noncompliance with such Governmental Requirement of being sold, attached, forfeited, foreclosed, transferred, conveyed, assigned or otherwise subjected to any proceeding, equitable remedy, lien, charge, fee or penalty that would impair (i) the interests or security of the Authority hereunder or under the Resolution or the Series Resolutions, (ii) the ability of the Authority to enforce its rights thereunder, (iii) the ability of the Authority to fulfill the terms of any covenants or perform any of its obligations hereunder or under the Resolution or Series Resolutions or (iv) the ability of the University to fulfill the terms of any covenants or perform any of its obligations hereunder.

*(Section 7, as proposed to be amended)*

#### **Information Concerning the University**

The University, whenever requested by an Authorized Officer of the Authority, shall provide and certify or cause to be provided and certified: (i) such information concerning the University, its finances and other related topics as such Authorized Officer reasonably determines to be necessary or desirable, including, but not limited to, such information as in the sole judgment of an Authorized Officer of the Authority is necessary to enable the Authority to complete and publish an Official Statement relating to and in connection with the sale of Bonds at the time when the Bonds are to be offered for sale; (ii) a certificate to the effect that the University has reviewed the parts of the Official Statement describing the University, the applicable Project, the sources and uses of the proceeds of the Bonds, and such information as was supplied by the University and is contained in the Official Statement and that as of the dates of sale and delivery of the Bonds such parts of the Official Statement do not contain any untrue statement of a material fact and do not omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which the statements were made, not misleading; and (iii) such additional information as the Authority from time to time considers reasonably necessary or desirable to enable it to make any reports or obtain any approvals required by law, governmental regulation or the Resolution in order to issue the Bonds or to effect any of the transactions contemplated hereby or by the Resolution.

If at any time the Authority notifies the University that it is necessary for a written agreement for the benefit of the Holders of the Bonds of any Series to be executed by the University (the "Continuing Disclosure Agreement") which provides the information, in the time and manner, set forth in Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, the University agrees that such Continuing Disclosure Agreement shall immediately be executed and become effective, and further agrees to provide any additional certificates, opinions of counsel or other instruments deemed necessary by the Authority relating to any such agreement.

*(Section 8)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, the second paragraph of Section 8 of the Loan Agreement will be deleted in its entirety.***

#### **Financial Obligations of the University; General and Unconditional Obligation; Voluntary Payments**

1. Except to the extent that moneys are available therefor under the Resolution or under the Loan Agreement, including moneys in the Debt Service Fund, but excluding interest accrued but unpaid on investments

held in the Debt Service Fund, the University unconditionally agrees to pay, so long as Bonds are Outstanding, to or upon the order of the Authority, from its general funds or any other moneys legally available to it:

(a) On or before the date of delivery of the Series 2000A Bonds, and Series 2000B Bonds, payments shall be made by the University in payment of the Authority Fee in the amounts set forth in the Loan Agreement to be applied against payment of the Authority Fee in connection with issuance of such Series 2000A Bonds and the Series 2000B Bonds;

(b) On or before the date of delivery of Bonds of a Series, such amount, if any, as is specified in the Series Resolution authorizing the issuance of such Bonds or in the Bond Series Certificate relating to such Bonds, to pay the Costs of Issuance of such Bonds, and other costs in connection with the issuance of such Bonds;

(c) On the 20th day of the month preceding each interest payment date, the interest coming due on the Bonds on such interest payment date, provided that (i) for Variable Interest Rate Bonds for which the rate of interest may change during the period prior to such interest payment date, the interest rate for such period shall be assumed to be equal to the rate on the date of payment plus one percent and (ii) with respect to Variable Interest Rate Bonds bearing interest at a flexible rate or an auction rate, such payment shall be made on the Business Day preceding each interest payment date;

(d) On the 20th day of the month preceding the month in which the principal or a Sinking Fund Installment of Bonds becomes due, an amount equal to the principal and Sinking Fund Installments of such Bonds coming due;

(e) At least forty-five (45) (fifteen (15) in the case of Variable Interest Rate Bonds) days prior to any date on which the Redemption Price or purchase price in lieu of redemption of Bonds previously called for redemption or contracted to be purchased is to be paid, the amount required to pay the Redemption Price or purchase price in lieu of redemption of such Bonds;

(f) [RESERVED].

(g) On December 10 of each Bond Year, one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with each Series of Bonds, 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, on the date set forth in the Loan Agreement or on the date agreed to by the University and the Authority at the time Bonds of a Series are issued;; and, provided, further, that the Annual Administrative Fee with respect to any Series of 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);

(h) 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 (i) for the Authority Fee then unpaid, (ii) to reimburse the Authority for payments made pursuant to subdivision 5 of Section 9 of the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (iii) for the costs and expenses incurred to compel full and punctual performance of all the provisions of the Loan Agreement, and the Resolution in accordance with the terms of the Loan Agreement and the Resolution, (iv) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution, and (v) for any external costs or expenses attributable to the issuance of a Series of Bonds or the financing or construction of a Project, including but not limited to any fees or other amounts payable under a Remarketing Agreement, a Credit Facility or a Liquidity Facility;

(i) On the date a Series of Bonds, other than the Series 2000A Bonds and Series 2000B Bonds, is issued, an amount equal to the Authority Fee in connection with issuance of such Series of Bonds;

(j) 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 University as a result of an acceleration pursuant to the Loan Agreement;

(k) On the date of issuance of a Series of Bonds issued to pay or provide for the payment of outstanding notes of the Authority issued to finance a Project or to renew or refund notes issued for such purpose, an amount to be determined by an Authorized Officer of the Authority, which determination shall be binding on the University, equal to either (i) the principal of the notes originally issued to finance such Project that would have been paid during the period since the delivery of the notes to be paid or for which provision for payment is to be made, to the July 1 immediately succeeding the date such Bonds are issued, assuming that the principal of the notes originally to finance such Project were being amortized through annual payments of principal and interest payable on each July 1 succeeding the date on which such notes were issued to and including the July 1 next succeeding the twentieth (20th) anniversary of the date on which such notes were issued and that the amount of principal of and interest on such notes payable on any July 1 is as nearly equal as practicable to the amount of principal and interest payable on each other July 1 or (ii) such lesser amount determined by the Authority, which amount shall be specified in a Series Resolution;

(l) Immediately upon notice to the University by an Authorized Officer of the Authority, an amount equal to the purchase price of Option Bonds tendered for purchase which Bonds have not been remarketed pursuant to a Remarketing Agreement or purchased pursuant to a Credit Facility or Liquidity Facility;

(m) Immediately upon notice to the University by an Authorized Officer of the Authority, the amount, in immediately available funds, of the discount at which Option Bonds tendered or deemed tendered have been remarketed pursuant to a Remarketing Agreement; and

(n) Promptly upon demand by an Authorized Officer of the Authority, the difference between the amount on deposit in the 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 of rebates, yield reduction payments, interest and penalty if any, required to be 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.

(o) On the Business Day immediately preceding an interest payment date, if the amount on deposit in the Debt Service Fund is less than the amounts, respectively, required for payment of interest on the Outstanding Bonds, for the payment of principal on the Outstanding Bonds or for the payment of Sinking Fund Installments on the Outstanding Bonds due and payable on such interest payment date, the amount of any such deficiency.

(p) With respect to any Bonds held by a Liquidity Facility Issuer, promptly upon demand of an Authorized Officer of the Authority, any amounts due on such Bonds.

(q) Promptly upon demand by an Authorized Officer of the Authority, all amounts required to be paid by the Authority to a Qualified Hedge Provider in accordance with a Qualified Hedge or to reimburse the Authority for any amounts paid to a Qualified Hedge Provider in accordance with a Qualified Hedge.

Subject to the provisions of the Resolution and the Loan Agreement, the University shall receive a credit against the amount required to be paid by the University during a Bond Year pursuant to paragraph (d) of subdivision 1 of Section 9 of the Loan Agreement 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 payable on the next succeeding principal payment date, the University delivers to the Trustee for cancellation one or more Bonds of the Series and maturity to be so redeemed on such date. The amount of the credit shall be equal to the principal amount of the Bonds so delivered and cancelled prior to the date notice of redemption thereof is given.

The Authority directs the University, and the University agrees, to make the payments required by paragraphs (c), (d), (e), (j) and (o) of subdivision 1 of Section 9 of the Loan Agreement directly to the Trustee for deposit in the Debt Service Fund and application in accordance with the Resolution, the payments required by paragraph (b) of subdivision 1 of Section 9 of the Loan Agreement 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 paragraph (n) of subdivision 1 of Section 9 of the Loan Agreement directly to the Trustee for deposit in the Arbitrage Rebate Fund, the payments required by paragraph (k) of subdivision 1 of Section 9 of the Loan Agreement as directed by an Authorized Officer of the Authority, the payments required by paragraphs (a), (g), (h), (i), (l), (m), (p) and (q) of subdivision 1 of Section 9 of the Loan Agreement directly to or upon the order of the Authority.

2. Notwithstanding any provisions in the Loan Agreement or in the Resolution to the contrary (except as otherwise specifically provided for in subdivision 2 of Section 9 of the Loan Agreement), all moneys paid by the University to the Trustee pursuant to the Loan Agreement or otherwise held by the Trustee shall be applied in reduction of the University'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 subdivision 2 of Section 9 of the Loan Agreement), (i) all moneys paid by the University to the Trustee pursuant to paragraphs (c), (d), (e), (j) and (o) of subdivision 1 of Section 9 of the Loan Agreement (other than moneys received by the Trustee pursuant to the Resolution which shall be retained and applied by the Trustee for its own account) shall be received by the Trustee as agent for the Authority in satisfaction of the University's indebtedness to the Authority with respect to the interest on and principal 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 clause (i) of subdivision 2 of Section 9 of the Loan Agreement) held by it in the Construction Fund to the Debt Service Fund in accordance with the applicable provisions of the Loan Agreement or of the Resolution shall be deemed, upon such transfer, receipt by the Authority from the University of a payment in satisfaction of the University'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 shall hold such moneys in trust in accordance with the applicable provisions of the Resolution for the sole and exclusive benefit of the Holders of Bonds, regardless of the actual due date or applicable payment date of any payment to the Holders of Bonds.

3. The obligations of the University to make payments or cause the same to be made under the Loan Agreement shall be complete and unconditional and the amount, manner and time of making such payments shall 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 University 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 University to complete a Project or the completion thereof with defects, failure of the University 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 shall be construed to release the Authority from the performance of any agreements on its part in the Loan Agreement contained or any of its other duties or obligations, and in the event the Authority shall fail to perform any such agreement, duty or obligation, the University may institute such action as it may deem necessary to compel performance or recover damages for non-performance. Notwithstanding the foregoing, the Authority shall have no obligation to perform its obligations under the Loan Agreement to cause advances to be made to reimburse the University for, or to pay, the Costs relating to a Project, beyond the extent of moneys available in the Construction Fund established for such Project,

The Loan Agreement and the obligations of the University to make payments under the Loan Agreement are general obligations of the University.

4. An Authorized Officer of the Authority, for the convenience of the University, shall furnish to the University statements of the due date, purpose and amount of payments to be made pursuant to the Loan Agreement. The failure to furnish such statements shall not excuse nonpayment of the amounts payable at the time and in the manner provided in the Loan Agreement. The University shall notify the Authority as to the amount and date of each payment made to the Trustee or the Tender Agent by the University.

5. The Authority shall have the right in its sole discretion to make on behalf of the University any payment required pursuant to Section 9 of the Loan Agreement which has not been made by the University when due. No such payment by the Authority shall limit, impair or otherwise affect the rights of the Authority pursuant to the Loan Agreement arising out of the University's failure to make such payment and no payment by the Authority shall be construed to be a waiver of any such right or of the obligation of the University to make such payment.

6. The University, if it is not then in default under the Loan Agreement, shall have the right to make voluntary payments in any amount to the Trustee. In the event of a voluntary payment, the amount so paid shall be

deposited in accordance with the directions of an Authorized Officer of the Authority in the Debt Service Fund or held by the Trustee for the payment of Bonds in accordance with the Resolution. Upon any voluntary payment by the University, the Authority agrees to direct the Trustee 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 University, 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)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, paragraphs 1(a), 1(e), 1(g), 1(i) and 1(k) of Section 9 of the Loan Agreement will be amended and restated as summarized below:***

(a) On or before the date of delivery of a Series of Bonds, the Authority Fee agreed to by the Authority and the Institution in connection with issuance of such Series of Bonds;

(e) Except as otherwise provided in a Series Resolution or Bond Series Certificate, at least forty-five (45) (fifteen (15) in the case of Variable Interest Rate Bonds) days prior to any date on which the Redemption Price or purchase price in lieu of redemption of Bonds previously called for redemption or contracted to be purchased is to be paid, the amount required to pay the Redemption Price or purchase price in lieu of redemption of such Bonds;

(g) On December 10 of each Bond Year, one-half (1/2) of the Annual Administrative Fee payable during such Bond Year in connection with each Series of Bonds, 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 Bonds on the date set forth in the Loan Agreement; and, provided, further, that the Annual Administrative Fee with respect to any Series of 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);

(i) [RESERVED];

(k) On the date of issuance of a Series of Bonds issued to pay or provide for the payment of outstanding notes of the Authority issued to finance a Project or to renew or refund notes issued for such purpose, an amount to be determined by an Authorized Officer of the Authority in accordance with instructions from the University, which determination shall be binding on the University, equal to either (i) the principal of the notes originally issued to finance such Project that would have been paid during the period since the delivery of the notes to be paid or for which provision for payment is to be made, to the July 1 immediately succeeding the date such Bonds are issued, assuming that the principal of the notes originally to finance such Project were being amortized through annual payments of principal and interest payable on each July 1 succeeding the date on which such notes were issued to and including the July 1 next succeeding the twentieth (20th) anniversary of the date on which such notes were issued and that the amount of principal of and interest on such notes payable on any July 1 is as nearly equal as practicable to the amount of principal and interest payable on each other July 1 or (ii) such lesser amount determined by the Authority, which amount shall be specified in a Series Resolution;

*(Paragraphs 1(a), 1(e), 1(g), 1(i) and 1(k) of Section 9, as proposed to be amended)*

#### **Consent to Pledge and Assignment by the Authority**

The University 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 the Loan Agreement to secure any payment or the performance of any obligation of the University pursuant to 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 shall be specifically assigned by the Authority to the Trustee. The University 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 any pledge and assignment by the Authority to the Trustee authorized the Loan Agreement, 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 by the Loan Agreement or by law, any of such rights directly in its own name. Any such pledge and assignment shall be limited to securing the University's obligation to make all payments required under the Loan Agreement and to performing all other obligations required to be performed by the University under the Loan Agreement.

The University covenants, warrants and represents that it is or, with response to actions to be taken after the date of execution of the Loan Agreement, would be duly authorized by all applicable laws, its charter and by-laws or Resolution adopted pursuant thereto to enter into the Loan Agreement, any Remarketing Agreement and any Liquidity Facility, to incur the indebtedness contemplated thereby. The University further covenants that the provisions thereof are and shall be valid and legally enforceable obligations of the University in accordance with their terms. The University further covenants, warrants and represents that the execution and delivery thereof, and the consummation of the transaction contemplated and compliance with the provisions thereof, do not violate, conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the charter or by-laws of the University or any indenture or mortgage, or any trusts, endowments or other commitments or agreements to which the University 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 University or any of its properties.

*(Section 10)*

### **Management Consultant**

If at any time the rating on any Outstanding Bonds or on any of the University's long term unsecured, unenhanced debt obligations is reduced by Moody's Investor Service, Inc. ("Moody's") to "A1" or by Fitch, Inc. ("Fitch") or Standard & Poor's Rating Services ("S&P") to "A+", the Authority may request the University to engage, at the University's expense, a Management Consultant, which the University hereby agrees to engage within sixty (60) days after such request is made; and, if at any time the rating on any Outstanding Bonds or on any of the University's long term unsecured, unenhanced debt obligations is reduced by Moody's to less than "A1" or by Fitch or S&P to less than "A+" or if any rating is suspended or withdrawn by Moody's, Fitch or S&P, the University, at the University's expense, shall and hereby agrees to engage a Management Consultant within sixty (60) days after such reduction, suspension or withdrawal, unless the Authority has waived such obligation which it may do in its sole discretion. The Management Consultant shall review the fees and tuition, operations and management of the University and any other matter deemed appropriate by the Authority and make such recommendations with respect to such fees and tuition, operations, management and other matters. Copies of the report and recommendations of the Management Consultant shall be filed with the Authority, the Trustee, the Board of Trustees of the University and an Authorized Officer of the University no later than one hundred twenty (120) days following the date of engagement of such Management Consultant. The Board of Trustees of the University and such Authorized Officer of the University shall each deliver to the Authority no later than sixty (60) days following the date of filing with the Authority of the report and recommendations of the Management Consultant a written report setting forth their respective comment and reaction to the report and recommendations of the Management Consultant. The University shall, to the extent feasible, promptly upon its receipt of such recommendations, and subject to applicable requirements or restrictions imposed by law or regulation, revise its tuition, fees and charges, its methods of operation or collections or its debt and investment management and shall take such other action as shall be in conformity with such recommendations. The University shall deliver to the Authority and the Trustee:

(i) within forty-five (45) days of receipt of such Management Consultant's report (x) a report setting forth in reasonable detail the steps the University proposes to take to implement the recommendations of such Management Consultant, and (y) a certified copy of a resolution adopted by the Board of Trustees of the University accepting both the Management Consultant's report and the report prepared by the University as required in clause (x) hereof; and

(ii) within thirty (30) days after the end of each calendar quarter a report demonstrating the progress made by the University in implementing the recommendations of the Management Consultant.



Notwithstanding the foregoing provisions of this Section, the University may elect in lieu of engaging a Management Consultant to provide security in form and substance acceptable to the Authority in its sole discretion for the University's obligations under this Loan Agreement or any Liquidity Facility and/or Credit Facility.

*(Section 14)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, Section 14 of the Loan Agreement will be deleted in its entirety.***

#### **Maintenance of Corporate Existence**

The University covenants that it will maintain its corporate existence, will continue to operate as an institution for higher education, 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 University as an institution for higher education providing such programs of instruction as it may from time to time determine, 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 shall have occurred and be continuing and prior written notice shall have been given to the Authority and the Trustee, the University 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; provided, however, (a) that any such sale, transfer, consolidation, merger or acquisition does not in the opinion of counsel satisfactory to the Authority adversely affect the exemption from federal income tax of the interest paid or payable on the Bonds, (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, and (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 University under the Loan Agreement and under any Remarketing Agreement, any Liquidity Facility, any Credit Facility and furnishes to the Authority a certificate to the effect that upon such sale, transfer, consolidation, merger or acquisition such corporation shall be in compliance with each of the provisions of the Loan Agreement and shall meet the requirements of the Act. Furthermore, such sale, transfer, consolidation, merger, acquisition or other disposition shall occur only if, after giving effect to such sale, transfer, consolidation, merger, acquisition or other disposition, (x) no Event of Default would exist under the Loan Agreement or under the Resolution and, (y) the surviving, resulting or transferee corporation is in compliance with the covenants contained in Sections 11, 12 and 13 the Loan Agreement on the date of such sale, transfer, consolidation, merger, acquisition or other disposition.

*(Section 18)*

#### **Tax-Exempt Status**

The University 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 University agrees that: (a) it shall not perform any act or enter into any agreement which shall adversely affect such federal income tax status and shall conduct its operations in the manner which will conform to the standards necessary to qualify the University 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 shall not perform any act, enter into any agreement or use or permit a Project to be used in any manner, or for any trade or business unrelated to the educational purposes of the University, which could adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code.

The University warrants, represents and covenants that (i) at least ninety-five percent (95%) of the net proceeds of Bonds (calculated in accordance with Section 150(a) (3) of the Code) shall not be used in the trade or

business of any person other than an organization described in Section 501(c) (3) of the Code or a governmental unit and (ii) all property acquired, constructed or renovated with moneys derived from the net proceeds of Bonds will be owned (within the meaning of the Code) by an organization described in Section 501(c) (3) of the Code or a governmental unit.

*(Section 16)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, Section 16 of the Loan Agreement will be amended and restated in its entirety as summarized below:***

The University 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, except for payment of unrelated business income tax. The University agrees that: (a) it shall not perform any act or enter into any agreement which shall adversely affect such federal income tax status and shall conduct its operations in the manner which will conform to the standards necessary to qualify the University as an educational organization within the meaning of Section 501(c) (3) of the Code or any successor provision of federal income tax law; and (b) it shall not perform any act, enter into any agreement or use or permit the Project to be used in a manner, or for any trade or business unrelated to the educational purposes of the University, which could adversely affect the exclusion of interest on the Bonds from federal gross income pursuant to Section 103 of the Code.

*(Section 16, as proposed to be amended)*

#### **Arbitrage; Rebate Calculations**

1. (a) The University and the Authority covenant that they shall take no action, nor approve the Trustee’s taking any action or making any investment or use of the proceeds of Bonds, which would cause the Bonds or any Series of Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, and any proposed or final regulations thereunder as are applicable to the Bonds at the time of such action, investment or use. (b) The University, or any related person, as defined in Section 147 (a) (2) of the Code, shall not, pursuant to an arrangement, formal or informal, purchase Bonds in an amount related to the amount of any obligation to be acquired from the University by the Authority. The University will, on a timely basis, provide the Authority with all necessary information and funds not in the Authority’s possession, to enable the Authority to comply with the arbitrage and rebate requirements of the Code.

The Authority shall retain in its possession, so long as required by the Code, copies of all documents, reports and computations made by it in connection with the calculation of rebate, yield reduction payments and interest and penalties and the payment of all or a portion thereof to the Department of the Treasury of the United States of America, which shall be subject at all reasonable times to the inspection of the University and its agents and representatives, any of whom may make copies thereof. Upon written request therefor from the University the Authority shall as soon as practicable provide the University with a copy of any such document, report or computation. The Authority shall also provide the University with a copy of all documents or reports filed with the Department of Treasury of the United States of America relating to the foregoing.

*(Section 36)*

#### **Use of Projects**

The University agrees that at least ninety-five percent (95%) of the Projects shall be occupied or used only by or for students or members of the faculty or staff of the University, or, on a temporary basis, persons connected with educational, research or other activities incidental to the operations of the University, subject to and consistent with the requirements of the Loan Agreement. Subject to the rights, duties and remedies of the Authority under the Loan Agreement, the University shall have sole and exclusive control of, possession of and responsibility for (i) the

Projects; (ii) the operation of the Projects and supervision of the activities conducted therein or in connection with any part thereof; and (iii) the maintenance, repair and replacement of the Project.

*(Section 20)*

### **Covenant as to Insurance**

1. The University shall procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers, insurance of the type and in the amounts customarily maintained by institutions for higher education providing programs substantially similar to those of the University.

2. In addition to any insurance maintained in accordance with subdivision 1 of Section 23 of the Loan Agreement, the University shall, at the times specified in the following paragraphs, procure and maintain, or cause to be procured and maintained, all insurance required by Section 23 of the Loan Agreement in accordance with the terms and conditions thereof, from responsible insurers acceptable to an Authorized Officer of the Authority, as follows:

(a) builders risk insurance with respect to any building constituting a part of the Projects the construction of which shall not have been completed (and until insurance is procured pursuant to paragraph (b) of subdivision 2 of Section 23 of the Loan Agreement), coverage to be written on all risk form. The amount of such insurance shall be on a one hundred percent (100%) replacement value basis on the insurable portion;

(b) all risk property insurance at all times (except during a period when builders risk insurance is in effect as required by paragraph (a) of subdivision 2 of Section 23 of the Loan Agreement) insuring against direct physical loss or damage to the Projects; provided, however, that if the Projects are insured under a blanket insurance policy or policies of the University, policy limits and coverage shall comply with the provisions of paragraph (b) of subdivision 2 of Section 23 of the Loan Agreement; provided further, however, that each such policy shall be in an amount sufficient to prevent the University and the Authority from becoming co-insurers under the applicable terms of the policy;

(c) business interruption and extra expense insurance in amounts considered sufficient by the Authority;

(d) comprehensive boiler and machinery coverage including extra expense and business interruption, commencing with the date on which the Project or any part thereof is completed or first occupied, or any covered equipment or machinery is accepted, whichever occurs earlier; limits shall be in an amount considered sufficient by the Authority;

(e) commercial general liability insurance at all times protecting the Authority (as an additional insured) and the University from loss resulting from legal obligations caused by bodily injury and property damage with limits of not less than \$2,000,000 annual aggregate and \$1,000,000 per occurrence;

(f) professional liability insurance providing protection for loss resulting from legal obligations caused or allegedly caused by malpractice or alleged malpractice, with limits of at least in the amount in effect at the time of execution of the Loan Agreement but in any event not less than \$1,000,000 per occurrence and \$2,000,000 annual aggregate;

(g) at all times, workers compensation insurance and disability benefits insurance providing coverage as required by statute; and

(h) such other kinds of insurance in such amounts as from time to time may be reasonably required by the Authority.

3. Any insurance procured and maintained by the Authority or the University pursuant to Section 23 of the Loan Agreement, including any blanket insurance policy, may include reasonable deductible provisions satisfactory to an Authorized Officer of the Authority and the University. In determining whether or not any insurance required by Section 23 of the Loan Agreement is generally obtainable or if the deductible on any such insurance is a reasonable deductible, the Authority may rely solely and exclusively upon the advice and judgment of

an Insurance Consultant, and any such decision by the Authority, based upon such advice and judgment, shall be conclusive.

4. The University may self insure if the following requirements are met:

(a) The University obtains the prior written approval of the Authority;

(b) The self insurance has been reviewed by an Insurance Consultant;

(c) The self-insurance program includes an actuarially sound claims reserve fund out of which each self-insured claim shall be paid. The adequacy of such fund shall be evaluated on an annual basis. Any deficiency in any self-insured claims reserve fund will be remedied in accordance with the recommendation of the Insurance Consultant;

(d) The self-insured claims reserve fund shall be held in the United States of America in a separate trust fund by an independent corporate trustee; and

(e) In the event the current funding of the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by an Insurance Consultant, shall be maintained.

In no event shall the University self insure against casualty losses to any real or personal property owned, leased or used by it, including plant, property and equipment in an amount exceeding \$1,000,000.

5. Each policy maintained pursuant to subdivision 2 of Section 23 of the Loan Agreement or the requirements of the Authority shall provide that the insurer writing such policy shall give at least thirty (30) days notice in writing to the Authority of the cancellation or non-renewal or material change in the policy unless a lesser period of notice is expressly approved in writing by the Authority. The University, not later than August 15 of each year, shall provide to the Authority a list describing all policies of insurance maintained by the University pursuant to Section 23 of the Loan Agreement stating with respect to each such policy (i) the insurer, (ii) the insured parties or loss payees, (iii) the level of coverage, and (iv) such other information as an Authorized Officer of the Authority may have reasonably-requested.

6. All policies and certificates of insurance shall be open to inspection by the Authority and the Trustee at all reasonable times. Prior to making any change in such insurance which would reduce the amount of coverage or increase the deductible, the University shall notify the Authority and the Trustee of such change which notice shall describe the proposed change in reasonable detail.

7. All policies of insurance required pursuant to subdivision 2 of Section 23 of the Loan Agreement, other than policies of workers' compensation insurance, shall include the Authority and the University, as named insureds or as loss payee as their interests may appear.

8. In the event the University fails to provide the insurance required by Section 23 of the Loan Agreement, the Authority may elect at any time thereafter to procure and maintain the insurance required by Section 23 of the Loan Agreement at the expense of the University. The policies procured and maintained by the Authority shall be open to inspection by the University at all reasonable times, and, upon request of the University, a complete list describing such policies as of the June 30 preceding the Authority's receipt of such request shall be furnished to the University by the Authority.

*(Section 23)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, Section 23 of the Loan Agreement will be amended and restated in its entirety as summarized below:***

(a) The University agrees to maintain or cause to be maintained insurance with insurance companies or by means or self-insurance, insurance of such type, against such risks and in such amounts as are customarily carried by private colleges and universities located in the State of a nature similar to that of the University, which insurance shall include property damage, fire and extended coverage, public liability and property damage liability insurance in amounts estimated to indemnify the reasonably anticipated damage, loss or liability, subject to reasonable deductible provisions. The University shall at all times also maintain worker's compensation coverage and disability benefits insurance coverage as required by the laws of the State.

(b) If the Authority shall so request in writing, the University shall provide to the Authority summaries or other evidence of its insurance coverage and shall obtain endorsements reasonably requested by the Authority.

(c) In the event the University fails to provide the insurance required by paragraph (a) of this Section, the Authority may elect at any time thereafter to procure and maintain the insurance required by this Section at the expense of the University. The policies procured and maintained by the Authority shall be open to inspection by the University at all reasonable times, and, upon request of the University, a complete list describing such policies as of the June 30th preceding the Authority's receipt of such request shall be furnished to the University by the Authority.

*(Section 23, as proposed to be amended)*

### **Damage or Condemnation**

In the event of a taking of any Project or any portion thereof by eminent domain or of condemnation, damage or destruction affecting all or part of such property or any Project which substantially impairs the use of such property or Project or part thereof for its intended purpose, then and in such event the entire proceeds of any insurance, condemnation or eminent domain award shall be paid to the University, and

(a) within one hundred twenty (120) days after such taking, condemnation, damage or destruction, the University shall proceed to repair, replace or restore such property, such Project or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible with such changes and additions as shall be appropriate to the needs of the University; or

(b) if the University shall not have commenced the restoration or replacement of such property, such Project or the affected portion thereof within one hundred twenty (120) days after such taking, condemnation, damage or destruction, all respective proceeds (other than the proceeds of builders' risk insurance) shall be delivered to the Trustee for deposit to the Debt Service Fund.

Notwithstanding this Section 24, condemnation and insurance proceeds with respect to a Project financed with proceeds of an issue of bonds (other than Bonds) a portion of which remains outstanding under the resolution pursuant to which such bonds were issued which are required by such resolution or the loan agreement or other agreement relating to such bonds to be applied in a particular manner shall be so applied. If there is no such requirement, then the Authority shall determine the portion of such proceeds attributable to the Refunded Bonds and such portion shall be applied pursuant to this Section 24.

*(Section 24)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, subsections (a) and (b) of Section 24 of the Loan Agreement will be amended and restated as summarized below:***

(a) within one hundred twenty (120) days after such taking, condemnation, damage or destruction or such longer period as may be agreed to by the Authority and the University, the University shall proceed to repair, replace or restore such property, such Project or the affected portion thereof, including all fixtures, furniture, equipment and effects, to its original condition insofar as possible with such changes and additions as shall be appropriate to the needs of the University; or

(b) if the University shall not have commenced the restoration or replacement of such property, such Project or the affected portion thereof within one hundred twenty (120) days after such taking, condemnation, damage or destruction or such longer period as may be agreed to by the Authority and the University, all respective proceeds (other than the proceeds of builders' risk insurance) shall be delivered to the Trustee for deposit to the Debt Service Fund.

*(Subsections (a) and (b) of Section 24, as proposed to be amended)*

## Defaults and Remedies

1. As used in the Loan Agreement the term “Event of Default” shall mean:
  - (a) the University shall default in the timely payment of any amount payable pursuant to the Loan Agreement or the payment of any other amounts required to be delivered or paid in accordance with the Loan Agreement or the Resolution, and such default continues for a period in excess of ten (10) days;
  - (b) the University defaults in the due and punctual performance of any other covenant in the Loan Agreement contained and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given by the Authority or the Trustee, provided that, if in the determination of the Authority such default can not be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the University within such period and is diligently pursued until the default is corrected;
  - (c) as a result of any default in payment or performance required of the University or any Event of Default under the Loan Agreement, whether or not declared, continuing or cured, the Authority shall be in default in the payment or performance of any of its obligations under the Resolution or an “Event of Default” (as defined in the Resolution) shall have been declared under the Resolution so long as such default or Event of Default shall remain uncured or the Trustee or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;
  - (d) the University shall (i) be generally not paying its debts as they become due, (ii) file, or consent 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) make a general assignment for the benefit of its general creditors, (iv) consent 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) be adjudicated insolvent or be liquidated or (vi) take corporate action for the purpose of any of the foregoing;
  - (e) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the University, 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 shall be 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 University, or any petition for any such relief shall be filed against the University and such petition shall not be dismissed within ninety (90) days;
  - (f) the charter of the University shall be suspended or revoked;
  - (g) a petition shall be filed by the University with the Board of Regents of the University of the State of New York, the legislature of the State of New York or other governmental authority having jurisdiction over the University to dissolve the University;
  - (h) an order of dissolution of the University shall be made by the Board of Regents of the University of the State of New York, the legislature of the State of New York or other governmental authority having jurisdiction over the University which order shall remain undismissed or unstayed for an aggregate of thirty (30) days;
  - (i) a petition shall be 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 University which petition shall remain undismissed or unstayed for an aggregate of ninety (90) days;
  - (j) an order of a court having jurisdiction shall be made directing the sale, disposition or distribution of all or substantially all of the property belonging to the University, which order shall remain undismissed or unstayed for an aggregate of thirty (30) days; or
  - (k) a final judgment for the payment of money which in the reasonable judgment of the Authority will materially adversely affect the rights of the Holders of the Bonds shall be rendered against the University and at any time after thirty (30) days from the entry thereof, (i) such judgment shall not have been discharged, or (ii) the University shall not have taken and be diligently prosecuting an appeal therefrom or from the order, decree or

process upon which or pursuant to which such judgment shall have been granted or entered, and shall not have caused, within thirty (30) days, the execution of or levy under such judgment, order, decree or process or the enforcement thereof to have been stayed pending determination of such appeal.

2. Upon the occurrence of an Event of Default the Authority may take any one or more of the following actions:

(a) declare all sums payable by the University under the Loan Agreement immediately due and payable;

(b) 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 University 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;

(c) withhold any or all further performance under the Loan Agreement;

(d) maintain an action against the University under the Loan Agreement to recover any sums payable by the University or to require its compliance with the terms of the Loan Agreement;

(e) to the extent permitted by law, (i) enter upon a Project and complete the construction of any Project in accordance with the plans and specifications with such changes therein as the Authority may deem appropriate and employ watchmen to protect the Projects, all at the risk, cost and expense of the University, consent to such entry being given by the University, (ii) at any time discontinue any work commenced in respect of the construction of any Project or change any course of action undertaken by the University and not be bound by any limitations or requirements of time whether set forth in the Loan Agreement or otherwise, (iii) assume any construction contract made by the University in any way relating to the construction of any Project and take over and use all or any part of the labor, materials, supplies and equipment contracted for by the University, whether or not previously incorporated into the construction of such Project, and (iv) in connection with the construction of any Project undertaken by the Authority pursuant to the provisions of paragraph (e) of subdivision 2 of Section 29 of the Loan Agreement, (x) engage builders, contractors, architects, engineers and others for the purpose of furnishing labor, materials and equipment in connection with the construction of such Project, (y) pay, settle or compromise all bills or claims which may become liens against a Project or against any moneys of the Authority applicable to the construction of a Project, or which have been or may be incurred in any manner in connection with completing the construction of a Project or for the discharge of liens, encumbrances or defects in the title to a Project or against any moneys of the Authority applicable to the construction of a Project, and (z) take or refrain from taking such action under the Loan Agreement as the Authority may from time to time determine. The University shall be liable to the Authority for all sums paid or incurred for construction of any Project whether the same shall be paid or incurred pursuant to the provisions of paragraph (e) of subdivision 2 of Section 29 of the Loan Agreement or otherwise, and all payments made or liabilities incurred by the Authority under the Loan Agreement of any kind whatsoever shall be paid by the University to the Authority upon demand. For the purpose of exercising the rights granted by this subparagraph during the term of the Loan Agreement, the University irrevocably constitutes and appoints the Authority its true and lawful attorney-in-fact to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of the University; and

All rights and remedies given or granted to the Authority 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 shall effect a waiver of the Authority's right to exercise such remedy thereafter.

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 subdivision 2 of Section 29 of the Loan Agreement and its consequences if such Events of Default shall be cured. No such annulment shall extend or affect any subsequent default or impair any right consequent thereto.

*(Section 29)*

## **Compliance with Resolution**

The University approves of and agrees to the provisions of the Resolution. The Authority agrees not to adopt any Supplemental Resolution or to issue any Series of Bonds, other than the Series 2000A Bonds and the Series 2000B Bonds consent to the issuance of which is given pursuant to the Loan Agreement, without the written consent of the University. The University agrees to do all things within its power in order to enable the Authority to comply with all requirements and to fulfill all covenants of the Resolution which require the University to comply with requests or obligations so that the Authority will not be in default in the performance of any covenant, condition, agreement or provision of the Resolution.

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, Section 30 of the Loan Agreement will be amended and restated as summarized below:***

The University approves of and agrees to the provisions of the Resolution. The Authority agrees not to amend or modify the Resolution or the Series Resolutions without the prior written consent of the University. The University agrees to do all things within its power in order to enable the Authority to comply with all requirements and to fulfill all covenants of the Resolution which require the University to comply with requests or obligations so that the Authority will not be in default in the performance of any covenant, condition, agreement or provision of the Resolution.

*(Section 30, as proposed to be amended)*

## **Tax Covenants**

The University covenants that it shall 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 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the University covenants that it will comply with the instructions and requirements of the Tax Certificate as to each Series of Bonds, which is incorporated herein as if set forth fully herein. The University (or any related person, as defined in Section 147(a)(2) of the Code) shall not, pursuant to an arrangement, formal or informal, purchase Bonds in an amount related to the amount of any obligation to be acquired from the University by the Authority. The University will, on a timely basis, provide the Authority with all necessary information and, to the extent of the University's allocable share of any rebate or yield reduction payment (as defined in the Code) required to be paid, funds not in the Authority's possession, to enable the Authority to comply with the arbitrage and rebate requirements of the Code.

*(Section 35)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, Section 35 of the Loan Agreement will be amended and restated as summarized below:***

The University covenants that it will not take any action or fail to take any action which would cause any representation or warranty of the University contained in the Tax Certificate then to be untrue and shall comply with all covenants and agreements of the University contained in the Tax Certificate, in each case to the extent required by and otherwise in compliance with such Tax Certificate, unless, in the opinion of Bond Counsel, taking or failing to take such action or failing to comply with its obligations under a Tax Certificate would not adversely effect the exclusion of interest on the Bonds from gross income for federal tax purposes.

*(Section 35, as proposed to be amended)*

## **Effective Date**

The Loan Agreement shall be effective as of the date on which the Series 2000A Bonds and Series 2000B Bonds are first issued and delivered to the purchasers thereof, except that the section relating to indemnity by the University shall be effective as of the date on which the Authority first becomes obligated to sell such Series of Bonds to the purchasers thereof.

*(Section 47)*



***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, Section 47 of the Loan Agreement will be amended and restated as summarized below:***

*(Section 47, as proposed to be amended)*

The Loan Agreement as amended through March 9, 2016 has been and shall continue to be effective as of the date hereof. The additional amendments contained therein shall be effective as of the date on which the requisite consent of Outstanding Holders is obtained

[THIS PAGE INTENTIONALLY LEFT BLANK]

## **SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND PROPOSED AMENDMENTS**

The following is a brief summary, prepared by Bond Counsel, of certain provisions of the Resolution and of certain Proposed Resolution Amendments to become effective upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds. Such summary does not purport to be complete and reference is made to the Resolution for full and complete statements of such and all provisions. Defined terms used herein shall have the meanings ascribed to them in Appendix A.

### **Resolution Constitutes a Contract**

With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution by those who shall hold or own the same from time to time, the Resolution shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Holders from time to time of such Bonds, 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 shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any such Bonds, over any other Bonds except as expressly provided in the Resolution or permitted thereby.

*(Section 1.03)*

### **Pledge of Revenues**

The proceeds from the sale of any Bonds, the Revenues, the rights of the Authority to receive all payments to be made under the Loan Agreement that are to be deposited with the Trustee, and all funds and accounts, excluding the Arbitrage Rebate Fund, established under the Resolution and by any Series Resolution are 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 Bonds and as security for the performance of any other obligation of the Authority under the Resolution and under any Series Resolution, all in accordance with the provisions thereof. The pledge made under the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of any Bonds, the Revenues, the right of the Authority to receive payments to be made under the Loan Agreement that are to be deposited with the Trustee, and all funds and accounts, excluding the Arbitrage Rebate Fund, established under the Resolution and by any Series Resolution shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall 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 shall be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of any Bonds, the Revenues, the right of the Authority to receive payments to be made under the Loan Agreement that are to be deposited with the Trustee, and all funds and accounts, excluding the Arbitrage Rebate Fund, established under the Resolution and by any Series Resolution, which pledge shall constitute a first lien thereon.

Notwithstanding anything to the contrary contained in the Resolution, the Authority may incur Credit/Liquidity Facility Obligations which are payable from the Revenues on a parity with the Bonds and which are secured by a lien upon or pledge of the Revenues which is of equal priority with the lien created and the pledge made under the Resolution.

*(Section 5.01)*

### **Establishment of Funds and Accounts**

The following funds and separate accounts within funds are established and shall be held and maintained by the Trustee, except that a separate Construction Fund shall be established for each Project pursuant to a Series

Resolution or other resolution authorizing the issuance of Notes, and each such Construction Fund shall be held and maintained by the Trustee:

- (a) Debt Service Fund; and
- (b) Arbitrage Rebate Fund

If prior to the adoption of a Series Resolution authorizing the issuance of Bonds to finance the Costs of a Project and a Construction Fund for such Project has been established, such Series Resolution may make reference to such Construction Fund and need not create a further such fund.

All moneys at any time deposited in any fund created under the Resolution, other than the Arbitrage Rebate Fund, or by a Series Resolution or required under the Resolution or under the Series Resolution to be created shall be held in trust for the benefit of the Holders of Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Resolution.

*(Section 5.02)*

#### **Application of Bond Proceeds and Allocation Thereof**

Upon the receipt of the proceeds from the sale of a Series of Bonds, the Authority shall apply such proceeds as specified in the Resolution and in the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series.

Accrued interest, if any, received upon the delivery of a Series of Bonds shall be deposited in the Debt Service Fund unless all or any portion of such amount is to be otherwise applied as specified in the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series.

*(Section 5.03)*

#### **Application of Moneys in the Construction Fund**

As soon as practicable after the delivery of each Series of Bonds, the Trustee shall deposit in the Construction Fund or Funds established for the Project or Projects in connection with which such Series of Bonds was issued the amount required to be deposited therein pursuant to the Series Resolution authorizing the issuance of such Series or the Bond Series Certificate relating to such Series.

Except as otherwise provided in the Resolution and in any applicable Series Resolution or Bond Series Certificate, moneys deposited in the Construction Fund shall be used only to pay the Costs of Issuance of Bonds and the Costs of the Project for which such fund was established. For purposes of internal accounting, a Construction Fund may contain one or more subaccounts, as the Authority or the Trustee may deem proper.

Payments for Costs of Issuance shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority stating the names of the payees, the purpose of each payment and the respective amount of each such payment. Payments for Costs of a Project shall be made by the Trustee upon receipt of, and in accordance with, a certificate or certificates signed by an Authorized Officer of the Authority, substantiated by a certificate filed with the Authority signed by an Authorized Officer of the University, 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 the Project to which such certificate relates, except that payments to pay interest on Bonds shall 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 Construction Fund to the Debt Service Fund.

Any proceeds of condemnation or eminent domain awards received by the Trustee, the Authority or the University with respect to a Project shall be applied in accordance with the Loan Agreement and, if necessary, the Construction Fund established for such Project may be re-established for such purpose.

A Project shall be deemed to be complete upon delivery to the Authority and the Trustee of a certificate signed by an Authorized Officer of the University which certificate shall be delivered as soon as practicable after completion of such Project or upon delivery to the Trustee and the University of a certificate signed by an Authorized Officer of the Authority which certificate may be delivered at any time after completion of such Project. Each such certificate shall identify the Project to which it relates, 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 the University, specify the date of completion.

Upon receipt of a certificate delivered pursuant to this subdivision, the moneys, if any, then remaining in the Construction Fund established for the Project to which such certificate relates, after making provision in accordance with the direction of an Authorized Officer of the Authority for the payment of any Costs of Issuance and Costs of the Project then unpaid, shall be paid by the Trustee as follows and in the following order of priority:

Upon the direction of an Authorized Officer, to the Arbitrage Rebate Fund, the amount set forth in such direction; and

To the Debt Service Fund or, upon the direction of an Authorized Officer of the Authority, to one or more of the Construction Funds, or to both, in the respective amounts set forth in such direction, any balance remaining.

*(Section 5.04)*

### **Deposit and Allocation of Revenues**

The Revenues and any other moneys, which, by any of the provisions of the Loan Agreement, are required to be paid to the Trustee, shall upon receipt thereof be deposited or paid by the Trustee as follows and in the following order of priority:

First: To the Debt Service Fund (i) in the case of Revenues received during the period from the beginning of each Bond Year until December 31 thereof, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on Outstanding Bonds payable on or prior to the next succeeding January 1, including the interest estimated by the Authority to be payable on Variable Interest Rate Bonds on and prior to the next succeeding January 1, (b) the Sinking Fund Installments of Outstanding Bonds becoming due and payable on or prior to the next succeeding January 1, and (c) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption pursuant to Section 5.06 of the Resolution on or prior to the next succeeding January 1, plus accrued interest thereon to the date of purchase or redemption; and (ii) in the case of Revenues received thereafter and until the end of such Bond Year, the amount, if any, necessary to make the amount in the Debt Service Fund equal to (a) the interest on and the principal and Sinking Fund Installments of Outstanding Bonds becoming due and payable on or prior to the next succeeding July 1, including the interest estimated by the Authority to be payable on Variable Interest Rate Bonds on and prior to such July 1 and (b) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption pursuant to Section 5.06 of the Resolution on or prior to the next succeeding July 1, plus accrued interest thereon to the date of purchase or redemption; and

Second: 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 by the Resolution, (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of the Projects, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the 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 Second.

The Trustee shall notify the Authority and the University promptly after making the payments required by Section 5.05 the Resolution, of any balance of Revenues then remaining. After making the payments required by Section 5.05 the Resolution, the balance, if any, of the Revenues then remaining shall, upon the direction of an Authorized Officer of the Authority, be paid by the Trustee to the Construction Fund or the Debt Service Fund, or

paid to the University, in the respective amounts set forth in such direction. Any amounts paid to the University shall be free and clear of any pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

*(Section 5.05)*

### **Debt Service Fund**

The Trustee shall on or before the Business Day preceding each interest payment date pay to itself and any other Paying Agent out of the Debt Service Fund:

- (a) the interest due and payable on all Outstanding Bonds on such interest payment date;
- (b) the principal amount due and payable on all Outstanding Bonds on such interest payment date; and
- (c) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on all Outstanding Bonds on such interest payment date.

The amounts paid out pursuant to Section 5.06 of the Resolution shall be irrevocably pledged to and applied to such payments.

Notwithstanding certain provisions of Section 5.06 of the Resolution, the Authority may, at any time subsequent to July 1 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 Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment. Any Term Bond so purchased shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Authority. The principal amount of each Term Bond so canceled shall 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.

Notwithstanding certain provisions of Section 5.06 of the Resolution, the University pursuant to the Loan Agreement may deliver, at any time subsequent to July 1 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, to the Trustee for cancellation one or more Term Bonds of the Series and maturity to be so redeemed on such date from such Sinking Fund Installment. Any Term Bond so delivered to the Trustee shall be canceled upon receipt thereof by the Trustee and evidence of such cancellation shall be given to the Authority. The principal amount of each Term Bond so canceled shall be credited against the Sinking Fund Installment due on such date; provided, however, that such Term Bond is canceled by the Trustee prior to the date on which notice of redemption is given.

Moneys in the Debt Service Fund in excess of the amount required to pay the principal of Outstanding Bonds payable on or prior to the next succeeding July 1, the interest on Outstanding Bonds payable on the next succeeding interest payment date and the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, shall be retained therein or applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to: (i) the purchase of 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 and in such manner as an Authorized Officer of the Authority shall direct; (ii) to the redemption of Bonds as provided in the Resolution, at the Redemption Prices specified in the Series Resolution authorizing the issuance of such Bonds or the Bond Series Certificate relating to such Bonds; or (iii) to the defeasance of the Bonds in accordance with Section 12.01 of the Resolution.

*(Section 5.06)*

### **Arbitrage Rebate Fund**

The Trustee shall deposit to the Arbitrage Rebate Fund any moneys delivered to it by the University for deposit therein and, notwithstanding certain other provisions of the Resolution, shall transfer to the Arbitrage Rebate

Fund, in accordance with the directions of an Authorized Officer of the Authority, moneys on deposit in any other funds held by the Trustee under the Resolution at such times and in such amounts as set forth in such directions;

Moneys on deposit in the Arbitrage Rebate Fund shall be applied by the Trustee in accordance with the direction of an Authorized Officer 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 shall determine to be required by the Code to be paid (as rebate, yield, reduction payments, interest, penalties or otherwise) to the Department of the Treasury of the United States of America. Moneys which an Authorized Officer of the Authority determines to be in excess of the amount required to be so paid shall be deposited to the Debt Service Fund in accordance with the directions of such Authorized Officer.

If and to the extent required by the Code, the Authority shall periodically, at such times as may be required to comply with the Code, determine the amount of earnings on the investment of proceeds of Bonds and direct the Trustee to (i) transfer from any other of the funds and accounts held by the Trustee under the Resolution and deposit to the Arbitrage Rebate Fund all or a portion of the amount that the Authority has determined may be required by the Code to be paid (as rebate, yield reduction payments, interest, penalties or otherwise) to the Department of the Treasury of the United States of America, and (ii) pay out of the 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 paid thereto (as rebate, yield reduction payments, interest, penalties or otherwise).

Excess moneys in the Arbitrage Rebate Fund pursuant to Section 5.08 of the Resolution shall be deposited to the Revenue Fund in accordance with the directions of such Authorized Officer.

*(Section 5.07)*

#### **Application of Moneys in Certain Funds for Retirement of Bonds**

Notwithstanding any other provisions thereof, if at any time the amounts held in the Debt Service Fund are sufficient to pay the principal or Redemption Price of all Outstanding Bonds and the interest accrued and unpaid and to accrue on such Bonds to the next date on which all such Bonds are redeemable, or to make provision pursuant to subdivision 2 of Section 12.01 of the Resolution for the payment of the Outstanding Bonds at the maturity or redemption dates thereof, the Trustee shall so notify the Authority and the University. Upon receipt of such notice, the Authority may (i) direct the Trustee to redeem all such Outstanding Bonds, whereupon the Trustee shall proceed to redeem or provide for the redemption of such Outstanding Bonds in the manner provided for redemption of such Bonds under the Resolution and by each Series Resolution, or (ii) give the Trustee irrevocable instructions in accordance with subdivision 2 of Section 12.01 of the Resolution and make provision for the payment of the Outstanding Bonds at the maturity or redemption dates thereof in accordance therewith.

*(Section 5.08)*

#### **Investment of Funds and Accounts Held by the Trustee**

Moneys held under the Resolution by the Trustee, if permitted by law, shall, as nearly as may be practicable, be invested by the Trustee, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority (which direction shall specify the amount thereof to be so invested), in Government Obligations or Exempt Obligations; provided that each such investment shall permit the moneys so deposited or invested to be available for use at the times at which the Authority reasonably believes such moneys will be required for the purposes thereof.

In lieu of the investments of moneys in obligations authorized in Section 6.02 of the Resolution, the Trustee shall, to the extent permitted by law, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority, invest moneys in the Construction Fund in (i) interest-bearing time deposits, certificates of deposit or other similar investment arrangements including, but not limited to, written repurchase agreements relating to Government Obligations, with banks, trust companies, savings banks, savings and loan associations, or securities dealers approved by the Authority the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation; (ii) Exempt Obligations or (iii) Investment Agreements; provided that (w) each such investment shall permit the moneys so deposited or invested to be

available for use at the times at, and in the amounts in, which the Authority reasonably believes such moneys will be required for the purposes thereof, (x) all moneys in each such interest-bearing time deposit, certificate of deposit or other similar investment arrangement shall be continuously and fully secured by ownership of or a security interest in Government Obligations of a market value determined by the Trustee or its agent on a daily valuation equal to the amount deposited or invested including interest accrued thereon, (y) the obligations securing such interest-bearing time deposit or certificate of deposit or which are the subject of such other similar investment arrangement shall 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 Government Obligations securing such time deposit or certificate of deposit or which are the subject of such other similar investment arrangement shall be free and clear of claims of any other person.

Obligations purchased or other investments made as an investment of moneys in any fund or account held by the Trustee under the provisions thereof shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

In computing the amount in any fund or account held by the Trustee under the provisions of the Resolution, obligations purchased as an investment of moneys therein or held therein shall be valued at par or the market value thereof, plus accrued interest, whichever is lower.

Notwithstanding anything to the contrary in the Resolution, the Authority, in its discretion, may direct the Trustee to, and the Trustee upon receipt of such direction shall, sell, present for redemption or exchange any investment held by the Trustee pursuant to the Resolution and the proceeds thereof may be reinvested as provided in Section 6.02 of the Resolution. Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any investment held by it pursuant to the Resolution whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account in which such investment is held. The Trustee shall advise the Authority and the University 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 and account in its custody under the provisions thereof as of the end of the preceding month and as to whether such investments comply with the provisions of Section 6.02 of the Resolution. The details of such investments shall 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 shall also describe all withdrawals, substitutions and other transactions occurring in each such fund and account in the previous month.

*(Section 6.02)*

### **Security for Deposits**

All moneys held under the Resolution by the Trustee shall be continuously and fully secured, for the benefit of the Authority and the Holders of the Bonds, by direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; provided, however, (a) that if the securing of such moneys is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys with them pursuant to Section 5.06 or Section 12.01 of the Resolution and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any moneys which shall be represented by obligations purchased or other investments made under the provisions of the Resolution as an investment of such moneys.

*(Section 6.01)*

### **Place and Medium of Payment**

Except as otherwise provided in a Series Resolution, interest on Bonds shall be paid by check or draft mailed to the registered owner thereof at the address of such registered owner as it appears on the Bond registry books of the Authority, provided, however, interest on registered Bonds may be authorized to be paid, at the option



of the registered owner of at least one million dollars (\$1,000,000) in principal amount of such Bonds, by wire transfer to such the registered owner thereof at the wire transfer address (which shall be in the continental United States) to which such registered owner has, not less than five (5) days prior to the fifteenth (15<sup>th</sup>) day (whether or not a Business Day and unless otherwise specified in a Series Resolution or Bond Series Certificate) of the calendar month next preceding an interest payment date, directed the Trustee to wire such interest payment.

All Bonds of each Series shall mature on July 1 of each year in which a maturity is fixed by a Series Resolution or a Bond Series Certificate. Interest on all Bonds of each Series, except the first installment of interest due on such Bonds of a Series and interest on Variable Interest Rate Bonds the rate at which such Bonds bear interest is adjusted more frequently than semi-annually, shall be payable semi-annually on January 1 and July 1 of each year in which an installment of interest becomes due as fixed in a Series Resolution or a Bond Series Certificate.

*(Section 3.01)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, Section 3.01 of the Resolution will be amended and restated in relevant part as summarized below:***

Except as otherwise provided in a Series Resolution, interest on Bonds shall be paid by wire transfer to the registered owner thereof at the wire transfer address (which shall be in the continental United States) to which such registered owner has, not less than five (5) days prior to the fifteenth (15<sup>th</sup>) day (whether or not a Business Day and unless otherwise specified in a Series Resolution or Bond Series Certificate) of the calendar month next preceding an interest payment date, directed the Trustee to wire such interest payment.

All Bonds of each Series shall mature on such date as is specified in a Series Resolution or a Bond Series Certificate. Interest on all Bonds of each Series, except the first installment of interest due on such Bonds of a Series and interest on Variable Interest Rate Bonds the rate at which such Bonds bear interest is adjusted more frequently than semi-annually, shall be payable semi-annually on such dates as are specified in a Series Resolution or a Bond Series Certificate.

*(Section 3.01, as proposed to be amended)*

### **Redemption of Bonds and Notice of Redemption**

In the case of any redemption of Bonds at the election or direction of the Authority or the University, the University shall give written notice to the Trustee of its election or direction so to redeem or, if the University shall fail to give such notice, the Authority shall give such notice, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed. The Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority or the University, subject to any limitations with respect thereto contained herein. Such notice shall be given to the Trustee (i) with respect to Bonds, other than Variable Interest Rate Bonds, at least forty-five (45) days prior to the date on which such Bonds are to be redeemed and (ii) with respect to Variable Interest Rate Bonds, at least fifteen (15) Business Days prior to the date on which such Variable Interest Rate Bonds are to be redeemed, or (iii) such lesser number of days prior to such redemption date as shall be acceptable to the Trustee. The notice of redemption required by Section 4.05 hereof to be given shall not be given with respect to Bonds to be redeemed pursuant to this Section unless prior to the date such notice is to be given the Authority shall have paid or caused to be paid to the Trustee an amount of moneys which, in addition to other moneys available therefor held by the Trustee, is sufficient to redeem, on the redemption dates at the Redemption Price thereof, together with interest accrued to the redemption date, all of the Bonds to be so redeemed.

Whenever Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Bonds in the name of the Authority which notice shall specify: (i) the Bonds to be redeemed and the date such Bonds were issued, their maturity date and interest rate (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the Redemption Price; (v) of each such Bond, the principal amount thereof to be redeemed; (vi) the date of publication, if any of the notice of redemption; (vii) that such Bonds will be redeemed at the principal corporate trust office of the Trustee giving the address thereof and the name and telephone number of a representative of the Trustee to whom inquiries may be directed; ~~and~~ (viii) that no

representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on a Bond or as contained in such notice shall not affect the validity of the proceedings for redemption. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued and unpaid to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue. Such notice shall be given by mailing a copy of such notice, first-class mail, postage prepaid, not less than thirty (30) days prior to the redemption date for Bonds, other than Variable Interest Rate Bonds, and not less than fifteen (15) days prior to the redemption date for Variable Interest Rate Bonds, to the owners of any registered Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books. If directed in writing by an Authorized Officer of the Authority, the Trustee shall also give notice by publication once in an Authorized Newspaper, such publication to be not less than thirty (30) days prior to the redemption date for Bonds, other than Variable Interest Rate Bonds, and not less than fifteen (15) days prior to the redemption date for Variable Interest Rate Bonds, but such publication shall not be a condition precedent to such redemption, and failure to so publish any such notice shall not affect the validity of the proceedings for the redemption of the Bonds.

*(Section 4.02 and Section 4.05)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, Section 4.02 and Section 4.05 of the Resolution will be amended and restated in their entirety as summarized below:***

In the case of any redemption of Bonds at the election or direction of the Authority or the University, the University shall give written notice to the Trustee of its election or direction so to redeem or, if the University shall fail to give such notice, the Authority shall give such notice, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed. The Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority in accordance with instructions from the University, subject to any limitations with respect thereto contained herein. Such notice shall be given to the Trustee (i) with respect to Bonds, other than Variable Interest Rate Bonds, at least forty-five (45) days prior to the date on which such Bonds are to be redeemed and (ii) with respect to Variable Interest Rate Bonds, at least fifteen (15) Business Days prior to the date on which such Variable Interest Rate Bonds are to be redeemed, or (iii) such lesser number of days prior to such redemption date as shall be acceptable to the Trustee. Except if otherwise provided in a Series Resolution or a Bond Series Certificate, the notice of redemption required by Section 4.05 hereof to be given shall not be given with respect to Bonds to be redeemed pursuant to this Section unless prior to the date such notice is to be given the Authority shall have paid or caused to be paid to the Trustee an amount of moneys which, in addition to other moneys available therefor held by the Trustee, is sufficient to redeem, on the redemption dates at the Redemption Price thereof, together with interest accrued to the redemption date, all of the Bonds to be so redeemed.

Whenever Bonds are to be redeemed, the Trustee shall give notice of the redemption of the Bonds in the name of the Authority which notice shall specify: (i) the Bonds to be redeemed and the date such Bonds were issued, their maturity date and interest rate (ii) the numbers and other distinguishing marks of the Bonds to be redeemed, including CUSIP numbers; (iii) the redemption date; (iv) the Redemption Price; (v) of each such Bond, the principal amount thereof to be redeemed; (vi) the date of publication, if any of the notice of redemption; (vii) that such Bonds will be redeemed at the principal corporate trust office of the Trustee giving the address thereof and the name and telephone number of a representative of the Trustee to whom inquiries may be directed; ~~and~~ (viii) that no representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained in such notice and that an error in a CUSIP number as printed on a Bond or as contained in such notice shall not affect the validity of the proceedings for redemption; and (ix) if a Series Resolution or a Bond Series Certificate provides that the Authority's obligation to redeem the Bonds of the applicable Series is subject to conditions, a statement that describes the condition to such redemption. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, together with interest accrued and unpaid to the redemption date, and that, from and after such date, payment having been made or provided for, interest thereon shall cease to accrue. Such notice shall be given by mailing a copy of such notice, first-class mail, postage prepaid, not less than thirty (30) days prior to the redemption date for Bonds, other than Variable Interest Rate Bonds, and not less than fifteen (15) days prior to the redemption date for Variable Interest Rate Bonds, to the

owners of any registered Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books.

*(Section 4.02 and Section 4.05, as proposed to be amended)*

### **Refunding Bonds and Additional Obligations**

All or any portion of one or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all Outstanding Bonds, one or more Series of Outstanding Bonds, a portion of a Series of Outstanding Bonds or a portion of a maturity of a Series of Outstanding Bonds. The Authority may issue Refunding Bonds 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 Section 2.04 the Resolution and of the Series Resolution authorizing such Series of Refunding Bonds or the Bond Series Certificate relating to such Series of Refunding Bonds.

The Refunding Bonds of such Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by the Resolution) of:

If the Bonds to be refunded are to be redeemed, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on a redemption date specified in such instructions;

Irrevocable instructions to the Trustee, satisfactory to it, to give the notice provided for in Section 12.01 of the Resolution to the Holders of the Bonds being refunded;

Either (i) moneys in an amount sufficient to effect payment at maturity or at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which money shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of said Section 12.01 of the Resolution, which Defeasance Securities and moneys shall be held in trust and used only as provided in said Section; and

A certificate of an Authorized Officer of the Authority containing such additional statements as may be reasonably necessary to show compliance with the requirements of Section 2.04 of the Resolution.

The proceeds, including accrued interest, of Refunding Bonds shall be applied simultaneously with the delivery of such Refunding Bonds in the manner provided in or as determined in accordance with the Series Resolution authorizing such Refunding Bonds or the Bond Series Certificate relating to such Series of Refunding Bonds

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 or equal to the charge or lien created by the Resolution, or prior or equal to the rights of the Authority and Holders of Bonds provided by the Resolution or with respect to the moneys pledged under the Resolution unless expressly permitted by Section 7.06 of the Resolution.

*(Sections 2.04 and 2.06)*

### **Accounts and Audits**

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the University, Trustee or of any Holder of a Bond or his representative duly authorized in writing. The Authority shall cause such books and accounts to be audited annually after the end of its fiscal year by a nationally recognized independent public accountant selected by the Authority. Annually within thirty (30) days after receipt by the Authority of the

report of such audit, a signed copy of such report shall be furnished to the Trustee. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions hereof and of each Series Resolution; a statement of the Revenues collected in connection herewith and with each Series Resolution; and a statement that, in making such audit, no knowledge of any default in the fulfillment of any of the terms, covenants or provisions hereof and of each Series Resolution were obtained, or if knowledge of any such default was obtained, a statement thereof.

A copy of the most recently audited financial statements of the Authority, together with a copy of the accountant's report thereon, shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book-Entry Bond requesting the same.

*(Section 7.05)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, Section 7.05 of the Resolution will be amended and restated in its entirety as summarized below:***

The Authority shall keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries shall be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, shall be subject to the inspection of the University, the Trustee or of any Holder of a Bond or his representative duly authorized in writing. The Trustee shall annually prepare a report which shall be furnished to the Authority, to each Facility Provider and to the University. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions hereof and of each Series Resolution; a statement of the Revenues collected in connection herewith and with each Series Resolution; and complete and correct entries of the Authority's transactions relating to each Series of Bonds.

A copy of such report, shall, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond or any beneficial owner of a Book-Entry Bond requesting the same.

*(Section 7.05, as proposed to be amended)*

### **Creation of Liens**

Except as permitted by the Resolution, the Authority shall not create or cause to be created any lien or charge prior or equal to the Bonds on the proceeds from the sale of any Bonds, the Revenues, the rights of the Authority to receive payments to be made under the Loan Agreement that are to be deposited with the Trustee or the funds and accounts established by the Resolution and by any Series Resolution which are pledged by the Resolution; provided, however, that the Authority may (i) issue bonds, notes or other obligations or otherwise incur indebtedness under another and separate resolution or agreement so long as the charge or lien created thereby is not prior or equal to the charge or lien created by the Resolution, (ii) incur Credit/Liquidity Facility Obligations which are secured by a lien upon and pledge of the Revenues which lien and pledge is of equal priority with the lien created and pledge made by the Resolution.

*(Section 7.06)*

### **Tax Exemption; Rebate**

In order to maintain the exclusion from gross income for Federal income tax purposes, the Authority shall comply with the provisions of the Code applicable to the Bonds of a Series, including without limitation the provisions of the Code relating to the computation of the yield on investments of the Gross Proceeds of a Series of Bonds, reporting of earnings on the Gross Proceeds of a Series of Bonds, and rebates of Excess Earnings to the Department of the Treasury of the United States of America (all as defined in the Code). In furtherance of the foregoing, the Authority shall comply with the provisions of the Tax Certificate.

The Authority shall not take any action or fail to take any action which would cause the Bonds of a Series to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

Notwithstanding any other provision thereof to the contrary, the Authority’s failure to comply with the provisions of the Code applicable to the Bonds of a Series shall not entitle the Holder of Bonds of any other Series, or the Trustee acting on their behalf, to exercise any right or remedy provided to Bondholders under the Resolution based upon the Authority’s failure to comply with the provisions of Section 7.14 of the Resolution or of the Code.

*(Section 7.14)*

### **Events of Default**

An event of default shall exist under the Resolution and under each Series Resolution (called “event of default”) if:

Payment of the principal, Sinking Fund Installment, if any, or Redemption Price of any Bond shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

Payment of an installment of interest on any Bond shall not be made when the same shall become due and payable; or

The Authority shall default in the due and punctual performance of the covenants contained in the Resolution and, as a result thereof, the interest on the Bonds of a Series shall no longer be excludable from gross income under Section 103 of the Code; or

The Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Resolution or in the Bonds or any Series Resolution on the part of the Authority to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall 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; unless, if such default is not capable of being cured within thirty (30) days, the Authority has commenced to cure such default within said thirty (30) days and diligently prosecutes the cure thereof; or

An “Event of Default”, as defined in the Loan Agreement, arising out of or resulting from the failure of the University to comply with the requirements of the Loan Agreement shall have occurred and is continuing and all sums payable by the University under the Loan Agreement shall have been declared to be immediately due and payable, which declaration shall not have been annulled.

*(Section 11.02)*

### **Acceleration of Maturity**

Upon the happening and continuance of any event of default specified in Section 11.02 of the Resolution, other than paragraph (c) thereof, then and in every such case the Trustee may, and upon the written request of the Holders of not less than twenty-five per cent (25%) in principal amount of the Outstanding Bonds shall, by a notice in writing to the Authority, declare the principal of and interest on all of the Outstanding Bonds to be due and payable. At the expiration of thirty (30) days from the giving of notice of such declaration, such principal and interest shall become and be immediately due and payable, anything in the Resolution or in the Bonds or any Series Resolution to the contrary notwithstanding. At any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee shall with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds not then due by their terms and then Outstanding and by written notice to the Authority, annul such declaration and its consequences if: (i) moneys shall have accumulated in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since

the last interest payment date); (ii) moneys shall have accumulated and be 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 each Series Resolution shall have been paid or a sum sufficient to pay the same shall have 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 in the Resolution (other than a default in the payment of the principal of such Bonds then due only because of a declaration under Section 11.02 of the Resolution) or in the Bonds or any Series Resolution shall have 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 Section 11.02 of the Resolution, then and in every such case, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, or, in the case of the happening and continuance of an event of default specified in paragraph (c) of Section 11.02 of the Resolution, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall, proceed (subject to the provisions in the Resolution), to protect and enforce its rights and the rights of the Holders of the Bonds under the laws of the State or under the Resolution or under any Series Resolution by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution and under any Series Resolution or in aid or execution of any power granted in the Resolution, 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 each Series Resolution the Trustee shall be 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 thereof or of any Series Resolution or of the 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 under the Resolution and under any 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 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 money adjudged or decreed to be payable.

*(Section 11.04)*

### **Consent of Facility Provider**

Whenever by the terms of the Resolution, the consent of any of the Holders of the Bonds to a modification or amendment of the Resolution made by a Series Resolution or Supplemental Resolution is required, such modification or amendment shall not become effective until the written consent of each Facility Provider has been obtained; provided, however, that the consent of a Facility Provider which has provided a Credit Facility or a Liquidity Facility shall not be required unless the modification or amendment requires the consent of the Holders of any percentage in principal amount of Outstanding Bonds or of the Holders of any percentage in principal amount of the Bonds of the Series in connection with which such Credit Facility or Liquidity Facility was provided. No modification or amendment of the Resolution which adversely affects a Facility Provider shall be made without the written consent thereto of the Facility Provider affected thereby. Notice of the adoption of any such Series Resolution or Supplemental Resolution and of the effectiveness of the modification or amendment made thereby shall be given to each Facility Provider by mail at the times and in the manner provided in the Resolution with respect to notices thereof required to be given to the Holders of the Bonds. Notice thereof shall also be given to each Rating Agency as soon as practical after adoption of such supplemental Resolution and of the effectiveness thereof.

*(Section 10.04)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, the first sentence of Section 10.04 of the Resolution will be amended and restated as summarized below:***

Whenever by the terms of the Resolution, the consent of any of the Holders of the Bonds to a modification or amendment of the Resolution made by a Series Resolution or Supplemental Resolution is required, such modification or amendment shall not become effective until the written consent of each Facility Provider has been obtained; provided, however, that the consent of a Facility Provider which has provided a Credit Facility or a Liquidity Facility shall not be required unless the modification or amendment requires the consent of the Holders of any percentage in principal amount of Outstanding Bonds or of the Holders of any percentage in principal amount of the Bonds of the Series in connection with which such Credit Facility or Liquidity Facility was provided; provided further that, if and to the extent provided in a Series Resolution or Bond Series Certificate, (i) a Facility Provider which has provided a Credit Facility for all or a portion of such Series of Bonds and (ii) a Facility Provider which has provided a Liquidity Facility for all or a portion of a Series of Bonds that is subject to tender at the option of the holders thereof at least as frequently as weekly and such holders are given at least 30 days' notice of any proposed modification or amendment hereto, in each case shall be deemed to be the Owner of all the Bonds of such Series supported by such Credit Facility or Liquidity Facility for all purposes of the provisions of the Resolution relating to amendment of the Loan Agreement; Series Resolutions and Supplemental Resolutions; amendment of the Resolution; and defaults and remedies, to the exclusion of the persons in whose names such Bonds are registered on the registration books maintained by the Trustee.

*(First sentence of Section 10.04, as proposed to be amended)*

#### **Bondholders' Direction of Proceedings**

Anything in the Resolution to the contrary notwithstanding, the Holders of a majority in principal amount of the Outstanding Bonds or, in the case of an event of default specified in paragraph (i) of Section 11.02 of the Resolution, the Holders of a majority in principal amount of the Outstanding Bonds of the Series affected thereby, shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Resolution and under each Series Resolution, provided such direction shall not be otherwise than in accordance with law or the provisions of the Resolution and of each Series Resolution and the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

*(Section 11.07)*

#### **Limitation of Rights of Individual Bondholders**

No Holder of any of the Bonds shall 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 for any other remedy under the Resolution unless such Holder previously shall have 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 the Holders of not less than twenty-five per cent (25%) in principal amount of the Outstanding Bonds, or in the case of an event of default under paragraph (c) of Section 11.02 of the Resolution, the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts or for any other remedy under the Resolution. It is understood and intended that no one or more Holders of the Bonds secured by the Resolution shall 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, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders of the Outstanding Bonds. Notwithstanding any other provision of the Resolution, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, 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 shall not be impaired without the consent of such Holder.

*(Section 11.08)*

### **Modification and Amendment Without Consent**

Notwithstanding any other provisions of the Resolution, the Authority may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority:

To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

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;

To confirm, as further assurance, any pledge under the Resolution, and the subjection to any lien, claim or pledge created or to be created by provisions thereof, of the Revenues or of any other moneys, securities or funds;

To modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution or Series Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent Resolutions; or

With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision of 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 Series Resolution or Supplemental Resolution in any other respect, provided that such modifications shall not adversely affect the interests of the Holders in any material respect.

*(Section 9.01)*

### **Supplemental Resolutions Effective With Consent of Bondholders**

The provisions of the Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of Bondholders 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 an Authorized Officer of the Authority.

*(Section 9.02)*

### **Powers of Amendment**

Any modification or amendment 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 a Supplemental Resolution, with



the written consent given as 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 less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (iii) 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 particular 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 specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Resolution. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond 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 shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. A Series shall 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 Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether Bonds of any particular Series or maturity would be so affected by any such modification or amendment of the Resolution.

*(Section 10.01)*

#### **Consent of Bondholders**

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the Resolution to take effect when and as provided in the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Holders of Bonds for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to the Holders of Bonds (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of the Holders of the percentages of Outstanding Bonds specified in the Resolution and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution. Each such consent shall be effective only if accompanied by proof of the holding at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds 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 Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee is filed, such revocation in the manner permitted by the Resolution. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the University a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the Resolution, shall be given to the Bondholders by the

Authority by mailing such notice to the Bondholders (but failure to mail such notice to any particular Bondholder shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section provided) and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section provided). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted by the Resolution to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent and the Holders of all Bonds at the expiration of thirty (30) days after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the Authority, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

The purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase and the remarketing agent for Option Bonds of a Series, upon a mandatory tender date for such Option Bonds, may consent to an amendment, change, modification or waiver of the Resolution with the same effect as a consent given by the Holders of such Bonds.

*(Section 10.02)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, the first paragraph of Section 10.02 of the Resolution will be amended and restated in its entirety as summarized below:***

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the Resolution to take effect when and as provided in the Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Holders of Bonds for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to the Holders of Bonds (but failure to mail such copy and request to any particular Bondholder shall not affect the validity of the Supplemental Resolution when consented to as provided in the Resolution). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of the Holders of the percentages of Outstanding Bonds specified in the Resolution and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as provided in the Resolution. Each such consent shall be effective only if accompanied by proof of the holding at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Resolution shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in the Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds 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 Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee is filed, such revocation in the manner permitted by the Resolution. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the University a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the

Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in the Resolution, shall be given to the Bondholders by the Authority by mailing such notice to the Bondholders (but failure to mail such notice to any particular Bondholder shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section provided). The Authority shall file with the Trustee proof of the mailing of such notice, and, if the same shall have been published, of the publication thereof. A transcript, consisting of the papers required or permitted by the Resolution to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee, each Paying Agent and the Holders of all Bonds upon the mailing of such last mentioned notice.

*(First paragraph of Section 10.02, as proposed to be amended)*

### **Amendment of Loan Agreement**

The Loan Agreement may not be amended, changed, modified, altered or terminated so as to adversely affect the interest of the Holders of Outstanding Bonds without the prior written consent of (a) the Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding, or (b) 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 specified Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under Section 7.11 of the Resolution; 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 under the Loan Agreement or extend the time of payment thereof. The Loan Agreement may be amended, changed, modified or altered with the consent of the Trustee but without the consent of the Holders of Outstanding Bonds to provide necessary changes in connection with the issuance of Bonds, in connection with the acquisition, construction, reconstruction, rehabilitation and improvement of, or otherwise providing, furnishing and equipping any facility constituting a part of a Project or which may be added to a Project, to cure any ambiguity, to correct or supplement any provisions contained in the Loan Agreement which may be defective or inconsistent with any other provisions contained in the Loan Agreement or to provide other changes which will not adversely affect the interests of such Holders. Prior to execution by the Authority of any amendment, a copy thereof certified by an Authorized Officer of the Authority shall be filed with the Trustee.

For the purposes of Section 7.11 the Resolution, a Series shall be deemed to be adversely affected by an amendment, change, modification or alteration of the Loan Agreement if the same adversely affects or diminishes the rights of the Holders of the bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions, Bonds of any particular Series would be adversely affected by any amendment, change, modification or alteration, and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds.

For all purposes of Section 7.11 the Resolution, the Trustee shall be entitled to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee with respect to whether any amendment, change, modification or alteration adversely affects the interests to any Holders of Bonds then outstanding in any material respect.

For the purposes of Section 7.11 of the Resolution, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Authority, may consent to an amendment, change, modification, alteration or termination permitted by Section 7.11 of the Resolution in the manner provided therein, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the amendment, change, modification, alteration or termination and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series. In addition, the Holder of an Outstanding Auction Rate Bond shall be deemed to have

consented to an amendment, change, modification, alteration or termination permitted by Section 7.11 of the Resolution if (i) the Trustee has mailed notice of such proposed amendment to the Holder of such Bonds in the same manner required by Article X of the Resolution for an amendment to the Resolution, (ii) on the Auction Date for such Bond occurring at least twenty (20) days after the date on which the aforementioned notice is given by the Trustee the interest rate determined on such date is the Winning Bid Rate and (iii) there is delivered to the Authority and the Trustee an opinion of Bond Counsel to the effect that such amendment shall not adversely affect the validity of such Auction Rate Bond or any exemption from federal income tax to which the interest on such Auction Rate Bond would otherwise be entitled. As used in this paragraph the following terms shall have the respective meanings: “*Auction Rate Bond*” means a Variable Interest Rate Bond that is not an Option Bond, and that bears interest at rates determined by periodic auctions in accordance with procedures therefore established by the Series Resolution authorizing such Bond or the Bond Series Certificate related thereto; “*Auction Date*” means, with respect to particular any Auction Rate Bond, the date on which an auction is held or required to be held for such Bond in accordance with the procedures established therefore; and “*Winning Bid Rate*” when used with respect to an auction held for any particular Auction Rate Bond, shall have the meaning given to such term in the Series Resolution authorizing such Auction Rate Bond or the Bond Series Certificate related thereto, or, if not otherwise defined, means the lowest rate specified in any purchase bid submitted in such auction, which, if selected, would cause the aggregate principal amount of Auction Bonds offered to be sold in such auction to be subject to purchase bids at rates no greater than the rate specified in such purchase bid.

*(Section 7.11)*

### **Defeasance**

1. If the Authority shall pay or cause to be paid to the Holders of the Bonds of a Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Resolution and in the applicable Series Resolution and Bond 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 shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver such documents to evidence such discharge and satisfaction as may be reasonably required by the Authority, and all moneys or other Securities held by it pursuant to the Resolution and to the applicable Series Resolution which are not required for the payment or redemption of Bonds of such Series not theretofore surrendered for such payment or redemption shall be paid or delivered by the Trustee as follows: first, to the 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 Loan Agreement in payment of any fees and expenses or pursuant to any indemnity; and, then, the balance thereof to the University. The moneys and securities so paid or delivered shall be released from any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

2. Bonds for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (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 of Section 12.01 of the Resolution. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series shall 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 of Section 12.01 of the Resolution if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Resolution notice of redemption on such date of such Bonds, (b) there shall have been deposited with the Trustee either moneys in an amount which shall 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, shall 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 such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (c) the Trustee shall have received the written consent to such defeasance of each Facility Provider which has given written notice to the Trustee and the Authority that amounts advanced under a Credit Facility or Liquidity Facility issued by it or the interest thereon have not been repaid to such Facility Provider, and (d) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall 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 such Bonds at their last known addresses appearing on the bond registration books, and, if directed by an Authorized Officer of the Authority, by publication, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized Newspaper, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with Section 12.01 of the Resolution 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. The Authority shall give written notice to the Trustee of its selection of the maturity payment of which shall be made in accordance with Section 12.01 of the Resolution. The Trustee shall select the Bonds of like Series and maturity payment of which shall be made in accordance with Section 12.01 of the Resolution in the manner provided in the Resolution. Neither the Defeasance Securities nor moneys deposited with the Trustee pursuant to Section 12.01 of the Resolution nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall 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, shall, to the extent practicable and subject to any applicable tax covenant, 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; and provided further, however, that moneys and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which without regard to reinvestment, together with the moneys, if any, held by or deposited with the Trustee at the same time, shall 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 such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (ii) receipt by the Trustee of a letter or other written report of a firm of independent certified public accountants verifying the accuracy of the arithmetical computations which establish the adequacy of such moneys and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such moneys so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required thereinabove 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 Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to the Authority the amount certified by an Authorized Officer of the Authority to be then due or past due pursuant to the Loan Agreement for fees and expenses of the Authority or pursuant to any indemnity; and, then, the balance thereof to the University, 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 the Loan Agreement.

3. For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or the redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the second sentence of subdivision 2 of Section 12.01 of the Resolution, 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, shall 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 moneys 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 subdivision 2 of Section 12.01 of the Resolution, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Arbitrage Rebate Fund in accordance with the directions of an Authorized Officer of the Authority and the balance thereof, if any, to the Authority free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

4. Option Bonds shall be deemed to have been paid in accordance with the second sentence of subdivision 2 of Section 12.01 of the Resolution only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there shall have been deposited with the Trustee moneys 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 subdivision 2 of Section 12.01 of the Resolution, 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 subdivision 4 of Section 12.01 of the Resolution. If any portion of the moneys 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 shall, if requested by the Authority, pay the amount of such excess to the Arbitrage Rebate Fund in accordance with the directions of an Authorized Officer of the Authority and the balance thereof, if any, to the Authority free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

5. Anything in the Resolution to the contrary notwithstanding, any moneys held by the Trustee or any Paying Agent in trust for the payment and discharge of any Bonds or the interest thereon 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 or for one (1) year after the date of deposit of such moneys if deposited with the Trustee or the Paying Agent after such date when all of the Bonds of such Series become due and payable, 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 such Bonds, 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 shall be not less than thirty (30) nor more than sixty (60) days after the date of publication of such notice, the balance of such moneys then unclaimed shall be returned to the Authority.

*(Section 12.01)*

***Upon receipt of the consent of the holders of a majority in aggregate principal amount of Outstanding Bonds, Sections 12.01(3) and (4) of the Resolution will be amended and restated in their entirety as summarized below:***

3. For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or the redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the second sentence of subdivision 2 of Section 12.01 of the Resolution, 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, shall 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 moneys 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 subdivision 2 of Section 12.01 of the Resolution, the Trustee shall, if requested by the Authority, first, pay the amount of such excess to the Arbitrage Rebate Fund in accordance with the directions of an Authorized Officer of the Authority; second, to the Authority the amount certified by the Authority to be then due or past due pursuant to the Loan Agreement in payment of any fees and expenses or pursuant to any indemnity; and then the balance thereof, if any, to the University free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

4. Option Bonds shall be deemed to have been paid in accordance with the second sentence of subdivision 2 of Section 12.01 of the Resolution only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there shall have been deposited with the Trustee moneys 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 subdivision 2 of Section 12.01 of the Resolution, 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 subdivision 4 of Section 12.01 of the Resolution. If any portion of the moneys 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 shall, if requested by the Authority, first, pay the amount of such excess to the Arbitrage Rebate Fund in accordance with the directions of an Authorized Officer of the Authority; second, to the Authority the amount certified by the Authority to be then due or

past due pursuant to the Loan Agreement in payment of any fees and expenses or pursuant to any indemnity; and then balance thereof, if any, to the University free and clear of any trust, pledge, lien, encumbrance or security interest created by the Resolution or by the Loan Agreement.

*(Sections 12.01(3) and (4), as proposed to be amended)*

[THIS PAGE INTENTIONALLY LEFT BLANK]



**FORM OF APPROVING OPINION OF BOND COUNSEL**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**FORM OF APPROVING OPINION OF BOND COUNSEL**

\_\_\_\_\_, 2019

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

Re: \$114,575,000 Cornell University Revenue Bonds, Series 2019A

Ladies and Gentlemen:

We have acted as bond counsel to the Dormitory Authority of the State of New York (the “Authority”) in connection with the issuance of \$114,575,000 aggregate principal amount of its Cornell University Revenue Bonds, Series 2019A (the “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), and the Authority’s Cornell University Revenue Bond Resolution, adopted January 26, 2000, as supplemented and amended (the “Resolution”), including as supplemented and amended by the Series 2019A Resolution Authorizing Cornell University Revenue Bonds, Series 2019A In An Amount Not Exceeding \$610,000,000, adopted March 6, 2019 (the “Series 2019A Resolution”). The Resolution and the Series 2019A Resolution are herein collectively referred to as the “Resolutions.” The Authority has entered into a Loan Agreement with Cornell University (the “Institution”), dated as of January 26, 2000, as supplemented and amended to date (the “Loan Agreement”), providing, among other things, for a loan to the Institution for the purposes permitted thereby and by the Resolutions. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

In such connection, we have reviewed the Resolutions, the Loan Agreement, the Tax Certificate and Agreement dated as of the date hereof (the “Tax Certificate”) 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 the opinion of Ropes & Gray LLP, regarding, among other matters, the current qualification of the Institution as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and the use of the facilities financed or refinanced with the proceeds of the Bonds in activities that are not considered unrelated trade or business activities of the Institution within the meaning of Section 513 of the Code. We note that such opinion is subject to a number of qualifications and limitations. Failure of the Institution to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of its 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 within the meaning of Section 513 of the Code, may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the 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 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 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 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 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 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 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. 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 \_\_\_\_\_, 2019 (the "Official Statement"), or other offering material relating to the 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 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 Bonds, of the Revenues and any other amounts (including the proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Arbitrage Rebate Fund and the Bond Purchase 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.
5. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of New York or of any

political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of New York, and said State is not liable for the payment thereof.

6. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum taxes. Interest on the 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 Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

[THIS PAGE INTENTIONALLY LEFT BLANK]



## **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE**

### **DORMITORY AUTHORITY OF THE STATE OF NEW YORK CORNELL UNIVERSITY REVENUE BONDS, SERIES 2019A**

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “Disclosure Agreement”), dated as of April 25, 2019, is executed and delivered by Cornell University (the “Obligated Person”), The Bank of New York Mellon Trust Company, N.A., 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) and 2(f) 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) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 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, Audited 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, Audited 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 Annual Reports, the Audited 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.

“Resolution” means DASNY’s bond resolution(s) pursuant to which the Bonds were issued.

“Trustee” means The Bank of New York Mellon Trust Company, N.A. and its successors and assigns.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(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 (e)(vii)(1) through (e)(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.

(a) The Obligated Person shall provide, 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 June 30, 2019, 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.

(b) 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.

(c) 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.

(d) 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.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual 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(d) 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, 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 or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  7. Modifications to rights of securities holders, if material;
  8. Bond calls, if material, and tender offers;
  9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
  11. Ratings changes;
  12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
  13. 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;
  14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
  15. The 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, any of which affect security holders, if material; and
  16. Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Obligated Person, if any such event reflects financial difficulties.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) 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 financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) 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;”
  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.

(f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual 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 Annual Reports.

Each Annual Report shall contain:

(a) 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 "PART 6 -THE UNIVERSITY" relating to: (1) *student admissions*, similar to that set forth under the table heading, "Freshman Admission Statistics;" (2) *student enrollment*, similar to that set forth under the table heading "Enrollment Summary;" (3) *tuition and other student charges*, similar to that set forth under the table heading, "Tuition Rates;" (4) *financial aid*, similar to that set forth under the table heading, "Sources of Undergraduate Aid;" (5) *University finances*, unless such information is included in the Audited Financial Statements; (6) *gifts and investments*, unless such information is included in the Audited Financial Statements; and (7) *outstanding indebtedness*, unless such information is included in the Audited Financial Statements, 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

(b) 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(d).

Any or all of the items listed above 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.

Any Annual Financial Information containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

### SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

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 and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

**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.

13. 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;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. 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
16. 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 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 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: \_\_\_\_\_

**CORNELL UNIVERSITY,**  
Obligated Person

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

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.,**  
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): Cornell University  
Name of Bond Issue: Cornell University Revenue Bonds, Series 2019A  
Date of Issuance: April 25, 2019  
Date of Official Statement: April 10, 2019

Maturity

CUSIP No.

**EXHIBIT B**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Dormitory Authority of the State of New York  
Obligated Person(s): Cornell University  
Name of Bond Issue: Cornell University Revenue Bonds, Series 2019A  
Date of Issuance: April 25, 2019

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Agreement to Provide Continuing Disclosure, dated as of April 25, 2019, by and among the Obligated Person, The Bank of New York Mellon Trust Company, N.A., 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 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 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.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date:

**EXHIBIT C-2  
VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event notice" will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of April 25, 2019 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 event 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.  
390 N. Orange Avenue  
Suite 1750  
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 Continuing Disclosure Agreement dated as of April 25, 2019 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 event 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.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date:

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

[THIS PAGE INTENTIONALLY LEFT BLANK]



**AGREEMENT TO PROVIDE CONTINUING DISCLOSURE**

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK  
CORNELL UNIVERSITY REVENUE BONDS, SERIES 2019B**

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “Disclosure Agreement”), dated as of April 25, 2019, is executed and delivered by Cornell University (the “Obligated Person”), The Bank of New York Mellon Trust Company, N.A., 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) and 2(f) 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) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 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, Audited 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, Audited 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 Annual Reports, the Audited 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.

“Resolution” means DASNY’s bond resolution(s) pursuant to which the Bonds were issued.

“Trustee” means The Bank of New York Mellon Trust Company, N.A. and its successors and assigns.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(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 (e)(vii)(1) through (e)(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.

(a) The Obligated Person shall provide, 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 June 30, 2019, 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.

(b) 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.

(c) 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.

(d) 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.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual 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(d) 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, 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 or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  7. Modifications to rights of securities holders, if material;
  8. Bond calls, if material, and tender offers;
  9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
  11. Ratings changes;
  12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
  13. 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;
  14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
  15. The incurrence of 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, any of which affect security holders, if material; and
  16. Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Obligated Person, if any such event reflects financial difficulties.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) 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 financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) 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;”
  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.

(f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual 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 Annual Reports.

Each Annual Report shall contain:

(a) 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 “PART 6 -THE UNIVERSITY” relating to: (1) *student admissions*, similar to that set forth under the table heading, “Freshman Admission Statistics,” (2) *student enrollment*, similar to that set forth under the table heading “Enrollment Summary,” (3) *tuition and other student charges*, similar to that set forth under the table heading, “Tuition Rates,” (4) *financial aid*, similar to that set forth under the table heading, “Sources of Undergraduate Aid,” (5) *University finances*, unless such information is included in the Audited Financial Statements; (6) *gifts and investments*, unless such information is included in the Audited Financial Statements; and (7) *outstanding indebtedness*, unless such information is included in the Audited Financial Statements, 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

(b) 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(d).

Any or all of the items listed above 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.

Any Annual Financial Information containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

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 and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

**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.

13. 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;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. 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
16. 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 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 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: \_\_\_\_\_

**CORNELL UNIVERSITY,**  
Obligated Person

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

**THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.,**  
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): Cornell University  
Name of Bond Issue: Cornell University Revenue Bonds, Series 2019B  
Date of Issuance: April 25, 2019  
Date of Official Statement: April 12, 2019

Maturity

CUSIP No.

**EXHIBIT B**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Dormitory Authority of the State of New York  
Obligated Person(s): Cornell University  
Name of Bond Issue: Cornell University Revenue Bonds, Series 2019B  
Date of Issuance: April 25, 2019

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Agreement to Provide Continuing Disclosure, dated as of April 25, 2019, by and among the Obligated Person, The Bank of New York Mellon Trust Company, N.A., 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 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 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.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date:

**EXHIBIT C-2**  
**VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event notice" will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of April 25, 2019 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 event 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.  
390 N. Orange Avenue  
Suite 1750  
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 Continuing Disclosure Agreement dated as of April 25, 2019 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 event 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.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date:

**THE BANK**

U.S. Bank National Association (“USBNA”) is a national banking association organized under the laws of the United States and is the largest subsidiary of U.S. Bancorp. At December 31, 2018, USBNA reported total assets of \$459 billion, total deposits of \$356 billion and total shareholders’ equity of \$49 billion. The foregoing financial information regarding USBNA has been derived from and is qualified in its entirety by the unaudited financial information contained in the Federal Financial Institutions Examination Council report Form 031, Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices (“Call Report”), for the quarter ended December 31, 2018. The publicly available portions of the quarterly Call Reports, as well as other information regarding depository institutions such as USBNA, are available to the public on the FDIC’s website at [www.fdic.gov](http://www.fdic.gov). Reports and other information about USBNA are available to the public at the offices of the Comptroller of the Currency at One Financial Place, Suite 2700, 440 South LaSalle Street, Chicago, IL 60605.

U.S. Bancorp is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the “SEC”). U.S. Bancorp is not guaranteeing the obligations of USBNA and is not otherwise liable for the obligations of USBNA.

Except for the contents of this section, USBNA and U.S. Bancorp assume no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement.

[THIS PAGE INTENTIONALLY LEFT BLANK]



**FORM OF OPINION OF BOND COUNSEL**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**FORM OF APPROVING OPINION OF BOND COUNSEL**

\_\_\_\_\_, 2019

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

Re: \$92,210,000 Cornell University Revenue Bonds, Series 2019B

Ladies and Gentlemen:

We have acted as bond counsel to the Dormitory Authority of the State of New York (the “Authority”) in connection with the issuance of \$92,210,000 aggregate principal amount of its Cornell University Revenue Bonds, Series 2019B (the “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), and the Authority’s Cornell University Revenue Bond Resolution, adopted January 26, 2000, as supplemented and amended (the “Resolution”), including as supplemented and amended by the Series 2019B Resolution Authorizing Cornell University Revenue Bonds, Series 2019B In An Amount Not Exceeding \$610,000,000, adopted March 6, 2019 (the “Series 2019B Resolution”). The Resolution and the Series 2019B Resolution are herein collectively referred to as the “Resolutions.” The Authority has entered into a Loan Agreement with Cornell University (the “Institution”), dated as of January 26, 2000, as supplemented and amended to date (the “Loan Agreement”), providing, among other things, for a loan to the Institution for the purposes permitted thereby and by the Resolutions. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

In such connection, we have reviewed the Resolutions, the Loan Agreement, the Tax Certificate and Agreement dated as of the date hereof (the “Tax Certificate”) 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 the opinion of Ropes & Gray LLP, regarding, among other matters, the current qualification of the Institution as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and on the opinion of Madelyn F. Wessel, University Counsel and Secretary of the University, regarding the use of the facilities financed or refinanced with the proceeds of the Bonds in activities that are not considered unrelated trade or business activities of the Institution within the meaning of Section 513 of the Code. We note that each such opinion is subject to a number of qualifications and limitations. Failure of the Institution to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of its 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 within the meaning of Section 513 of the Code, may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the 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 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 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 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 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 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 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. 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 [\_\_\_\_\_, 2019] (the "Official Statement"), or other offering material relating to the 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 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 Bonds, of the Revenues and any other amounts (including the proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Arbitrage Rebate Fund and the Bond Purchase 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.
5. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of New York or of any

political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of New York, and said State is not liable for the payment thereof.

6. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum taxes. Interest on the 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 Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]



