



**DASNY**


**ANDREW M. CUOMO**  
Governor

**ALFONSO L. CARNEY, JR.**  
Chair

**GERRARD P. BUSHELL**  
President

***Memorandum***

**TO:** Jack D. Homkow, Director, Office of Environmental Affairs

**FROM:** Robert S. Derico, R.A., Senior Environmental Manager 

**DATE:** May 9, 2016

**RE:** *State Environmental Quality Review (SEQR) Type II Determination for New York University's Renovation, Reimbursement, and Capital Maintenance Projects, Boroughs of Manhattan and Brooklyn, New York*

*Description of Proposed Action and Proposed Project.* New York University ("NYU" or the "University") has requested financing from DASNY ("Dormitory Authority State of New York") for its *Renovation, Reimbursement, and Capital Maintenance Projects* (collectively, the "Proposed Project"). Based on a review of the attached Revised Single Approval Credit Summary, dated May 9, 2016, it has been determined that the Proposed Action would involve DASNY's authorization of the issuance of fixed- or variable-rate, tax-exempt and/or taxable, Series 2016 bonds sold through a negotiated offering or a private placement, in an amount not to exceed \$1,250,000,000 in funding under DASNY's Independent Colleges and Universities Program.

More specifically, the proceeds from the Series 2016 bond issue or issues would be used for the Proposed Project, which would consist of a program of reconstruction, renovation, deferred maintenance, and equipping of various NYU buildings. Work at NYU's School of Law facilities located at 240 Mercer Street would include the installation of a building-wide sprinkler system and the renovation of interior space. The work to be undertaken at 40 Washington Square South would include the upgrade of heating, ventilating, and air conditioning ("HVAC") systems and the upgrade of the existing building elevator. Bond proceeds would be used at 110 West 3<sup>rd</sup> Street for exterior façade work to conform with the New York City Department of Building Regulation Local Law 11, sprinkler upgrades, the upgrade of building interior finishes, reconfiguration of internal office space and connection to the existing central chiller plant.

The Proposed Project would also include the renovations, reorganization of internal space and equipping space at the Meyer Complex (2-6 Washington Place and 707 Broadway) and the Silver Building (100 Washington Square East, 31 Washington Place and 28-30 Waverly Place) for use as academic, research and administrative activities by the Chemistry, Physics, and Psychology Departments. The work would include upgrading building systems, refurbishing office space, and relocating laboratories and classrooms to the Waverly Building (24 Waverly Place) and Bobst Library (70 Washington Square South), and relocating Physics Department laboratories and offices to 726-730 Broadway. Additionally, floors eight and nine at 726-730 Broadway would be renovated for use as laboratories by the Physics Department.

Additionally, the Proposed Project would refund the costs associated with the acquisition of the portion of the building and lot located at 404 Lafayette Street and 708 Broadway, and also include the internal fit up of the cellar, first, and second floors to house a new fitness center, upgrade the building infrastructure on all floors, and renovate the upper floors of the building for use as academic space. The building will also require exterior façade work to conform with the New York City Department of Building Regulation Local Law 11.

Two additional Proposed Project components would also be funded with the NYU 2016 Bonds proceeds. One component would include renovation and equipping of the Center for Urban Science and Progress (“CUSP”) building located at 370 Jay Street, Brooklyn, New York.<sup>1</sup> This work would include façade restoration and upgrade, roof repairs, upgrade of the mechanical, plumbing, electrical, and HVAC systems, and interior reconfiguration and renovation. The second component that would be funded by the NYU 2016 bond proceeds would include funding to continue construction and the equipping of NYU’s new Science Building currently under construction at 435 East 30<sup>th</sup> Street in Manhattan. This facility would house advanced medical research facilities for the School of Medicine, part of the NYU Hospitals Center.

*Institution.* NYU is a private, nonprofit institution of higher education located in New York City. The University was founded in 1831 and is one of the largest private institutions of higher education in the United States. The University has a faculty of approximately 9,500 and a headcount of approximately 26,000 undergraduate and 24,000 graduate and professional students. The University includes 19 schools, colleges, and divisions at six major centers in Manhattan: the Washington Square campus in Greenwich Village, the Institute of Fine Arts at 1 East 78<sup>th</sup> Street, the School of Continuing and Professional Studies at the Midtown Center, various departments on First Avenue from 22<sup>nd</sup> to 34<sup>th</sup> Streets, and the Institute for the Study of the Ancient World at 15 East 84<sup>th</sup> Street. Although the overall size of the University is large, the divisions are small- to moderate-sized units, each with its own traditions, programs and faculty. More than 4,600 credit courses are offered, leading to more than 40 different degrees and certificates. In 2007 NYU became the sole corporate member of NYU Hospitals Center. NYU maintains no financial responsibility for the Hospitals Center, nor is it liable for its respective debt obligations. Conversely, the Hospitals Center is not responsible for NYU’s obligations.

*SEQR Determination.* DASNY completed this environmental review in accordance with the *State Environmental Quality Review Act* (“SEQRA”), codified at Article 8 of the New York

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<sup>1</sup> NYU was awarded 370 Jay Street through then-Mayor Michael Bloomberg’s Applied Sciences NYC program. The New York City Office of the Mayor for Economic Development, which acted as lead agency, conducted a coordinated *State Environmental Quality Review* (“SEQR”)/*City Environmental Quality Review* (“CEQR”) process for this Type I action. The lead agency issued its *Negative Declaration* for the Proposed Project on August 14, 2012, in conjunction with *CEQR Reference Number 12DME010K*. The lead agency noted “...that the proposed project would not have any potentially significant adverse impact on the environment.” Hence, the work to be undertaken with the 2016 NYU bond proceeds has been considered under the city’s environmental review.

*Environmental Conservation Law (“ECL”), and its implementing regulations, promulgated at Part 617 of Title 6 of the New York Codes, Rules and Regulations (“N.Y.C.R.R.”), which collectively contain the requirements for the State Environmental Quality Review (“SEQR”) process. All of the subject Proposed Project components discussed herein are the subject of this SEQR Type II Determination with the exception of the New Science Building Project. The activities associated with the Proposed Project would involve the “maintenance or repair involving no substantial changes in an existing structure or facility,” the “replacement, rehabilitation or reconstruction of a structure or facility, in kind, on the same site, including upgrading buildings to meet building or fire codes,” the “refunding of existing debt,” and the “purchase or sale of furnishings, equipment or supplies,” which are Type II actions as specifically designated by 6 N.Y.C.R.R. § 617.5(c)(1), 6 N.Y.C.R.R. § 617.5(c)(2), 6 N.Y.C.R.R. § 617.5(c)(23), and 6 N.Y.C.R.R. § 617.5(c)(25) of SEQR, respectively. Type II “actions have been determined not to have significant impact on the environment or are otherwise precluded from environmental review under Environmental Conservation Law, article 8.” Therefore, no further SEQR determination or procedure is required for any component of the Proposed Project identified as Type II.*

The NYU 2016 bond proceeds would also be utilized to fund the continued construction and equipping of the new Science Building, currently under construction. This facility would house advanced medical research facilities for the School of Medicine, part of the NYU Hospitals Center. The Science Building was the subject of a separate SEQR/CEQR process (CEQR Reference Number 12BSA141M) conducted by the New York City Board of Standards and Appeals (“BSA” Reference Number 163-12-BZ), which acted as lead agency for the purposes of conducting a coordinated review of this Type I action. The BSA adopted its *Negative Declaration* on December 11, 2012, and certified it on December 12, 2012. While DASNY was not an involved agency for that coordinated SEQR/CEQR process for the Proposed Project, it is bound by the determination of the lead agency.<sup>2</sup> (Note: At the time NYULMC requested financing, the New Science Building Project was already in construction and is approximately 35 percent complete.)

The New Science Building Project is located within the New York City coastal area. In accordance with Article 42 of the *New York Executive Law* and its implementing regulations at 19 N.Y.C.R.R. Part 600, Waterfront Revitalization of Coastal Areas and Inland Waterways, DASNY has determined that the New Science Building Project would be consistent with the City of New York’s Local Waterfront Revitalization Programs (“LWRP”). This SEQR Determination serves as the written certification, pursuant to Article 42 of the *New York Executive Law* and its implementing regulations, that the New Science Building Project would comply with New York State’s Coastal Management Program as expressed in New York City’s LWRP, would not substantially hinder the achievement of any state or local coastal policies, and would be conducted in a manner consistent with such programs.

Appropriately, since the New Science Building Project is in the coastal area, DASNY makes this written finding that the action is consistent with the applicable policies set forth in

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<sup>2</sup> 6 N.Y.C.R.R. § 617.6(b)(3)(iii).

19 N.Y.C.R.R. 600.5; and, since the Secretary of State has approved the local government waterfront revitalization program, that the Proposed Action is consistent with the City of New York's LWRP to the maximum extent practicable.

Since the New Science Building Project would include DASNY bond financing, a *Smart Growth Impact Statement ("SGIS")* for the Proposed Project was prepared pursuant to the *State of New York State Smart Growth Public Infrastructure Policy Act ("SSGPIPA")* procedures. DASNY's Smart Growth Advisory Committee reviewed the *SGIS* and attested that the Proposed Project, to the extent practicable, would meet the smart growth criteria established by the legislation. The compatibility of the Proposed Project with the ten criteria of the *SSGPIPA*, article 6 of the *ECL*, is detailed in the *Smart Growth Impact Statement Assessment Form ("SGISAF")*. As indicated on the form, the Proposed Project would be generally supportive of the *SSGPIPA* and no further *SSGPIPA* analysis is required.

It is permissible for the NYU Hospital Center Science Building to undergo a separate *SEQR* determination because: (a) the individual projects have no cumulative environmental effect on the environment; (b) the projects are functionally independent and approval of this component of the Proposed Project does not determine whether any such future use associated with the other components of the Proposed Project would go forward; and (c) the project sites are geographically separated throughout the boroughs of Manhattan and Brooklyn.

The Proposed Action was also reviewed in conformance with the *New York State Historic Preservation Act of 1980 ("SHPA")*, especially the implementing regulations of section 14.09 of the *Parks, Recreation and Historic Preservation Law ("PRHPL")*, as well as with the requirements of the Memorandum of Understanding ("MOU"), dated March 18, 1998, between DASNY and the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP"). In compliance with Article III, Section 3.0 of the MOU, OPRHP would be notified of the Proposed Project being funded with bond proceeds. It is the opinion of DASNY that the Proposed Action would have no impact on historical or cultural resources in or eligible for inclusion in the National and/or State Registers of Historic Places.

#### Attachment

cc: Deborah J. Paden, Esq.  
Sara P. Richards, Esq.  
Donna A. Rosen, Esq.  
David P. Ostrander  
SEQR File  
OPRHP File

# Revised Single Approval Credit Summary

New York University  
New York, New York

April 29 / May 9, 2016

Program: Independent Colleges & Universities

Purpose: New Money

## New Issue Details

One or more Series of fixed and/or variable rate, tax-exempt and/or taxable Series 2016 Bonds in an amount not to exceed \$1,250,000,000 with maturities not to exceed 35 years are to be sold at one or more times through a negotiated offering and/or a private placement.

- Lead Manager (Tax-Exempt Series) – Morgan Stanley
- Lead Manager (Taxable Series) – Wells Fargo Securities
- Co-Bond Counsel – Hawkins Delafield & Wood LLP and Marous Law Group, P.C.
- Underwriters' Counsel – Locke Lord LLP

### Purpose:

- Financing of numerous construction and renovation projects located throughout the New York University system in New York State (\$942.5 million).

### Security:

- General obligation of the University.

**Current Ratings:** Moody's: Aa3 (Positive)  
S&P: AA- (Stable)  
Fitch: NR

## Overview

New York University is a private, non-profit institution of higher education located in New York City. The University was founded in 1831 and is one of the largest private institutions of higher education in the United States. The University has a faculty of approximately 9,500 and a headcount of approximately 26,000 undergraduate and 24,000 graduate and professional students. The University includes 19 schools, colleges, and divisions at six major centers in Manhattan: the Washington Square campus in Greenwich Village, the Institute of Fine Arts at 1 East 78th Street, the School of Continuing and Professional Studies at the Midtown Center, various departments on First Avenue from 22<sup>nd</sup> to 34<sup>th</sup> streets, and the Institute for the Study of the Ancient World at 15 East 84<sup>th</sup> Street. Although the overall size of the University is large, the divisions are small to moderate sized units, each with its own traditions, programs and faculty. More than 4,600 credit courses are offered, leading to more than 40 different degrees and certificates.

In 2007, NYU became the sole corporate member of NYU Hospitals Center. NYU maintains no financial responsibility for the Hospitals Center, nor is it liable for its debt obligations. Conversely, the Hospitals Center is not responsible for NYU's obligations. In 2008, the University became the sole member of, and affiliated with, Polytechnic University. On January 1, 2014, Polytechnic University of New York University merged with NYU to become the NYU

Tandon School of Engineering, with NYU assuming all assets and liabilities of the former Polytechnic University.

On March 18, 2015, the University's Board of Trustees announced the appointment of Andrew Hamilton as the 16th president of New York University. Dr. Hamilton, who most recently served as the vice chancellor of Oxford University, officially took up his duties on January 1, 2016.

## Description of the Series 2016 Bonds

- The Bonds are a special obligation of DASNY.
- The Loan Agreement is a general obligation of the University.
- The Bonds are payable from payments made under the Loan Agreement and all funds and accounts established under the Resolution.

## Approvals

- TEFRA Hearing – May 4, 2016
- SEQR Filing – May 9, 2016\*
- PACB Approval – May 18, 2016\*

\*Anticipated date.

## Strengths

- **Enrollment** – NYU is one of the nation's largest private Universities, offering a wide array of academic programs including law, medicine, business, engineering, technology, and the arts. Total headcount for fall 2015 increased to 50,027.
- **Demand** – For fall 2015, the University received 57,727 applications for first-time full-time freshman, marking the eighth year in a row of record applications and the largest annual increase (14.1%) since 1999.
- **Revenue Diversification** – The University's overall revenue mix is diverse, making it less vulnerable to fluctuations from a single revenue source. For fiscal year 2015, only 34% of the University's total operating revenues came from net tuition and fees.
- **Net Assets** – NYU reported total net assets in excess of \$5.0 billion for fiscal year 2015.
- **Global Initiatives** – NYU has a large and increasing global presence, with degree-granting campuses in Abu Dhabi and Shanghai, as well as various other global academic sites. International students comprise approximately 20% of total enrollment.

## Risks/Challenges

- **Balance Sheet Liquidity** – Since 2007, the University has taken on an additional \$1.7 billion in long-term debt. Consequently, NYU's Viability Ratio (Expendable Resources to Debt) for 2015 was calculated at 0.5:1, well below the 2007 ratio of 1.8:1 and the 2014 DASNY



DASNY

DIVISION OF PUBLIC FINANCE AND PORTFOLIO MONITORING  
PORTIA LEE, MANAGING DIRECTOR  
PREPARED BY: DAVID P. OSTRANDER (518) 257-3164

# Revised Single Approval Credit Summary

New York University  
New York, New York

April 29 May 9, 2016

Program: Independent Colleges & Universities

Purpose: New Money

median of 1.2:1. While this measurement of liquidity is fairly weak for a highly rated institution, the ratio does not take into consideration the market value of the University's extensive real estate holdings in New York City, which contribute significantly toward the University's current Aa3/AA- ratings.

## Recommendation

The attached staff report recommends that the Board adopt the necessary documents for one or more series of bonds with maturities not to exceed 35 years in an aggregate amount not to exceed \$1,250,000 ~~062,500,000~~ based on the University's significant balance sheet, positive enrollment trends, and DASNY's past experience with the University.

## New York University

**INSTITUTION:** New York University is a private, non-profit institution of higher education located in New York City. The University was founded in 1831 and is one of the largest private institutions of higher education in the United States. The University has a faculty of approximately 9,500 and a headcount of approximately 26,000 undergraduate and 24,000 graduate and professional students. The University includes 19 schools, colleges, and divisions at six major centers in Manhattan: the Washington Square campus in Greenwich Village, the Institute of Fine Arts at 1 East 78th Street, the School of Continuing and Professional Studies at the Midtown Center, various departments on First Avenue from 22<sup>nd</sup> to 34<sup>th</sup> streets, and the Institute for the Study of the Ancient World at 15 East 84<sup>th</sup> Street. Although the overall size of the University is large, the divisions are small to moderate sized units, each with its own traditions, programs and faculty. More than 4,600 credit courses are offered, leading to more than 40 different degrees and certificates.

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On March 18, 2015, the University's Board of Trustees announced the appointment of Andrew Hamilton as the 16th president of New York University. Dr. Hamilton, who most recently served as the vice chancellor of Oxford University, officially took up his duties on January 1, 2016.

**DASNY FINANCING HISTORY:** Since 1963, DASNY has issued 36 separate obligations on behalf of the University totaling over \$4.2 billion. As of March 31, 2016, approximately \$1.9 billion remained outstanding as shown in Table 1 below.

**Table 1 -- Outstanding DASNY Debt**

<u>Series</u>	<u>Defeasance or Maturity</u>	<u>Amount Issued (000's)</u>	<u>Amount Outstanding (000's)</u>
1963 through 1993		\$988,340	\$ -
1997A	2006	20,000	-
1998A	2027	250,000	155,475
2001 Ser 1	2040	120,000	110,730
2001A	2015	123,645	0
2001 Ser 2	2012	94,300	-
2003 A&B	2011	128,000	-
2004 A&B	2014	153,310	-
2007A	2037	126,145	3,555
2008 A,B,C&D	2048	616,465	26,540
2009 A&B	2039	466,640	457,925
2012 A,B&C	2042	294,770	272,035
2013 A&B	2043	158,805	153,210
2014A	2034	55,000	55,000
2015A	2034	<u>691,435</u>	<u>691,435</u>
		<b>\$4,286,855</b>	<b>\$1,925,905</b>

In addition, NYU has approximately \$396.1 million outstanding in its own taxable Bonds as well as approximately \$93.0 million of bonds issued by the New York City IDA in 2007 on behalf of Polytechnic University. The University has always met its obligations to DASNY on time and in full.

**THE PROJECT:** Proceeds from the proposed issuance are expected to finance, refinance, and/or reimburse the University for costs associated with the following projects: (1) construction of a new 365,000 square foot science building for the NYU School of Medicine to be located at 435 East 30<sup>th</sup> Street (2) renovation of a facility located at 726 Broadway to convert the upper floors into a multi-disciplinary research laboratory, (3) transformation of 370 Jay Street in Brooklyn from an office building into a collaborative applied science academic and research center, (4) renovation of multiple floors of Meyer Hall located at 707 Broadway, (5) creation of fitness facilities in the cellar, ground floor, and second floor, and the renovation of upper floors for academic use at a facility located at 404 Lafayette Street, (6) construction of a new molecular nanoscience laboratory on the 7<sup>th</sup> floor of the Silver Center and Silver Annex located at 31 Washington Place, as well as (7) various renovation, repair, and replacement projects located at various facilities across the NYU campus.

**FINANCING DETAILS:** The proposed issuance is expected to be sold through two series of Bonds, one tax-exempt (2016A) and one taxable (2016B). Project costs are expected to require deposits to the Construction Funds totaling \$942.6 million combined for both series. Proceeds from the Series 2016B Bonds are also expected to fund capitalized interest of approximately \$23.0 million for the

2016A Bonds and \$8.9 million for the 2016B Bonds. Issuance costs, including DASNY's fee, counsel fees, and underwriter's discount, are expected to be funded with proceeds from the 2016B Bonds and are estimated to total approximately \$3.0 million for the Series 2016A Bonds and \$1.0 million for the Series 2016B Bonds. Staff is requesting bonding authorization in an amount not to exceed \$1.25 billion to provide the University with flexibility and ensure sufficient proceeds to complete the financing. The estimated sources and uses of funds are provided in Attachment I.

**Security Provisions:** Moody's Investors Service has assigned a rating of "Aa3" to the outstanding obligations of the University. On March 19, 2015, Moody's revised NYU's outlook to "Positive" from "Stable". Standard & Poor's has rated the University's obligations "AA-" with a "Stable Outlook". Accordingly, the University qualifies for an unsecured borrowing under DASNY's Financing Guidelines for Independent Institutions. As such, the Loan Agreement will be a general unsecured obligation of the University and no security interest in any revenues or assets of the University will be granted by the University to DASNY under the Loan Agreement.

**NYU TANDON SCHOOL OF ENGINEERING:** On July 1, 2008, Polytechnic University in Brooklyn became affiliated with NYU under the name Polytechnic Institute of New York University. On January 1, 2014, Polytechnic Institute of New York University merged with NYU to become the NYU Tandon School of Engineering (NYU-Tandon), with NYU assuming all assets and liabilities of the former Polytechnic University. Programs and additional investments needed to modernize NYU-Tandon's academic/research capacity are included in the NYU 2031 Plan. The NYU-Tandon merger did not impact the University's rating from Moody's or S&P.

*Technical Note - Now that NYU-Tandon has been fully merged with NYU, the University's fiscal year 2014 and 2015 audited financial statements include NYU-Tandon as a consolidated entity. In addition, the University's enrollment data for fall 2014 and fall 2015 includes NYU-Tandon. Audited results discussed below for fiscal year 2011 through fiscal year 2013, as well as enrollment information through fall 2013, include the Washington Square campus and the School of Medicine only.*

**Table 2 – Selected Enrollment Statistics**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15*</u>	<u>2015-16*</u>
First-time Freshman Applications Received	41,243	42,807	45,779	50,608	57,727
First-time Freshman Applications Accepted	13,487	14,998	14,829	17,815	18,515
Undergraduate Acceptance Ratio	32.7%	35.0%	32.4%	35.2%	32.1%
First-time Freshman Applicants Enrolled	4,884	5,141	5,207	5,913	5,927
Undergraduate Matriculation Ratio	36.2%	34.3%	35.1%	33.2%	32.0%
Mean SAT Scores (Entering Freshmen)	1,372	1,340	1,350	1,338	1,345
Headcount Enrollment					
Full-Time	34,198	34,964	35,096	39,898	40,777
Part-Time	<u>9,713</u>	<u>9,552</u>	<u>9,503</u>	<u>9,376</u>	<u>9,250</u>
Total	43,911	44,516	44,599	49,274	50,027
Full-time Equivalent Enrollment					
Undergraduate	21,518	21,738	21,782	24,138	24,894
Graduate	<u>16,409</u>	<u>16,890</u>	<u>16,482</u>	<u>18,885</u>	<u>18,966</u>
Total	37,927	38,628	38,264	43,023	43,860

\*Includes NYU-Tandon

**FEASIBILITY - ENROLLMENT ANALYSIS:** NYU is one of the largest private higher education institutions in the nation, measured by enrollment. With a wide array of academic programs including law, medicine, business, engineering, technology, and the arts, NYU continues to benefit from strong demand and an overall growth trend. For fall 2015, the University received 57,727 applications for first-time full-time freshman, marking the eighth year in a row of record applications and the largest annual increase (14.1%) since 1999. Management reports that the University received 63,396 applications across all campuses for fall 2016.

NYU's Acceptance Rate for all undergraduate enrollment has averaged 34% over five years. The University's Matriculation Rate, at 32% for fall 2015, is indicative of the 5-year average of 34%. Freshman enrollment in fall 2015 was 5,927, a 10-year high.

Total headcount has remained relatively flat over the last five years when adjusting for the NYU-Tandon merger in 2014. Total headcount for fall 2014 increased to 49,274 mainly due to additional students added as a result of the merger. Headcount enrollment increased to 50,027 in fall 2015.



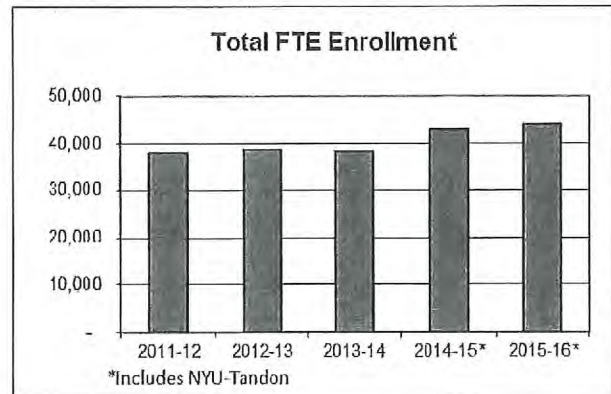
Coincident with the increase in incoming freshman classes, NYU's overall tuition discount rate grew from 21.8% to 25.7% over the last five years but remained below the 2014 DASNY median of 31.1% for similar institutions. NYU has continued to focus on increasing financial aid to make the University more accessible to students from lower income families. Over the past ten years, the budget for financial aid has tripled and now exceeds \$300 million. Approximately 57% of full-time undergraduate students receive some form of University, federal, or state grant for the current academic year. In addition, the University recently announced the smallest annual increase in the overall cost of attendance in 20 years, increasing tuition by 2.9% for fall 2016 and freezing room and board at the 2015 rate.

Freshman retention remains nearly constant at 92%. Mean SAT scores have averaged 1,350 over the last five years.

NYU continues to attract a high number of international students to its main campus and degree-granting

campuses in Abu Dhabi and Shanghai, as well as 11 other global academic sites. International students comprise approximately 20% of total enrollment.

The chart below illustrates the FTE enrollment levels that NYU has experienced for the past five years.



**Table 3 – Selected Operating Statistics**

<i>(dollars in thousands)</i>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014*</u>	<u>2015*</u>
Total operating revenue	\$3,412,772	\$3,736,851	\$4,086,566	\$4,377,473	\$4,757,113
Total operating expense	<u>3,375,262</u>	<u>3,634,454</u>	<u>4,095,996</u>	<u>4,515,821</u>	<u>4,888,493</u>
Change in net assets from operations	37,510	102,397	(9,430)	(138,348)	(131,380)
Total non-operating revenue	<u>(21,493)</u>	<u>(162,118)</u>	<u>244,968</u>	<u>125,464</u>	<u>(77,228)</u>
Change in unrestricted net assets	16,017	(59,721)	235,538	(12,884)	(208,608)
Plus: Total depreciation/amortization	224,638	254,400	259,615	307,042	274,758
Plus: Total interest paid (expense)	<u>105,241</u>	<u>100,611</u>	<u>103,419</u>	<u>117,197</u>	<u>111,113</u>
Adjusted change in net assets	\$345,896	\$295,290	\$598,572	\$411,355	\$177,263
Cash provided by operating activities	\$398,219	\$291,979	\$230,259	\$173,699	\$105,949
Total annual debt service	\$171,024	\$131,424	\$153,080	\$177,836	\$173,599
Net Operating Ratio (DASNY 2014 Median: 2.0%)	1.1%	2.7%	-0.2%	-3.2%	-3.1%
Net Income Ratio (DASNY 2014 Median: 6.6%)	6.1%	-1.6%	5.8%	-0.3%	-5.0%
Cash Income Ratio (DASNY 2014 Median: 3.8%)	11.7%	7.8%	5.6%	4.0%	2.5%
Capital Expense Ratio (DASNY 2014 Median: 4.2%)	5.3%	3.9%	3.9%	4.2%	4.2%
Debt Coverage Ratio (DASNY 2014 Median: 2.4:1)	2.5	3.8	2.7	1.9	1.8
Net Tuition Per FTE Student (DASNY 2014 Median: \$26,869)	\$35,102	\$36,712	\$37,236	\$40,906	\$37,186

\*Includes NYU-Tandon

**FEASIBILITY - OPERATIONS ANALYSIS:** The University's operating margins over the last five years have ranged from a surplus of \$102.4 million for fiscal year 2012 to a deficit of \$138.3 million for fiscal year 2014. As noted above, NYU-Tandon fully merged with NYU on January 1, 2014. As a result, the University's fiscal year 2014 and 2015 audited financial statements include NYU-Tandon as a consolidated entity.

Prior to fiscal year 2014, positive results from the Washington Square campus (averaging \$93.6 million between 2009 and 2013) had historically offset operating deficits from the School of Medicine (averaging negative \$58.2 million annually between 2009 and 2013). Operating deficits for fiscal years 2014 and 2015, which

exceeded \$130 million each year, were the result of deficits at both units and are discussed in more detail below.

For fiscal years 2014 and 2015, the combined Washington Square/NYU-Tandon posted operating margins of negative \$66.5 million and negative \$90.1 million, respectively. For fiscal year 2014, the operating deficit was mainly the result of slower growth of operating revenues due to an increase in financial aid and an increase in expenses attributed to an increase in salary and benefits, higher lease rates for administrative space, additional student housing expenses, and greater depreciation expense. For fiscal year 2015, the deficit was largely driven by depreciation expense of \$218.3

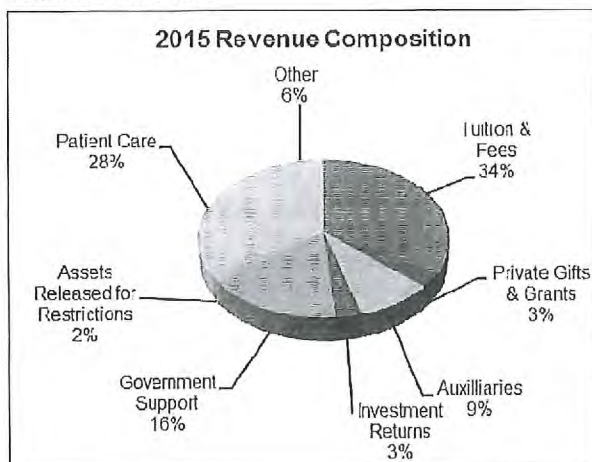
million. The University budgets for cash principal payments, which totaled \$46.8 million during 2015. The University reports that operations were positive on a cash basis for both 2014 (\$66.3 million) and 2015 (\$106.6 million).

Operating deficits reported by the School of Medicine in fiscal years 2013 (\$72.1 million) and 2014 (\$71.9 million) were largely attributable to lost income and increased expenses associated with Superstorm Sandy (see below). For fiscal year 2015, the School of Medicine's operating margin improved to negative \$41 million with an increase in patient care revenue from growth related to physician recruitment and ambulatory network development, as well as a decrease in disaster related expenses related directly to the storm.

The School of Medicine, which is co-located with NYU Hospitals Center (NYUHC), lost significant revenue from patient related services while continuing to pay salaries and benefits following Superstorm Sandy. On July 29, 2014, the Federal Emergency Management Agency (FEMA) committed approximately \$1.1 billion to NYUHC and the School of Medicine to assist in the recovery process and to mitigate losses which may occur as a result of future storms. During fiscal year 2014, the School of Medicine recognized approximately \$317.5 million as a temporarily restricted disaster recovery award for future mitigation to be released from restriction as costs are incurred. During fiscal year 2015, \$23.2 million was released from restriction for this purpose. Also during fiscal year 2014, the School of Medicine received \$128.6 million of NIH Disaster Recovery Appropriation Awards to restore lost research and to rebuild research space damaged as a result of the storm, of which \$23.9 million and \$37.5 million were recognized as grant revenue during fiscal years 2015 and 2014, respectively. Management indicates that NIH awards (excluding Sandy grants) have bounced back and surpassed pre-Sandy levels at the School of Medicine.

Direct and indirect medical care activities have added to overall profitability of the enterprise. Although NYUHC is not obligated on University debt, it is operationally combined with the School of Medicine. In fiscal year 2015, NYUHC provided \$50 million in direct support payments to the School of Medicine, improving bottom line results.

As shown in the chart below, NYU's operating revenue is relatively diversified with just 34% of revenue originating from tuition and fees.



Historically, non-operating results have been mixed, largely due to the fluctuation of investment returns and changes in pension and postretirement obligations. Despite the large operating surplus reported in FY 2012, a \$59.7 million decrease in unrestricted net assets resulted primarily from a \$186.1 million increase in NYU's accrued defined benefit obligation. In contrast, positive investment returns of \$43.3 million and a \$187.3 million decrease in NYU's accrued defined benefit obligation led to a \$221.5 million increase in unrestricted net assets for fiscal year 2013. For fiscal year 2014, positive investment returns of \$107 million partially offset the operating deficit, resulting in a bottom line of negative \$12.9 million. For fiscal year 2015, bottom line results were negatively impacted by lower investment returns, an increase in NYU's accrued defined benefit obligation, and a loss on the extinguishment of debt. In addition, \$48 million of assets acquired through the NYU-Tandon merger was reclassified from unrestricted to permanently restricted net assets.

During the period 2011 through 2015, cash from annual operating activities averaged \$240 million. The University generated \$105.9 million in cash from operations in 2015 resulting in a Cash Income Ratio of 2.5% and an Operating Cash Flow to Debt Service Ratio of 1.44 times. At FYE 2015, NYU reported cash and short term investment balances totaling \$920 million. The University also maintains \$700 million in committed bank credit lines to meet cash needs. At FYE 2015, a balance of \$316.6 million was drawn against them.

**Table 4 – Selected Financial Position Statistics**

<i>(dollars in thousands)</i>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014*</u>	<u>2015*</u>
Total Assets	\$8,024,969	\$8,352,786	\$8,921,953	\$10,009,215	\$10,458,647
Total Liabilities	4,004,095	4,275,093	4,420,290	4,762,750	5,382,246
<b>Net Assets</b>					
Unrestricted	2,078,962	2,019,241	2,254,779	2,225,627	2,017,019
Temporarily Restricted	628,944	649,306	745,821	1,349,426	1,284,959
Permanently Restricted	<u>1,312,968</u>	<u>1,409,146</u>	<u>1,501,063</u>	<u>1,671,412</u>	<u>1,774,423</u>
Total Net Assets	\$4,020,874	\$4,077,693	\$4,501,663	\$5,246,465	\$5,076,401
<b>Long-Term Debt</b>	\$2,161,279	\$2,169,356	\$2,291,580	\$2,423,736	\$2,894,951
Viability Ratio (DASNY 2014 Median: 1.2:1)	0.6	0.6	0.6	0.7	0.5
Primary Reserve Ratio (DASNY 2014 Median: 0.9:1)	0.4	0.3	0.3	0.4	0.3
Leverage Ratio (DASNY 2014 Median: 1.9:1)	1.3	1.2	1.3	1.5	1.1
Available Assets Ratio (DASNY 2014 Median: 2.1:1)	1.7	1.6	1.7	1.8	1.6
Total Resources Per Student (actual dollars)	\$70,913	\$69,639	\$75,460	\$90,806	\$75,626

\*Includes NYU-Tandon

**FEASIBILITY - BALANCE SHEET ANALYSIS:** The University's balance sheet reflects relatively moderate capital accumulation and liquidity relative to the size of its operations and debt obligations. From 2011 to 2015, total assets increased by over \$2.4 billion, or about 30%. During that same period, financial resources (cash plus investments) increased by \$806.7 million (about 22%), while physical assets (property, plant and equipment) increased by \$1.2 billion (or 35%). Financial resources currently comprise about 42% of the University's total assets while physical assets now represent about 45% of all assets, up from 35% in 2006.

Total net assets have increased by over \$1 billion since 2011, reaching \$5.1 billion at FYE 2015, mainly the result of contribution revenue, positive investment returns, and grant awards. NYU's unrestricted net assets have been relatively flat over five years at just over \$2.0 billion. Unrestricted net asset appreciation between 2011 and 2013, mainly due to operating surpluses, net investment appreciation and positive changes in pension and postretirement obligations, was largely offset by 2015 operating and non-operating results discussed above.

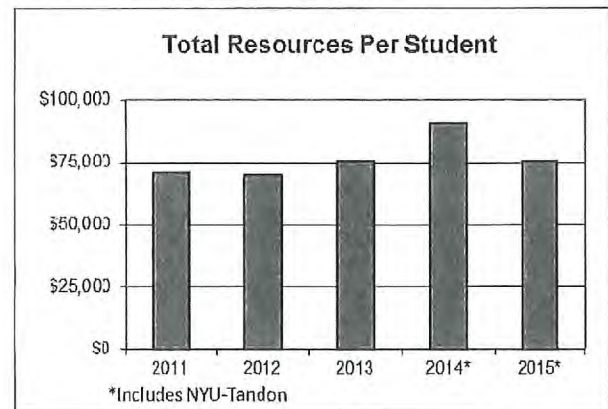
Expendable resources (net assets adjusted for investment in plant) increased from \$1.4 billion in 2011 to \$1.5 billion in 2015, a 9% increase. Although this level has improved in recent years, expendable resources are still below fiscal year 2008 (\$2.1 billion), reflecting both the impact of the financial crisis on financial resources and an acceleration of capital project spending, which has totaled over \$4 billion since 2008.

Liquidity measures have been impacted by the accumulation of debt obligations and the continued upward climb of operating expenses at a rate faster than expendable resources. Between 2007 and 2015, net long-term debt obligations more than doubled, increasing from \$1.156 billion to \$2.895 billion. Consequently, NYU's Viability Ratio (Expendable Resources to Debt) for 2015 was calculated at 0.5:1 (compared to 1.8:1 in 2007). The 2014 DASNY median for this measure is 1.2:1. NYU's

Primary Reserve Ratio (Expendable Resources to Operations) for 2015 was 0.3:1 (compared to 0.8:1 in 2007). This indicates liquidity sufficient to cover about four months of operating expenses. The 2014 DASNY Median is 0.9:1.

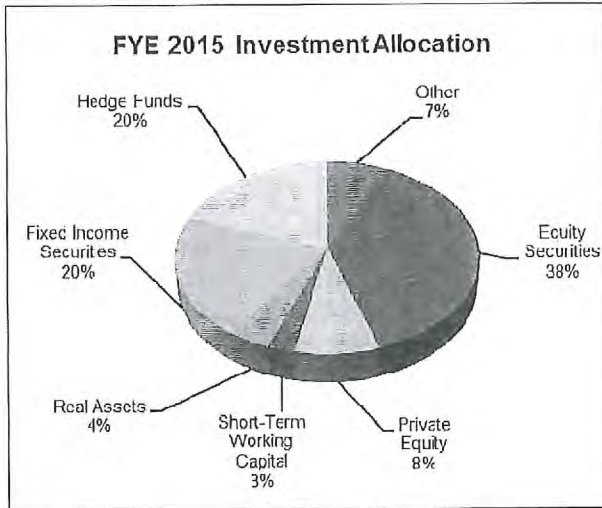
The proposed issuance could negatively impact liquidity in the future without a commensurate increase in financial resources. When factoring in the additional long-term debt from the proposed issuance, the University's pro-forma viability ratio declines to .4:1. In addition, the University's Leverage Ratio, which stood at 1.1:1 at FYE 2015, would decline to .9:1 on a pro-forma basis.

The graph below illustrates the trend in the University's total resources per student since FY 2011.



**ENDOWMENT AND INVESTMENTS:** For FY 2015, NYU reported long-term investments with a total market value of over \$3.5 billion. This represented an increase of \$40.8 million from FY 2014.

NYU invests in a wide range of asset classes including Public Equity, Hedge Funds, Credit, Natural Resources, Private Equity, Real Estate, and Fixed Income. The chart that follows reflects the University's investment allocation as of August 31, 2015.



NYU's Board of Trustees has authorized a spending policy designed to allow asset growth while providing a predictable flow of return to support operations. The University's endowment spending policy permits the use of total return to support operations at approved spending rates (approximately 5% in fiscal years 2015 and 2014) calculated using the prior year distribution adjusted for the change in the New York Metro Area Consumer Price Index.

**PENSION FUNDING:** The University provides retirement benefits to substantially all of its employees through a variety of programs. The majority of NYU's active employees are eligible for a defined contribution plan, with only about 10% of employees eligible for a defined benefit plan whose benefits are outlined in various union contracts. Expenses related to NYU's defined contribution plans totaled \$155.5 million in 2015 and \$145.4 million in 2014. The volatility and illiquidity in the financial markets has had an effect on the value of the plan assets held by NYU's defined benefit and postretirement pension plans and low prevailing interest rates have increased the net present value of future benefits. As part of its operating budget, NYU funds contributions annually to its pension and post retirement accounts.

**FUTURE CAPITAL PLANS:** In 2007, the University outlined "a citywide strategy for how to provide the physical space needed for NYU's long-range academic goals." Entitled the NYU 2031 Plan, the strategy outlined the addition of 6.0 million square feet of space to the campuses by 2031 to meet projected needs for academic and research (3.5 million sq. ft.), student housing (1.5 million sq. ft.), faculty housing (0.5 million sq. ft.) and student services (0.5 million sq. ft.). In addition to solidifying the Washington Square campus, the NYU 2031 Plan targets development at remote sites in Brooklyn (NYU-Tandon), the East Side Medical Corridor (around Langone Medical Center) and Governor's Island. The

strategy recognizes NYU's limited financial resources and requires that the University continue to develop an integrated financial strategy as well.

Due to the location and character of the neighborhoods in which NYU facilities are located, including a large contingent of locally resident faculty, there is a long history of focused community attention to the University's facility plans and expansion. The NYU 2031 Plan led to vocal opposition from both resident groups and faculty members as to the size, scope of construction activities and cost. In the past, several faculty groups passed "no confidence" votes in NYU senior leadership in part due to the NYU 2031 Plan.

DASNY and the New York State Office of Parks, Recreation & Historic Preservation ("OPRHP") were named as defendants in connection with a lawsuit commenced against NYU and various New York City entities relating to the NYU 2031 Plan. In the single cause of action against DASNY, the Petitioners requested the annulment of a Letter of Resolution entered into among DASNY, NYU and OPRHP pursuant to Section 14.09 of the State Historic Preservation Act. The Letter of Resolution relates to the required process that would be undertaken in the event that NYU seeks DASNY financing in the future for components of the NYU 2031 Plan. The claim against DASNY has been dismissed and the time for appeal has passed.

To date, NYU has not sought DASNY financing for any of the project components that are the subject of the Letter of Resolution or the subject of the litigation.

**FUNDRAISING:** The University completed a major capital campaign in 2008, raising \$3.1 billion for strategic investments, endowment and operating support. Following the financial crisis, philanthropy softened between 2009 and 2011. Beginning in 2012, contribution revenue and pledges both rebounded to pre-2009 levels: contributions receivable averaged \$367 million between 2012 and 2015 (compared to \$307 million between 2009 and 2011) while annual contribution revenue (all net asset classes) averaged \$480 million (compared to \$241 million between 2009 and 2011). NYU raised \$618 million in combined pledges and gifts in 2015, the second highest fundraising total in NYU history. Scholarship aid is the University's foremost fundraising priority, and NYU is currently embarked on the Momentum Campaign, dedicated to raising \$1 billion by 2017 for scholarships.

**SUMMARY:** New York University is a financially sound institution with a proven record of strong operations and substantial capital. The University continues to post impressive stability in its enrollments, both in terms of demand and selectivity. DASNY has had a favorable relationship with the University that dates back to its initial DASNY bond issue in 1963. Based on this relationship and the financial strength and reputation of the University, the staff recommends the Board adopt a Resolution to Proceed for a bond issue on behalf of New York University in an amount not to exceed \$1,250,000,000.00.



**New York University, Series 2016  
Sources and Uses of Funds**

<i>Sources of Funds:</i>	<i>Series 2016A Tax-Exempt</i>	<i>Series 2016B Taxable</i>	<i>Total</i>	
Bond Proceeds				
Par Proceeds	\$ 637,035,000	\$ 255,850,000	\$	892,885,000
Original Issue Premium	85,556,094	-		85,556,094
Other Sources of Funds				
Taxable Funding of Costs of Issuance	3,036,551	-		3,036,551
<i>Total Sources</i>	<i>\$ 725,627,645</i>	<i>\$ 255,850,000</i>	<i>\$</i>	<i>981,477,645</i>
<i>Uses of Funds:</i>				
				<i>% of Par</i>
Project Fund Deposits	\$ 722,589,870	\$ 219,959,968	\$	942,549,838
Other Fund Deposits				
Capitalized Interest (2016A)	-	22,990,535		22,990,535
Capitalized Interest (2016B)	-	8,880,429		8,880,429
Costs of Issuance				
DASNY Fee	53,509	21,491		75,000 0.01%
Bond Counsel	107,019	42,981		150,000 0.02%
Printing	10,702	4,298		15,000 0.00%
Ratings	201,373	80,877		282,250 0.03%
Trustee & Counsel	7,135	2,865		10,000 0.00%
Institution's Counsel	114,153	45,847		160,000 0.02%
Accountant	19,620	7,880		27,500 0.00%
TEFRA	14,269	5,731		20,000 0.00%
DAC Fee	14,269	5,731		20,000 0.00%
Taxable Funding of Tax Exempt COI	0	3,036,551		3,036,551 0.34%
Underwriter Discount	2,494,502	759,917		3,254,419 0.36%
Other Uses of Funds	1,223	4,899		6,122
<i>Total Uses</i>	<i>\$ 725,627,645</i>	<i>\$ 255,850,000</i>	<i>\$</i>	<i>981,477,645</i>

All Figures in 000's	Balance Sheets				
	2011	2012	2013	2014	2015
<b>Assets</b>					
Cash and Cash Equivalents	\$ 823,111	879,485	900,791	919,231	917,439
Contributions and Grants Receivable	291,186	346,733	341,221	404,050	373,078
Loans Receivable	0	0	0	0	0
Other Receivables	346,806	391,809	411,127	411,829	441,812
Short-Term Investments	48,474	33,568	28,660	3,436	2,517
Investments	2,749,036	2,825,649	3,006,213	3,466,639	3,507,412
Property, Plant and Equipment, Net	3,506,965	3,605,859	3,878,392	4,195,616	4,717,697
Deposits and Deferred Costs	119,676	113,784	95,424	88,722	41,544
Prepaid Expenses and Other Assets	139,715	155,899	258,105	519,692	457,148
Miscellaneous Assets	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 8,024,969</b>	<b>8,352,786</b>	<b>8,921,953</b>	<b>10,009,215</b>	<b>10,458,647</b>
<b>Liabilities</b>					
Accounts Payable and Accrued Expenses	\$ 419,117	477,964	497,969	605,955	620,221
Deposits and Deferred Revenues	799,365	811,579	805,803	820,292	818,459
Federal Grants Refundable	71,340	72,186	73,934	80,117	80,030
Federal Student Loans	0	0	0	0	0
Postretirement Benefits	427,407	614,898	463,823	543,264	634,594
Short-term Debt Obligations	0	0	0	0	0
Long-Term Debt	2,161,279	2,169,356	2,291,580	2,423,736	2,894,951
Due to Related Organizations	0	0	0	0	0
Other Liabilities	125,587	129,110	287,181	289,386	333,991
<b>Total Liabilities</b>	<b>\$ 4,004,095</b>	<b>4,275,093</b>	<b>4,420,290</b>	<b>4,762,750</b>	<b>5,382,246</b>
<b>Net Assets</b>					
Unrestricted	\$ 2,078,962	2,019,241	2,254,779	2,225,627	2,017,019
Temporarily Restricted	628,944	649,306	745,821	1,349,426	1,284,959
Permanently Restricted	1,312,968	1,409,146	1,501,063	1,671,412	1,774,423
<b>Total Net Assets</b>	<b>\$ 4,020,874</b>	<b>4,077,693</b>	<b>4,501,663</b>	<b>5,246,465</b>	<b>5,076,401</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,024,969</b>	<b>8,352,786</b>	<b>8,921,953</b>	<b>10,009,215</b>	<b>10,458,647</b>

All Figures in 000's	Statement of Activities				
	2011	2012	2013	2014	2015
<b>Operating Revenue</b>					
Tuition and Fees	\$ 1,693,656	1,793,687	1,880,672	2,062,613	2,152,315
Less Financial Aid	-369,427	-401,313	-442,318	-497,375	-552,445
<b>Net Tuition and Fees</b>	<b>\$ 1,324,229</b>	<b>1,392,374</b>	<b>1,438,354</b>	<b>1,565,238</b>	<b>1,599,870</b>
Sales and Service of Auxiliaries	\$ 363,908	377,460	380,201	408,108	430,082
Government Support	541,608	597,352	621,869	693,979	756,091
Private Gifts and Grants	108,942	124,065	130,467	137,103	137,663
Investment Returns	111,857	121,685	121,917	142,449	150,617
Other Revenues	114,948	180,122	382,169	271,196	282,837
Sales and Services -Educational	0	0	0	0	0
Hospital and Faculty Patient Care	753,553	843,313	904,599	1,073,329	1,316,525
Assets Released from Restriction	93,727	100,480	107,000	86,071	83,428
<b>Total Operating Revenue</b>	<b>\$ 3,412,772</b>	<b>3,736,851</b>	<b>4,086,566</b>	<b>4,377,473</b>	<b>4,757,113</b>
<b>Operating Expense</b>					
Instruction and Research	\$ 1,136,636	1,207,331	1,281,702	1,477,292	1,492,235
Academic Support	64,698	69,092	71,837	75,516	75,635
Student Services	102,992	100,399	108,873	118,299	122,042
Institutional Support	350,199	348,083	421,403	469,384	498,135
Facilities Expense	0	0	0	0	0
Auxiliary Expense	414,808	417,524	426,307	460,536	472,019
Other Operating Expense	565,615	644,027	837,265	850,950	934,973
Hospital and Faculty Patient Care	740,314	847,998	948,609	1,063,844	1,293,454
<b>Total Operating Expense</b>	<b>\$ 3,375,262</b>	<b>3,634,454</b>	<b>4,095,996</b>	<b>4,516,821</b>	<b>4,888,493</b>
<b>Chg in Unrestricted Net Assets from Operating Activities</b>	<b>\$ 37,510</b>	<b>102,397</b>	<b>-9,430</b>	<b>-138,348</b>	<b>-131,380</b>
<b>Non-Operating Activities</b>					
Net Excess Investment Return/(Loss)	\$ 89,134	-14,386	43,345	97,215	-42,021
Capital Gifts and Contributions	0	0	0	0	45,173
Assets Released from Restriction	10,455	3,726	701	2,980	47,625
Other Non-Operating Items, Net	-121,082	-151,458	233,099	25,269	-128,005
Extraordinary Gain/(Loss)	0	0	-32,177	0	0
<b>Total Non-Operating Activities</b>	<b>\$ -21,493</b>	<b>-162,118</b>	<b>244,968</b>	<b>125,464</b>	<b>-77,228</b>
<b>Change in Unrestricted Net Assets</b>	<b>\$ 16,017</b>	<b>-59,721</b>	<b>235,538</b>	<b>-12,884</b>	<b>-208,608</b>

New York University  
Independent Higher Education Institutions  
Financial and Operating Ratios

Appendix B

	Year					2014 DASNY Median
	2011	2012	2013	2014	2015	
<b><u>Liquidity Ratios</u></b>						
Primary Reserve	0.4	0.3	0.3	0.4	0.3	0.9
Cash Income	11.7%	7.8%	5.6%	4.0%	2.5%	3.8%
Unrestricted Resources to Debt	0.34	0.27	0.29	0.19	0.07	0.55
Viability	0.6	0.6	0.6	0.7	0.5	1.2
Composition of Assets	1.29	1.32	1.30	1.39	1.22	2.05
Operating Cash Flow to Debt Service	2.94	2.99	2.18	1.64	1.25	1.44
<b><u>Capital Ratios</u></b>						
Age of Facility	9.12	8.91	9.22	8.89	10.88	11.17
Capital Expense (Debt Burden)	5.3%	3.9%	3.9%	4.2%	4.2%	4.2%
Debt Service Coverage	2.5	3.8	2.7	1.9	1.8	2.4
Leverage	1.3	1.2	1.3	1.5	1.1	1.9
Capitalization Ratio	50.1%	48.8%	50.5%	52.4%	48.5%	60.6%
Total Resources per FTE Student	\$70,913	\$69,639	\$75,460	\$90,806	\$75,626	\$90,806
Debt per FTE Student	\$57,290	\$57,196	\$59,324	\$63,342	\$67,288	\$60,286
<b><u>Productivity and Demand Ratios</u></b>						
Matriculation (Yield)	35.1%	36.2%	34.3%	35.1%	33.2%	31.4%
Selectivity (Acceptance)	38.1%	32.7%	35.0%	32.4%	35.2%	47.1%
Student/Faculty	7.1	6.9	6.6	6.4	6.6	7.8
Tuition Discount Rate	21.8%	22.4%	23.5%	24.1%	25.7%	31.1%
Educational Core Services	49.5%	48.0%	45.7%	51.0%	60.7%	51.0%
Educational Support Ratio	7.3%	6.7%	6.4%	6.7%	8.0%	15.4%
General Support Ratio	15.3%	13.8%	15.0%	16.2%	20.3%	18.9%
<b><u>Profitability and Operating Ratios</u></b>						
Net Operating Margin	1.1%	2.7%	-0.2%	-3.2%	-3.1%	2.0%
Net Income	6.1%	-1.6%	5.8%	-0.3%	-5.0%	6.6%
Net Tuition per FTE Student	\$35,102	\$36,712	\$37,236	\$40,906	\$37,186	\$26,869
Return on Net Assets	9.8%	1.4%	10.4%	14.4%	-3.2%	14.2%
Return on Average Investment Value	11.6%	2.9%	8.3%	11.8%	1.1%	13.4%
Net Tuition Dependency	38.8%	37.3%	35.2%	35.8%	38.0%	46.8%
Contributed Income	9.1%	9.5%	8.7%	7.5%	8.6%	10.1%
Operating Income	86.9%	89.9%	88.1%	82.8%	101.0%	82.8%
Available Assets	1.7	1.6	1.7	1.8	1.6	2.1
Federal Financial Ratio	3.00	2.49	3.00	2.59	2.32	3.00

NEW YORK UNIVERSITY

The Letter of Bond Counsel in connection with the above referenced transaction will be transmitted to the Members under separate cover.