



DAC Bond[®]

\$592,585,000

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK
NEW YORK UNIVERSITY REVENUE BONDS**

\$348,880,000

Series 2018A (Tax-Exempt)

\$243,705,000

Series 2018B (Taxable)

Dated: Date of Delivery

Due: July 1, as shown on the inside cover

Payment and Security: The New York University Revenue Bonds, Series 2018A (Tax-Exempt) (the "Series 2018A Bonds") and the New York University Revenue Bonds, Series 2018B (Taxable) (the "Series 2018B Bonds" and, together with the Series 2018A Bonds, the "Series 2018 Bonds") are special 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 (the "Loan Agreement"), dated as of May 28, 2008, between New York University (the "University") and DASNY, and (ii) all funds and accounts (except the Arbitrage Rebate Fund or any fund or account established for the payment of the Purchase Price or Redemption Price of Bonds tendered for purchase or redemption) established under DASNY's New York University Revenue Bond Resolution, adopted May 28, 2008 (the "Resolution"), a Series Resolution authorizing the issuance of the Series 2018A Bonds adopted on April 11, 2018 (the "Series 2018A Resolution") and a Series Resolution authorizing the issuance of the Series 2018B Bonds adopted on April 11, 2018 (the "Series 2018B Resolution" and, together with the Series 2018A Resolution, the "Series 2018 Resolutions").

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 2018 Bonds.

The Series 2018 Bonds will not be a debt of the State of New York (the "State") nor will the State be liable thereon. DASNY has no taxing power.

Description: The Series 2018 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof and will bear interest at the rates and will pay interest and mature at the times and in the respective principal amounts shown on the inside cover hereof.

The Series 2018 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 2018 Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2018 Bonds, payments of the principal and Redemption Price of and interest on such Series 2018 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "PART 3 - THE SERIES 2018 BONDS - Book-Entry Only System" herein.

The Bank of New York Mellon, New York, New York is the Trustee and Paying Agent for the Series 2018 Bonds.

Redemption: *The Series 2018 Bonds are subject to redemption and purchase in lieu of optional redemption prior to maturity as more fully described herein.*

Tax Matters: In the opinion of Hawkins Delafield & Wood LLP, Co-Bond Counsel to DASNY, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2018A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2018A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018. Interest on the Series 2018B Bonds is included in gross income for Federal income tax purposes pursuant to the Code. In addition, in the opinion of Hawkins Delafield & Wood LLP, under existing statutes, interest on the Series 2018 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "PART 10 - TAX MATTERS" herein regarding certain other considerations.

The Series 2018 Bonds are offered when, as, and if issued and received by the Underwriters. The offer of the Series 2018 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 DASNY's Co-Bond Counsel, Hawkins Delafield & Wood LLP, New York, New York, and McGlashan Law Firm, P.C., New York, New York, and to certain other conditions. Certain legal matters will be passed upon for the University by its General Counsel, Terrance Nolan, Esq., and by its special counsel, Ropes & Gray LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York. DASNY expects to deliver the Series 2018 Bonds in definitive form in New York, New York, on or about May 17, 2018.

Wells Fargo Securities

BofA Merrill Lynch

J.P. Morgan

Goldman Sachs & Co. LLC

Ramirez & Co., Inc.

\$592,585,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
NEW YORK UNIVERSITY REVENUE BONDS
SERIES 2018

\$348,880,000
SERIES 2018A (TAX-EXEMPT)

Interest Payment Dates: Each January 1 and July 1, commencing January 1, 2019

\$328,880,000 Serial Bonds

| <u>Due July 1</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP Number¹</u> | <u>Due July 1</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP Number¹</u> |
|-------------------|---------------|----------------------|--------------------|---------------------------------|-------------------|---------------|----------------------|---------------------|---------------------------------|
| 2019 | \$1,055,000 | 5.000% | 1.690% | 64990C7T2 | 2032 | \$15,490,000 | 5.000% | 2.800% ² | 64990C8G9 |
| 2020 | 1,695,000 | 5.000 | 1.850 | 64990C7U9 | 2033 | 16,270,000 | 5.000 | 2.850 ² | 64990C8H7 |
| 2021 | 9,060,000 | 5.000 | 1.960 | 64990C7V7 | 2034 | 7,365,000 | 3.250 | 3.370 | 64990C7L9 |
| 2022 | 9,510,000 | 5.000 | 2.050 | 64990C7W5 | 2034 | 9,710,000 | 4.000 | 3.240 ² | 64990C8J3 |
| 2023 | 9,985,000 | 5.000 | 2.150 | 64990C7X3 | 2035 | 17,705,000 | 4.000 | 3.280 ² | 64990C8K0 |
| 2024 | 10,485,000 | 5.000 | 2.260 | 64990C7Y1 | 2036 | 18,415,000 | 5.000 | 3.000 ² | 64990C8L8 |
| 2025 | 11,015,000 | 5.000 | 2.360 | 64990C7Z8 | 2037 | 19,340,000 | 4.000 | 3.380 ² | 64990C8M6 |
| 2026 | 11,560,000 | 5.000 | 2.420 | 64990C8A2 | 2038 | 20,115,000 | 5.000 | 3.050 ² | 64990C7M7 |
| 2027 | 12,140,000 | 5.000 | 2.470 | 64990C8B0 | 2039 | 21,120,000 | 5.000 | 3.070 ² | 64990C7N5 |
| 2028 | 12,740,000 | 5.000 | 2.540 | 64990C8C8 | 2040 | 22,175,000 | 5.000 | 3.080 ² | 64990C7P0 |
| 2029 | 13,380,000 | 5.000 | 2.630 ² | 64990C8D6 | 2041 | 23,280,000 | 4.000 | 3.490 ² | 64990C7Q8 |
| 2030 | 14,050,000 | 5.000 | 2.690 ² | 64990C8E4 | 2042 | 6,465,000 | 3.500 | 3.620 | 64990C7R6 |
| 2031 | 14,755,000 | 5.000 | 2.750 ² | 64990C8F1 | | | | | |

\$20,000,000 5.000% Term Bond Due July 1, 2048, Yield 3.170%² CUSIP Number¹ 64990C7S4

\$243,705,000
SERIES 2018B (TAXABLE)

Interest Payment Dates: Each January 1 and July 1, commencing January 1, 2019

\$32,085,000 Serial Bonds

| <u>Due July 1</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Price</u> | <u>CUSIP Number¹</u> | <u>Due July 1</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Price</u> | <u>CUSIP Number¹</u> |
|-------------------|---------------|----------------------|--------------|---------------------------------|-------------------|---------------|----------------------|--------------|---------------------------------|
| 2019 | \$1,090,000 | 2.265% | 100% | 64990C6R7 | 2028 | \$1,930,000 | 3.644% | 100% | 64990C7A3 |
| 2020 | 1,505,000 | 2.634 | 100 | 64990C6S5 | 2029 | 2,000,000 | 3.744 | 100 | 64990C7B1 |
| 2021 | 1,540,000 | 2.871 | 100 | 64990C6T3 | 2030 | 2,075,000 | 3.794 | 100 | 64990C7C9 |
| 2022 | 1,585,000 | 3.030 | 100 | 64990C6U0 | 2031 | 2,155,000 | 3.844 | 100 | 64990C7D7 |
| 2023 | 1,635,000 | 3.130 | 100 | 64990C6V8 | 2032 | 2,235,000 | 3.894 | 100 | 64990C7E5 |
| 2024 | 1,685,000 | 3.245 | 100 | 64990C6W6 | 2033 | 2,320,000 | 3.944 | 100 | 64990C7F2 |
| 2025 | 1,740,000 | 3.395 | 100 | 64990C6X4 | 2034 | 2,415,000 | 3.974 | 100 | 64990C7G0 |
| 2026 | 1,800,000 | 3.494 | 100 | 64990C6Y2 | 2035 | 2,510,000 | 3.994 | 100 | 64990C7H8 |
| 2027 | 1,865,000 | 3.544 | 100 | 64990C6Z9 | | | | | |

\$14,150,000 4.071% Term Bond Due July 1, 2040, Price 100% CUSIP Number¹ 64990C7J4
\$197,470,000 4.850% Term Bond Due July 1, 2048, Yield 4.221%² CUSIP Number¹ 64990C7K1

¹ CUSIP is a registered trademark of the American Bankers Association (“ABA”). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. 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 2018 Bonds. DASNY is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2018 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2018 Bonds.

² Priced at stated yield to the July 1, 2028 optional redemption date at a redemption price of 100%.

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 2018 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 will there be a sale of the Series 2018 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. DASNY does not guarantee the accuracy or completeness of such information and such information is not to be construed as a representation of DASNY.

The Underwriters 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 respective 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 provided the following sentence for inclusion in this Official Statement. 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.

The University reviewed the parts of this Official Statement describing the University, the Estimated Sources and Uses of Funds, the Series 2018 Project and Appendix B. It is a condition to the sale and the delivery of the Series 2018 Bonds that the University certify that, as of each such date, 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 representations as to the accuracy or completeness of any other information included in this Official Statement.

References in this Official Statement to the Act, the Resolution, the Series 2018 Resolutions and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2018 Resolutions and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2018 Resolutions 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 or the University have remained unchanged after the date of this Official Statement.

References to web-site addresses presented in this Official Statement are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web-sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE UNIVERSITY AND 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 AFFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2018 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2018 BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE RESOLUTION OR THE SERIES 2018 RESOLUTIONS BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE SERIES 2018 BONDS ARE BEING OFFERED IN RELIANCE ON CERTAIN EXEMPTIONS FROM REGISTRATION OR QUALIFICATION CONTAINED IN SUCH ACTS.

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.

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

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

**OFFICIAL STATEMENT RELATING TO
\$592,585,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
NEW YORK UNIVERSITY REVENUE BONDS**

consisting of

**\$348,880,000
Series 2018A (Tax-Exempt)**

**\$243,705,000
Series 2018B (Taxable)**

PART 1 - INTRODUCTION

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page, the inside cover page and appendices, is to provide information about DASNY and the University, in connection with the offering by DASNY of (i) \$348,880,000 aggregate principal amount of its New York University Revenue Bonds, Series 2018A (Tax-Exempt) (the “Series 2018A Bonds”) and (ii) \$243,705,000 aggregate principal amount of its New York University Revenue Bonds, Series 2018B (Taxable) (the “Series 2018B Bonds” and, together with the Series 2018A Bonds, the “Series 2018 Bonds”).

The following is a brief description of certain information concerning the Series 2018 Bonds, DASNY and the University. A more complete description of such information and additional information that may affect decisions to invest in the Series 2018 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.

Purpose of the Issue

The Series 2018A Bonds are being issued to (i) finance or refinance the Costs of the Series 2018 Project (hereinafter defined) and (ii) pay certain Costs of Issuance of the Series 2018A Bonds. The Series 2018B Bonds are being issued to (i) finance or refinance the Costs of the Series 2018 Project and (ii) pay certain Costs of Issuance of the Series 2018B Bonds. See “PART 4 - ESTIMATED SOURCES AND USES OF FUNDS” and “PART 5 - THE SERIES 2018 PROJECT.” The sale and issuance of the Series 2018A Bonds will not be conditioned on the sale and issuance of the Series 2018B Bonds, and the sale and issuance of the Series 2018B Bonds will not be conditioned on the sale and issuance of the Series 2018A Bonds.

Authorization of Issuance

The Series 2018 Bonds will be issued pursuant to the Resolution, the Series 2018 Resolutions and the Act. In addition to the Series 2018 Bonds, the Resolution authorizes the issuance of other Series of Bonds (collectively, the “Bonds”) to pay other Costs of one or more projects, to pay the 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 on behalf 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. There is no limit on the amount of additional Bonds that may be issued under the Resolution, which Bonds may be issued at any time after the scheduled delivery date of the Series 2018 Bonds. See “PART 6- THE UNIVERSITY - FINANCIAL STATEMENT INFORMATION – Investments - Outstanding Long-Term Debt and Other Obligations.”

The Series 2018 Bonds

The Series 2018 Bonds will be dated their date of delivery and will bear interest from such date (payable January 1, 2019 and on each January 1 and July 1 thereafter) at the rates and will mature at the times and in the principal amounts set forth on the inside cover page of this Official Statement. See “PART 3 - THE SERIES 2018 BONDS - Description of the Series 2018 Bonds.”

Payment of the Series 2018 Bonds

The Series 2018 Bonds and all other Bonds which have been and 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 the Loan Agreement. The Revenues are pledged and assigned to the Trustee. See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS - Payment of the Series 2018 Bonds.”

Security for the Series 2018 Bonds

The Series 2018 Bonds are secured equally and ratably with all other Bonds which have been and may be issued under the Resolution by the pledge and assignment to the Trustee of the Revenues, the proceeds of the Bonds and, except as otherwise provided in the Resolution, all funds and accounts established under the Resolution (with the exception of the Arbitrage Rebate Fund or any fund or account established for the payment of the purchase price or Redemption Price of Option Bonds tendered for purchase or redemption). See “PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS - Security for the Series 2018 Bonds” and “PART 6 - THE UNIVERSITY - FINANCIAL STATEMENT INFORMATION - Investments - Outstanding Long-Term Debt and Other Obligations.”

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, the Loan Agreement does not preclude the University from incurring indebtedness 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 2018 BONDS - Security for the Series 2018 Bonds” and “PART 6 - THE UNIVERSITY - FINANCIAL STATEMENT INFORMATION - Investments - Outstanding Long-Term Debt and Other Obligations.”

The University

The University is a private, co-educational, non-sectarian, not-for-profit institution of higher education chartered by the Regents of the University of the State of New York and is an organization described in Section 501(c)(3) of the Code. The University’s principal facilities are located in New York, New York. See “PART 6 - THE UNIVERSITY” and “APPENDIX B – NEW YORK UNIVERSITY CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016.”

DASNY

DASNY is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, governmental and not-for-profit corporations. See “PART 7 - DASNY.”

PART 2 - SOURCE OF PAYMENT AND SECURITY FOR THE SERIES 2018 BONDS

Set forth below is a narrative description of certain contractual provisions relating to the source of payment of and security for the Series 2018 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 and the Resolution and the Series 2018 Resolutions. Copies of the Loan Agreement, the Resolution and the Series 2018 Resolutions are on file with DASNY and the Trustee. See also "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT" and "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" for a more complete statement of the rights, duties and obligations of the parties thereto.

Payment of the Series 2018 Bonds

The Series 2018 Bonds and all other Bonds which have been and may be issued under the Resolution will be special obligations of DASNY. The principal, Sinking Fund Installments, if any, Purchase Price and Redemption Price of and interest on the Series 2018 Bonds and all other Bonds 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, Purchase Price 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, unsecured obligation of the University and obligates the University to make payments to satisfy the principal and Sinking Fund Installments, if any, of and interest on Outstanding Bonds. Payments made by the University in respect of interest on fixed rate Outstanding Bonds are to be made on the fifth Business Day immediately preceding a July 1 and January 1 interest payment date and, in the case of payments in connection with Variable Interest Rate Bonds, three days prior to an interest payment date, 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 and Sinking Fund Installments are to be made on the fifth Business Day preceding the date on which such principal becomes due or the date on which a Sinking Fund Installment becomes due.

Pursuant to the Loan Agreement, DASNY has directed the University, 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 of and interest on the Outstanding Bonds, including the Series 2018 Bonds.

Security for the Series 2018 Bonds

The Series 2018 Bonds are secured equally with all other Bonds issued under the Resolution by the pledge of the Revenues, the proceeds of the Bonds and, except as otherwise provided in the Resolution, 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 or Redemption Price of Bonds tendered for purchase or redemption.

The Series 2018 Bonds will not be a debt of the State of New York (the "State") nor will the State be liable thereon. DASNY has no taxing power. Neither the State nor DASNY has any responsibility to make payments with respect to the Series 2018 Bonds except for DASNY's responsibility to make payments from money 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 absolute 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 - FINANCIAL STATEMENT INFORMATION - Investments - Outstanding Long-Term Debt and Other Obligations," 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.

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, Purchase Price or Redemption Price of or interest on any Bond; (ii) a default by DASNY in the due and punctual performance of any covenants, conditions, agreements or provisions contained in the Bonds or in the Resolution which continues for 30 days after written notice thereof is given to DASNY by the Trustee (such notice to be given in the Trustee's discretion or at the written request of the Holders of not less than 25% in principal amount of Outstanding Bonds); (iii) with respect to the Bonds of a Series, a default by DASNY in the due and punctual performance of any covenant or agreement contained in the Series Resolution authorizing the issuance of such Series of Bonds to comply with the provisions of the Code applicable to such Bonds necessary to maintain the exclusion of interest on such Bonds from gross income for purposes of federal income taxation; or (iv) an "Event of Default," as defined in the Loan Agreement, has occurred 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 all sums payable by the University under the Loan Agreement are declared immediately due and payable, 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 (iii) of the preceding paragraph) occurs and continues, the Trustee, upon the written request of Holders of not less than 25% in principal amount of the Outstanding Bonds by written notice to DASNY, is to declare the principal of and interest on all the Outstanding Bonds to be due and payable. At the expiration of 30 days from the giving of such notice, such principal and interest will become due and payable. The Trustee shall, 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, 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 observe, or refusal to comply with, the covenant described in clause (iii) of the first paragraph under this subheading, 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 Holders of the Bonds 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 a Series of Bonds, and the interest accrued thereon, to be due and payable immediately as a result of DASNY's failure or refusal to observe or 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 each Provider and to the University within five days, and to the Holders within 30 days, in each case after obtaining 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 principal, Sinking Fund Installment or Redemption Price of or interest on any of the Bonds, the Trustee will be protected in withholding such notice thereof to 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 Outstanding Bonds and the Series 2018 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 Capital Appreciation Bonds, Deferred Income Bonds, Option Bonds and Variable Interest Rate Bonds. All Bonds issued under the Resolution will rank on a parity with each other and will be secured equally and ratably with

each other. There is no limit on the amount of additional Bonds that may be issued under the Resolution. Additional Bonds may be issued at any time on or after the scheduled delivery date of the Series 2018 Bonds.

General

The Series 2018 Bonds will not be a debt of the State and the State will not be liable on the Series 2018 Bonds. DASNY has no taxing power. DASNY has never defaulted in the timely payment of principal of or interest on its bonds or notes. See “PART 7 - DASNY.”

PART 3 - THE SERIES 2018 BONDS

Set forth below is a narrative description of certain provisions relating to the Series 2018 Bonds. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Resolution, the Series 2018 Resolutions 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 “APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION” for a more complete description of certain provisions of the Series 2018 Bonds.

Description of the Series 2018 Bonds

The Series 2018 Bonds will be issued pursuant to the Resolution and the Series 2018 Resolutions, will be dated their date of delivery, will bear interest from such date (payable January 1, 2019 and on each January 1 and July 1 thereafter) at the rates, and will mature at the times set forth on the inside cover page of this Official Statement.

The Series 2018 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof (“Authorized Denominations”). The Series 2018 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. Purchasers of beneficial interests in the Series 2018 Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2018 Bonds, the Series 2018 Bonds will be exchangeable for other fully registered Series 2018 Bonds in any other Authorized Denominations of the same Series, maturity and interest rate, if applicable, 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” herein and “APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

Interest on the Series 2018 Bonds will accrue based upon a 360-day year of twelve 30-day months.

Interest on the Series 2018 Bonds of a Series will be payable by check or draft mailed to the registered owners or, at the option of the registered owner of at least \$1,000,000 of Series 2018 Bonds of such Series, 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 Business Days prior to the Record Date. If the Series 2018 Bonds are not registered in the name of DTC or its nominee, Cede & Co., the principal, Redemption Price or Make-Whole Redemption Price of such 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. The principal, Redemption Price or Make-Whole Redemption Price and purchase price of and interest on the Series 2018 Bonds is payable in lawful money of the United States of America.

Redemption Provisions

The Series 2018 Bonds are subject to optional and mandatory redemption as described below.

Optional Redemption

Series 2018A Bonds

The Series 2018A Bonds maturing on or before July 1, 2028 are not subject to optional redemption prior to maturity. The Series 2018A Bonds maturing on July 1, 2034 and bearing an interest rate of 3.250% and the Series 2018A Bonds maturing on July 1, 2042 are subject to redemption prior to maturity, at the election of DASNY (to be given at the direction of the University), on or after July 1, 2023, in any order, in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption. In addition, the Series 2018A Bonds maturing after July 1, 2028, are subject to redemption prior to maturity, at the election of DASNY (to be given at the direction of the University), on or after July 1, 2028, in any order, in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

Series 2018B Bonds

The Series 2018B Bonds will be subject to redemption prior to maturity on any Business Day, in any order at the option of DASNY (to be given at the direction of the University), as a whole or in part (i) before July 1, 2028 at the Make-Whole Redemption Price described below, and (ii) on or after July 1, 2028, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption.

The “Make-Whole Redemption Price” is the greater of (i) 100% of the principal amount of the Series 2018B Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2018B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2018B Bonds are to be redeemed, discounted to the date on which such Series 2018B Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 20 basis points, plus, in each case, accrued and unpaid interest on the Series 2018B Bonds to be redeemed on the redemption date. The Trustee may retain, at the expense of the University, an independent accounting firm or financial advisor to determine the Make-Whole Redemption Price and perform all actions and make all calculations required to determine the Make-Whole Redemption Price. The Trustee, DASNY and the University may conclusively rely on such accounting firm’s or financial advisor’s calculations in connection with, and determination of, the Make-Whole Redemption Price, and none of the Trustee, DASNY or the University will have any liability for their reliance.

The “Treasury Rate” is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2018B Bonds to be redeemed. However, if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Mandatory Redemption

Series 2018A Bonds

The Series 2018A Bonds maturing on July 1, 2048, are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at a Redemption Price equal to 100% of the principal amount thereof to be redeemed from mandatory Sinking Fund Installments, plus accrued interest to the date of redemption, which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of the Series 2018A Bonds specified for each of the years shown below:

Series 2018A Bonds
Maturing on July 1, 2048

| <u>Year</u> | <u>Principal Amount</u> |
|-------------------|-----------------------------|
| 2043 | \$2,940,000 |
| 2044 | 3,085,000 |
| 2045 | 3,240,000 |
| 2046 | 3,405,000 |
| 2047 | 3,575,000 |
| 2048 [†] | 3,755,000 |

[†]Final maturity.

There will be credited against and in satisfaction of all or a portion of a Sinking Fund Installment payable on any date, the principal amount of Series 2018A Bonds entitled to such Sinking Fund Installment (A) purchased with money in the Debt Service Fund pursuant to the Resolution, (B) redeemed pursuant to an optional redemption, (C) purchased by the University or DASNY and delivered to the Trustee for cancellation or (D) deemed to have been paid in accordance with the Resolution. Series 2018A Bonds purchased with money in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2018A Bonds so purchased payable on the next succeeding July 1. Series 2018A Bonds redeemed pursuant to an optional redemption, purchased by DASNY or the University (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Resolution will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments as DASNY may direct in its discretion. To the extent DASNY's obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder's Series 2018A Bonds of the maturity entitled to such Sinking Fund Installment will be reduced for such year.

Series 2018B Bonds

The Series 2018B Bonds maturing on July 1, 2040 are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at a Redemption Price equal to 100% of the principal amount thereof to be redeemed from mandatory Sinking Fund Installments, plus accrued interest to the date of redemption, which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of the Series 2018B Bonds specified for each of the years shown below:

Series 2018B Bonds
Maturing on July 1, 2040

| <u>Year</u> | <u>Principal Amount</u> |
|-------------------|-----------------------------|
| 2036 | \$2,610,000 |
| 2037 | 2,715,000 |
| 2038 | 2,825,000 |
| 2039 | 2,940,000 |
| 2040 [†] | 3,060,000 |

[†]Final maturity.

The Series 2018B Bonds maturing on July 1, 2048 are also subject to redemption, in part, on each July 1 of the years and in the respective principal amounts set forth below, at a Redemption Price equal to 100% of the principal amount thereof to be redeemed from mandatory Sinking Fund Installments, plus accrued interest to the date of redemption, which are required to be made in amounts sufficient to redeem on July 1 of each year the principal amount of the Series 2018B Bonds specified for each of the years shown below:

Series 2018B Bonds
Maturing on July 1, 2048

| <u>Year</u> | <u>Principal Amount</u> |
|-------------------|-----------------------------|
| 2041 | \$ 3,185,000 |
| 2042 | 21,085,000 |
| 2043 | 25,565,000 |
| 2044 | 26,800,000 |
| 2045 | 28,095,000 |
| 2046 | 29,460,000 |
| 2047 | 30,895,000 |
| 2048 [†] | 32,385,000 |

[†]Final maturity.

There will be credited against and in satisfaction of all or a portion of a Sinking Fund Installment payable on any date, the principal amount of Series 2018B Bonds entitled to such Sinking Fund Installment (A) purchased with money in the Debt Service Fund pursuant to the Resolution, (B) redeemed pursuant to an optional redemption, (C) purchased by the University or DASNY and delivered to the Trustee for cancellation or (D) deemed to have been paid in accordance with the Resolution. Series 2018B Bonds purchased with money in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2018B Bonds so purchased payable on the next succeeding July 1. Series 2018B Bonds redeemed pursuant to an optional redemption, purchased by DASNY or the University (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Resolution will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments as DASNY may direct in its discretion. To the extent DASNY's obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder's Series 2018B Bonds of the maturity entitled to such Sinking Fund Installment will be reduced for such year.

Selection of Series 2018 Bonds to be Redeemed

In the case of redemptions of less than all of the Series 2018 Bonds of a Series other than through mandatory Sinking Fund Installments, DASNY will select the maturities and, if applicable, the interest rates, of such Series 2018 Bonds to be redeemed.

The Series 2018A Bonds of each maturity to be redeemed in part will be selected by the Trustee, by lot, using such method of selection as the Trustee considers proper in its discretion. The Series 2018B Bonds of each maturity to be redeemed in part will be redeemed pro rata within such maturities.

If the Series 2018B Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Series 2018B Bonds, if less than all of the Series 2018B Bonds of a maturity are called for redemption, the particular Series 2018B Bonds of such maturity or portions thereof to be redeemed will be selected on a pro rata pass-through distribution of principal basis in accordance with the DTC procedures.

It is the intention of DASNY that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, none of DASNY, the University or the Underwriters of the Series 2018B Bonds can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of the Series 2018B Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Series 2018B Bonds on a pro rata pass-through distribution of principal basis as discussed above, then the Series 2018B Bonds will be selected for redemption, in accordance with the DTC procedures, by lot.

If the Series 2018B Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the Series 2018B Bonds will be allocated among the registered owners of the Series 2018B Bonds of such maturity, as nearly as practicable, taking into consideration the Authorized Denominations of the Series 2018B Bonds, on a pro rata basis.

Notice of Redemption and its Effect

Notice of the redemption of the Series 2018 Bonds will be given by the Trustee in the name of DASNY to the registered owners of the Series 2018 Bonds to be redeemed by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the redemption date, but the failure of any registered owners to receive notice mailed in accordance with the Resolution will not affect the validity of the proceedings for the redemption of the Series 2018 Bonds. Any such notice may contain conditions to DASNY's obligation to redeem the Series 2018 Bonds. See "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION."

DASNY's obligation to optionally redeem a Series 2018 Bond may be conditioned upon the availability of sufficient money to pay the Redemption Price for all of the Series 2018 Bonds to be redeemed on the redemption date. If sufficient money is available on the redemption date to pay the Redemption Price and if notice has been mailed and the conditions, if any, to such redemption have been satisfied or waived by DASNY, then interest on the Series 2018 Bonds called for redemption will cease to accrue from and after the redemption date and such Series 2018 Bonds will no longer be considered to be Outstanding under the Resolution.

Purchase in Lieu of Optional Redemption

The Series 2018 Bonds are also subject to purchase prior to maturity, at the election of DASNY upon direction from the University, at the time that such Series 2018 Bonds are subject to optional redemption, in any order, in whole or in part at any time, at a purchase price (the "Purchase Price") equal to (i) in the case of the Series 2018A Bonds, 100% of the principal amount of the Series 2018A Bonds to be purchased, and (ii) in the case of the Series 2018B Bonds, prior to July 1, 2028, the Make-Whole Redemption Price, and thereafter, 100% of the principal amount of the Series 2018B Bonds to be purchased, plus, in each case, accrued interest to the date of purchase (the "Purchase Date").

Notice of Purchase and its Effect

Notice of purchase of the Series 2018 Bonds will be given in the name of DASNY to the registered owners of the Series 2018 Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 45 days prior to the Purchase Date specified in such notice. The Series 2018 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2018 Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. Such purchase will not operate to extinguish the indebtedness of DASNY evidenced thereby or modify the terms of the Series 2018 Bonds and such Series 2018 Bonds need not be cancelled, but will remain Outstanding under the Resolution and continue to bear interest.

DASNY's obligation to purchase a Series 2018 Bond may be conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2018 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 2018 Bonds to be purchased, the former registered owners of such Series 2018 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 2018 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 2018 Bonds in accordance with their respective terms.

If not all of the Outstanding Series 2018 Bonds of a Series, maturity and, if applicable, interest rate, are to be purchased, the Series 2018 Bonds of such Series, maturity and interest rate to be purchased will be selected in the same manner as Series 2018 Bonds of a Series, maturity and interest rate to be optionally redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the Series 2018 Bonds, see "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION." Also, see "Book-Entry Only System" below for a description of the notices of redemption to be given to Beneficial Owners of the Series 2018 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 2018 Bonds. The Series 2018 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 2018 Bond certificate will be issued for each Series, maturity and, if applicable, interest rate, of the Series 2018 Bonds, totaling in the aggregate the principal amount of the Series 2018 Bonds, and will be deposited with DTC.

DTC, the world’s largest securities depository, 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. 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 Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 Bonds on DTC’s records. The ownership interest of each actual purchaser of a Series 2018 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018 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 2018 Bonds, except in the event that use of the book-entry system for such Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2018 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 2018 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2018 Bonds may wish to ascertain that the nominee holding the Series 2018 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2018 Bonds within a particular maturity of the Series 2018 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2018 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 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2018 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 Direct and Indirect 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 Trustee or DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal 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.

DTC may discontinue providing its services as securities depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to DASNY or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2018 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 2018 Bond certificates will be printed and delivered to DTC.

The information herein concerning DTC and DTC's book-entry-only 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 Participant or Indirect Participant acquires an interest in the Series 2018 Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, and may desire to make arrangements with such Direct Participant or Indirect Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Direct Participant or Indirect Participant and to have notification made of all interest payments. **NONE OF DASNY, THE TRUSTEE, OR THE UNIVERSITY WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT OR INDIRECT PARTICIPANT OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2018 BONDS.**

So long as Cede & Co. is the registered owner of the Series 2018 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2018 Bonds (other than under "PART 10 - TAX MATTERS" herein) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of the Series 2018 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference will only relate 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 2018 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 2018 Bonds if DASNY determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2018 Bonds, or (ii) a continuation of the requirement that all of the Outstanding 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 2018 Bond certificates will be delivered as described in the Resolution.

NONE OF DASNY, THE UNIVERSITY OR 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 2018 BONDS UNDER THE RESOLUTIONS; (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 OR PURCHASE IN LIEU OF REDEMPTION OF THE SERIES 2018 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 2018 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2018 BONDS; OR (VI) ANY OTHER MATTER.

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Principal and Interest Requirements

The following table sets forth the amounts, after giving effect to the issuance of the Series 2018A Bonds and the Series 2018B Bonds, required to be paid by the University during each twelve month period ending August 31 of the years shown for the payment of debt service on the outstanding indebtedness of the University, the principal of and interest on the Series 2018A Bonds, the Series 2018B Bonds and the total debt service on all indebtedness of the University (exclusive of debt service on the University's lines of credit). For a discussion of the University's outstanding indebtedness and additional borrowing plans, see "PART 6 - THE UNIVERSITY - FINANCIAL STATEMENT INFORMATION - Investments - Outstanding Long-Term Debt and Other Obligations" and "Additional Borrowing Plans."

| 12-Month Period Ending August 31, | Series 2018A Bonds | | | Series 2018B Bonds | | | Debt Service on Outstanding Indebtedness ^{(1),(2)} | Total Debt Service |
|---|-----------------------|----------------------|--------------|-----------------------|----------------------|--------------|--|--------------------------|
| | Principal Payments | Interest Payments | Total | Principal Payments | Interest Payments | Total | | |
| 2018 | - | - | - | - | - | - | \$215,324,962 | \$215,324,962 |
| 2019 | \$1,055,000 | \$18,536,628 | \$19,591,628 | \$1,090,000 | \$12,664,672 | \$13,754,672 | 232,063,082 | 265,409,382 |
| 2020 | 1,695,000 | 16,465,038 | 18,160,038 | 1,505,000 | 11,260,663 | 12,765,663 | 233,676,188 | 264,601,888 |
| 2021 | 9,060,000 | 16,380,288 | 25,440,288 | 1,540,000 | 11,221,021 | 12,761,021 | 233,696,489 | 271,897,798 |
| 2022 | 9,510,000 | 15,927,288 | 25,437,288 | 1,585,000 | 11,176,807 | 12,761,807 | 230,388,896 | 268,587,991 |
| 2023 | 9,985,000 | 15,451,788 | 25,436,788 | 1,635,000 | 11,128,782 | 12,763,782 | 230,395,021 | 268,595,591 |
| 2024 | 10,485,000 | 14,952,538 | 25,437,538 | 1,685,000 | 11,077,606 | 12,762,606 | 230,386,215 | 268,586,359 |
| 2025 | 11,015,000 | 14,428,288 | 25,443,288 | 1,740,000 | 11,022,928 | 12,762,928 | 230,378,263 | 268,584,478 |
| 2026 | 11,560,000 | 13,877,538 | 25,437,538 | 1,800,000 | 10,963,855 | 12,763,855 | 230,378,788 | 268,580,181 |
| 2027 | 12,140,000 | 13,299,538 | 25,439,538 | 1,865,000 | 10,900,963 | 12,765,963 | 230,363,987 | 268,569,488 |
| 2028 | 12,740,000 | 12,692,538 | 25,432,538 | 1,930,000 | 10,834,868 | 12,764,868 | 212,035,573 | 250,232,978 |
| 2029 | 13,380,000 | 12,055,538 | 25,435,538 | 2,000,000 | 10,764,538 | 12,764,538 | 210,767,155 | 248,967,231 |
| 2030 | 14,050,000 | 11,386,538 | 25,436,538 | 2,075,000 | 10,689,658 | 12,764,658 | 210,835,032 | 249,036,227 |
| 2031 | 14,755,000 | 10,684,038 | 25,439,038 | 2,155,000 | 10,610,933 | 12,765,933 | 210,850,885 | 249,055,855 |
| 2032 | 15,490,000 | 9,946,288 | 25,436,288 | 2,235,000 | 10,528,095 | 12,763,095 | 206,975,314 | 245,174,696 |
| 2033 | 16,270,000 | 9,171,788 | 25,441,788 | 2,320,000 | 10,441,064 | 12,761,064 | 202,768,574 | 240,971,425 |
| 2034 | 17,075,000 | 8,358,288 | 25,433,288 | 2,415,000 | 10,349,563 | 12,764,563 | 202,766,355 | 240,964,205 |
| 2035 | 17,705,000 | 7,730,525 | 25,435,525 | 2,510,000 | 10,253,591 | 12,763,591 | 198,505,169 | 236,704,285 |
| 2036 | 18,415,000 | 7,022,325 | 25,437,325 | 2,610,000 | 10,153,342 | 12,763,342 | 198,491,040 | 236,691,707 |
| 2037 | 19,340,000 | 6,101,575 | 25,441,575 | 2,715,000 | 10,047,088 | 12,762,088 | 198,543,676 | 236,747,340 |
| 2038 | 20,115,000 | 5,327,975 | 25,442,975 | 2,825,000 | 9,936,561 | 12,761,561 | 189,552,394 | 227,756,929 |
| 2039 | 21,120,000 | 4,322,225 | 25,442,225 | 2,940,000 | 9,821,555 | 12,761,555 | 176,708,737 | 214,912,517 |
| 2040 | 22,175,000 | 3,266,225 | 25,441,225 | 3,060,000 | 9,701,868 | 12,761,868 | 139,622,963 | 177,826,056 |
| 2041 | 23,280,000 | 2,157,475 | 25,437,475 | 3,185,000 | 9,577,295 | 12,762,295 | 131,343,939 | 169,543,709 |
| 2042 | 6,465,000 | 1,226,275 | 7,691,275 | 21,085,000 | 9,422,823 | 30,507,823 | 122,157,446 | 160,356,544 |
| 2043 | 2,940,000 | 1,000,000 | 3,940,000 | 25,565,000 | 8,400,200 | 33,965,200 | 114,139,231 | 152,044,431 |
| 2044 | 3,085,000 | 853,000 | 3,938,000 | 26,800,000 | 7,160,298 | 33,960,298 | 104,717,259 | 142,615,556 |
| 2045 | 3,240,000 | 698,750 | 3,938,750 | 28,095,000 | 5,860,498 | 33,955,498 | 104,706,017 | 142,600,264 |
| 2046 | 3,405,000 | 536,750 | 3,941,750 | 29,460,000 | 4,497,890 | 33,957,890 | 89,889,300 | 127,788,940 |
| 2047 | 3,575,000 | 366,500 | 3,941,500 | 30,895,000 | 3,069,080 | 33,964,080 | 39,563,000 | 77,468,580 |
| 2048 | 3,755,000 | 187,750 | 3,942,750 | 32,385,000 | 1,570,673 | 33,955,673 | 28,158,158 | 66,056,581 |

⁽¹⁾ Excludes debt service related to the University's lines of credit.

⁽²⁾ Amounts may not total due to rounding.

PART 4 - ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

| Sources of Funds | Series 2018A | Series 2018B | Total |
|--|------------------------------|------------------------------|----------------------|
| Principal Amount | \$348,880,000 | \$243,705,000 | \$592,585,000 |
| Plus: Net Original Issue Premium | <u>49,512,192</u> | <u>10,136,135</u> | <u>59,648,327</u> |
| Total Sources of Funds | <u>\$398,392,192</u> | <u>\$253,841,135</u> | <u>\$652,233,327</u> |
| Uses of Funds | | | |
| Deposit to the Construction Fund..... | \$398,380,902 ⁽¹⁾ | \$251,523,405 ⁽²⁾ | \$649,904,307 |
| Debt Service Fund..... | 11,290 | - | 11,290 |
| Costs of Issuance..... | - | 1,546,537 ⁽³⁾ | 1,546,537 |
| Underwriters' Discount..... | - | <u>771,193</u> | <u>771,193</u> |
| Total Uses of Funds | <u>\$398,392,192</u> | <u>\$253,841,135</u> | <u>\$652,233,327</u> |

(1) Includes repayment of lines of credit in the amount of \$196,561,014 related to the Series 2018A Bonds.

(2) Includes repayment of lines of credit in the amount of \$142,023,987 related to the Series 2018B Bonds and capitalized interest in the amount of \$40,979,566, \$26,930,993 of which is related to the Series 2018A Bonds and \$14,048,573 of which is related to the Series 2018B Bonds.

(3) Includes costs of issuance in the amount of \$406,046 related to the Series 2018A Bonds and an Underwriters' fee in the amount of \$860,645 related to the Series 2018A Bonds, which will be paid from the proceeds of the Series 2018B Bonds to Wells Fargo Bank, National Association, as representative of the Series 2018A Underwriters (as defined herein). See "PART 14 - UNDERWRITING."

PART 5 – THE SERIES 2018 PROJECT

A portion of the proceeds from the sale of the Series 2018 Bonds are being used to finance or refinance costs incurred in connection with acquiring, constructing, reconstructing, renovating, equipping, repairing, purchasing or otherwise providing for the project described below (collectively, the "Series 2018 Project"). The Series 2018 Project consists of the payment of all or a portion of the costs of or the repayment of one or more lines of credit, the proceeds of which were applied to pay a portion of the cost of: (i) construction of a mixed use (e.g., academic, athletic, residential and administrative) building at 181 Mercer Street; (ii) improvements to the University's cogeneration plant and infrastructure elements related to delivery and service sites, including, without limitation, 251 Mercer Street; (iii) construction and equipping of a new approximately 350,000 square foot building at 435 East 30th Street to house advanced medical research facilities for the School of Medicine; (iv) improvements to the University's facilities at 6 MetroTech Center for the University's Tandon School of Engineering; (v) improvements and equipping of ambulatory care facilities; and (vi) improvements, capital replacements and equipping of other facilities of the University located in New York, New York and Brooklyn, New York.

PART 6 - THE UNIVERSITY

GENERAL INFORMATION

Introduction

New York University (the "University" or "NYU") is a private, not-for-profit institution of higher education and is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The University was founded in 1831 by a group of private citizens and is recognized nationally and internationally as a leader in scholarship and education.

NYU is one of the largest private institutions of higher education in the United States. It has more than 5,000 full-time faculty – including recipients of Nobel Prizes, Abel Prizes, National Medals of Science, Technology, the Arts and the Humanities, Pulitzer Prizes and other top honors – and approximately 27,400 undergraduate and 24,300

graduate and professional students. It includes 19 schools, colleges, institutes and programs in eight major locations in New York City: the Washington Square campus in Greenwich Village; the Institute of Fine Arts at 1 East 78th Street near the Metropolitan Museum of Art; the School of Professional Studies at the Midtown Center at 11 West 42nd Street and the Woolworth Building located at 15 Barclay Street (as well as at Washington Square); the Rory Meyers College of Nursing and the College of Dentistry on First Avenue between East 24th and 26th Streets; the School of Medicine on First Avenue between East 30th and 34th Streets; the Institute for the Study of the Ancient World at 15 East 84th Street; and the downtown Brooklyn area, where the Tandon School of Engineering and the Center for Urban Science and Progress (CUSP) are located.

NYU is distinguished by its significant global network – an integrated system that permits faculty and students to move among NYU sites throughout the world in pursuit of their scholarly interests and education. Each of these sites is staffed and managed by NYU. In addition to the University’s historic campus in New York’s Greenwich Village neighborhood, its growing presence in downtown Brooklyn, and its “Health Corridor” along First Avenue, the network includes a comprehensive, degree-granting, liberal arts and science university in Abu Dhabi (“NYU Abu Dhabi”); a comprehensive, degree-granting liberal arts and science campus in Shanghai (“NYU Shanghai”); and eleven other global academic sites on six continents where students may study away for a semester or more. The University’s global network was recognized in 2011 with the Senator Paul Simon Award for Campus Internationalization by NAFSA: Association of International Educators (the former National Association of Foreign Student affairs). NYU was ranked in 2018 as a top 30 global university by *US News and World Report* and the *Times Higher Education*.

As a private university, NYU is governed by a board of trustees. It derives its operating funds from tuition, room and board charges, budgeted distributions from its endowment, grants from private foundations and government, gifts from friends, alumni, corporations and other private philanthropic sources and revenue from patient care through faculty group practices.

The University is committed to a policy of equal treatment in every aspect of its relations with faculty, students and staff members, without regard to age, citizenship status, color, disability, marital or parental status, national origin, race, ethnicity, religion, sex or sexual orientation, gender and/or gender identity or veteran or military status.

The University is a member of the Association of American Universities and is accredited by the Middle States Commission on Higher Education (formerly a unit of the Middle States Association of Colleges and Schools). Graduate and professional accrediting agencies recognize its degrees in all categories.

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Governance

The University is governed by a self-perpetuating board of trustees (the “Board”) which is responsible for directing the affairs of the University. There are currently 67 Voting Trustees, 19 Life Trustees (non-voting), and seven Trustee Associates (non-voting). The following is a list of the members of the Board:

Officers of the Board

| <u>Name</u> | <u>Board Position</u> | <u>Affiliation</u> |
|-------------------------------|-----------------------|--|
| William R. Berkley | Chair | Executive Chairman W. R. Berkley Corporation |
| Martin Lipton | Chair Emeritus | Partner Wachtell, Lipton, Rosen & Katz |
| Phyllis Putter Barasch | Vice Chair | Retired |
| Laurence D. Fink | Vice Chair | Chairman & Chief Executive Officer BlackRock, Inc. |
| Kenneth G. Langone* | Vice Chair | Chairman & Chief Executive Officer Invemed Associates, LLC |
| Constance Silver | Vice Chair | Art Director Victory Ventures, Inc. |
| Chandrika Tandon | Vice Chair | Chairman Tandon Capital Associates |
| Daniel R. Tisch | Vice Chair | Managing Member Towerview LLC |
| Anthony Welters | Vice Chair | Executive Chairman BlackIvy Group, LLC |
| Shelby White | Vice Chair | Trustee The Leon Levy Foundation |
| Leonard A. Wilf | Vice Chair | President Garden Homes, Inc. |
| Thomas S. Murphy* | Honorary Vice Chair | Retired Chairman and Chief Executive Officer Capital Cities/ABC, Inc. |
| Larry A. Silverstein | Honorary Vice Chair | Chairman Silverstein Properties, Inc. |

* Non-voting Life Trustee.

Other Voting Trustees

Ronald D. Abramson

Shareholder
Buchanan Ingersoll & Rooney, PC

Khaldoon Khalifa Al Mubarak

Chairman
Executive Affairs Authority of the
Government of Abu Dhabi

Taffi Ayodele

CEO and Co-Founder
The Thando's Group LLC

Maria Bartiromo

Anchor and Global Markets Editor
Fox Business Network

Marc H. Bell

Marc Bell Capital Partners, LLC

Andrea C. Bonomi

Founder and Chairman
Investindustrial

Casey Box

Executive Director
Land is Life

Sharon Chang

Managing Trustee
TTSL Charitable Foundation
& Founder, Yoxi

Evan R. Chesler

Chairman
Cravath, Swaine & Moore LLP

Steven M. Cohen

Executive Vice President, Chief
Administrative Officer and General
Counsel
MacAndrews & Forbes Incorporated

Stuyvesant Comfort

Founder
Conversion Venture Capital

Michael Denkensohn

Executive Director
Seward & Kissel LLP

Jinsong Ding

Chairman
Shanghai HiTime Real Estate Group

Fiona Druckenmiller

Small Business Owner
FD Gallery

Gale Drukier

Joel S. Ehrenkranz

Senior Partner
Ehrenkranz & Ehrenkranz, LLP

Lun Feng

Chairman
F&E Asset Management

Luiz Fraga

Co-Founder and Co-CIO of Private
Equity
Gavea Investimentos

Mark Fung

President
John and Susan Fung Foundation

Jeffrey S. Gould

Chairman
Waxx Tech

Lisa Yoo Hahn

Curatorial Director
Hahn Fine Art

Andrew D. Hamilton

President
New York University

Natalie Holder, Esq.

Chief Diversity Officer
Office of Diversity, Inclusion, and
Equity
U.S. Capitol Police

Beverly Hyman, Ph.D.

President
Beverly Hyman, Ph.D. and
Associates

Mitchell Jacobson

Chairman
MSC Industrial Direct Co., Inc.

Boris Jordan

President & CEO
The Sputnik Group

David A. Katz

Partner
Wachtell, Lipton, Rosen & Katz

Jonathan C. Kim

Co-Founding Principal
Miya Capital

Andre J.L. Koo

Chairman
Chailease Group

Joseph Landy

Co-Chief Executive Officer
Warburg Pincus, LLC

Mark Leslie

Managing Director
Leslie Ventures

Brian A. Levine, MD

Practice Director
Colorado Center for Reproductive
Medicine

Amanda Lipitz

Owner
Amanda Lipitz Productions

Kelly Kennedy Mack

President
Corcoran Sunshine Marketing Group

Mimi M.D. Marziani

Executive Director
Texas Civil Rights Project

Howard Meyers

Chairman & CEO
Quexco Incorporated

Ruthie Ann Miles

Professional singer and actor

Constance J. Milstein

Principal and Co-Founder
Ogden CAP Properties, LLC

David C. Oxman

Senior Counsel
Davis Polk & Wardwell

John Paulson
President
Paulson & Co., Inc.

Dasha Rettew
Learning and Development Partner
Facebook

Catherine B. Reynolds
Chairman & CEO
Catherine B. Reynolds Foundation

Brett B. Rochkind
General Partner
CRV

William C. Rudin
President
Rudin Management Company, Inc.

Lisa Silverstein
Senior Vice President
Silverstein Properties, Inc.

Jay Stein
Chairman
Stein Mart, Inc.

Joseph S. Steinberg
Chairman
Leucadia National Corporation

Judy Steinhardt

Jessica Swartz, Ph.D.
Vice President, Business
Development and Operations
Renovation

Adam Taki
President
Actlien Holding Inc.

David A. Tanner
Managing Director
Three Mile Capital

Wenliang Wang
Chairman & Founder
China Rilin Construction Group

Nina Weissberg
President
Weissberg Corporation

Tamara Winn

Sascia Yuan*
Vice President
Credit Suisse

Charles Zegar
Founding Partner
Bloomberg, L.P.

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* Goldman Sachs & Co. LLC is serving as an underwriter of the Series 2018 Bonds, and Ms. Yuan was formerly affiliated with Goldman Sachs & Co. LLC.

Life Trustees

Diane Belfer
Philanthropist

Arthur L. Carter
President
Utilities & Industries Management Corporation

John J. Creedon
Former President & CEO
Metropolitan Life Insurance Co.

Maurice R. Greenberg
Chairman & Chief Executive Officer
C.V. Starr and Co., Inc.

Henry Kaufman
President
Henry Kaufman & Company, Inc.

Helen L. Kimmel

Charles Klein
Co-Founder
American Securities LP

Richard Jay Kogan
Retired President & CEO
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Donald B. Marron
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Partner
Schulte Roth & Zabel LLP

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New York County

Marvin Leffler
President Emeritus and Trustee
Town Hall Foundation

Jeffrey H. Lynford
President & CEO
Educational Housing Services, Inc.

Administration

The President of the University is appointed by the Board and, as chief executive officer, is principally responsible for administration of the University. The key officers of the University are nominated by the President and appointed by the Board; other principal executives are appointed by the President. The key officers of the University are listed below:

Key Officers of the University

| <u>Name</u> | <u>Position</u> |
|---|---|
| Andrew D. Hamilton , B.Sc., M.Sc., Ph.D. | President and Chancellor |
| Katherine E. Fleming , B.A., M.A., Ph.D. | Provost |
| Terrance J. Nolan , B.A., J.D., LL.M | General Counsel and Secretary |
| Martin S. Dorph , B.S., M.B.A., J.D. | Executive Vice President |
| Pietrina Scaraglino , B.A., J.D. | Deputy General Counsel and Associate Secretary |
| Stephanie Pianka , B.A., M.B.A. | Chief Financial Officer |
| Robert Grossman , BS, MD | Executive Vice President for NYU Langone Health |

Andrew D. Hamilton, B.Sc., M.Sc., Ph.D.

Andrew D. Hamilton was appointed the 16th President of the University in March 2015 and commenced his duties in January 2016. He most recently served as the Vice Chancellor of Oxford University, the university's senior officer, after an academic career that took him from Princeton University to the University of Pittsburgh, and then to Yale University, where he was named Provost. Throughout his time in academic leadership positions, he has maintained his scholarly work, including an active research laboratory, and continues to do so at NYU. A distinguished chemist and a Fellow of the Royal Society, Dr. Hamilton's scholarly work lies at the intersection of organic and biologic chemistry. He received his Ph.D. from Cambridge University, his master's degree from the University of British Columbia and his undergraduate degree from Exeter University.

Katherine E. Fleming, B.A., M.A., Ph.D.

Katherine E. Fleming commenced her duties as Provost of the University in September 2016. Dr. Fleming joined the NYU faculty in 1998. As NYU's Deputy Provost (since 2013) and Vice Chancellor (Europe) (since 2007), she worked closely with the deans, directors, and schools on academic planning and also provided oversight of the Provost's Global Research Initiatives program, which she created in 2011. A historian, she is the Alexander S. Onassis Professor of Hellenic Culture and Civilization in the Faculty of Arts and Science, and served for many years as the Associate Director and then Director of the Remarque Institute. Outside of NYU, Dr. Fleming is an associate member of the History Department of the *École Normale Supérieure*, Paris, and served as the president of the Board of the University of Piraeus, Greece. She holds a Ph.D. in history from the University of California, Berkeley and an M.A. from the University of Chicago and B.A. from Barnard College, Columbia University in comparative religion.

Terrance J. Nolan, B.A., J.D., LL.M.

Terrance J. Nolan has served as General Counsel of the University since January 2015 and was Deputy General Counsel since 2006. Prior to joining NYU in 1980, Mr. Nolan was a litigation attorney in the Office of General Counsel of the New York City Transit Authority and was Assistant to the Director of Labor Relations of PepsiCo, Inc. Mr. Nolan is a member of a number of professional organizations including: the New York State Bar Association and its Section on Labor and Employment Law, of which he is a charter member, the Association of Corporate Counsel and the National Association of College and University Attorneys (he is former Co-Chair of its Section on Litigation and Alternative Dispute Resolution). He is a certified mediator for the Alternative Dispute Resolution programs of the United States District Courts for the Southern and Eastern Districts of New York and is a member of the Panel of Arbitrators for the Financial Industry Regulatory Authority. Mr. Nolan is an adjunct faculty member in the Steinhardt School, teaching the graduate course Higher Education and the Law, and also is a frequent speaker on labor and employment issues before higher education organizations. He received his B.A. in Political

Science from St. Francis College, his J.D. from St. John's University School of Law and LL.M (in Labor Law) from New York University School of Law.

Martin S. Dorph, B.S., M.B.A., J.D.

As Executive Vice President, Martin S. Dorph is responsible for the University's administrative and business operations. He provides oversight to the following units, among others: Office of the Senior Vice President for Finance and Planning; Chief Financial Officer; Information Technology; Capital Projects and Facilities; Human Resources; Public Safety; and the University Investment Office. Mr. Dorph served as the University's Chief Financial Officer from 2007 to 2017. Prior to joining NYU, Mr. Dorph was Vice President, Chief Financial Officer and Treasurer of Temple University for eleven years. He also held positions as the Director of Finance and Administration for the Delaware River Port Authority, the Deputy Director of Finance for the City of Philadelphia and in investment banking. Mr. Dorph received his B.S. from Case Western Reserve University and his M.B.A. and J.D. from the University of Pennsylvania.

Pietrina Scaraglino, B.A., J.D.

Pietrina Scaraglino has served as Deputy General Counsel and Associate Secretary of the University since January 2015. Before returning to NYU in January 2015, Ms. Scaraglino served as Vice President, General Counsel, and Secretary of the Institute of International Education from 2011 to 2015. Prior to that, she spent 16 years at NYU in its Office of General Counsel; when she left in 2011, she was the Director of the Office's Global and Corporate Practices. Ms. Scaraglino also served as an Assistant Attorney General in the Charities Bureau of the New York State Attorney General's Office and was a litigator in private practice. Ms. Scaraglino is a member of the Government Relations Committee of the Nonprofit Coordinating Committee and the National Association of College and University Attorneys, where she serves on the Editorial Board of NACUANotes. She also has written and lectured on issues involving non-profits. She received her B.A. from New York University and her J.D. from New York University School of Law.

Stephanie Pianka, B.A., M.B.A.

Stephanie Pianka was appointed Senior Vice President for Finance and Budget and Chief Financial Officer in June 2017. In this role, Ms. Pianka is responsible for all aspects of the University's fiscal strategy and financial operations, as well as campus services. She also provides oversight to the following units, among others: Office of Budget and Financial Planning; Treasury, Financial Operations and Office of the Controller; Internal Audit; Public Resource Administration; and Campus Services. Ms. Pianka joined the University in 2012 and held the office of Vice President, Financial Operations and University Treasurer until her promotion in June 2017. She is an active member of the Treasury Institute for Higher Education, is a member of Bank of America's Global Transaction Services Client Advisory Board, and represents NYU on the Educational Advisory Board's Business Affairs forum. Prior to joining NYU, Ms. Pianka held a number of finance, management, and operations posts at firms including General Electric, Avaya, and Data General, both in the U.S. and abroad. She received her B.A. in computer science from SUNY-Oswego and her M.B.A. from NYU's Stern School of Business.

Robert Grossman, BS, MD

Robert Grossman was appointed Executive Vice President for NYU Langone Health in June 2017. He is also the Saul J. Farber Dean and Chief Executive Officer of NYU Langone Health since July 2007. NYU Langone Health comprises more than 230 locations throughout the New York area and five inpatient locations. Also part of NYU Langone Health is the Laura and Isaac Perlmutter Cancer Center, a National Cancer Institute-designated cancer center, and NYU School of Medicine. Dr. Grossman joined NYU Langone Health (formerly known as NYU Medical Center) in 2001 as the Louis Marx Professor of Radiology, chairman of the Department of Radiology, and professor of neurology, neurosurgery, and physiology and neuroscience. In his previous position at the Hospital of the University of Pennsylvania, he was a professor of radiology, neurosurgery, and neurology; chief of neuroradiology; and associate chairman of radiology. Dr. Grossman received his B.S. in biology from Tulane University and his MD from the University of Pennsylvania. He completed his internship at Beth Israel Hospital in Boston, two years of a neurosurgery residency at the University of Pennsylvania, a radiology residency at the University of Pennsylvania, and a two-year fellowship in neuroradiology at Massachusetts General Hospital. Dr. Grossman is board certified in radiology and neuroradiology.

Academic Programs

NYU's academic programs encompass arts and media; business; law; education; health and medicine; humanities and social sciences; science, technology, engineering, and math; public administration; the ancient world; and continuing professional studies. With more than 14,000 courses offered,* the University awards more than 30 different degrees through over 180 undergraduate programs and over 400 graduate and professional programs.

NYU's schools, colleges and institutes include:

Faculty of Arts and Science, including:

College of Arts and Science
Graduate School of Arts and Science
Liberal Studies

School of Law

School of Medicine

College of Dentistry

Rory Meyers College of Nursing

College of Global Public Health (formerly known as Global Institute of Public Health)

Steinhardt School of Culture, Education, and Human Development

Leonard N. Stern School of Business

School of Professional Studies

Robert F. Wagner Graduate School of Public Service, including:

Marron Institute for Urban Management

Silver School of Social Work

Tisch School of the Arts

Gallatin School of Individualized Study

Tandon School of Engineering, formerly known as NYU Polytechnic School of Engineering ("NYU Polytechnic"), including:

Center for Urban Science and Progress

Institute of Fine Arts

Courant Institute of Mathematical Sciences

Institute for the Study of the Ancient World

NYU Abu Dhabi

NYU Shanghai

The flagship of NYU Libraries' ten-library, 5.9 million-volume system is the Elmer Holmes Bobst Library, which receives 2.4 million visits annually. Other libraries include the Courant Institute of Mathematical Sciences Library, the Stephen Chan Library of the Institute of Fine Arts, the Jack Brause Library at School of Professional Studies Midtown, the Institute for the Study of the Ancient World Library, the Sid and Ruth Lapidus Health Sciences Library, the NYU Law Library, the Bern Dibner Library at the Tandon School of Engineering, the NYU Abu Dhabi Library, and the NYU Shanghai Library. The Libraries' online catalog, accessed 1.1 million times last year, provides access to a world of content, such as millions of book volumes, e-books, serial titles, oral histories, and documents from more than 43,000 linear feet of archives.

Campuses and Global Network

New York Campus

The primary location for undergraduate and graduate study is at the Washington Square campus in Greenwich Village, New York, New York. Undergraduate and graduate study is also conducted at other NYU locations in

* Including nearly 12,000 courses offered in New York, over 2,000 offered at NYU's campuses abroad, and over 500 courses offered online.

Manhattan and in downtown Brooklyn, New York. The University's student residence hall system accommodates approximately 12,400 undergraduate and graduate students. University apartment buildings provide housing for approximately 2,900 faculty members, staff and graduate students. The School of Medicine houses approximately 1,340 faculty members, staff and students near the School of Medicine.

The University offers multiple sports and recreational facilities to University students, faculty, staff and alumni. These facilities accommodate a wide range of individual and group sports and recreational activities, in addition to serving as home for the University's intercollegiate teams.

Global Network

The University offers students various study away and global exchange programs. These include "portal" campuses in Abu Dhabi and Shanghai (fully staffed, degree granting campuses where an entire course of study can be completed) in addition to the main campus in New York. In addition to the three portal campuses, the University has global academic centers in Accra, Berlin, Buenos Aires, Florence, London, Madrid, Paris, Prague, Sydney, Tel Aviv and Washington, DC.

In 2007, the University entered into an agreement with the Government of Abu Dhabi to develop a research and degree-granting campus of the University in Abu Dhabi. The campus is operated to the academic excellence standards applicable at the University. The Government of Abu Dhabi provided land, funding and financing for the development, construction and equipping of NYU Abu Dhabi and continues to provide funding for its maintenance and operation. NYU Abu Dhabi's campus on Saadiyat Island, Abu Dhabi comprises 40 acres of academic, research, administrative, student support and ancillary activity space, as well as student, faculty and staff housing. In total, NYU Abu Dhabi enrolls approximately 1,250 full-time students, including a new class of approximately 360 students who entered in Fall 2017.

In 2011, the University entered into an agreement (the "Agreement") with the Shanghai Municipal Education Commission ("SMEC"), Pudong New Area and East China Normal University ("ECNU") to create NYU Shanghai, a comprehensive research university with a liberal arts and science undergraduate college at its core. It is operated through an entity in which the University has 50% control, although the University maintains full control over NYU Shanghai's academics and academic support operations. NYU Shanghai enrolled its first class of undergraduate students in Fall 2013 and that class graduated in Spring 2017. It is included in the University's Consolidated Financial Statements only to the extent that financial aid is provided to NYU Shanghai students, or NYU Shanghai incurs expenses payable by the University, or gifts and tuition are collected by the University on behalf of NYU Shanghai. In Fall 2014, NYU Shanghai moved its campus from ECNU to a new, 65,000-square-meter campus in the Pudong district of Shanghai that was built with the support of the Pudong New Area government. NYU Shanghai has enrolled approximately 1150 students since opening, including a new class of approximately 339 students who entered in Fall 2017. The financial support provided to NYU Shanghai under the Agreement will end following the 2017-2018 academic year, and the parties to the Agreement are in the process of negotiating an additional five years of funding for NYU Shanghai.

NYU Langone Health

The School of Medicine and NYU Langone Hospitals (formerly known as NYU Hospitals Center), together operate the academic medical center known as NYU Langone Health. The University is the sole corporate member of NYU Langone Health System (the "Health System"), a 501(c)(3) tax-exempt entity, which is the sole corporate member of NYU Langone Hospitals and, pursuant to an affiliation agreement effective as of April 1, 2017, NYU Winthrop Hospital ("NYU Winthrop"), each of which is a 501(c)(3) tax-exempt entity. Each of the Health System, NYU Langone Hospitals and NYU Winthrop are separate legal entities, but their financial statements are consolidated with those of the University in accordance with accounting standards. However, none of the Health System, NYU Langone Hospitals or NYU Winthrop is obligated with respect to any of the University's indebtedness, and the University has no responsibility or liability for the indebtedness or other obligations of the Health System, NYU Langone Hospitals or NYU Winthrop.

OPERATING INFORMATION

Student Admissions

The following table sets forth, for the most recent five academic years the number of applicants who have applied for first-time freshman admission to undergraduate schools at the University, the number and percent of those applicants accepted, the number of such first-time freshmen enrolled, and the percentage matriculation yield.

UNDERGRADUATE ADMISSION STATISTICS

| <u>Academic Year</u> | <u>Applicants</u> | <u>Acceptances</u> | <u>% Accepted</u> | <u>New Enrollment</u> | <u>Matriculation Yield</u> |
|----------------------|-------------------|--------------------|-------------------|-----------------------|----------------------------|
| 2017 - 2018 | 67,628 | 19,493 | 28.8% | 6,711 | 34.4% |
| 2016 – 2017 | 63,802 | 20,048 | 31.4% | 6,674 | 33.3% |
| 2015 – 2016 | 60,763 | 19,543 | 32.2% | 6,510 | 33.3% |
| 2014 – 2015 | 52,624 | 18,520 | 35.2% | 6,461 | 34.9% |
| 2013 – 2014 | 48,727 | 15,369 | 31.5% | 5,675 | 36.9% |

Note: Academic years shown above reflect data applicable to the Fall semester’s entering freshmen bachelor’s degree candidates and two-year programs’ candidates reported in the most recently filed U.S. Department of Education Integrated Postsecondary Education Data System (“IPEDS”) Report. Undergraduate admission statistics reflect data for NYU, NYU Abu Dhabi, and NYU Shanghai, including those applicants who are Chinese nationals. NYU Abu Dhabi and NYU Shanghai are not reported in IPEDS because IPEDS data excludes any branch campus located in a foreign country. The Tandon School of Engineering is included for the first time in the academic year 2014-2015. Over 75,000 students applied for admission for Fall 2018, a nearly 12% increase. Of these, over 11,890 requested early decision on admission, representing a 20% increase over the prior Fall. Over 20,000 applications came from international students. For Fall 2018, preliminary results indicate that international student applications, acceptances and deposits are higher than the prior Fall. The Class of 2022 for the New York campus has an initial acceptance rate of 19%*.

Historically, the number of undergraduate applicants seeking admission to the University has substantially exceeded the number of acceptances. For graduate studies at the University, applications for admission have also historically exceeded the number of acceptances.

* Based on preliminary data as of March 30, 2018. For the New York campus only.

Student Enrollment

The following table, based on Fall registration data, shows the University’s total enrollment (including NYU Abu Dhabi and NYU Shanghai) for the most recent five academic years.

ENROLLMENT SUMMARY

| <u>Academic Year</u> ^{1,2,3,4} | <u>Full-Time (FT)</u> | | | | <u>Part-Time (PT)</u> ⁵ | | | | <u>Grand Total</u> | <u>FT Equivalent</u> |
|---|-----------------------|------------------------|-----------------------------|-----------------|------------------------------------|------------------------|-----------------------------|-----------------|--------------------|----------------------|
| | <u>Undergrad</u> | <u>Grad & Prof</u> | <u>Non-Degree Candidate</u> | <u>Total FT</u> | <u>Undergrad</u> | <u>Grad & Prof</u> | <u>Non-Degree Candidate</u> | <u>Total PT</u> | | |
| 2017 – 2018 | 27,719 | 16,977 | 110 | 44,806 | 1,080 | 7,729 | 5,446 | 14,255 | 59,061 | 49,558 |
| 2016 – 2017 | 27,022 | 16,486 | 359 | 43,867 | 1,255 | 7,929 | 5,099 | 14,283 | 58,150 | 48,628 |
| 2015 – 2016 | 26,183 | 16,297 | 45 | 42,525 | 1,254 | 8,008 | 6,274 | 15,536 | 58,061 | 47,704 |
| 2014 – 2015 | 25,017 | 16,183 | 33 | 41,233 | 1,270 | 8,106 | 7,938 | 17,314 | 58,547 | 45,535 |
| 2013 – 2014 | 22,266 | 13,731 | 18 | 36,015 | 1,250 | 8,253 | 8,243 | 17,746 | 53,761 | 40,943 |

1. Enrollment figures include NYU Abu Dhabi and NYU Shanghai.

2. Includes Chinese national students.

3. Excludes Consortium and Global Exchange students.

4. Tandon School of Engineering included as of academic year 2014-2015.

5. Non-degree students measured as of Fall census. Enrollment is ongoing throughout the year.

The following table shows enrollment by school (including NYU Abu Dhabi and NYU Shanghai) for Fall 2017.

ENROLLMENT BY SCHOOL¹

Fall 2017

| | Full-Time | Part-Time | Total |
|--|------------------|------------------|---------------|
| Undergraduate | | | |
| College of Arts and Science | 7,283 | 203 | 7,486 |
| Liberal Studies Program | 2,569 | 13 | 2,582 |
| Steinhardt School of Culture, Education, and Human Development | 2,867 | 57 | 2,924 |
| Leonard N. Stern School of Business – Undergraduate College | 2,607 | 55 | 2,662 |
| School of Professional Studies – Degree Credit Programs | 1,110 | 242 | 1,352 |
| Tisch School of the Arts | 3,616 | 93 | 3,709 |
| Gallatin School of Individualized Study | 1,486 | 58 | 1,544 |
| Silver School of Social Work | 120 | 0 | 120 |
| College of Dentistry | 140 | 65 | 205 |
| Rory Meyers College of Nursing | 861 | 25 | 886 |
| Tandon School of Engineering | 2,516 | 69 | 2,585 |
| University Programs/Study Abroad Visiting | 172 | 190 | 362 |
| NYU Abu Dhabi | 1,221 | 9 | 1,230 |
| NYU Shanghai ² | 1,151 | 1 | 1,152 |
| Total Undergraduate Students | 27,719 | 1,080 | 28,799 |
| Graduate (excluding Professional enrollment) | | | |
| Graduate School of Arts & Science | 3,152 | 607 | 3,759 |
| Institute of Fine Arts | 125 | 5 | 130 |
| Steinhardt School of Culture, Education, and Human Development | 1,948 | 1,595 | 3,543 |
| Tandon School of Engineering | 2,223 | 492 | 2,715 |
| Leonard N. Stern School of Business – Graduate Division | 1,036 | 1,679 | 2,715 |
| Robert F. Wagner Graduate School of Public Service | 333 | 488 | 821 |
| Silver School of Social Work | 806 | 339 | 1,145 |
| Tisch School of the Arts | 663 | 13 | 676 |
| Gallatin School of Individualized Study | 63 | 68 | 131 |
| School of Professional Studies | 2,143 | 1,239 | 3,382 |
| College of Global Public Health | 344 | 221 | 565 |
| Rory Meyers College of Nursing | 50 | 641 | 691 |
| College of Dentistry | 162 | 14 | 176 |
| School of Law | 462 | 285 | 747 |
| School of Medicine | 9 | 1 | 10 |
| Center for Urban Science and Progress | 47 | 29 | 76 |
| Total Graduate Students | 13,566 | 7,716 | 21,282 |
| Professional | | | |
| School of Law | 1,355 | 10 | 1,365 |
| School of Medicine | 537 | 3 | 540 |
| College of Dentistry | 1,519 | 0 | 1,519 |
| Total Professional Students | 3,411 | 13 | 3,424 |
| Total Credit | 44,696 | 8,809 | 53,505 |
| Non-Credit | | | |
| College of Dentistry | 61 | 114 | 175 |
| School of Professional Studies | 48 | 4,451 | 4,499 |
| College of Arts and Science | 0 | 34 | 34 |
| NYU Shanghai ² | 0 | 70 | 70 |
| Silver School of Social Work | 0 | 126 | 126 |
| Interdisciplinary | 0 | 89 | 89 |
| Steinhardt School of Culture, Education, and Human Development | 1 | 269 | 270 |
| Leonard N. Stern School of Business | 0 | 199 | 199 |
| Tandon School of Engineering | 0 | 94 | 94 |
| Total Non-Credit | 110 | 5,446 | 5,556 |
| GRAND TOTAL | 44,806 | 14,255 | 59,061 |

^{1.} Excludes Consortium and Global exchange students.

^{2.} NYU Shanghai enrollment figure includes students who are Chinese nationals.

Degrees Conferred

The following table sets forth the number of degrees granted by the University for the past five academic years for which data are available:

| <u>Academic Year</u> ^{1,2,3} | <u>DEGREES CONFERRED</u> | | <u>Total</u> |
|---------------------------------------|--------------------------|------------------------------------|--------------|
| | <u>Undergraduate</u> | <u>Graduate & Professional</u> | |
| 2016 – 2017 | 6,520 | 10,233 | 16,753 |
| 2015 – 2016 | 6,127 | 10,282 | 16,409 |
| 2014 – 2015 | 6,522 | 9,418 | 15,940 |
| 2013 – 2014 | 6,664 | 9,811 | 16,475 |
| 2012 – 2013 | 6,584 | 8,710 | 15,294 |

1. Includes NYU Abu Dhabi and NYU Shanghai
2. Includes Chinese national students.
3. Tandon School of Engineering included as of academic year 2014-2015.

Tuition and Fees

As indicated in the following table of charges for selected major divisions by academic years, tuition and fees vary from one school, college or institute of the University to another. In most of the schools, colleges and institutes, there is a flat rate for a full-time program and a per-point rate for courses constituting less than or more than a full program.

| <u>Academic Year</u> | <u>TUITION & FEE CHARGES</u> | | | | |
|---|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2017 – 2018</u> | <u>2016 – 2017</u> | <u>2015 – 2016</u> | <u>2014 – 2015</u> | <u>2013 – 2014</u> |
| Undergraduate Tuition and Fees | \$50,464 | \$49,062 | \$47,750 | \$46,170 | \$44,848 |
| Undergraduate Tuition and Fees Per Point | 1,412 – 1,655 | 1,373 – 1,608 | 1,400 – 1,630 | 1,354 – 1,575 | 1,315 – 1,530 |
| Stern Undergraduate Tuition and Fees | 51,028 | 49,610 | 48,242 | 46,684 | 46,336 |
| Tisch Undergraduate Tuition and Fees | 55,424 | 53,882 | 52,434 | 50,696 | 49,242 |
| Graduate Tuition and Fees (GSAS) Per Point | 1,723 | 1,664 | 1,674 | 1,619 | 1,558 |
| College of Dentistry ¹ | 75,820 | 72,904 | 70,100 | 67,403 | 64,811 |
| School of Law | 63,772 | 63,266 | 59,124 | 56,636 | 54,480 |
| School of Medicine | 56,764 | 55,110 | 54,030 | 52,600 | 55,020 |
| Leonard N. Stern School of Business – Graduate Tuition and Fees | 73,178 | 70,600 | 67,682 | 63,168 | 59,844 |
| Average Dormitory Charges | 12,814 | 12,646 | 12,646 | 12,006 | 12,008 |
| Average Board Charges | 4,850 | 4,932 | 4,932 | 4,776 | 4,614 |

¹Tuition Only

The University is working on long-term strategies to alter the trajectory of college costs at NYU. As an important first step, in February 2016 the Board approved the smallest year-over-year increase in cost-of-attendance in 20 years. The Fall 2017 tuition increase was set to 2.9%.

Tuition and fee charges, net of financial aid, as a percentage of total operating revenues for the University, excluding the School of Medicine, were approximately 54.6% in the fiscal year ended August 31, 2017 and were approximately 53.6% in the fiscal year ended August 31, 2016. Auxiliary enterprise revenues, which include dormitory and board charges, as a percentage of total operating revenues for the University, were approximately 14.4% in fiscal year ended August 31, 2017 and were approximately 14.8% in the fiscal year ended August 31, 2016.

Student Financial Aid

The University’s admissions and financial aid programs are designed to enable qualified students to attend the University regardless of their financial circumstances. Undergraduate and graduate students receive financial aid from loans, employment, government and private sources, and University funds. Financial aid provided from the Federal and State governments is an important source of funds for students who otherwise might not be able to attend the University because of insufficient financial means. The following table sets forth the sources of financial aid for students at the University (including NYU Abu Dhabi and NYU Shanghai) for the past five academic years for which data are available:

SOURCES OF FINANCIAL AID
(**\$ in thousands, includes School of Medicine**)

| <u>Academic Year</u> | <u># of Students</u> | <u>NYU Grants¹</u> | <u>NYU Loans</u> | <u>State Aid</u> | <u>Federal Aid²</u> | <u>External Grants</u> | <u>External Loans</u> | <u>Total</u> |
|------------------------------|-----------------------------|--------------------------------------|-------------------------|-------------------------|---------------------------------------|-------------------------------|------------------------------|---------------------|
| 2016 – 2017 ^{3,4,5} | 35,190 | \$637,127 | \$3,081 | \$13,041 | \$642,174 | \$47,234 | \$62,416 | \$1,405,072 |
| 2015 – 2016 ^{3,4} | 33,187 | 608,233 | 2,204 | 13,595 | 652,591 | 42,055 | 66,550 | 1,385,228 |
| 2014 – 2015 ^{3,4} | 35,663 | 540,826 | 1,551 | 17,172 | 675,749 | 38,961 | 62,247 | 1,336,507 |
| 2013 – 2014 ^{3,4} | 32,187 | 434,041 | 1,836 | 9,021 | 647,156 | 35,160 | 63,823 | 1,191,037 |
| 2012 – 2013 | 31,037 | 395,509 | 2,299 | 11,002 | 660,911 | 32,949 | 65,505 | 1,168,174 |

Note: Totals above may not foot, due to rounding

1. NYU Grants include scholarships, fellowships, resident assistant dollars and stipends.
2. Federal Aid includes grants, student and parent loans and federal College Work-Study Program.
3. Tandon School of Engineering was formerly known as NYU Polytechnic which merged with and into the University on January 1, 2014. Its student financial aid systems were not fully integrated into NYU until the summer term of the academic year 2013-2014. The figures shown here for academic year 2013-2014 only include Tandon School of Engineering headcount and financial aid awards as it relates to the summer term. The figures shown here for academic years 2014-2016 include Tandon School of Engineering headcount and financial aid awards as it relates to all terms.
4. Financial aid includes grants for NYU Shanghai students that are not included in the University’s consolidated financial statements.
5. Preliminary as of September 28, 2017. The preliminary financial data included in this table has been prepared by and is the responsibility of the University. PricewaterhouseCoopers LLP has not audited, reviewed, compiled or performed any procedures with respect to preliminary financial data and does not express an opinion or any other form of assurance with respect thereto.

As a part of the Federal Aid program for the fiscal year ended August 31, 2017, approximately 3,362 students participated in the federal College Work-Study Program, with income totaling approximately \$6.1 million, and held part-time employment on and off campus to help meet their costs of education.

State Aid to the University

The University benefits from a New York State program under which State aid is allocated to independent post-secondary institutions based on the number of certain academic degrees conferred in the preceding year. Specified dollar amounts are received for each bachelor degree, master degree and doctoral degree awarded. The University uses these funds to support the student aid budget. Future payments by the State are dependent on the enactment of annual appropriations and the ability of the State to pay the sums appropriated. The following table sets forth the State aid received for the past five New York State fiscal years, which ended on March 31st:

| STATE AID | |
|---|---------------|
| (\$ in millions, includes School of Medicine) | |
| <u>NY State Fiscal Years</u> | <u>Amount</u> |
| 2017 – 2018 | \$4.3 |
| 2016 – 2017 | 4.3 |
| 2015 – 2016 | 4.2 |
| 2014 – 2015 | 4.1 |
| 2013 – 2014 | 3.9 |

Faculty

The University has full-time tenured or tenure-track faculty, full-time non-tenure term faculty, and part-time faculty. The University believes that salaries and fringe benefits are competitive with those offered by comparable institutions both regionally and nationally. The following table sets forth the faculty profile at the University for the five most recent academic years for which data are available:

| FACULTY PROFILE¹ | | | | | |
|------------------------------------|--------------------------------------|--------------------------------------|----------------------|-------------------------------------|---|
| <u>Fiscal Year</u> | <u>Full-time Faculty²</u> | <u>Part-time Faculty²</u> | <u>Total Faculty</u> | <u>Full-time Equivalent Faculty</u> | <u>Percent of Total Faculty Tenured</u> |
| 2017 – 2018 | 5,717 | 4,082 | 9,799 | 7,078 | 16% |
| 2016 – 2017 | 5,510 | 4,110 | 9,620 | 6,880 | 16% |
| 2015 – 2016 | 5,303 | 4,412 | 9,715 | 6,774 | 16% |
| 2014 – 2015 | 5,029 | 4,461 | 9,490 | 6,313 | 16% |
| 2013 – 2014 | 4,526 | 4,311 | 8,837 | 5,963 | 16% |

¹ Source: IPEDS census data as of November 1st of each reporting year. Excludes NYU Abu Dhabi and NYU Shanghai.

² Salaried employees only. Graduate student employees are excluded.

Labor Relations

The University has collective bargaining agreements with unions representing approximately 8,100 employees (including approximately 6,000 part-time faculty and graduate student employees), and the University considers its relations with its employees to be good. A contract with Local 810, International Brotherhood of Teamsters, covering skilled maintenance employees will expire on June 30, 2019. A contract with 1199, National Health and Human Services Employees Union SEIU, AFL-CIO, covering technical and professional employees, will expire on September 30, 2018. A contract with International Union, UAW, AFL-CIO and its Local 7902, Adjuncts Come Together (ACT/UAW) covering certain adjunct faculty will expire on August 31, 2022. A contract with Local One Security Officers Union will expire on June 30, 2018. A contract with International Union, UAW, AFL-CIO and its Local 2110, UAW covering certain graduate student employees will expire August 31, 2020. A contract with UCATS Local 3882, New York State United Teachers, AFT, AFL-CIO, covering office, clerical and technical employees will expire on October 31, 2023. A contract with the Office and Professional Employee International Union, Local 153, AFL-CIO, covering certain office and clerical employees of the NYU Tandon School of Engineering will expire December 31, 2020. A contract with the International Union of Operating Engineers Local 30, covering certain skilled maintenance employees of the NYU Tandon School of Engineering will expire June 30,

2021. The University and College Union (UCU) in Great Britain and NYU London have an agreement covering the administrative and academic staff of NYU London.

FINANCIAL STATEMENT INFORMATION

University Finances

The University's Board reviews and approves the University's budget for each academic year and generally requires the University to have a balanced operating budget. Capital budgets also are prepared annually with the requirement that all capital spending be covered either by current receipts, gifts and pledges, or by approved borrowing sources.

The University's financial statements are prepared in accordance with generally accepted accounting principles, and the University's consolidated audited financial statements as of August 31, 2017 are included as Appendix B to this Official Statement. Because the University has a controlling interest in the Health System, accounting standards require that the financial statements of the University and the Health System, which is the sole corporate member of NYU Langone Hospitals and NYU Winthrop, be presented on a consolidated basis.¹ See "PART 1 - INTRODUCTION - The University" and Note 1 in "APPENDIX B - NEW YORK UNIVERSITY CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016." Supplemental Schedules to the audited Consolidated Financial Statements set forth information about each component consolidated entity, and the information in the Supplemental Schedules in the columns entitled "University" and "School of Medicine" represents the financial information with respect to the University. Only the University is obligated under the Resolution to make payments with respect to the Series 2018 Bonds. None of the Health System, NYU Langone Hospitals or NYU Winthrop is liable for any obligations of the University, and the University is not liable for any obligations of the Health System, NYU Langone Hospitals or NYU Winthrop.

The following tables summarize the unrestricted revenues and expenditures and other changes in net assets and the balance sheets for the University for the past five completed fiscal years. The information in the tables for the fiscal years ended on August 31, 2013, 2014, 2015, 2016 and 2017 was derived from the consolidating information in the columns entitled "University" and "School of Medicine" included in the Supplemental Schedules to the audited Consolidated Financial Statements in Appendix B. The University's audited Consolidated Financial Statements should be read in conjunction with the Supplemental Schedules.

Substantially all University employees are covered by retirement programs. These plans include various defined contribution plans and multi-employer defined benefit plans, and two University-sponsored defined benefit plans. The majority of University employees are covered by defined contribution plans. The University also provides certain health care and life insurance benefits for eligible retired employees. See Notes 12 and 13 in "APPENDIX B - NEW YORK UNIVERSITY CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016."

The performance of the University's investments as of August 31, 2017 is described under "Investments" below. There has been no material adverse change in the operating results of the University since August 31, 2017.

¹ NYU Langone Hospitals' predecessor entity, NYU Hospitals Center, and Lutheran Medical Center, now known as NYU Langone Hospital - Brooklyn, merged effective as of January 1, 2016, with NYU Langone Hospitals as the successor entity. In addition, effective April 1, 2017, the Health System became the sole corporate member of NYU Winthrop, which had assets of \$1.107 billion and total revenues of \$1.384 billion in NYU Winthrop's fiscal year ended December 31, 2016.

Balance Sheet (University)
Fiscal years ended August 31
(in thousands – including School of Medicine)

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|---------------------|---------------------|--------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 902,441 | \$ 838,303 | \$ 917,439 | \$ 919,231 | \$ 912,140 |
| Short-term investments | 1,989 | 1,860 | 2,517 | 3,436 | 28,680 |
| Accounts and loans receivable, net | 366,812 | 365,627 | 364,107 | 338,741 | 322,663 |
| Patient accounts receivable, net | 117,874 | 100,110 | 77,705 | 62,551 | 57,782 |
| Contributions receivable, net | 370,063 | 380,494 | 373,078 | 404,050 | 344,638 |
| Other assets | 446,235 | 174,552 | 193,456 | 197,901 | 191,186 |
| Assets limited as to use – disaster recovery | 50,535 | 42,377 | - | 2,168 | - |
| Disaster-related receivable | 164,126 | 212,446 | 286,493 | 350,645 | 76,962 |
| Deposits with trustees | 272,803 | 398,271 | 19,338 | 86,554 | 102,701 |
| Collateral for securities loaned | - | - | - | - | - |
| Long-term investments | 4,107,580 | 3,615,417 | 3,506,817 | 3,466,639 | 3,124,980 |
| Land, buildings, and equipment, net | 5,829,436 | 5,254,346 | 4,717,697 | 4,195,616 | 4,007,965 |
| Total assets | <u>\$12,629,894</u> | <u>\$11,383,803</u> | <u>\$10,458,647</u> | <u>\$10,027,532</u> | <u>\$9,169,697</u> |
| Liabilities and Net Assets | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued expenses | \$889,261 | \$800,834 | \$613,378 | \$585,321 | \$509,950 |
| Disaster-related accounts payable and accrued expenses | - | 5,481 | 6,843 | 20,634 | 59,246 |
| Deferred revenue | 836,559 | 785,930 | 818,459 | 807,587 | 825,266 |
| Deferred revenue – disaster related | 50,566 | 42,377 | - | 2,168 | - |
| Security loan agreements payable | - | - | - | - | - |
| Bonds and notes payable | 4,048,653 | 3,581,466 | 2,894,951 | 2,452,590 | 2,408,655 |
| Other leasing obligations | - | - | 146,603 | 122,208 | 86,990 |
| Federal grants refundable/Funds held for others | 269,589 | 79,470 | 80,030 | 80,117 | 77,361 |
| Accrued benefit obligation | 147,823 | 200,663 | 150,141 | 93,881 | 80,076 |
| Accrued postretirement obligation | 486,970 | 551,495 | 484,453 | 449,383 | 398,090 |
| Asset retirement obligation | 208,272 | 201,870 | 187,388 | 167,178 | 139,974 |
| Total liabilities | <u>\$6,937,693</u> | <u>\$6,249,586</u> | <u>\$5,382,246</u> | <u>\$4,781,067</u> | <u>\$4,585,608</u> |
| Net Assets: | | | | | |
| Unrestricted | \$2,372,621 | \$2,069,943 | \$2,017,019 | \$2,225,627 | \$2,238,511 |
| Temporarily restricted | 1,260,108 | 1,148,327 | 1,284,959 | 1,349,426 | 762,112 |
| Permanently restricted | 2,059,472 | 1,915,947 | 1,774,423 | 1,671,412 | 1,583,466 |
| Total net assets | <u>\$5,692,201</u> | <u>\$5,134,217</u> | <u>\$5,076,401</u> | <u>\$5,246,465</u> | <u>\$4,584,089</u> |
| Total Liabilities and Net Assets | <u>\$12,629,894</u> | <u>\$11,383,803</u> | <u>\$10,458,647</u> | <u>\$10,027,532</u> | <u>\$9,169,697</u> |

Statement of Activities (University)¹
Fiscal years ended August 31 (in thousands – including School of Medicine)

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|------------------|------------------|--------------------|-------------------|-------------------|
| Changes in unrestricted net assets | | | | | |
| Operating revenues | | | | | |
| Tuition and fees (net of financial aid awards of \$653,168; \$613,962; \$552,445; \$497,375 and \$442,318) | \$1,753,736 | \$1,662,920 | \$1,599,870 | \$1,565,238 | \$1,529,550 |
| Grants and contracts | 873,057 | 801,756 | 756,091 | 693,979 | 641,185 |
| Patient care | 1,578,439 | 1,387,393 | 1,026,859 | 797,329 | 629,235 |
| Hospital affiliations | 319,377 | 304,005 | 289,666 | 276,000 | 275,364 |
| Contributions | 176,575 | 151,672 | 137,663 | 137,103 | 132,799 |
| Endowment distribution | 160,710 | 154,190 | 145,700 | 136,832 | 119,441 |
| Return on short term investments | 10,133 | 6,284 | 4,917 | 5,617 | 5,811 |
| Auxiliary enterprises | 465,849 | 459,281 | 430,082 | 408,108 | 386,577 |
| Program fees and other | 318,718 | 270,162 | 272,795 | 232,629 | 223,326 |
| Commercial insurance-disaster recovery | - | - | - | 1,768 | 15,882 |
| Disaster recovery reimbursement | 39,614 | 36,217 | 10,042 | 36,799 | 145,495 |
| Net assets released from restrictions | 78,524 | 111,615 | 83,428 | 86,071 | 114,657 |
| Total operating revenues | <u>5,774,732</u> | <u>5,345,495</u> | <u>4,757,113</u> | <u>4,377,473</u> | <u>4,219,322</u> |
| Operating expenses: | | | | | |
| Instruction and other academic programs | 1,668,291 | 1,607,035 | 1,463,965 | 1,454,383 | 1,317,031 |
| Research and other sponsored programs | 831,379 | 739,178 | 931,003 | 794,599 | 730,194 |
| Patient care | 1,529,673 | 1,331,980 | 1,011,371 | 791,774 | 684,535 |
| Hospital affiliations | 295,172 | 292,418 | 282,083 | 272,070 | 264,074 |
| Libraries | 93,687 | 89,495 | 75,635 | 75,516 | 71,837 |
| Student services | 157,791 | 156,520 | 122,042 | 118,299 | 121,235 |
| Institutional services | 730,064 | 617,831 | 498,135 | 469,384 | 448,259 |
| Auxiliary enterprises | 530,431 | 514,668 | 472,019 | 460,536 | 439,078 |
| Disaster-related expenses | 26,632 | 19,356 | 3,970 | 56,351 | 133,002 |
| Total operating expenses | <u>5,863,120</u> | <u>5,368,481</u> | <u>4,860,223</u> | <u>4,492,912</u> | <u>4,209,245</u> |
| Deficiency of operating revenues over operating expenses | (88,388) | (22,986) | (103,110) | (115,439) | 10,077 |
| Non-operating activities: | | | | | |
| Investment return | 170,021 | 46,577 | 15,282 | 148,537 | 93,393 |
| Appropriation of endowment distribution | (59,217) | (57,622) | (57,303) | (51,322) | (47,602) |
| Disaster recovery reimbursement for capital | 25,424 | 78,738 | 45,173 | 21,174 | - |
| Loss on disaster-related disposals and impairment of property, plant, and equipment | - | - | - | (501) | (32,177) |
| Other | 32,041 | (1,372) | 15,606 | 23,829 | 10,101 |
| Mission based payment ² | 50,000 | 50,000 | 50,000 | 30,000 | 35,735 |
| Net assets released from restrictions for capital purposes | 23,510 | 9,959 | 24,455 | 2,713 | 701 |
| Net assets released from restrictions for hazard mitigation | 60,149 | 71,990 | 23,170 | 267 | - |
| Reclassification related to cy-pres | - | - | (48,247) | - | - |
| Loss on bond defeasance | (32,186) | - | (77,798) | - | - |
| Pension and postretirement non-service costs | (27,184) | (33,861) | (28,270) | (22,909) | (37,873) |
| Changes in pension and postretirement benefits obligations | 148,508 | (88,499) | (67,566) | (49,233) | 189,162 |
| Inc/(Dec) in unrestricted net assets | <u>302,678</u> | <u>52,924</u> | <u>(208,608)</u> | <u>(12,884)</u> | <u>221,517</u> |
| Changes in temporarily restricted net assets: | | | | | |
| Contributions | 84,446 | 129,874 | 157,124 | 231,223 | 132,178 |
| Investment return, net | 284,080 | 75,279 | 17,736 | 236,856 | 157,775 |
| Appropriation of endowment distribution | (101,493) | (96,568) | (88,397) | (85,511) | (71,839) |
| Disaster award for mitigation | - | - | - | 317,495 | - |
| Other | 6,931 | (51,653) | (19,877) | (23,698) | 754 |
| Net assets released from restrictions for hazard mitigation | (60,149) | (71,990) | (23,170) | (267) | - |
| Net assets released from restrictions | (102,034) | (121,574) | (107,883) | (88,784) | (115,358) |
| Inc/(Dec) in temporarily restricted net assets | <u>111,781</u> | <u>(136,632)</u> | <u>(64,467)</u> | <u>587,314</u> | <u>103,510</u> |
| Changes in permanently restricted net assets: | | | | | |
| Contributions | 145,818 | 124,502 | 103,839 | 92,852 | 94,557 |
| Reclassification related to cy-pres | - | - | 48,247 | - | - |
| Other | (2,293) | 17,022 | (49,075) | (4,906) | (1,659) |
| Increase in permanently restricted net assets | <u>143,525</u> | <u>141,524</u> | <u>103,011</u> | <u>87,946</u> | <u>92,898</u> |
| Change in net assets | <u>\$557,984</u> | <u>\$57,816</u> | <u>\$(170,064)</u> | <u>\$ 662,376</u> | <u>\$ 417,925</u> |

¹ Includes the Tandon School of Engineering.

² NYU Langone Hospitals provides mission support payments to the School of Medicine from year to year to support the School of Medicine in meeting its financial obligations. NYU Langone Hospitals currently plans to continue such mission support payments but is not obligated to do so.

Contributions

Contributions to the University (which include the net change in present value of collectible pledges receivable) for the fiscal years ended August 31, 2017, 2016, 2015, 2014, and 2013 were reflected in the Statements of Activities (in accordance with Generally Accepted Accounting Principles in the United States of America) as follows:

| | <u>Contributions</u> | | | | |
|------------------------|---|-------------------|-------------------|-------------------|-------------------|
| | (in thousands – including the School of Medicine) | | | | |
| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| Unrestricted | \$ 176,575 | \$ 151,672 | \$ 137,663 | \$ 137,103 | \$ 132,799 |
| Temporarily Restricted | 84,446 | 129,874 | 157,124 | 231,223 | 132,178 |
| Permanently Restricted | 145,818 | 124,502 | 103,839 | 92,852 | 94,557 |
| Total | <u>\$ 406,839</u> | <u>\$ 406,048</u> | <u>\$ 398,626</u> | <u>\$ 461,178</u> | <u>\$ 359,534</u> |

Grants and Contracts

The University has long been a center of research and training programs. Government grants and contracts provide most of the funds for sponsored programs although additional amounts come from industry, foundations and interested individuals. For the fiscal year ended August 31, 2017, approximately \$876 million was provided to the University for research and other sponsored programs, including \$459 million (unaudited) from federal, state and city government grants and contracts, including the School of Medicine. See Note 15 in “APPENDIX B - NEW YORK UNIVERSITY CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016.” In comparison, for the fiscal year ended August 31, 2016, approximately \$802 million was provided to the University for research and other sponsored programs, including \$383 million (unaudited) from federal, state and city government grants and contracts. \$349 million, \$358 million and \$377 million (unaudited) was provided to the University from federal, state and city government grants and contracts for fiscal years 2013, 2014, and 2015, respectively. Since the fiscal year ended August 31, 2013, the University has experienced a 31.5% cumulative increase in federal, state and city/local grants and contracts.

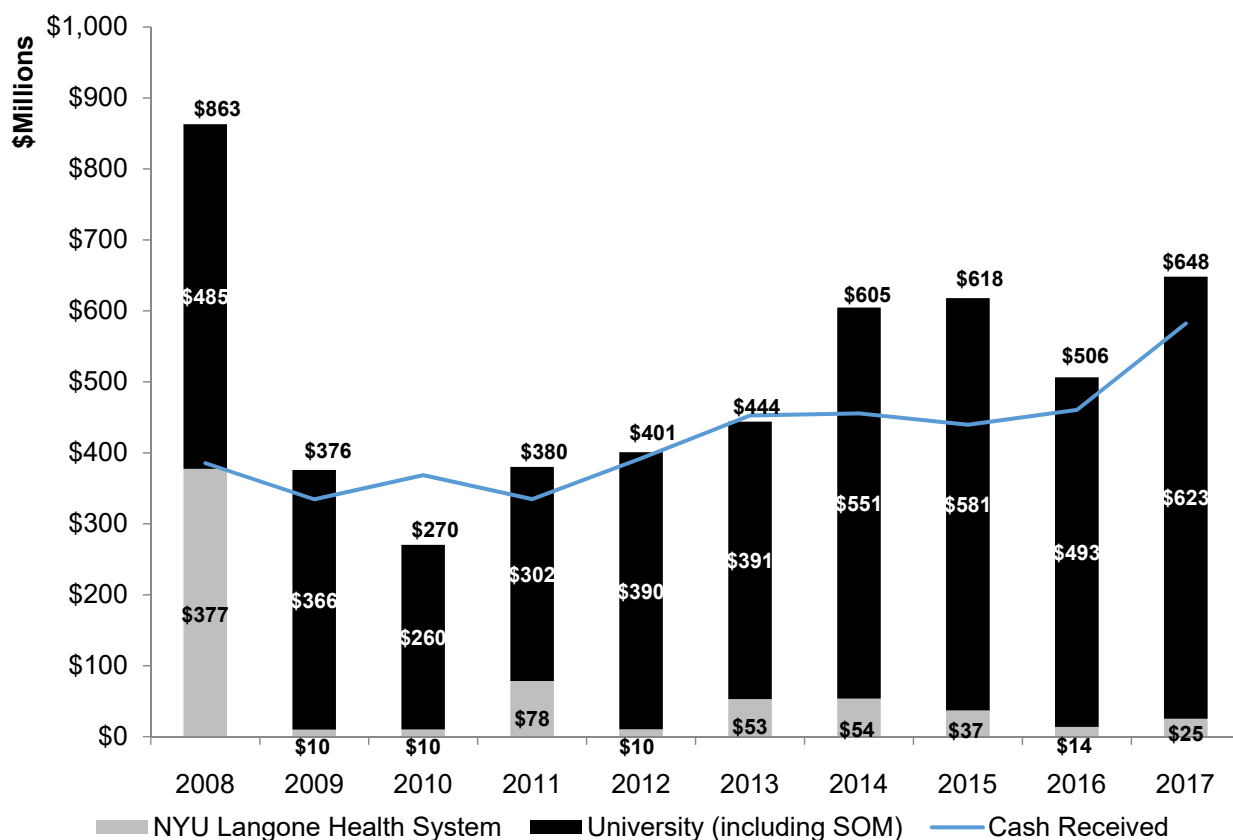
Fundraising and Development (Unaudited)

During fiscal year ended August 31, 2017, the schools and units of the University raised \$648 million in total cash and gross pledges, which include conditional promises to give.

In 2013, NYU launched the Momentum Campaign to raise more than \$1 billion for scholarships and fellowships before August 31, 2018. The effort focuses on undergraduate and graduate financial aid, endowment funds, and expendable funds to support the neediest and most deserving students at the University. As of April 18, 2018, the Momentum Campaign has raised more than \$987 million.

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Cash and Gross Pledges, by Fiscal Year (2008-2017) (\$ in millions)^{1,2,3} (Unaudited)



¹As of August 31, 2017. Figures above include gross pledges and conditional promises to give.

² School of Medicine (SOM) also includes the NYU Med Growth Fund (FY2008).

³ The gifts and pledges to the NYU Langone Health System are not available to pay obligations of the University.

Note: Totals may not foot due to rounding.

The chart above references gifts and pledges as of the fiscal year in which the gifts were received. Cumulative write-downs and write-offs for the pledges made between fiscal years ended August 31, 2008 and August 31, 2017 are less than 2% of original gifts and pledges from the same time period.

Investment in Plant

The University’s physical plant (including the School of Medicine) includes approximately 15 million gross square feet. The book value of the University’s investment in plant, net of accumulated depreciation, was approximately \$5.8 billion at August 31, 2017. The following is a summary of the University’s investment in plant at the end of each of the last five fiscal years:

Property, Plant, and Equipment
As of August 31
(in thousands – net of accumulated depreciation, including School of Medicine)

| | |
|------|-------------|
| 2017 | \$5,829,436 |
| 2016 | 5,254,346 |
| 2015 | 4,717,697 |
| 2014 | 4,195,616 |
| 2013 | 4,007,965 |

Insurance

The University carries all-risk property insurance coverage on its buildings and their contents, excluding land. Such insurance presently provides coverage of \$5.25 billion for any one occurrence and has no co-insurance clause. The deductible amount currently is \$250,000 for each occurrence at the Washington Square campus and \$100,000 at the School of Medicine and Brooklyn campuses. Also, the University carries general liability insurance coverage in the amount of \$600 million with a self-insured retention of \$500,000 per claim, which the University's management believes to be sufficient for its operations. The University self-insures its workers compensation risk up to \$500,000 per claim. The School of Medicine purchases a large deductible worker's compensation insurance policy with a \$350,000 per claim deductible. The University purchases statutory commercial excess insurance for claims in excess of the \$500,000 self-insured retention. The University's property insurance policy protects NYU against damages from fire, flood, earthquake and other natural disasters. NYU also purchases cyber risk coverage and coverage for the evacuation of faculty, students and affiliates from international locations.

Investments

The University maintains long-term investments (primarily endowment funds invested in a long-term pool) and short-term investments (primarily working capital).

Long-Term Investments

The following table summarizes the market value of the University's long-term investments broken down by restriction at August 31, 2017:

Long-Term Investments at August 31, 2017
(in thousands – includes School of Medicine)

| | <u>Market Value</u> |
|--|----------------------------|
| Permanently Restricted | \$1,980,515 |
| Temporarily Restricted ¹ | 621,260 |
| Unrestricted – Designated for Investment | <u>1,505,805</u> |
| Total | <u>\$4,107,580</u> |

¹ Majority is accumulated earnings on permanently restricted endowments

At August 31, 2017, approximately \$4.076 billion of the long-term investments were endowment funds.

Endowment Funds

Endowment funds comprise gifts to the University that are not wholly expendable on a current basis as well as funds that have been designated and approved by the University as endowment funds or for specific projects. Management of the endowment funds has historically attempted to achieve a return at least equal to inflation plus the University's spending policy rate, while incurring an acceptable level of risk. The University invests its endowment according to an investment policy approved by the Board, which is designed to allow asset growth while providing a predictable flow of return to support operations. This policy permits the University to appropriate for expenditure the total returns on the endowment at approved spending rates (approximately 5% in fiscal years 2013, 2014, 2015, 2016, lowering to 4.5% for 2017). Distributions are currently calculated using the prior year distribution adjusted for the change in the New York Metro Area Consumer Price Index (CPI). To preserve the endowment's purchasing power, caps further limit spending as follows: (1) the distribution of endowment investment returns to support operations may not exceed the prior year's distribution by more than 10%, unless the increase was the result of new gifts to the endowment; and (2) if the results of using only the average market value of either the final four quarters alone or the final eight quarters alone would be a decline in the distribution from the prior year's distribution, then the distribution may not exceed the previous year's level.

The asset allocation as of August 31, 2017 is included in the table below.

Summary by Asset Class

(Unaudited)

| <u>Type</u> | <u>As of August 31, 2017</u> |
|--------------------------|-------------------------------------|
| Public Equity | 54% |
| Hedge Funds | 16 |
| Credit | 3 |
| Real Assets | 2 |
| Private Equity | 6 |
| Real Estate | 4 |
| Fixed Income - Liquidity | 5 |
| Cash and other | 10 |
| Total | 100% |

At August 31, 2017 unfunded capital commitments relating to investments were approximately 8.3% of the endowment's market value.

The table below summarizes the market value and total return of the University's endowment funds for each of the last five fiscal years ended August 31 (unaudited):

Changes in Endowment Funds

(in millions – includes NYU Langone Hospitals)

(Unaudited)

| <u>Fiscal Year</u> <u>Ending</u> <u>August 31</u> ¹ | <u>Beginning</u> <u>Market</u> <u>Value</u> | <u>Gifts &</u> <u>Additions</u> | <u>Chg. in Value of</u> <u>Investments</u> | <u>Spending</u> <u>Policy</u> | <u>Liquidations</u> <u>& Transfers</u> ^{2,3} | <u>Ending</u> <u>Market</u> <u>Value</u> |
|---|--|--|---|--|--|---|
| 2017 | \$3,613.6 | \$231.7 | \$456.6 | (\$162.2) | (\$35.4) | \$4,104.1 |
| 2016 | 3,502.6 | 169.2 | 122.1 | (155.4) | (24.9) | 3,613.6 |
| 2015 | 3,462.9 | 185.7 | 38.2 | (146.9) | (37.3) | 3,502.6 |
| 2014 | 3,004.3 | 285.4 | 388.4 | (138.0) | (77.2) | 3,462.9 |
| 2013 | 2,824.5 | 148.7 | 255.0 | (117.2) | (106.7) | 3,004.3 |

1. Data for fiscal years ended August 31, 2013 exclude investments of NYU Polytechnic, now known as Tandon School of Engineering. In fiscal years ended August 31, 2014 and 2015, the investments include investments of NYU Polytechnic both before and after its merger with NYU. These funds are reflected in the Gifts & Additions column in the year in which they were first included..
2. NYU Langone Hospitals' endowment funds are pooled with those of the University for all periods and accounted for approximately \$28.4 million of the Ending Market Value at August 31, 2017. The investments of NYU Langone Hospitals are not available to pay obligations of the University..
3. Liquidations and Transfers are defined as funds distributed from endowment funds for designated uses.

Liquidity and Short-Term Investments

The University's short-term investments for the last three fiscal years fluctuated from a low of approximately \$200 million immediately prior to the start of the academic year to a high of approximately \$900 million after tuition was collected. The majority of working capital is invested in short-term bank deposits that can be liquidated in one to seven days. The University also holds long-term investments in an unrestricted endowment fund that can be liquidated in less than 30 days, in the amount of approximately \$1.169 billion as of August 31, 2017.

The University is party to contractual unsecured loan agreements or lines of credit with four banks. The Bank of America facility has maximum availability of \$300 million and expires in mid-2019. The J.P.Morgan Chase Bank facility has maximum availability of \$250 million and expires in mid-2018. The Wells Fargo facility has maximum availability of \$200 million and expires at the end of 2018. The US Bank facility has maximum availability of \$50 million and expires in mid-2019.

As of August 31, 2017, approximately \$130.5 million was outstanding under the Bank of America facility, and approximately \$44.0 million was outstanding under the Wells Fargo facility. No amounts were outstanding under the JPMorgan or US Bank facilities. As of February 28, 2018, approximately \$327.0 million was outstanding in the aggregate under the four credit facilities. The proposed plan of financing for the Series 2018 Bonds includes repayment of all or a portion of this outstanding amount.

Outstanding Long-Term Debt and Other Obligations

At August 31, 2017, the long-term debt of the University (excluding NYU Langone Health System) was \$3.874 billion, excluding outstanding balances on the lines of credit. All of this indebtedness is a general obligation of the University, unsecured except as described below. See Note 9 in “APPENDIX B - NEW YORK UNIVERSITY CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016.”

At August 31, 2017, the University’s outstanding DASNY bonds totaled approximately \$3.189 billion.

The University is obligated to repay to DASNY the loans made to the University from the proceeds of DASNY’s bonds. The various agreements between the University and DASNY entered into in connection with the loans obligate the University to make payments in amounts and at times sufficient to make timely payment of the principal of and interest on the DASNY bonds issued to finance the loans. All of the University’s outstanding indebtedness (excluding NYU Langone Health System) to DASNY issued prior to the Series 2008 Bonds, outstanding in the aggregate principal amount of \$242.6 million at August 31, 2017, is secured by a pledge of tuition and fees for academic instruction. The Series 2017A, Series 2016A, Series 2015A, Series 2014A, Series 2013A, Series 2012A, Series 2012B, Series 2009A, Series 2008A, Series 2008B, Series 2008C, Taxable Series 2017B, Taxable Series 2016B, Taxable Series 2013B, and Taxable Series 2012C Bonds issued by DASNY are unsecured general obligations of the University to DASNY. The Taxable Series 2015, Taxable Series 2010 and Taxable Series 2009 issued by the University are general obligations of the University.

At August 31, 2017, the University’s outstanding long-term indebtedness other than DASNY bonds totaled approximately \$684.7 million (excludes outstanding balances on the lines of credit of NYU Langone Health System).

Additional Borrowing Plans

The University expects to complete all capital projects that are currently in progress. Those projects that are being funded with a portion of the Series 2018 Bonds are expected to be completed over the next 24 months. The financing of these projects is subject to satisfactory progress on these projects and market conditions. The University continues in the ordinary course to consider additional borrowings in support of its programs, the needs of its students and its other educational and charitable activities.

Future Development Plan

On July 25, 2012, the New York City Council approved the University’s Uniform Land Use Review Procedure (“ULURP”) application for the development of four new buildings and the removal of three existing buildings on two superblocks owned by NYU at the Washington Square campus. The project is known as the “NYU Core Plan.”

In furtherance of the NYU Core Plan, the existing building at 181 Mercer Street on the south superblock has been demolished and the University is currently performing foundation work for a new 745,000 square foot mixed-use building to be located at the site. The Board has authorized borrowings of more than \$900 million to cover eligible expenditures at 181 Mercer Street and approximately \$316 million of the Series 2018 Bonds par amount will be used for this purpose. Additional debt associated with the project will require approval by the Board. At this time, there are no further specific plans for development under the NYU Core Plan, however, the University may pursue development approved under the Plan in the future.

LITIGATION AND CONTINGENT LIABILITIES

Funds expended by the University under government grants and contracts are subject to audit and claims for reimbursement by governmental agencies. The University also is a defendant in various legal actions arising out of the normal course of its operations. Although the outcome of any such claims or actions cannot be currently determined, the University's administration is of the opinion that the eventual liability therefrom, if any, will not have a material effect on the financial position of the University or on its ability to make required debt service payments.

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, 2018, DASNY had approximately \$50.5 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. One of the appointments to the Board by the Governor is currently vacant.

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

The 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.

SANDRA M. SHAPARD, Secretary, Delmar.

Sandra M. Shapard was appointed as a Member of DASNY by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director

for the New York State Division of the Budget from 1991 to 1994. She began her career in New York State government with the Assembly where she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

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.

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 Romski was reappointed as a Member of DASNY by the Temporary President of the State Senate on May 9, 2016. He is Counsel and Project Executive for "Arverne by the Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, New York. Mr. Romski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

PAUL S. ELLIS, ESQ., 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.

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, 2017. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

PART 8 - LEGALITY OF THE SERIES 2018 BONDS FOR INVESTMENT AND DEPOSIT

Under New York State law, the Series 2018 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 2018 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 2018 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 2018 Bonds.

PART 10 - TAX MATTERS

Series 2018A Bonds

General

In the opinion of Hawkins Delafield & Wood LLP, Co-Bond Counsel to DASNY, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2018A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2018A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018. In rendering its opinion, Hawkins Delafield & Wood LLP has relied on certain representations, certifications of fact, and statements of reasonable expectations made by, as applicable, DASNY, the University and others in connection with the Series 2018A Bonds, and Hawkins Delafield & Wood LLP has assumed compliance by, as applicable, DASNY and the University with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the

Series 2018A Bonds from gross income under Section 103 of the Code. In addition, in rendering its opinion, Hawkins Delafield & Wood LLP has relied on the opinion of the University's general counsel regarding, among other matters, the current qualifications of the University as an organization described in Section 501(c)(3) of the Code.

In addition, in the opinion of Hawkins Delafield & Wood LLP, under existing statutes, interest on the Series 2018A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Hawkins Delafield & Wood LLP expresses no opinion regarding any other Federal, state or local tax consequences with respect to the Series 2018A Bonds. Hawkins Delafield & Wood LLP renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Hawkins Delafield & Wood LLP expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2018A Bonds, or the exemption from personal income taxes of interest on the Bonds under state and local tax law.

Reference is made to Appendix E hereto for the proposed form of opinion, in substantially final form, expected to be rendered by Hawkins Delafield & Wood LLP in connection with the issuance of the Series 2018A Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2018A Bonds in order that interest on the Series 2018A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2018A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2018A Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. DASNY and the University have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2018A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Series 2018A Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Series 2018A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Series 2018A Bonds.

Prospective owners of the Series 2018A Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Series 2018A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2018A Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate and credit terms) means the first price at which at least 10 percent of such maturity

was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Series 2018A Bonds. In general, the issue price for each maturity of the Series 2018A Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Hawkins, Delafield & Wood LLP is further of the opinion that, for any Series 2018A Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2018A Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Series 2018A Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of OID for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Series 2018A Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2018A Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Series 2018A Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2018A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2018A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2018A Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2018A Bonds under Federal or state law or otherwise prevent beneficial owners of the Series 2018A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2018A Bonds.

Prospective purchasers of the Series 2018A Bonds should consult their own tax advisors regarding the foregoing matters.

Series 2018B Bonds

General

The following discussion is a summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of the Series 2018B Bonds (the “Taxable Bonds”) by original purchasers of the Taxable Bonds who are U.S. Holders (as defined below). This summary is based on the Code, Treasury regulations, revenue rulings and court decisions, all as now in effect and all subject to change at any time, possibly with retroactive effect. This summary assumes that the Taxable Bonds will be held as “capital assets” under the Code, and it does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Taxable Bonds as a position in a “hedge” or “straddle” for United States Federal income tax purposes, holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire Taxable Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code. Each prospective purchaser of the Taxable Bonds should consult with its own tax advisor concerning the United States Federal income tax and other tax consequences to it of the acquisition, ownership and disposition of the Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

As used herein, the term “U.S. Holder” means a beneficial owner of a Taxable Bond that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

U.S. Holders—Interest Income

In the opinion of Hawkins Delafield & Wood, LLP, Co-Bond Counsel to DASNY, (i) interest on the Taxable Bonds is not excludable from gross income for United States Federal income tax purposes; and (ii) interest on the Taxable Bonds is exempt, under existing statutes, from personal income tax imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Premium

In general, if a U.S. Holder acquires a Taxable Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Taxable Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Taxable Bond (a “Taxable Premium Bond”). In general, if a U.S. Holder of a Taxable Premium Bond elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Bond, determined based on constant yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to such holder’s basis in the Taxable Premium Bond. Any such election applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election

applies and to all such debt instruments thereafter acquired, and is irrevocable without the Internal Revenue Service's consent. A U.S. Holder of a Taxable Premium Bond that so elects to amortize bond premium does so by offsetting the qualified stated interest allocable to each interest accrual period under the U.S. Holder's regular method of Federal tax accounting against the bond premium allocable to that period. If the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is treated as a bond premium deduction under Section 171(a)(1) of the Code, subject to certain limitations. If a Taxable Premium Bond is optionally callable before maturity at a price in excess of its stated redemption price at maturity, special rules may apply with respect to the amortization of bond premium. Under certain circumstances, the U.S. Holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder's original acquisition cost.

U.S. Holders of any Taxable Premium Bonds should consult their own tax advisors with respect to the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, and disposition of Taxable Premium Bonds.

U.S. Holders—Disposition of Taxable Bonds

Except as discussed above, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Taxable Bond. A U.S. Holder's adjusted tax basis in a Taxable Bond generally will equal such U.S. Holder's initial investment in the Taxable Bond, increased by any OID included in the U.S. Holder's income with respect to the Taxable Bond and decreased by the amount of any payments, other than qualified stated interest payments, received and bond premium amortized with respect to such Taxable Bond. Such gain or loss generally will be long-term capital gain or loss if the Taxable Bond was held for more than one year.

U.S. Holders—Defeasance

U.S. Holders of the Taxable Bonds should be aware that, for Federal income tax purposes, the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Bonds to be deemed to be no longer outstanding under the resolution of the Taxable Bonds (a "defeasance"), could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, for Federal income tax purposes, the character and timing of receipt of payments on the Taxable Bonds subsequent to any such defeasance could also be affected. U.S. Holders of the Taxable Bonds are advised to consult with their own tax advisors regarding the consequences of a defeasance for Federal income tax purposes, and for state and local tax purposes.

U.S. Holders—Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate U.S. Holders with respect to payments of principal, payments of interest, and the accrual of OID on a Taxable Bond and the proceeds of the sale of a Taxable Bond before maturity within the United States. Backup withholding at a rate provided for in the Code, will apply to such payments and to payments of OID unless the U.S. Holder (i) is a corporation or other exempt recipient and, when required, demonstrates that fact, or (ii) provides a correct taxpayer identification number, certifies under penalties of perjury, when required, that such U.S. Holder is not subject to backup withholding and has not been notified by the Internal Revenue Service that it has failed to report all interest and dividends required to be shown on its United States Federal income tax returns.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Taxable Bonds under state law and could affect the market price or marketability of the Taxable Bonds.

Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

The proposed form of the opinion of Hawkins, Delafield & Wood LLP, Co-Bond Counsel, relating to the Series 2018B Bonds is set forth in Appendix E hereto.

PART 11 - STATE NOT LIABLE ON THE SERIES 2018 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 or bonds are not payable out of any funds other than those of DASNY. The Resolution specifically provides that the Series 2018 Bonds are not a debt of the State and that the State is not liable on them.

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 2018 Bonds by DASNY are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, and McGlashan Law Firm, P.C., New York, New York, Co-Bond Counsel to DASNY, whose approving opinions will be delivered with the Series 2018 Bonds. The proposed forms of opinion to be delivered by each Co-Bond Counsel are set forth in Appendix E hereto.

Certain legal matters will be passed upon for the University by its General Counsel, Terrance Nolan, Esq., and its special counsel, Ropes & Gray LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York.

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2018 Bonds or questioning or affecting the validity of the Series 2018 Bonds or the proceedings and authority under which they are to be issued.

PART 14- UNDERWRITING

Wells Fargo Bank, National Association, as representative of the Underwriters for the Series 2018 Bonds have jointly and severally agreed, subject to certain conditions, to purchase the Series 2018 Bonds from DASNY and to make an initial public offering of Series 2018 Bonds at prices that are not in excess of the public offering prices stated on the inside cover page of this Official Statement. The purchase price for the Series 2018A Bonds shall be \$398,392,191.65 (which reflects the par amount of the Series 2018A Bonds plus net original issue premium of \$49,512,191.65). In addition, the Underwriters shall receive a fee of \$860,645.17 in connection with the Series 2018A Bonds. The purchase price for the Series 2018B Bonds shall be \$253,069,941.92 (which reflects the par amount of the Series 2018B Bonds plus original issue premium of \$10,136,135.10, less an underwriters' discount of \$771,193.18). The Series 2018 Underwriters will be obligated to purchase all such Series 2018 Bonds if any are purchased.

The Series 2018 Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such initial public offering prices, and such initial public offering prices may be changed, from time to time, by the Underwriters.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), the senior underwriter of the Series 2018 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2018 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2018 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2018 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

A portion of the proceeds from the Series 2018 Bonds will be applied to the payment of all or a portion of the University's outstanding lines of credit with Bank of America, National Association and Wells Fargo Bank, National Association.

The Underwriters and their respective 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 Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the University, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective 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.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2018 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, if applicable to this transaction, each of CS&Co. and LPL will purchase Series 2018 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2018 Bonds that such firm sells.

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 2018 Bonds with Digital Assurance Certification LLC ("DAC"), as disclosure dissemination agent, and the Trustee. The proposed form of the Continuing Disclosure Agreement is attached as Appendix F hereto.

The University is subject to continuing disclosure requirements under existing continuing disclosure agreements. The annual reports for fiscal years 2014 and 2015 were filed in a timely manner but failed to include certain required fundraising information. Such information has been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system.

PART 16 - RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa2" to the Series 2018 Bonds and S&P Global Ratings ("S&P") has assigned a rating of "AA-" to the Series 2018 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: Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; and S&P, 55 Water Street, New York, New York 10041. 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 both of such rating agencies if, in the judgment of any or both 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 2018 Bonds.

PART 17 - MISCELLANEOUS

Reference in this Official Statement to the Act, the Resolution, the Series 2018 Resolutions and the Loan Agreement do not purport to be complete. Refer to the Act, the Resolution, the Series 2018 Resolutions and the Loan Agreement for full and complete details of their provisions. Copies of the Resolution, the Series 2018 Resolutions and the Loan Agreement are on file with DASNY and the Trustee.

The agreements of DASNY with the Holders of the Bonds are fully set forth in the Resolution. Neither any advertisement of the Series 2018 Bonds nor this Official Statement is to be construed as a contract with purchasers of the Series 2018 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.

The information regarding DTC and DTC's book-entry only system has been furnished by DTC. DASNY believes that this information is reliable, but makes no representations or warranties whatsoever as to the accuracy or completeness of this information.

"APPENDIX A - CERTAIN DEFINITIONS," "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT," "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION," and "APPENDIX E - FORMS OF APPROVING OPINIONS OF CO-BOND COUNSEL" have been prepared by Hawkins Delafield & Wood LLP and McGlashan Law Firm, P.C., Co-Bond Counsel to DASNY.

The financial statements as of August 31, 2017 and 2016 and for the years then ended, included in Appendix B of this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing herein. The preliminary financial data for any period or date after August 31, 2017 included in this Official Statement has been prepared by, and is the responsibility of, the University's management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled or performed any procedures with respect to the preliminary financial data. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

The University has reviewed the parts of this Official Statement describing the University, the Estimated Sources and Uses of Funds, the Series 2018 Project and Appendix B. The University, as a condition to issuance of the Series 2018 Bonds, is required to certify that as of the date of this Official Statement, such parts do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading.

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

CERTAIN DEFINITIONS

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CERTAIN DEFINITIONS

The following are definitions of certain of the terms defined in the Resolution or the Loan Agreement and 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 the Bond Series Certificate relating thereto 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 semiannual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates.

Act means the Dormitory Authority Act being Title 4 of Article 8 of the Public Authorities Law of the State, as amended, including without limitation by the Health Care Financing Construction Act, being Title 4-B of Article 8 of the Public Authorities Law of the State.

Additional Bonds means the Bonds, other than the Authorized Bonds, authorized and issued under the Resolution by Series Resolutions, adopted by the Authority on April 11, 2018.

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 Schedule A to the Loan Agreement, which is made a part of 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 the Bond Series Certificate relating thereto 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 semiannual period in equal daily amounts on the basis of a year of twelve (12) 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.

Auction Date shall have the meaning given to such term in the Resolution.

Auction Rate Bond shall have the meaning given to such term in 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 shall hereafter succeed 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 and the construction of the Projects, as more particularly described in Schedule B to the Loan Agreement, which is made a part of the Loan Agreement.

Authorized Bonds means the Dormitory Authority of the State of New York New York University Revenue Bonds, Series 2018A and Dormitory Authority of the State of New York New York University Revenue Bonds, Series 2018B.

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 (5) 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 Deputy Chief Financial Officer, the Assistant Director, Financial Management, the General Counsel and the Deputy 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, 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 to perform such act or execute such document; and (iii) in the case of the Trustee, the President, a Vice President, an Assistant Vice President, a Corporate Trust Officer, an Authorized Signatory, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

Bond or Bonds means any of the bonds of the Authority authorized and issued pursuant to the Resolution and to a Series Resolution.

Bond Counsel means Hawkins Delafield & Wood LLP, or an attorney or other 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 bonds.

Bond Series Certificate means the 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.

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.

Bondholder, Holder of Bonds or Holder or any similar term, when used with reference to a Bond or Bonds, means the registered owner of any Bond.

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, unless otherwise defined in connection with Bonds of a particular Series, any day which is not a Saturday, Sunday or a day on which the Trustee or banking institutions chartered by the State or the United States of America 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 for such Bond and is payable only at the maturity or prior redemption thereof.

Code means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

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.

Construction Fund means the fund so designated, created and established for a Project pursuant to the Resolution.

Cost or Costs of Issuance means the items of expense incurred in connection with the authorization, sale and issuance of the Bonds, which items of expenses 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 or a Depository, 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, a Liquidity Facility, an Interest Rate Exchange Agreement or a Remarketing Agent, costs and expenses in connection with the refunding of 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 those of the Authority, in connection with the foregoing.

Cost or Costs of the Project means when used in relation to a Project the costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessarily or appropriately incurred in connection with the 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) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, environmental inspections and assessments, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction of the Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs which the University shall be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the 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 the Project (including interest on money borrowed from parties other than the University), (viii) interest on the Bonds, bonds, notes or other obligations of the Authority issued to finance Costs of the Project that accrued prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of the Project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with the Project or pursuant to the Resolution or to the Loan Agreement, a Credit Facility, a Liquidity Facility or a Remarketing Agreement in connection with Option Bonds or Variable Interest Rate Bonds.

Credit Facility means an irrevocable letter of credit, surety bond, loan agreement, or other agreement, facility or insurance or guaranty arrangement pursuant to which the Authority is entitled to obtain money to pay the principal and Sinking Fund Installments of and interest on particular Bonds whether or not the Authority is in default under the Resolution, which is issued or provided by:

- (i) 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 or a saving and loan association;
- (ii) an insurance company or association chartered or organized under the laws of any state of the United States of America
- (iii) the Government National Mortgage Association or any successor thereto;
- (iv) the Federal National Mortgage Association or any successor thereto; or
- (v) any other federal agency or instrumentality approved by the Authority.

Any such Credit Facility may also constitute a Liquidity Facility if it also meets the requirements of the definition of a Liquidity Facility contained below in Appendix A.

Debt Service Fund means the fund so designated, created and established pursuant to the Resolution.

Defeasance Security means:

(i) a Government Obligation of the type described in clauses (i), (ii), (iii) or (iv) of the definition of Government Obligations;

(ii) a Federal Agency Obligation described in clauses (i) or (ii) of the definition of Federal Agency Obligations; and

(iii) an Exempt Obligation, provided such Exempt Obligation (i) is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the 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) is rated by at least two Rating Services in the highest rating category for such Exempt Obligation;

provided, however, that (1) such term shall not include any interest in a unit investment trust or mutual fund or (2) any obligation that is subject to redemption prior to maturity other than at the option of the holder thereof.

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 semiannually on July 1 and January 1 of 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:

(i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Code and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than in the second highest rating category for such obligation by at least two Rating Services;

(ii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on any of the foregoing; and

(iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations and whose objective is to maintain a constant share value of one dollar (\$1.00).

Federal Agency Obligation means:

(i) an obligation issued, or fully insured or guaranteed as to payment by any agency or instrumentality of the United States of America, which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, no lower than in the second highest rating category for such obligation by at least two Rating Services;

(ii) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, any of the foregoing obligations; and

(iii) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations and whose objective is to maintain a constant share value of one dollar (\$1.00).

Governing Body means the University’s board of directors, board of trustees, or other board or group of individuals by, or under the authority of which, corporate powers of the University are exercised.

Government Obligation means:

(i) a direct obligation of the United States of America;

(ii) an obligation fully insured or guaranteed as to payment by the United States of America;

(iii) an obligation to which the full faith and credit of the United States of America are pledged;

(iv) a certificate or other instrument which evidences the beneficial ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, any of the foregoing; and

(v) a share or interest in a mutual fund, partnership or other fund wholly comprised of any of the foregoing obligations and whose objective is to maintain a constant share value of one dollar (\$1.00).

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 of either.

Insurance Consultant means a person or firm which is qualified to survey risks and to recommend insurance coverage for university facilities and services and organizations engaged in like operations and which is selected by the University, which may include qualified in house risk management officers employed by the University, unless, with respect to any self-insurance program, the Authority has reasonably determined that the University's balance sheet may be materially adversely affected by such program and has requested in writing that the University engage a person or firm who is not an employee or officer of the University as such Consultant.

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 the Bond Series Certificate relating to such Bond, after which interest accruing on such Bond shall be payable on the interest payment date immediately succeeding such Interest Commencement Date and semiannually thereafter on July 1 and January 1 of each Bond Year.

Interest Rate Exchange Agreement means (i) an agreement entered into by the Authority or the University in connection with the issuance of or which relates to Bonds of one or more Series which provides that during the term of such agreement the Authority or the University is to pay to the counterparty thereto interest accruing at a fixed or variable rate per annum on an amount equal to a principal amount of such Bonds and that such counterparty is to pay to the Authority or the University an amount based on the interest accruing on a principal amount equal to the same principal amount of such Bonds at a fixed or variable rate per annum, in each case computed according to a formula set forth in such agreement, or that one shall pay to the other any net amount due

under such agreement or (ii) interest rate cap agreements, interest rate floor agreements, interest rate collar agreements and any other interest rate related hedge agreements or arrangements.

Investment Agreement means a repurchase agreement or other agreement for the investment of money with a Qualified Financial Institution.

Liquidity Facility means an irrevocable letter of credit, a surety bond, a loan agreement, a Standby Purchase Agreement, a line of credit or other agreement or arrangement pursuant to which money may be obtained upon the terms and conditions contained therein for the purchase of Bonds tendered for purchase accordance with the terms of the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds, which is issued or provided by:

- (i) a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank or a savings and loan association;
- (ii) an insurance company or association chartered or organized under the laws of any state of the United States of America;
- (iii) the Government National Mortgage Association or any successor thereto;
- (iv) the Federal National Mortgage Association or any successor thereto; or
- (v) any other federal agency or instrumentality approved by the Authority.

Loan Agreement means the Loan Agreement, dated as of May 28, 2008, by and between the Authority and the University in connection with the issuance of Bonds, as the same from time to time shall have been 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 operations, acceptable to the Authority.

Maximum Interest Rate means, with respect to any particular Variable Interest Rate Bond, the numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bond as the maximum rate at which such Bond may bear interest at any time;

Minimum Interest Rate means, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or the Bond Series Certificate relating to such Bonds as the minimum rate at which such Bond may bear interest at any time.

Moody's means Moody's Investor Service, Inc. or its successors or assigns.

Official Statement means an official statement, offering memorandum, offering or reoffering circular, or other offering document relating to and in connection with the offering, reoffering, sale and issuance of Bonds.

Option Bond means any Bond which by its terms may be or is required to 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 by the Authority prior to the stated maturity thereof or the maturity of which may be extended by and at the option of the Holder thereof in accordance with the Series Resolution authorizing such Bonds or the Bond Series Certificate related to such Bonds.

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 canceled 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; and
- (iv) any Option Bond tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bond or the Bond Series Certificate relating to 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 or the Bond Series Certificate relating to 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.

Permitted Collateral means:

- (i) Government Obligations described in clauses (i), (ii) or (iii) of the definition of Government Obligation;
- (ii) Federal Agency Obligations described in clause (i) of the definition of Federal Agency Obligation;
- (iii) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) is rated in the highest short term rating category by at least one Rating Service and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least one Rating Service no lower than in the second highest rating category; or
- (iv) financial guaranty agreements, surety or other similar bonds or other instruments of an insurance company that has an equity capital of at least \$125,000,000 and is rated by Bests Insurance Guide or a Rating Service in the highest rating category.

Permitted Investments means any of the following:

- (i) Government Obligations;
- (ii) Federal Agency Obligations;
- (iii) Exempt Obligations;
- (iv) uncollateralized certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation and issued by a banking organization authorized to do business in the State;
- (v) collateralized certificates of deposit that are (a) issued by a banking organization authorized to do business in the State that has an equity capital of not less than \$125,000,000, whose unsecured senior debt, or debt obligations fully secured by a letter or credit, contract, agreement or surety bond issued by it, are, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, rated by at least one Rating Services in at least the second highest rating category, and (b) are fully collateralized by Permitted Collateral;
- (vi) Investment Agreements that are fully collateralized by Permitted Collateral; and
- (vii) to the extent any of the following constitute permitted investments under the “Investment Policy and Guidelines” of the Authority in effect at the time an investment is made:
 - (1) commercial paper that (a) matures within two hundred seventy (270) days after its date of issuance, (b) at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, is rated in the highest short term rating category by at least two Rating Services and (c) is issued by a domestic corporation whose unsecured senior debt is rated by at least two Rating Service no lower than in the second highest rating category;

(2) an uncollateralized, unsecured certificate of deposit, time deposit or bankers' acceptance that (A) has a maturity of not more than three hundred sixty-five (365) days and (B) is issued by, or are of or with, a bank the short term obligations of which are, at the time an investment in such certificate of deposit, time deposit or bankers' acceptance is made or the same is deposited in any fund or account under the Resolution, rated "A-1" by Standard & Poor's Rating Services and "P-1" by Moody's Investors Service, Inc.; and

(3) shares or an interest in any other mutual fund, partnership or other fund whose objective is to maintain a constant share value of one dollar (\$1.00) and that, at the time an investment therein is made or the same is deposited in any fund or account under the Resolution, are rated at least "AAm" or "AAm-G" by Standard & Poor's Rating Services and "Aa1" by Moody's Investors Service, Inc.

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 in the Resolution, in or pursuant to a Series Resolution or in or pursuant to a Bond Series Certificate.

Provider means the issuer or provider of a Credit Facility or a Liquidity Facility.

Provider Payments means the amount, certified by a Provider to the Trustee, payable to such Provider by the University on account of amounts advanced by it under a Credit Facility or a Liquidity Facility, including interest on amounts advanced and fees and charges with respect thereto.

Qualified Financial Institution means any of the following entities that has an equity capital of at least \$125,000,000 or whose obligations are unconditionally guaranteed by an affiliate or parent having an equity capital of at least \$125,000,000:

(i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, and (a) that is on the Federal Reserve Bank of New York list of primary government securities dealers and (b) whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; **provided, however,** that no short term rating may be utilized to determine whether an entity qualifies as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

(ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of the United States of America, any state of the United States of America or any foreign nation, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest rating category for such short term debt; **provided, however,** that no short term rating may be utilized to determine whether an entity qualifies as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

(iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity, whose senior unsecured long term debt is at the time an investment with it is made is rated by at least one Rating Service no lower than in the second highest rating category, or, in the absence of a rating on long term debt, whose short term debt is rated by at least one Rating Service no lower than in the highest

rating category for such short term debt; *provided, however*, that no short term rating may be utilized to determine whether an entity qualifies as a Qualified Financial Institution if the same would be inconsistent with the rating criteria of any Rating Service or credit criteria of an entity that provides a Credit Facility or financial guaranty agreement in connection with Outstanding Bonds;

(iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority; or

(v) a corporation whose obligations, including any investments of any money held under the Resolution purchased from such corporation, are insured by an insurer that meets the applicable rating requirements set forth above.

Rating Service means each of Moody's Investors Service, Inc., Standard & Poor's Rating Services, and Fitch, Inc., which in each case has assigned a rating to Outstanding Bonds at the request of the Authority or the University, or their respective successors and assigns.

Record Date means, unless the Series Resolution authorizing Variable Interest Rate Bonds or Option Bonds or the Bond Series Certificate relating thereto provides otherwise with respect to such Variable Rate Bonds or Option Bonds, 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 prior to maturity 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.

Related Agreements means each Remarketing Agreement, Interest Rate Exchange Agreement and agreement entered into in connection with a Credit Facility or Liquidity Facility, to which the University is a party.

Remarketing Agent means the person appointed by or pursuant to a Series Resolution authorizing the issuance of Option Bonds to remarket such Option Bonds tendered or deemed to have been tendered for purchase in accordance with such Series Resolution or the Bond Series Certificate relating to such Option Bonds.

Remarketing Agreement means, with respect to Option Bonds of a Series, an agreement either between the Authority and the Remarketing Agent, or among the Authority, the University and the Remarketing Agent, relating to the remarketing of such Bonds.

Resolution means the New York University Revenue Bond Resolution, adopted by the Authority May 28, 2008, as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions of the Resolution.

Revenues means all payments received or receivable by the Authority that pursuant to the Loan Agreement are required 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).

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 to the Resolution and to the Series Resolution authorizing 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 Resolution.

Sinking Fund Installment means, as of any date of calculation:

(i) when used with respect to any Bonds of a Series, other than Option Bonds or Variable Interest Rate Bonds, so long as any such Bonds are Outstanding, the amount of money required by the Resolution or by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto to be paid on a single future 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; and

(ii) when used with respect to Option Bonds or Variable Interest Rate Bonds of a Series, so long as such Bonds are Outstanding, the amount of money required by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto to be paid on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future date is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Option Bonds or Variable Interest Rate Bonds of such Series are deemed to be Bonds entitled to such Sinking Fund Installment.

Standby Purchase Agreement means an agreement by and between the Authority and another person or by and among the Authority, the University and another person, pursuant to which such person is obligated to purchase an Option Bond or a Variable Interest Rate Bond tendered for purchase.

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 and provisions of the Resolution.

Tax Certificate means a certificate executed by an Authorized Officer of the Authority, including the appendices, schedules and exhibits thereto, executed in connection with the issuance of the Authorized Bonds in which the Authority makes representations and agreements as to arbitrage compliance with the provisions of Section 141 through 150, inclusive, of the Code, or any similar certificate, agreement or other instrument made, executed and delivered in lieu of said certificate, in each case as the same may be amended or supplemented.

Tax-Exempt Bond means any Authorized Bond as to which Bond Counsel has rendered an opinion to the effect that interest thereon is excluded from gross income of the Holder thereof for purposes of federal income taxation.

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 in the Resolution, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Resolution.

University means New York University, a corporation duly organized and existing under the laws of the State, which is an institution for higher education located in the State and authorized to confer degrees by law or by the Board of Regents of the State, or any successor thereto.

Valuation Date means (i) with respect to any Capital Appreciation Bond, each date set forth in the Series Resolution authorizing such Capital Appreciation Bond or in the Bond Series Certificate relating to such Bond on which a specific Accreted Value is 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 and the Interest Commencement Date set forth in the Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond on which specific Appreciated Values are assigned to such Deferred Income Bond.

Variable Interest Rate means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of computing such interest rate or rates specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds and which 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) which may be in effect from time to time or at a particular time or times; or

(ii) a stated interest rate that may be changed from time to time as provided in such Series Resolution or Bond Series Certificate;

provided, however, that in each case such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate as provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating thereto, and that Series Resolution or Bond Series Certificate shall also specify either (x) the particular period or periods of time or manner of determining such period or periods of time for which each variable interest rate shall remain in effect or (y) the time or times at which any change in such variable interest rate shall become effective or the manner of determining such time or times.

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

Winning Bid Rate shall have the meaning given to such term in Section 7.11 of the Resolution.

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APPENDIX B

NEW YORK UNIVERSITY CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS
ENDED AUGUST 31, 2017 AND 2016

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New York University
Consolidated Financial Statements
August 31, 2017 and 2016

New York University
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August 31, 2017 and 2016

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Report of Independent Auditors

To the Board of Trustees of
New York University

We have audited the accompanying consolidated financial statements of New York University and its subsidiaries, which comprise the consolidated balance sheets as of August 31, 2017 and 2016, and the related consolidated statements of activities and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New York University and its subsidiaries as of August 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matter

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

A handwritten signature in black ink, which appears to read "Piccavattone Cooper LLP".

December 8, 2017
New York, New York

New York University
Consolidated Balance Sheets
August 31, 2017 and 2016

(in thousands of dollars)

| | 2017 | 2016 |
|--|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,269,599 | \$ 1,033,266 |
| Short-term investments (Note 4) | 1,989 | 2,302 |
| Accounts and loans receivable, net (Note 5) | 589,422 | 479,496 |
| Patient accounts receivable, net (Note 3) | 858,748 | 589,946 |
| Contributions receivable, net (Note 6) | 459,147 | 509,842 |
| Other assets (Note 7) | 777,025 | 352,453 |
| Assets limited as to use - disaster recovery (Note 17) | 90,263 | 126,807 |
| Disaster-related receivable (Note 17) | 167,984 | 257,127 |
| Deposits with trustees (Note 2) | 289,088 | 414,927 |
| Long-term investments (Note 4) | 4,878,686 | 4,432,746 |
| Assets held for professional liabilities (Note 10) | 503,328 | 400,476 |
| Land, buildings, and equipment, net (Note 8) | 9,962,531 | 8,276,486 |
| Total assets | <u>\$ 19,847,810</u> | <u>\$ 16,875,874</u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 1,699,551 | \$ 1,362,080 |
| Deferred revenue | 918,099 | 844,987 |
| Deferred revenue - disaster related (Note 17) | 102,980 | 126,807 |
| Professional liabilities (Note 10) | 629,810 | 459,397 |
| Debt and other obligations (Note 9) | 6,308,820 | 5,291,765 |
| Funds held for others (Notes 5 and 7) | 306,117 | 79,470 |
| Accrued benefit obligation (Note 11) | 567,558 | 561,203 |
| Accrued postretirement obligation (Note 12) | 569,448 | 630,999 |
| Asset retirement obligation | 235,362 | 225,347 |
| Total liabilities | <u>11,337,745</u> | <u>9,582,055</u> |
| Net assets | | |
| Unrestricted | 4,800,589 | 3,829,838 |
| Temporarily restricted (Note 15) | 1,627,922 | 1,534,785 |
| Permanently restricted (Note 15) | 2,081,554 | 1,929,196 |
| Total net assets | <u>8,510,065</u> | <u>7,293,819</u> |
| Total liabilities and net assets | <u>\$ 19,847,810</u> | <u>\$ 16,875,874</u> |

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

New York University

Consolidated Statements of Activities

Years Ended August 31, 2017 and 2016

(in thousands of dollars)

| | 2017 | 2016 |
|---|---------------------|-------------------|
| Changes in unrestricted net assets | | |
| Operating revenues | | |
| Tuition and fees (net of financial aid awards of \$653,168 and \$613,962) | \$ 1,753,736 | \$ 1,662,920 |
| Grants and contracts (Note 2) | 875,965 | 802,333 |
| Patient care (net of provision for bad debt \$85,461 and \$91,799) (Note 3) | 5,571,455 | 4,406,721 |
| Hospital affiliations (Note 13) | 348,956 | 321,146 |
| Insurance premiums earned | 73,804 | 65,864 |
| Contributions | 183,505 | 157,128 |
| Endowment distribution (Note 4) | 162,214 | 155,397 |
| Return on short-term investments (Note 4) | 10,133 | 6,284 |
| Auxiliary enterprises | 513,259 | 470,001 |
| Program fees and other | 228,490 | 287,847 |
| Disaster recovery reimbursement (Note 17) | 41,580 | 39,432 |
| Net assets released from restrictions | 123,365 | 125,140 |
| Total operating revenues | <u>9,886,462</u> | <u>8,500,213</u> |
| Expenses (Note 14) | | |
| Instruction and other academic programs | 1,668,291 | 1,607,035 |
| Research and other sponsored programs | 832,205 | 739,178 |
| Patient care | 4,735,549 | 3,780,755 |
| Hospital affiliations (Note 13) | 295,172 | 292,418 |
| Libraries | 94,122 | 89,495 |
| Student services | 157,791 | 156,520 |
| Auxiliary enterprises | 540,240 | 521,675 |
| Institutional services | 1,326,156 | 1,053,033 |
| Disaster-related expenses (Note 17) | 40,172 | 29,004 |
| Total expenses | <u>9,689,698</u> | <u>8,269,113</u> |
| Excess of operating revenues over expenses | 196,764 | 231,100 |
| Nonoperating activities | | |
| Investment return (Note 4) | 209,366 | 104,910 |
| Appropriation of endowment distribution (Note 4) | (59,375) | (57,785) |
| Disaster recovery reimbursement for capital (Note 17) | 25,779 | 81,173 |
| Pension and postretirement non-service costs (Notes 11 and 12) | (31,640) | (46,495) |
| Changes in pension and postretirement obligations (Notes 11 and 12) | 264,138 | (199,661) |
| Net assets released from restrictions for capital purposes | 26,391 | 17,715 |
| Net assets released from restrictions for hazard mitigation (Note 17) | 82,851 | 142,120 |
| Other | 13,736 | 10 |
| Loss on bond defeasance (Note 9) | (32,186) | (25,512) |
| Acquisition of Winthrop-University Hospital Association (Note 1) | 274,927 | - |
| Increase in unrestricted net assets | <u>970,751</u> | <u>247,575</u> |
| Changes in temporarily restricted net assets | | |
| Contributions | 134,106 | 146,830 |
| Investment return (Note 4) | 287,546 | 76,099 |
| Appropriation of endowment distribution (Note 4) | (102,839) | (97,612) |
| Other | 6,931 | (51,680) |
| Net assets released from restrictions for hazard mitigation (Note 17) | (82,851) | (142,120) |
| Net assets released from restrictions | <u>(149,756)</u> | <u>(142,855)</u> |
| Increase (decrease) in temporarily restricted net assets | <u>93,137</u> | <u>(211,338)</u> |
| Changes in permanently restricted net assets | | |
| Contributions | 154,663 | 124,505 |
| Other | <u>(2,305)</u> | <u>16,714</u> |
| Increase in permanently restricted net assets | <u>152,358</u> | <u>141,219</u> |
| Increase in net assets | <u>\$ 1,216,246</u> | <u>\$ 177,456</u> |

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

New York University

Consolidated Statements of Cash Flows

Years Ended August 31, 2017 and 2016

(in thousands of dollars)

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 1,216,246 | \$ 177,456 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 574,825 | 455,773 |
| Loss on sale or disposal of land, buildings and equipment and other adjustments | 11,573 | 24,851 |
| Non-cash (gain) loss on extinguishment of debt | (3,651) | 4,793 |
| Net gain on investments and deposits with trustees | (432,881) | (137,817) |
| Bad debt expense | 87,016 | 135,105 |
| Pension and postretirement obligation change | (264,138) | 199,661 |
| Contributions received for permanent investment and capital | (204,723) | (133,727) |
| Acquisition of Winthrop-University Hospital Association | (295,427) | - |
| Proceeds from commercial insurance or disaster recovery award | (55,664) | (114,566) |
| Changes in operating assets and liabilities | | |
| Decrease (increase) in accounts and loans receivable, net | 71,830 | (7,899) |
| Decrease in disaster recovery receivable | 48,274 | 136,137 |
| Increase in patient accounts receivable | (171,707) | (205,982) |
| Decrease (increase) in nonendowment and noncapital contributions receivable | 54,894 | (16,404) |
| Increase in other assets | (59,008) | (3,605) |
| Decrease in asset retirement obligation | (5,646) | (3,040) |
| (Decrease) increase in accounts payable and accrued expenses | (205,410) | 178,137 |
| Increase in professional liabilities | 80,909 | 85,135 |
| Increase (decrease) increase in deferred revenue | 24,557 | (221,022) |
| (Decrease) increase in accrued pension obligation | (46,636) | 14,508 |
| Increase in accrued postretirement obligation | 21,740 | 25,850 |
| Net cash provided by operating activities | <u>446,973</u> | <u>593,344</u> |
| Cash flows from investing activities | | |
| Purchases of investments | (1,537,038) | (2,820,728) |
| Sales and maturities of investments | 1,659,797 | 2,891,095 |
| Increase in deposits held with captive | (40,024) | (61,886) |
| Drawdowns of unexpended bond proceeds | 101,237 | 382,626 |
| Additions to land, buildings, and equipment | (1,376,831) | (1,456,482) |
| Proceeds from commercial insurance or disaster recovery for capital | 68,736 | 216,071 |
| Cash acquired from acquisition of Winthrop-University Hospital Association | 111,641 | - |
| Net cash used in investing activities | <u>(1,012,482)</u> | <u>(849,304)</u> |
| Cash flows from financing activities | | |
| Contributions received for permanent investment and capital | 204,723 | 133,727 |
| Proceeds from disaster recovery award for future mitigation | 46,164 | 114,566 |
| Proceeds from short-term borrowings | 499,356 | 404,772 |
| Proceeds from long-term borrowings | 1,351,420 | - |
| Principal payments on short-term borrowings | (529,370) | (317,654) |
| Principal payments on long-term borrowings | (791,023) | (113,831) |
| Payments of deferred financing costs | (5,922) | (5,623) |
| Increase (decrease) in funds held for others | 4,216 | (560) |
| Decrease in deposits with bond trustees | 22,278 | 13,707 |
| Net cash provided by financing activities | <u>801,842</u> | <u>229,104</u> |
| Net increase (decrease) in cash | 236,333 | (26,856) |
| Cash | | |
| Beginning of year | <u>1,033,266</u> | <u>1,060,122</u> |
| End of year | <u>\$ 1,269,599</u> | <u>\$ 1,033,266</u> |
| Supplemental disclosure of cash flow information | | |
| Bond proceeds | \$ - | \$ 1,114,910 |
| Other leasing obligations | - | (146,603) |
| Interest paid | 238,686 | 217,452 |
| Change in non-cash acquisitions of land, buildings, and equipment | 90,946 | 78,634 |
| Assets acquired under capital leases | 258,481 | 75,630 |
| Non-cash acquisition of Winthrop-University Hospital Association net assets | 226,691 | - |

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

New York University

Notes to Consolidated Financial Statements

August 31, 2017 and 2016

(in thousands of dollars)

1. Description of New York University

Founded in 1831, New York University (NYU) is a private institution of higher education, research, and patient care located primarily in New York City. NYU is recognized both nationally and internationally as a leader in scholarship and is a member of the distinguished Association of American Universities.

The consolidated reporting entities for NYU consist of the University and NYU Langone Health, which represents the operations of NYU Langone Health System (Health System), and NYU School of Medicine (NYUSoM).

The University

The University includes nineteen colleges and divisions each with its own traditions, programs and faculty. The schools, in order of founding date, are the College of Arts and Science, School of Law, NYUSoM (reported as a part of NYU Langone Health), College of Dentistry, Graduate School of Arts and Science, Steinhardt School of Culture, Education and Human Development, Leonard N. Stern School of Business, Courant Institute of Mathematical Sciences, School of Continuing and Professional Studies, Institute of Fine Arts, Robert F. Wagner Graduate School of Public Service, Post-Graduate Medical School, Silver School of Social Work, Tisch School of the Arts, Gallatin School of Individualized Study, College of Nursing, the Institute for the Study of the Ancient World, NYU Abu Dhabi, and NYU Tandon School of Engineering (formerly Polytechnic University founded in 1854). The University also operates academic program sites and research programs in other parts of the United States and abroad.

In addition to the colleges and divisions, NYU began operating NYU Shanghai in fall 2013, which grants NYU degrees, as a joint venture with East China Normal University. The NY-based activities of NYU Shanghai are reported in the University's balance sheets and statements of activities.

NYU Langone Health

The Health System is the sole corporate member of NYU Langone Hospitals. NYU Langone Hospitals operates Tisch Hospital, a 705-bed acute care facility and a major center for specialized procedures in cardiovascular services, neurosurgery, cancer treatment, reconstructive surgery and transplantation; NYU Langone Orthopedic Hospital, a 190-bed acute care facility specializing in orthopedic, neurologic, and rheumatologic services; NYU Langone Hospital-Brooklyn, a 450-bed acute care hospital; and several ambulatory facilities, including the Laura and Isaac Perlmutter Cancer Center, the Ambulatory Care Center, the Center for Musculoskeletal Care and Hassenfeld Children's Center.

On April 1, 2017, the Health System completed an affiliation agreement (Affiliation) in which it became the sole corporate member of Winthrop-University Hospital Association and its subsidiary entities, Winthrop University Hospital Service Corporation and Winthrop Clinical Partners, Inc. Winthrop-University Hospital Association subsequently changed its name to NYU Winthrop Hospital (Winthrop). Winthrop is a 591-bed adult Level 1 trauma center and teaching hospital in Mineola, New York.

New York University
Notes to Consolidated Financial Statements
August 31, 2017 and 2016

(in thousands of dollars)

In addition to NYU Langone Hospitals and Winthrop, the Health System's wholly owned subsidiaries consist of: Lutheran Augustana Center for Extended Care and Rehabilitation, a 240-bed skilled nursing facility; Lutheran CHHA, Inc., a certified home health agency; Community Care Organization, Inc., a licensed home care agency; Shore Hill Housing, Sunset Gardens Housing and Harbor Hill Housing, which provides senior housing and rent subsidies for people meeting requirements defined by the US Department of Housing and Urban Development; and Sunset Bay Community Services, Inc., which provides senior services and day care services.

NYU Langone Hospitals is the sole corporate member of CCC550 Insurance, SCC. (CCC550), which provides the hospitals' professional and general liability insurance, as well as insurance to physicians employed by the NYUSoM, and starting on July 1, 2017, Winthrop. CCC550 is subject to taxation in accordance with Section 29 of the Exempt Insurance Act in Barbados.

Affiliation with NYU Winthrop

The Health System's affiliation with and the subsequent change in control of Winthrop was accounted for as a business combination in accordance with Accounting Standards Codification (ASC), Topic 805, *Business Combinations*, and ASC 958-805-05, *Acquisition by a Not-for-Profit Entity*. NYU recorded \$274,927 of unrestricted non-operating income in the 2017 consolidated statement of activities which represents Winthrop's net assets at March 31, 2017 and the excess of the fair value of assets acquired over the fair value of liabilities assumed. No consideration was exchanged for the acquisition.

In 2017, Winthrop changed its fiscal year end from December 31 to August 31 to conform to NYU's year end. As a result of this change, obtaining revenues and changes in net assets as though the acquisition occurred at the beginning of fiscal year 2017 was impracticable.

The following is a summary of the Winthrop activity included in the 2017 consolidated statements of activities:

| | 2017 |
|--|-------------------|
| Net assets as of March 31, 2017 | \$ 176,444 |
| Excess of the fair value of assets acquired over liabilities | 98,483 |
| Acquisition of Winthrop-University Hospital Association | <u>274,927</u> |
| Operating revenues | 649,478 |
| Operating expenses | <u>630,016</u> |
| | 19,462 |
| Non-operating activities | <u>25,839</u> |
| Change in unrestricted net assets | 320,228 |
| Change in temporarily restricted net assets | 12,750 |
| Change in permanently restricted net assets | 8,820 |
| Total change in net assets as a result of the acquisition | <u>\$ 341,798</u> |

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The following is a summary of the Winthrop amounts included in the consolidated balance sheet as of August 31, 2017:

| | August 31, 2017 |
|-----------------------------------|------------------------|
| Assets | \$ 1,231,969 |
| Liabilities | 890,171 |
| Unrestricted net assets | 320,228 |
| Temporarily restricted net assets | 12,750 |
| Permanently restricted net assets | 8,820 |

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of NYU have, in all material respects, been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements include the accounts of NYU, as well as its separately incorporated affiliates. NYU and, generally, all of its affiliates are exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

NYU prepares its consolidated financial statements in accordance with the provisions of ASC Topic 958, *Not for Profit Entities*. This standard focuses on the entity as a whole and requires classification of net assets as unrestricted, temporarily restricted or permanently restricted, as determined by the existence or absence of restrictions placed on the assets' uses by donors or by provision of law. A description of the net asset classifications follows:

Permanently Restricted net assets include gifts, pledges, trusts, and gains explicitly required by donors to be retained in perpetuity, while allowing the use of the investment return for general or specific purposes, in accordance with donor provisions.

Temporarily Restricted net assets include contributions and investment return that can be expended when donor or legal restrictions have been met. Contributions receivable that do not carry a purpose restriction are deemed to be time restricted. Temporary restrictions are removed either through the passage of time or because certain actions are taken by NYU that fulfill the restrictions or both.

Unrestricted net assets are the remaining net assets of NYU that are used to carry out its missions of education, research and patient care which are not subject to donor restrictions.

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Operations

Tuition and fees are derived from degree programs as well as executive and continuing education programs. Tuition and fee revenue is recognized as operating income in the period in which it is earned. Tuition and fee receipts received in advance are recorded as deferred revenue. Net tuition and fees are computed after deducting certain scholarships and fellowships awarded to students. Revenues and expenses related to conducting programmatic activities and provision of services by NYU are classified as operating in the consolidated statement of activities. Investment return relating to management-designated endowment funds and the related endowment appropriation, as well as changes in pension and postretirement obligations and unusual or nonrecurring activity, are classified as nonoperating in the consolidated statement of activities.

Grants and Contracts

Grant and contract revenues represent reimbursements of costs incurred in direct support of research and other sponsored activities. Such sponsored grants and contracts generally provide for the recovery of indirect costs supporting these activities. Indirect costs, included in grant and contract revenues, are recovered at rates established in advance by NYU through negotiations with the federal government and other private sponsors and amount to \$150,927 and \$135,348 for the years ended August 31, 2017 and 2016, respectively.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received at their fair value. Contributions receivable are reported at their discounted present value, using an estimated interest rate for the year in which the promise was received and considering market and credit risk as applicable (2.9% in 2017 and 2.4% in 2016). Amortization of the discount is recorded as additional contribution revenue. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Allowances are recorded for estimated uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly-liquid debt instruments with original maturities of three months or less when purchased. This does not include pooled investments with less than three months to maturity held within the long-term investment portfolio. The carrying amount of cash and cash equivalents approximates fair value due to the short-term maturity of the instruments. NYU maintains its deposits with high credit quality financial institutions, with balances that exceed federal depository insurance limits. Management does not believe the credit risk related to these deposits is significant.

Deposits with Trustees

Deposits with trustees consist of unexpended bond proceeds (to fund various construction projects) held by the trustee, the Dormitory Authority of the State of New York (DASNY), of \$256,542 and \$355,408 as well as debt service reserve funds held by NYU of \$32,546 and \$59,519 at August 31, 2017 and 2016, respectively.

Land, Buildings, and Equipment

Land, buildings, and equipment are carried at their acquisition or construction cost. If donated, these assets are recorded at their fair value on the date of the gift. Buildings and equipment are depreciated over their estimated useful lives (buildings and building improvements 10-55 years, equipment 3-10 years) using the straight-line method.

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Collections

The University does not assign a value to collection items. Collection items are generally held for educational purposes and are not disposed of for financial gain or otherwise encumbered in any manner.

Asset Retirement Obligation

NYU recognizes asset retirement obligations on future events, such as the abatement of asbestos and removal of lead-based paint and petroleum bulk storage tanks from buildings. The fair value of the liability for a conditional asset retirement obligation is recognized in the period in which it occurred, provided that it can be reasonably estimated. Corresponding asset retirement costs (net of accumulated depreciation) have been included in land, buildings, and equipment.

Funds Held for Others

Funds held for others consist of the University's federal grants refundable and deferred compensation plan liabilities (for NYU's (457(b) plans). Corresponding assets are included within accounts receivable (Note 5) and other assets (Note 7), respectively.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2016 consolidated financial statements have been reclassified to conform to the current year's presentation.

New Authoritative Pronouncements

In January 2016, the FASB issued Accounting Standards Update (ASU) 2016-1, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This guidance primarily affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. Certain financial institutions and companies with large equity investment portfolios that are not currently being measured at fair value through the income statement are most affected by the new standard. The new standard also allows entities that are not public business entities and do not carry financial instruments at fair value in the statement of financial position to no longer be required to disclose the fair value and significant assumptions used to estimate the fair value of such financial instruments. The standard is effective for fiscal years beginning after December 15, 2018 for non-public business entities. NYU early adopted the portion of the standard that eliminates the disclosure requirement for financial instruments that are not recorded at fair value in fiscal year 2016.

In May 2015, the FASB issued ASU 2015-7, *Fair Value Measurement and Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. This guidance requires entities to present investments that use net asset value ("NAV") as a practical expedient for valuation purposes separately from other investments categorized in the fair value hierarchy described in Note 4. If the NAV per share of an investment is determined and published, the NAV is considered the basis for fair value for a transaction and the investment is presented within the fair value hierarchy. In other instances, where NAV is communicated to an investor but

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not made publicly available, such investments are considered to be valued using NAV as a practical expedient and are presented separately from the fair value hierarchy. The standard is effective for fiscal years beginning after December 15, 2016. NYU adopted the provisions of this standard in fiscal year 2017, and applied it retrospectively (Note 4).

In March 2017, the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (Topic 715). The standard requires entities to report the service cost component of net periodic benefit cost in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the statement of activities separately from the service cost component and outside a subtotal of income from operations, if one is presented. NYU adopted the provisions of this standard in fiscal year 2017, and applied it retrospectively (Notes 11 and 12).

In May 2014, the FASB issued ASU 2014-9, *Revenue from Contracts with Customers*. This standard implements a single framework for recognition of all revenue earned from customers. 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 revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are 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. The standard is effective for fiscal years beginning after December 15, 2017. NYU is currently evaluating the impact this standard will have on the 2019 consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The standard is effective for fiscal years beginning after December 15, 2018. NYU is currently evaluating the impact this standard will have on the 2020 consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. This standard marks the completion of the first phase of a larger project aimed at improving not-for-profit financial reporting. Under the new guidance, the existing three categories of net assets will be replaced with a simplified model that combines temporarily restricted and permanently restricted net assets into a single category called "net assets with donor restrictions" and renames unrestricted net assets as "net assets without donor restrictions." There will be new reporting requirements for expenses and additional disclosures to describe an organization's liquidity. The standard is effective for fiscal years beginning after December 15, 2017. NYU is currently evaluating the impact this standard will have on the 2019 consolidated financial statements.

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3. Patient Care Revenue and Receivables

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

Patient care services rendered are recorded in the period in which the service is performed, net of contractual and other allowances that represent differences between gross charges and the estimated receipts under such programs. Patient care revenue for NYU Langone Health is reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments due to ongoing and future audits, reviews and investigations. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient service revenues are also reduced for allowances for uncollectible accounts. Patient service revenue for NYU Langone Health, net of contractual allowances and discounts, is as follows for the years ended August 31, 2017 and 2016:

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Gross charges | \$ 22,743,511 | \$ 16,046,055 |
| Allowances | <u>(17,141,474)</u> | <u>(11,598,476)</u> |
| Patient service revenue, net of contractual allowances | 5,602,037 | 4,447,579 |
| Bad debt expense | <u>(85,461)</u> | <u>(91,799)</u> |
| Total net patient service revenue | <u>\$ 5,516,576</u> | <u>\$ 4,355,780</u> |

Winthrop's net patient service revenue is \$637,273 for the period April 1 through August 31, 2017.

NYU Langone Health's patient accounts receivable, after contractual allowances but before allowances for bad debts is \$1,042,953 and \$722,276 at August 31, 2017 and 2016, respectively. The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. NYU Langone Health implemented a quarterly standardized approach to estimate and review the collectability of receivables based on the payor classification and the period for which the receivables have been outstanding. Past due balances over 90 days from the date of billing and in excess of a specified amount are considered delinquent and are reviewed for collectability. Account balances are written off against the allowance when management feels it is probable the receivable will not be recovered. Historical collection and payor reimbursement experience is an integral part of the estimation process related to reserves for doubtful accounts. In addition, NYU Langone Health assesses the current state of its billing functions in order to identify any known collection or reimbursement issues and assess the impact, if any, on reserve estimates. NYU Langone Health believes that the collectability of its receivables is directly linked to the quality of its billing processes, most notably those related to obtaining the correct information in order to bill effectively for the services it provides. Revisions in reserve for doubtful accounts estimates are recorded as an adjustment to bad debt expense. NYU Langone Health's allowance for uncollectible accounts are \$190,681 and \$135,532 at August 31, 2017 and 2016 respectively, and have remained consistent as a percentage of accounts receivables net of contractual allowances. NYU Langone Health's patient accounts receivable, net, is \$852,272 and \$586,744 at August 31, 2017, and August 31, 2016.

Winthrop's patient accounts receivable, net, is \$188,101 at August 31, 2017.

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NYU Langone Health has established estimates, based on information presently available, of amounts due to or from Medicare and non-Medicare payors for adjustments to current and prior years' payment rates, based on industry-wide and NYU Langone Health-specific data. The net amounts due to third party payors at August 31, 2017 and 2016 are \$15,459 and \$33,624, respectively. Additionally, certain payors' payment rates for various years have been appealed by the NYU Langone Health. If the appeals are successful, additional income applicable to those years may be realized.

NYU Langone Hospitals' cost reports have been audited by the Medicare fiscal intermediary through December 31, 2013; however, final settlements are pending for 2003, 2004, and 2011. NYU Langone Hospital-Brooklyn cost reports have been audited by the Medicare fiscal intermediary through December 31, 2014; however, final settlements are pending for the years 2007 to 2014. Winthrop's cost reports have been audited by the Medicare fiscal intermediary through December 31, 2014.

NYU Langone Health grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor arrangements. The mix of patient service revenue, net of contractual allowances from patients and third party payors for the years ended August 31, 2017 and 2016 are as follows:

| | 2017 | | 2016 | |
|------------------------------------|---------------|--------------|---------------|--------------|
| | Health System | NYUSoM | Health System | NYUSoM |
| Medicare | 17 % | 17 % | 17 % | 17 % |
| Medicaid | 2 | 1 | 2 | 1 |
| Medicare and Medicaid managed care | 17 | 13 | 15 | 12 |
| Blue Cross | 24 | 17 | 25 | 17 |
| Managed care and other | 40 | 52 | 41 | 53 |
| | <u>100 %</u> | <u>100 %</u> | <u>100 %</u> | <u>100 %</u> |

The mix of receivables (net of contractual allowances) from patients and third party payors at August 31, 2017 and 2016 are as follows:

| | 2017 | | 2016 | |
|------------------------------------|---------------|--------------|---------------|--------------|
| | Health System | NYUSoM | Health System | NYUSoM |
| Medicare | 11 % | 11 % | 11 % | 12 % |
| Medicaid | 2 | 1 | 3 | 1 |
| Medicare and Medicaid managed care | 23 | 17 | 25 | 14 |
| Blue Cross | 19 | 15 | 16 | 15 |
| Managed care and other | 45 | 56 | 45 | 58 |
| | <u>100 %</u> | <u>100 %</u> | <u>100 %</u> | <u>100 %</u> |

The Health System provides significant amounts of partially or totally uncompensated patient care. For accounting purposes, such uncompensated care is treated either as charity care or bad debt expense.

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The Health System's charity care policy, in accordance with the New York State Department of Health's guidelines, ensures the provision of quality health care to the community served while carefully considering the ability of the patient to pay. The policy has sliding fee schedules for inpatient, ambulatory and emergency services provided to the uninsured and under-insured patients that qualify. Patients are eligible for the charity care fee schedule if they meet certain income and liquid asset tests. Since payment of the difference between NYU Langone Hospitals' standard charges and the charity care fee schedules is not sought, these forgone charges for charity care are not reported as revenue. Total forgone charges for charity care totaled \$55,775 and \$129,396 for fiscal year 2017 and 2016, respectively. This equated to an approximate cost of \$13,192 and \$33,909 for the years ended August 31, 2017 and 2016, respectively which is based on a ratio of cost to charges during the respective years.

New York State regulations provide for the distribution of funds from an indigent care pool, which is intended to partially offset the cost of bad debts and services provided to the uninsured. The funds are distributed based on each hospital's level of bad debt and charity care in relation to all other hospitals. Subsidy payments recognized as revenue amounted to approximately \$51,307 and \$45,312 for 2017 and 2016, respectively, and are included in net patient service revenue in the accompanying consolidated statement of activities.

Patients who do not qualify for sliding scale fees and all uninsured inpatients who do not qualify for Medicaid assistance are billed at the Health System's rates. Uncollected balances for these patients are categorized as bad debts. Similarly, at NYUSoM, those balances which are deemed uncollectible based on an inability or unwillingness to pay are written off. Uncollected balances for these patients are categorized as bad debts and totaled \$85,461 and \$91,799 for the years ended August 31, 2017 and 2016, respectively.

4. Investments

Fair Value Measurements

Authoritative guidance of fair value measurements, ASC Topic 820, *Fair Value Measurements and Disclosures*, *Fair Value Measurements*, establishes a hierarchy of valuation methodologies based on the extent to which asset valuations are observable in the marketplace.

The following describes the hierarchy of methodologies used to measure fair value of investments:

Fair value for Level 1 is based on unadjusted quoted prices in actively traded markets that NYU has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets.

Fair value for Level 2 is based on quoted prices for instruments similar to those held by NYU in actively traded markets, quoted prices for identical instruments held by NYU in markets that are not actively traded 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.

Fair value for Level 3 is based on valuation techniques used to assess prices that are unobservable as the assets trade infrequently or not at all.

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Investments for which fair value is measured at net asset value (NAV) per share as a practical expedient consist primarily of NYU's ownership in alternative investments (principally limited partnership interest in public equity, hedge funds, credit, real assets, private equity, real estate, and other similar funds). The NAV of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking 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. NYU has performed due diligence on these investments and believes the reported NAV as a practical expedient is an appropriate measure of fair value as of August 31, 2017 and 2016. ASU 2015-07 removed the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share as a practical expedient. As such, alternative investments measured using a NAV that is not publicly available are excluded from the fair value hierarchy disclosures and reported separately in the fair value hierarchy tables.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while NYU 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.

Asset Classes

NYU invests across a broad range of asset classes, including public equity, fixed income, hedge funds, credit, real assets, private equity, real estate, and cash and other. NYU may invest directly in the securities of these asset classes, or indirectly through interests in funds and limited partnerships. Securities held directly by NYU are valued at their observable market prices. The value of holdings in funds and limited partnerships are in accordance with the valuations provided by their investment managers. Funds and limited partnerships may make investments in securities that are publicly traded, which are generally valued based on observable market prices. Managers of investment funds and limited partnerships value those investments based upon the best information available for a given circumstance and may incorporate assumptions that are the investment manager's best estimates after consideration of a variety of internal and external factors.

Investments held by NYU's investment pool are categorized as follows:

Public Equity

Public equity consists of publicly-traded equity, mutual funds, and other commingled funds (which may include passive index exposure).

Fixed Income

Fixed income includes investments in securities such as U.S. government securities, non-U.S. sovereign bonds, and corporate and asset-backed securities.

Hedge Funds

Hedge funds include investments with managers who invest across different strategies such as long and short equity, multi-strategy, event driven and relative value funds. These managers typically employ some leverage.

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Credit

Credit includes public and private investments in strategies including distressed debt and special situations.

Real Assets

Real assets includes public and private investments in real assets.

Private Equity

Private equity investments include limited partnership investments in funds pursuing strategies in corporate buyouts, growth equity, and venture capital.

Real Estate

Real estate includes public and private investments in real estate.

Cash and Other

Cash and other predominantly includes cash and cash equivalents.

The following tables summarize the fair value of financial instruments at August 31, 2017 and 2016:

| | 2017 | | | Total |
|---|--------------------------------|-----------------------------------|-------------------------------------|---------------------|
| | Active Markets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | |
| Long-term investments-investment Pool | | | | |
| Public equity | \$ 867,723 | \$ - | \$ - | \$ 867,723 |
| Fixed income | - | 183,281 | - | 183,281 |
| Real assets | 16,658 | - | - | 16,658 |
| Cash and other | 406,548 | - | 43,980 | 450,528 |
| | <u>1,290,929</u> | <u>183,281</u> | <u>43,980</u> | <u>1,518,190</u> |
| Alternative investments measured at NAV as a practical expedient | | | | <u>2,585,944</u> |
| Subtotal investment pool | | | | <u>4,104,134</u> |
| Other long-term investments | | | | |
| Public equity | 256,233 | 2,794 | - | 259,027 |
| Fixed income | 434,014 | 10,200 | - | 444,214 |
| Cash and other | 68,007 | 29 | 3,275 | 71,311 |
| Subtotal other long-term investments | <u>758,254</u> | <u>13,023</u> | <u>3,275</u> | <u>774,552</u> |
| Total long-term investments | <u>2,049,183</u> | <u>196,304</u> | <u>47,255</u> | <u>4,878,686</u> |
| Short-term investments | | | | |
| Cash and other | 1,989 | - | - | 1,989 |
| Total short-term investments | <u>1,989</u> | <u>-</u> | <u>-</u> | <u>1,989</u> |
| Other financial instruments | | | | |
| Split-interest agreements and interest in perpetual trust (Note 7) | - | - | 35,508 | 35,508 |
| Deposits with trustees (Note 2) | 65,446 | 223,642 | - | 289,088 |
| Deferred compensation plan held for others (Note 7) | 165,877 | 43,243 | 19,057 | 228,177 |
| Assets held for professional liabilities (Note 10) | 67,255 | 436,073 | - | 503,328 |
| Total | <u>\$ 2,349,750</u> | <u>\$ 899,262</u> | <u>\$ 101,820</u> | <u>\$ 5,936,776</u> |

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The fair value of Winthrop's long-term investments of \$144,272 is included in other-long term investments at August 31, 2017.

| | 2016 | | | Total |
|---|--------------------------------|-----------------------------------|-------------------------------------|---------------------|
| | Active Markets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | |
| Long-term investments-investment Pool | | | | |
| Public equity | \$ 676,222 | \$ - | \$ - | \$ 676,222 |
| Fixed income | - | 180,693 | - | 180,693 |
| Real assets | 9,962 | - | - | 9,962 |
| Cash and other | 316,887 | - | 43,980 | 360,867 |
| | <u>1,003,071</u> | <u>180,693</u> | <u>43,980</u> | <u>1,227,744</u> |
| Alternative investments measured at NAV as a practical expedient | | | | <u>2,385,822</u> |
| Subtotal investment pool | | | | 3,613,566 |
| Other long-term investments | | | | |
| Public equity | 159,975 | 2,855 | - | 162,830 |
| Fixed income | 649,968 | - | - | 649,968 |
| Cash and other | 2,107 | 513 | 3,762 | 6,382 |
| Subtotal other long-term investments | <u>812,050</u> | <u>3,368</u> | <u>3,762</u> | <u>819,180</u> |
| Total long-term investments | <u>1,815,121</u> | <u>184,061</u> | <u>47,742</u> | <u>4,432,746</u> |
| Short-term investments | | | | |
| Cash and other | 2,302 | - | - | 2,302 |
| Total short-term investments | <u>2,302</u> | <u>-</u> | <u>-</u> | <u>2,302</u> |
| Other financial instruments | | | | |
| Split-interest agreements and interest in perpetual trust (Note 7) | - | - | 33,875 | 33,875 |
| Deposits with trustees (Note 2) | 74,965 | 339,962 | - | 414,927 |
| Assets held for profession liabilities (Note 10) | 5,587 | 394,889 | - | 400,476 |
| Total | <u>\$ 1,897,975</u> | <u>\$ 918,912</u> | <u>\$ 81,617</u> | <u>\$ 5,284,326</u> |

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The following tables represent NYU's investments measured at NAV as a practical expedient by asset class and the respective liquidity terms as of August 31, 2017 and 2016:

| 2017 | | | | |
|--|---|-----------------------------|-------------------------|---------------------|
| Asset Category | Redemption Frequency (if currently eligible) | Redemption Notice Period | Fair Value | |
| Redeemable alternative investments | | | | |
| Public equity | Daily, Weekly, Monthly, Quarterly | Daily to 90 days | \$ | 1,338,387 |
| Hedge funds | Quarterly, Semi-Annual, Annual, Bi-Annual | 45-90 days | | 676,698 |
| Total | | | \$ | <u>2,015,085</u> |
| Non-redeemable alternative investments | | | | |
| | Remaining Life | Time to draw Commitment | Unfunded Commitments | Fair Value |
| Private equity | Up to 9 years | 7-14 days | \$ 148,373 | \$ 219,924 |
| Credit | Up to 9 years | 7-14 days | 69,034 | 128,464 |
| Real assets | Up to 8 years | 7-14 days | 22,057 | 69,763 |
| Real estate | Up to 13 years | 7-14 days | 108,792 | 152,708 |
| Total | | | <u>\$ 348,256</u> | <u>\$ 570,859</u> |
| Alternative investments measured at NAV as a practical expedient | | | | <u>\$ 2,585,944</u> |

| 2016 | | | | |
|--|---|-----------------------------|-------------------------|---------------------|
| Asset Category | Redemption Frequency (if currently eligible) | Redemption Notice Period | Fair Value | |
| Redeemable alternative investments | | | | |
| Public equity | Daily, Monthly, Quarterly, Annual | Daily to 90 days | \$ | 1,185,303 |
| Hedge funds | Quarterly, Semi-Annual, Annual, Bi-Annual | 45-90 days | | 655,104 |
| Fixed income | Quarterly | Daily | | 6,029 |
| Real assets | Monthly | 45 days | | 8,308 |
| Total | | | | <u>\$ 1,854,744</u> |
| Non-redeemable alternative investments | | | | |
| | Remaining Life | Time to draw Commitment | Unfunded Commitments | Fair Value |
| Private equity | Up to 12 years | 7-30 days | \$ 91,775 | \$ 210,192 |
| Credit | Up to 10 years | 7-30 days | 34,046 | 135,310 |
| Real assets | Up to 10 years | 7-30 days | 33,815 | 67,003 |
| Real estate | Up to 10 years | 7-30 days | 79,000 | 118,573 |
| Total | | | <u>\$ 238,636</u> | <u>\$ 531,078</u> |
| Alternative investments measured at NAV as a practical expedient | | | | <u>\$ 2,385,822</u> |

The following table provides the changes for financial instruments classified within Level 3 of the fair value hierarchy as defined above:

| 2017 | | | | |
|------------------------------------|---------------------------------------|------------------|---|-------------------|
| | Split-interest and perpetual trust | Cash and Other | Deferred compensation plan assets | Total |
| Fair value, August 31, 2016 | \$ 33,875 | \$ 47,742 | \$ - | \$ 81,617 |
| Unrealized gains (losses) | 1,633 | (487) | - | 1,146 |
| Transfers in | - | - | 19,057 | 19,057 |
| Fair value, August 31, 2017 | <u>\$ 35,508</u> | <u>\$ 47,255</u> | <u>\$ 19,057</u> | <u>\$ 101,820</u> |

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| | 2016 | | | |
|------------------------------------|---------------------------------------|------------------|---|------------------|
| | Split-interest and perpetual trust | Cash and Other | Deferred compensation plan assets | Total |
| Fair value, August 31, 2015 | \$ 30,474 | \$ 6,879 | \$ - | \$ 37,353 |
| Unrealized gains | 3,448 | 61 | - | 3,509 |
| Transfers in | - | 43,980 | - | 43,980 |
| Sales | (47) | (3,178) | - | (3,225) |
| Fair value, August 31, 2016 | \$ 33,875 | \$ 47,742 | \$ - | \$ 81,617 |

Total investment return for the years ended August 31, 2017 and 2016 is as follows:

| | 2017 | 2016 |
|---|-------------------|-------------------|
| Dividends and interest | \$ 73,977 | \$ 50,813 |
| Realized and unrealized gains, net | 437,612 | 142,358 |
| Investment expenses | (4,544) | (5,878) |
| Total investment return, net | <u>\$ 507,045</u> | <u>\$ 187,293</u> |
| Endowment distribution approved for spending | \$ 162,214 | \$ 155,397 |
| Return on short-term investments | 10,133 | 6,284 |
| Unrestricted investment return, net of spending | 149,991 | 47,125 |
| Temporarily restricted investment return, net of spending | 184,707 | (21,513) |
| Total investment return, net | <u>\$ 507,045</u> | <u>\$ 187,293</u> |

NYU maintains an investment pool for its long-term investments which include its endowment and similar funds. The pool is managed to achieve the maximum long-term return given prudent risk parameters. NYU relies on a total return strategy, the objective of which is to achieve a long-term rate of return consisting of a combination of current income and capital appreciation, recognizing that changes in market conditions and interest rates will result in varying strategies in an attempt to optimize results. Investment return (realized and unrealized net gains or losses, interest and dividends) and the appropriation for the approved endowment distribution for board-designated endowment funds are reported as nonoperating activities in the consolidated statement of activities. Investment return and the appropriation for the approved endowment distribution for true endowment funds are reported as temporarily restricted activities in the consolidated statement of activities.

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. Distributions from the endowment to support operations (approximately 4.5% in 2017 and 5% in 2016) are calculated using the prior year distribution adjusted for the change in the New York Metro Area Consumer Price Index (CPI). To preserve the endowment's purchasing power, caps may further limit spending as follows: 1) the distribution of endowment return to support operations may not exceed the prior year's distribution by more than 10%, unless the increase was the result of new gifts to the endowment, and 2) if the results of using only the average market value of either the final four quarters alone or the final eight quarters alone would be a decline in the distribution from the prior year's distribution, then the distribution may not exceed the previous year's level.

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5. Accounts and Loans Receivable, net

Accounts and loans receivable, net of allowances for uncollectable amounts consist of the following at August 31, 2017 and 2016:

| | 2017 | 2016 |
|---|-------------------|-------------------|
| Students and other | \$ 147,571 | \$ 120,534 |
| Grants and contracts | 93,302 | 84,460 |
| Student loans | 113,074 | 120,488 |
| Housing loans and other loans to employees | 64,202 | 65,290 |
| Insurance premiums and recoveries (Note 10) | 214,087 | 133,401 |
| | <u>632,236</u> | <u>524,173</u> |
| Allowance for uncollectible amounts | <u>(42,814)</u> | <u>(44,677)</u> |
| Accounts and loans receivable, net | <u>\$ 589,422</u> | <u>\$ 479,496</u> |

Winthrop's estimated insurance recoveries (related to professional liability and workers compensation policies) of \$77,759 are included in accounts and loans receivable, net at August 31, 2017.

A reasonable estimate of the fair value of loans receivable from students under government loan programs could not be made because the notes cannot be sold and can only be assigned to the U.S. government or its designees. The fair value of loans receivable from students under NYU's loan programs approximates carrying value.

Student loans consist primarily of Federal advances to the University under Perkins and other Federal loan programs which totaled \$77,940 and \$79,470 at August 31, 2017 and 2016, respectively. NYU records a liability on its consolidated balance sheet for these advances within funds held for others.

Housing loans and other loans to employees are secured by an interest in the underlying property or continued employment.

Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluation of the accounts and loans receivable portfolios.

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6. Contributions Receivable

Contributions receivable consist of the following at August 31, 2017 and 2016:

| | 2017 | 2016 |
|--|-------------------|-------------------|
| Amounts expected to be collected in | | |
| Less than one year | \$ 205,967 | \$ 148,233 |
| One to five years | 281,638 | 399,733 |
| More than five years | 71,834 | 91,673 |
| | <u>559,439</u> | <u>639,639</u> |
| Discount | (36,397) | (45,172) |
| Allowance for uncollectible amounts | (63,895) | (84,625) |
| Contributions receivable, net | <u>\$ 459,147</u> | <u>\$ 509,842</u> |

Contributions receivable activity for the years ended August 31, 2017 and 2016 is as follows:

| | 2017 | 2016 |
|--|-------------------|-------------------|
| Contributions receivable, gross, beginning of year | \$ 639,639 | \$ 630,548 |
| New pledges received | 175,448 | 211,702 |
| Adjustments and write-offs | (21,989) | (23,846) |
| Pledge payments received | (233,659) | (178,765) |
| Contributions receivable, gross, end of year | <u>559,439</u> | <u>639,639</u> |
| Discount and allowance for uncollectible amounts | (100,292) | (129,797) |
| Contributions receivable, net, end of year | <u>\$ 459,147</u> | <u>\$ 509,842</u> |

Conditional promises to give, bequests, and intentions to give not included in these financial statements, are \$847,131 and \$691,044 at August 31, 2017 and 2016, respectively.

Expenses related to fundraising activities are \$49,220 and \$54,761 for the years ended August 31, 2017 and 2016, respectively.

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7. Other Assets

Other assets consist of the following at August 31, 2017 and 2016:

| | 2017 | 2016 |
|---|-------------------|-------------------|
| Prepaid expenses and deferred charges | \$ 167,100 | \$ 147,598 |
| Deferred compensation plan assets held for others | 228,177 | - |
| Inventory | 78,512 | 55,866 |
| Tenant improvement allowance | 66,934 | - |
| Third-party payor receivables | 61,202 | 39,756 |
| Intangible assets | 40,686 | - |
| Split-interest agreements | 35,508 | 33,875 |
| Other | 98,906 | 75,358 |
| | <u>777,025</u> | <u>352,453</u> |
| Other assets | <u>\$ 777,025</u> | <u>\$ 352,453</u> |

Winthrop's other assets, which includes \$40,686 of intangible assets recorded pursuant to the Affiliation (Note 1), totaled \$120,997 at August 31, 2017.

Deferred compensation plan assets held for others represents employee contributions and investment income for NYU's 457(b) plans. A corresponding obligation is recorded within funds held for others. At August 31, 2016, the deferred compensation plan assets and liabilities were presented net in the consolidated balance sheet.

8. Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at August 31, 2017 and 2016:

| | 2017 | 2016 |
|-------------------------------------|---------------------|---------------------|
| Land | \$ 431,078 | \$ 387,507 |
| Buildings and building improvements | 9,802,512 | 8,700,484 |
| Equipment | 1,868,040 | 1,382,971 |
| Capital leases | 474,811 | 203,547 |
| Construction in progress | 2,266,669 | 1,923,052 |
| | <u>14,843,110</u> | <u>12,597,561</u> |
| Less: Accumulated depreciation | <u>(4,880,579)</u> | <u>(4,321,075)</u> |
| Land, buildings, and equipment, net | <u>\$ 9,962,531</u> | <u>\$ 8,276,486</u> |

Winthrop's land, buildings, and equipment, net of accumulated depreciation totaled \$552,696 at August 31, 2017.

Depreciation expense is \$581,335 and \$456,701 for the years ended August 31, 2017 and 2016, respectively.

In October 2016, NYUSoM took possession of a twenty five story office tower under a lease agreement, which has a 30 year term with two ten year options to renew. The office space will be converted into medical offices to expand the NYUSoM ambulatory footprint in Manhattan. The

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lease agreement meets the criteria for capital lease accounting and NYUSoM capitalized the net present value of future lease payments allocable to the building and fixed equipment totaling \$220,709. A capital lease obligation for an equal amount was recorded within debt and other obligations on the consolidated balance sheet as of August 31, 2017 (Note 9). The capital lease asset will be amortized over the life of the lease.

9. Debt and Other Obligations

NYU has various bond issues outstanding, primarily issued through DASNY. The University and NYUSoM are considered the legally obligated group for certain borrowings presented below as the "Total Obligated Group".

Debt and other obligations consists of the following at August 31, 2017 and 2016:

| | 2017 | | | | |
|--|---------------------|-------------------|------------------------------|----------------------|-------------------------|
| | University | NYUSoM | Total Obligated Group | Health System | Consolidated NYU |
| Issuer | | | | | |
| Dormitory Authority of the State of New York (DASNY) | \$ 2,666,619 | \$ 522,869 | \$ 3,189,488 | \$ 387,264 | \$ 3,576,752 |
| New York University | 296,581 | 76,359 | 372,940 | - | 372,940 |
| NYU Langone Hospitals | - | - | - | 1,490,325 | 1,490,325 |
| Nassau County Local Economic Assistance Corporation | - | - | - | 160,925 | 160,925 |
| Other obligations | 101,477 | 384,748 | 486,225 | 221,653 | 707,878 |
| Debt and other obligations | <u>\$ 3,064,677</u> | <u>\$ 983,976</u> | <u>\$ 4,048,653</u> | <u>\$ 2,260,167</u> | <u>\$ 6,308,820</u> |
| 2016 | | | | | |
| | University | NYUSoM | Total Obligated Group | Health System | Consolidated NYU |
| Issuer | | | | | |
| Dormitory Authority of the State of New York (DASNY) | \$ 2,541,269 | \$ 397,121 | \$ 2,938,390 | \$ 406,908 | \$ 3,345,298 |
| New York City Industrial Development Agency (NYCIDA) | 88,965 | - | 88,965 | - | 88,965 |
| New York University | 305,957 | 79,652 | 385,609 | - | 385,609 |
| NYU Langone Hospitals | - | - | - | 894,097 | 894,097 |
| Other obligations | 94,465 | 74,037 | 168,502 | 409,294 | 577,796 |
| Debt and other obligations | <u>\$ 3,030,656</u> | <u>\$ 550,810</u> | <u>\$ 3,581,466</u> | <u>\$ 1,710,299</u> | <u>\$ 5,291,765</u> |

Winthrop's debt and other obligations totaled \$222,820 at August 31, 2017.

In June 2017, DASNY issued \$450,170 of revenue bonds (Series 2017A) on behalf of the Obligated Group with interest rates ranging from 3.00% to 5.00%. The Series 2017A bonds mature serially from July 2019 through July 2040, as well as July 2043. The Series 2017A bonds maturing in July 2043 are payable in annual sinking fund installments from July 2041 to maturity.

In June 2017, DASNY issued \$227,835 of taxable bonds (Series 2017B), with interest rates ranging from 1.60% to 4.15%. The Series 2017B bonds mature serially from July 2019 through

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July 2032, as well as in July 2034, July 2039, and July 2047. The Series 2017B bonds maturing in July 2034 are payable in annual sinking fund installments from July 2033 to maturity. The Series 2017B bonds maturing in July 2039 are payable in annual sinking fund installments from July 2035 to maturity. The Series 2017B bonds maturing in July 2047 are payable in annual sinking fund installments from July 2043 to maturity.

The proceeds from the DASNY Series 2017A and Series 2017B were used, in part, to advance refund portions of the DASNY Series 2009A and Series 2009B bonds as well as the NYCIDA 2007 Polytechnic University Project bonds. The remainder of the proceeds were used to fund improvements on the Manhattan and Brooklyn campuses and repay certain lines of credit. In connection with the transaction, the Obligated Group recorded a loss on bond defeasance of \$32,186.

In May 2017, NYU Langone Hospitals issued Series 2017A Taxable Bonds totaling \$600,000. The Series 2017A Taxable Bonds require annual interest payments through August 2047 at rates varying from 4.17% to 4.37%. The proceeds of the Series 2017A bonds were used to repay a bank loan and certain outstanding lines of credit, pay the costs of various construction, renovation and equipment projects, and for working capital and other eligible corporate purposes.

In June 2016, DASNY issued \$582,875 of revenue bonds (Series 2016A) on behalf of the Obligated Group with interest rates ranging from 2.00% to 5.00%. The Series 2016A bonds mature serially from July 2021 through July 2036, as well as July 2039, July 2041, and July 2043. In June 2016, DASNY issued \$246,235 of taxable bonds (Series 2016B), on behalf of the Obligated Group with interest rates ranging from 1.20% to 3.88%. The Series 2016B bonds mature serially from July 2018 through July 2022, as well as in July 2046. The Series 2016B bonds maturing in July 2046 are payable in annual sinking fund installments from July 2042 to maturity. The proceeds from the Series 2016A and Series 2016B bonds were used to fund capital improvements at the New York City campus.

In June 2016, DASNY issued \$157,270 of taxable bonds (Series 2016A) on behalf of NYU Langone Hospitals with interest rates ranging from 2.75% to 5.00%. The Series 2016A mature serially through July 2040. The proceeds of the Series 2016A bonds were used to advance refund the NYU Langone Hospitals outstanding indebtedness on its Series 2006A bonds and a portion of its Series 2011A bonds. In connection with this transaction, the NYU Langone Hospitals recorded a loss on extinguishment of approximately \$24,377.

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The principal amounts outstanding for debt and other obligations consist of the following at August 31, 2017 and 2016:

| | 2017 | | | | |
|--|------------|--------|-----------------------------|------------------|---------------------|
| | University | NYUSoM | Total Obligated Group | Health System | Consolidated NYU |
| DASNY | | | | | |
| Series 1998A bonds, with interest rates ranging from 5.75% to 6.00%, maturing serially through July 2020, payable thereafter in annual sinking fund installments to maturity in 2027 (including premium of \$3,814) | \$ 140,159 | \$ - | \$ 140,159 | \$ - | \$ 140,159 |
| 2001 Series 1 bonds, with an interest rate of 5.50%, maturing serially through July 2025, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including premiums of \$2,297 and \$2,433) | 60,751 | 50,260 | 111,011 | - | 111,011 |
| Series 2008A bonds, with an interest rate of 4.00% maturing serially through the call date in July 2018 (including premium of \$20) | 3,795 | - | 3,795 | - | 3,795 |
| Series 2008B bonds, with an interest rate of 4.00% maturing serially through the call date in July 2018 (including premium of \$17) | 3,097 | - | 3,097 | - | 3,097 |
| Series 2008C bonds, with an interest rate of 4.00% maturing serially through the call date in July 2018 (including premium of \$7) | 2,412 | - | 2,412 | - | 2,412 |
| Series 2009A bonds, with an interest rate of 5.00%, maturing serially through the call date in July 2019 (including net premiums of \$442 and discounts of \$13) | 9,744 | 890 | 10,634 | - | 10,634 |
| Series 2011A bonds, with interest rates ranging from 2.00% to 6.00%, maturing serially through July 2026, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 | - | - | - | 12,075 | 12,075 |
| Series 2012A bonds, with interest rates ranging from 3.00% to 5.00%, maturing serially through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including net premiums of \$12,671 and \$4,410) | 150,323 | 45,823 | 196,146 | - | 196,146 |
| Series 2012B bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including premium of \$4,199) | 59,234 | - | 59,234 | - | 59,234 |

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| | 2017 | | | | |
|---|------------------|----------------|-----------------------------|------------------|---------------------|
| | University | NYUSoM | Total Obligated Group | Health System | Consolidated NYU |
| DASNY, continued | | | | | |
| Series 2012C taxable bonds, with interest rates ranging from 1.93% to 3.62%, maturing serially through July 2027 | 21,670 | - | 21,670 | - | 21,670 |
| Series 2013A bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2033, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2043 (including net premiums of \$7,380) | 125,965 | - | 125,965 | - | 125,965 |
| Series 2013B taxable bonds, with interest rates ranging from 2.33% to 5.25%, maturing serially through July 2028, payable thereafter in annual sinking fund installments to maturities in July 2033 and July 2043 | 27,895 | - | 27,895 | - | 27,895 |
| Series 2014 bonds, with interest rate ranging from 2.00% to 5.00%, maturing serially through July 2032 and July 2036 (including premium of \$8,402) | - | - | - | 83,442 | 83,442 |
| Series 2014 S2 bonds, with interest rate ranging from 3.75% to 4.95%, maturing serially through July 2034 and July 2035 (including premium of \$16,132) | - | - | - | 123,347 | 123,347 |
| Series 2014A bonds, with an interest rate of 2.59% maturing in July 2034, payable in annual sinking fund installments from July 2018 through July 2034 | 54,250 | - | 54,250 | - | 54,250 |
| Series 2015A bonds, with interest rates ranging from 2.00% to 5.50%, maturing serially through July 2035, payable in annual sinking fund installments from July 2036 to July 2048 (including premium of \$81,733) | 769,207 | - | 769,207 | - | 769,207 |
| Series 2016A bonds, with interest rates ranging from 2.00% to 5.00%, maturing serially through July 2036 payable thereafter in annual sinking fund installments until July 2043 (including premium of \$76,037) | 522,692 | 159,080 | 681,772 | - | 681,772 |
| Series 2016B taxable bonds, with interest rates ranging from 1.20% to 3.88%, maturing serially through July 2022 payable thereafter in annual sinking fund installments until July 2046 (including premiums of \$22,861) | 205,535 | 40,700 | 246,235 | - | 246,235 |
| Series 2016A bonds, with interest rates ranging from 3.53% to 4.77%, maturing serially to maturity in July 2040 and payable thereafter in annual sinking fund installments until July 2043 (including premium of \$22,502) | - | - | - | 172,573 | 172,573 |
| Series 2017A bonds, with interest rates ranging from 3.00% to 5.00%, maturing serially to maturity in July 2040 and payable thereafter in annual sinking fund installments until July 2047 (including premium of \$48,894 and \$22,082) | 344,889 | 176,258 | 521,147 | - | 521,147 |
| Series 2017B taxable bonds, with interest rates ranging from 1.60% to 4.15%, maturing serially to maturity in July 2032 | 177,429 | 50,406 | 227,835 | - | 227,835 |
| Deferred financing costs | (12,428) | (548) | (12,976) | (4,173) | (17,149) |
| Subtotal of DASNY bonds | <u>2,666,619</u> | <u>522,869</u> | <u>3,189,488</u> | <u>387,264</u> | <u>3,576,752</u> |

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| | 2017 | | | | |
|--|---------------------|-------------------|-----------------------------|---------------------|---------------------|
| | University | NYUSoM | Total Obligated Group | Health System | Consolidated NYU |
| NYU | | | | | |
| Series 2009 taxable bonds, with an interest rate of 5.24%, maturing in July 2032, payable in annual sinking fund installments from July 2018 through July 2032 | 14,747 | 76,933 | 91,680 | - | 91,680 |
| Series 2010 taxable bonds, with an interest rate of 4.96%, maturing in July 2032, payable in annual sinking fund installments from July 2018 through July 2032 | 22,520 | - | 22,520 | - | 22,520 |
| Series 2015 taxable bonds, with interest rates ranging from 1.32% to 4.14%, maturing serially through July 2028, payable in annual sinking fund installments from July 2029 to July 2048 | 260,490 | - | 260,490 | - | 260,490 |
| Deferred financing costs | (1,176) | (574) | (1,750) | - | (1,750) |
| Subtotal of NYU bonds | <u>296,581</u> | <u>76,359</u> | <u>372,940</u> | <u>-</u> | <u>372,940</u> |
| NYU Langone Hospitals | | | | | |
| Series 2012 taxable bonds, with an interest rate of 4.40%, maturing in July 2042 (including discount of \$863) | - | - | - | 249,137 | 249,137 |
| Series 2013 taxable bonds, with an interest rate of 5.75%, maturing in July 2043 (including discount of \$1,243) | - | - | - | 348,758 | 348,758 |
| Series 2014 taxable bonds, with an interest rate of 4.78%, maturing in July 2044 (including discount of \$1,130) | - | - | - | 298,870 | 298,870 |
| Series 2017A taxable bonds, with an interest rate ranging from 4.17% to 4.37%, maturing in August 2047 | - | - | - | 600,000 | 600,000 |
| Deferred financing costs | - | - | - | (6,440) | (6,440) |
| Subtotal of NYU Langone Hospitals bonds | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,490,325</u> | <u>1,490,325</u> |
| Nassau County Local Economic Assistance Corporation | | | | | |
| Series 2012 taxable bonds with varying interest rates of 3.00% to 5.00%, maturing in July 2042 (including premium of \$8,262) | - | - | - | 125,177 | 125,177 |
| Series 2014 taxable bonds, with an interest rate of 2.99%, maturing in July 2036 | - | - | - | 35,748 | 35,748 |
| Subtotal of Nassau County Local Economic Assistance Corporation bonds | <u>-</u> | <u>-</u> | <u>-</u> | <u>160,925</u> | <u>160,925</u> |
| Other obligations | | | | | |
| Various at fixed and variable interest rates | - | - | - | 21,139 | 21,139 |
| Mortgage loans | - | 42,000 | 42,000 | 80,429 | 122,429 |
| Lines of credit | 95,335 | 79,156 | 174,491 | 55,000 | 229,491 |
| Capital leases | 6,142 | 263,592 | 269,734 | 65,085 | 334,819 |
| Subtotal of other obligations | <u>101,477</u> | <u>384,748</u> | <u>486,225</u> | <u>221,653</u> | <u>707,878</u> |
| Total amounts outstanding | <u>\$ 3,064,677</u> | <u>\$ 983,976</u> | <u>\$ 4,048,653</u> | <u>\$ 2,260,167</u> | <u>\$ 6,308,820</u> |

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| | 2016 | | | | |
|--|------------|--------|-----------------------------|------------------|---------------------|
| | University | NYUSoM | Total Obligated Group | Health System | Consolidated NYU |
| DASNY | | | | | |
| Series 1998A bonds, with interest rates ranging from 5.75% to 6.00%, maturing serially through July 2020, payable thereafter in annual sinking fund installments to maturity in 2027 (including premium of \$4,499) | \$ 150,674 | \$ - | \$ 150,674 | \$ - | \$ 150,674 |
| 2001 Series 1 bonds, with an interest rate of 5.50%, maturing serially through July 2025, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 (including premiums of \$2,461 and \$2,540) | 62,171 | 51,394 | 113,565 | - | 113,565 |
| Series 2007A bonds, with an interest rate of 4.25% maturing serially through the call date in July 2017 (including premiums of \$29) | 3,584 | - | 3,584 | - | 3,584 |
| Series 2008A bonds, with interest rates ranging from 4.00% to 5.00% maturing serially through the call date in July 2018 (including premium of \$67) | 7,437 | - | 7,437 | - | 7,437 |
| Series 2008B bonds, with interest rates ranging from 4.00% to 5.00% maturing serially through the call date in July 2018 (including premium of \$51) | 6,066 | - | 6,066 | - | 6,066 |
| Series 2008C bonds, with an interest rate of 4.00% maturing serially through the call date in July 2018 (including premium of \$22) | 4,737 | - | 4,737 | - | 4,737 |
| Series 2009A bonds, with interest rates ranging from 3.10% to 5.25%, maturing serially through July 2029, payable thereafter in annual sinking fund installments to maturities in July 2034 and July 2039 (including net premiums of \$10,557 and \$1,211) | 360,958 | 35,411 | 396,369 | - | 396,369 |
| Series 2009B bonds, with an interest rate of 5.00%, payable in annual sinking fund installments from July 2030 and July 2034, respectively, to maturities in July 2034 and July 2039 (including premium of \$840) | - | 65,100 | 65,100 | - | 65,100 |
| Series 2011A bonds, with interest rates ranging from 2.00% to 6.00%, maturing serially through July 2026, payable thereafter in annual sinking fund installments to maturities in July 2031 and July 2040 | - | - | - | 15,725 | 15,725 |
| Series 2012A bonds, with interest rates ranging from 3.00% to 5.00%, maturing serially through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including net premiums of \$13,603 and \$4,586) | 156,106 | 47,458 | 203,564 | - | 203,564 |
| Series 2012B bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2032, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2042 (including premium of \$4,508) | 59,543 | - | 59,543 | - | 59,543 |

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(in thousands of dollars)

| | 2016 | | | | |
|---|------------------|----------------|-----------------------------|------------------|---------------------|
| | University | NYUSoM | Total Obligated Group | Health System | Consolidated NYU |
| DASNY, continued | | | | | |
| Series 2012C taxable bonds, with interest rates ranging from 1.57% to 3.62%, maturing serially through July 2027 | 23,595 | - | 23,595 | - | 23,595 |
| Series 2013A bonds, with interest rates ranging from 4.00% to 5.00%, maturing serially through July 2033, payable thereafter in annual sinking fund installments to maturities in July 2037 and July 2043 (including net premiums of \$7,870) | 128,680 | - | 128,680 | - | 128,680 |
| Series 2013B taxable bonds, with interest rates ranging from 1.88% to 5.25%, maturing serially through July 2028, payable thereafter in annual sinking fund installments to maturities in July 2033 and July 2043 | 29,085 | - | 29,085 | - | 29,085 |
| Series 2014 bonds, with interest rate ranging from 2.00% to 5.00%, maturing serially through July 2032 and July 2036 (including premium of \$8,846) | - | - | - | 86,546 | 86,546 |
| Series 2014 S2 bonds, with interest rate ranging from 2.00% to 5.00%, maturing serially through July 2034 and July 2035 (including premium of \$17,028) | - | - | - | 128,253 | 128,253 |
| Series 2014A bonds, with an interest rate of 2.59% maturing in July 2034, payable in annual sinking fund installments from July 2017 through July 2034 | 55,000 | - | 55,000 | - | 55,000 |
| Series 2015A bonds, with interest rates ranging from 2.00% to 5.50%, maturing serially through July 2035, payable in annual sinking fund installments from July 2036 to July 2048 (including premium of \$86,438) | 776,884 | - | 776,884 | - | 776,884 |
| Series 2016A bonds, with interest rates ranging from 2.00% to 5.00%, maturing serially through July 2036 payable thereafter in annual sinking fund installments until July 2043 (including premium of \$80,297 and \$23,653) | 526,952 | 159,873 | 686,825 | - | 686,825 |
| Series 2016B taxable bonds, with interest rates ranging from 1.20% to 3.88%, maturing serially through July 2022 payable thereafter in annual sinking fund installments until July 2046 | 205,535 | 40,700 | 246,235 | - | 246,235 |
| Series 2016A bonds, with interest rates ranging from 3.53% to 4.77%, maturing serially to maturity in July 2040 (including premium of \$23,491) | - | - | - | 180,761 | 180,761 |
| Deferred financing costs | (15,738) | (2,815) | (18,553) | (4,377) | (22,930) |
| Subtotal of DASNY bonds | <u>2,541,269</u> | <u>397,121</u> | <u>2,938,390</u> | <u>406,908</u> | <u>3,345,298</u> |

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| | 2016 | | | | |
|--|---------------------|-------------------|-----------------------------|---------------------|---------------------|
| | University | NYUSoM | Total Obligated Group | Health System | Consolidated NYU |
| NYCIDA | | | | | |
| NYCIDA Series 2007 bonds, with interest rates ranging 4.40% to 5.25%, maturing serially through November 2022, payable in annual sinking fund installments from November 2023 through November 2037 (including premium of \$938) | 93,918 | - | 93,918 | - | 93,918 |
| Deferred financing costs | (4,953) | - | (4,953) | - | (4,953) |
| Subtotal of NYCIDA bonds | <u>88,965</u> | <u>-</u> | <u>88,965</u> | <u>-</u> | <u>88,965</u> |
| NYU | | | | | |
| Series 2009 taxable bonds, with an interest rate of 5.24%, maturing in July 2032, payable in annual sinking fund installments from July 2015 to maturity | 15,385 | 80,264 | 95,649 | - | 95,649 |
| Series 2010 taxable bonds, with an interest rate of 4.96%, maturing in July 2032, payable in annual sinking fund installments from July 2015 to maturity | 23,495 | - | 23,495 | - | 23,495 |
| Series 2015 taxable bonds, with interest rates ranging from 0.90% to 4.14%, maturing serially through July 2028, payable in annual sinking fund installments from July 2029 to July 2048 | 267,380 | - | 267,380 | - | 267,380 |
| Deferred financing costs | (303) | (612) | (915) | - | (915) |
| Subtotal of NYU bonds | <u>305,957</u> | <u>79,652</u> | <u>385,609</u> | <u>-</u> | <u>385,609</u> |
| NYU Langone Hospitals | | | | | |
| Series 2012 taxable bonds, with an interest rate of 4.40%, maturing in July 2042 (including discount of \$897) | - | - | - | 249,103 | 249,103 |
| Series 2013 taxable bonds, with an interest rate of 5.75%, maturing in July 2043 (including discount of \$1,291) | - | - | - | 348,709 | 348,709 |
| Series 2014 taxable bonds, with an interest rate of 4.78%, maturing in July 2044 (including discount of \$1,172) | - | - | - | 298,829 | 298,829 |
| Deferred financing costs | - | - | - | (2,544) | (2,544) |
| Subtotal of NYU Langone Hospitals bonds | <u>-</u> | <u>-</u> | <u>-</u> | <u>894,097</u> | <u>894,097</u> |
| Other obligations | | | | | |
| Various at fixed and variable interest rates | - | - | - | 154,004 | 154,004 |
| Mortgage loans | - | 42,000 | 42,000 | 39,593 | 81,593 |
| Lines of credit | 88,304 | 1,100 | 89,404 | 145,101 | 234,505 |
| Capital leases | 6,161 | 30,937 | 37,098 | 70,596 | 107,694 |
| Subtotal of other obligations | <u>94,465</u> | <u>74,037</u> | <u>168,502</u> | <u>409,294</u> | <u>577,796</u> |
| Total amounts outstanding | <u>\$ 3,030,656</u> | <u>\$ 550,810</u> | <u>\$ 3,581,466</u> | <u>\$ 1,710,299</u> | <u>\$ 5,291,765</u> |

Interest expense on debt and other obligations totaled \$222,054 and \$176,711 for the years ended August 31, 2017 and 2016, respectively. This excludes \$21,083 and \$18,771 of capitalized interest (net of income earned on deposits with bond trustees) at August 31, 2017 and 2016, respectively, which is included in land, buildings, and equipment, net.

NYU enters into various debt and other loan agreements that are secured by specific revenue streams, collateral and other real property or improvements, in addition to issuing debt supported by a general obligation of the University, any of which may constrain the use of certain assets.

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Other agreements include covenants requiring that NYU Langone Hospitals and Winthrop maintain certain financial ratios. At August 31, 2017 and 2016, NYU is compliant with all financial and administrative covenants.

Obligations with Financial Institutions

At August 31, 2017, the Obligated Group has four contractually committed bank credit agreements which total \$800,000 and expire from June 2018 to August 2019. The interest is accrued at rates based on LIBOR. The amounts outstanding under these agreements are \$174,491 and \$89,404 as of August 31, 2017 and 2016, respectively.

At August 31, 2017, NYU Langone Hospitals has four unsecured lines of credit which total \$500,000 and expire from December 2018 to June 2019. The interest is accrued at rates based on LIBOR. The amounts outstanding under these agreements are \$30,000 and \$145,101 as of August 31, 2017 and 2016, respectively.

At August 31, 2017, Winthrop has two unsecured lines of credit totaling \$50,000 which expire on May 31, 2018. The interest is accrued at interest rates based on LIBOR. The amounts outstanding on these lines of credit as of August 31, 2017 totals \$25,000.

In May 2014, NYU Langone Hospitals entered into a loan agreement with a bank totaling \$150,000. The loan required fixed monthly principal and interest payments at a variable rate equal to the prime rate in effect through May 2019. The outstanding balance at August 31, 2016 was \$138,749 and was repaid in full with proceeds from the 2017A taxable debt issued during fiscal year 2017.

Future Principal Payments

The aggregate required principal payments on all debt and other obligations, including capital leases, for each of the next five fiscal years, and thereafter to maturity, are as follows:

| Year Ending August 31, | Debt and Other Obligations | Capital Leases | Total |
|---|-------------------------------|-------------------|---------------------|
| 2018 | \$ 223,921 | \$ 52,858 | \$ 276,779 |
| 2019 | 125,830 | 44,405 | 170,235 |
| 2020 | 138,779 | 33,617 | 172,396 |
| 2021 | 136,142 | 27,155 | 163,297 |
| 2022 | 137,360 | 20,082 | 157,442 |
| Thereafter | 4,895,971 | 367,564 | 5,263,535 |
| | <u>5,658,003</u> | <u>545,681</u> | <u>6,203,684</u> |
| Unamortized premiums and discounts, net | 341,337 | - | 341,337 |
| Unamortized deferred financing costs | (25,339) | - | (25,339) |
| Less: Imputed Interest | - | (210,862) | (210,862) |
| | <u>\$ 5,974,001</u> | <u>\$ 334,819</u> | <u>\$ 6,308,820</u> |

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10. Professional Liabilities

NYU Langone Health's professional liabilities are reported on a discounted basis and comprise estimates for known reported losses and loss expenses plus a provision for losses incurred but not reported. Losses are actuarially determined and are based on the loss experience of the insured. In management's opinion, recorded reserves for both self-insured and commercially insured exposures are adequate to cover the ultimate net cost of losses incurred to date; however, the provision is based on estimates and may ultimately be settled for a significantly greater or lesser amount. Professional liabilities recorded on the consolidated balance sheets as of August 31 are as follows:

| | 2017 | 2016 |
|-----------------------------------|-------------------|-------------------|
| CCC550 professional liabilities | \$ 417,576 | \$ 386,903 |
| Winthrop self-insured liabilities | 87,365 | - |
| Commercially insured liabilities | <u>124,869</u> | <u>72,494</u> |
| Professional liabilities | <u>\$ 629,810</u> | <u>\$ 459,397</u> |

NYU Langone Hospitals is self-insured for professional and general liabilities on an occurrence basis through CCC550. Beginning July 1, 2017, Winthrop and certain of its physicians are also self-insured through CCC550. Prior to July 1, 2017, Winthrop was self-insured for professional liabilities and designated funds in a revocable trust for satisfaction of claims and expenses.

CCC550 provides insurance coverage to certain voluntary attending physicians (VAPs) serving NYUSoM and NYU Langone Hospitals. The cost of this insurance coverage is the responsibility of such physicians.

At August 31, 2017, assets held for professional liabilities of \$503,328 on the consolidated balance sheet includes funds held by CCC550 of \$448,815 and funds held in Winthrop's self-insurance trust of \$54,513.

Commercial insurance policies are purchased by Winthrop for certain physicians on both a claims made and occurrence basis. Prior to October 1, 2015, NYU Langone Hospital – Brooklyn purchased primary and excess professional liability coverage through a commercial insurer on a claims made basis. NYU Langone Health recorded a corresponding insurance recovery receivable for claims covered by these policies within accounts and loans receivable, net on the consolidated balance sheet (Note 5).

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11. Retirement Plans

Substantially all NYU employees are covered by retirement plans. These plans include various defined contribution plans, multi-employer defined benefit plans and four NYU-sponsored defined benefit plans. NYU contributes to its defined contribution and multi-employer defined benefit plans based on rates required by union or other contractual arrangements. Expenses related to NYU's defined contribution plans are \$185,097 and \$172,810 in 2017 and 2016, respectively, and are reflected in the consolidated statements of activities. Expenses related to contributions to the multi-employer defined benefit plans are \$182,675 and 159,731 in 2017 and 2016, respectively, and are reflected in the consolidated statements of activities. There is no obligation on NYU's balance sheets for the defined contribution and multi-employer defined benefit plans.

Contributions to defined benefit plans are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Contributions to the four defined benefit plans are made in amounts sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as the sponsors may deem appropriate. Pension benefits under these four plans are based on participants' final average compensation levels and years of service.

The following tables provide information with respect to the defined benefit plans for the years ended August 31:

Plans' Funded Status:

| | 2017 | 2016 |
|--|-------------------|-------------------|
| Change in benefit obligation | | |
| Benefit obligation, beginning of year | \$ 1,511,162 | \$ 1,295,465 |
| Acquisition of Winthrop retirement plan | 751,673 | - |
| Service cost | 40,052 | 25,717 |
| Interest cost | 60,433 | 52,503 |
| Actuarial (gain) loss | (89,728) | 184,353 |
| Benefits paid | (58,348) | (46,187) |
| Administrative expenses | (565) | (689) |
| Benefit obligation, end of year | <u>2,214,679</u> | <u>1,511,162</u> |
| Change in fair value of plan assets | | |
| Fair value of plan assets, beginning of year | 949,959 | 902,553 |
| Acquisition of Winthrop retirement plan | 537,026 | - |
| Actual return on plan assets | 140,148 | 64,367 |
| Employer contributions | 78,901 | 29,915 |
| Benefits paid | (58,348) | (46,187) |
| Administrative expenses | (565) | (689) |
| Fair value of plan assets, end of year | <u>1,647,121</u> | <u>949,959</u> |
| Accrued benefit obligation | <u>\$ 567,558</u> | <u>\$ 561,203</u> |

Winthrop's accrued benefit obligation totaled \$196,784 at August 31, 2017.

Benefit obligation range of assumptions as of August 31

| | | |
|---|---------------|---------------|
| Discount rate | 3.85% - 4.15% | 3.60% - 3.75% |
| Rate of increase in compensation levels | 3.00% - 4.00% | 2.00% - 4.00% |

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Net Periodic Benefit Cost:

| | 2017 | 2016 |
|--|---------------------|-------------------|
| Components of net periodic benefit cost | | |
| Service cost | \$ 40,052 | \$ 25,717 |
| Interest cost | 60,433 | 52,503 |
| Expected return on plan assets | (83,887) | (61,481) |
| Amortization of prior service cost | 2 | 2 |
| Amortization of actuarial loss | 34,315 | 27,684 |
| Net periodic benefit cost | <u>\$ 50,915</u> | <u>\$ 44,425</u> |
| Other changes recognized in unrestricted net assets | | |
| Actuarial net (gain) loss arising during period | \$ (146,530) | \$ 181,469 |
| Amortization of prior service cost | (2) | (2) |
| Amortization of actuarial loss | (34,315) | (27,684) |
| Total recognized in nonoperating activities | <u>\$ (180,847)</u> | <u>\$ 153,783</u> |
| Amounts not yet reflected in net periodic benefit cost and included in unrestricted net assets | | |
| Prior service cost | \$ 8 | \$ 10 |
| Accumulated loss | 311,231 | 492,076 |
| Amounts in unrestricted net assets, end of year | <u>\$ 311,239</u> | <u>\$ 492,086</u> |
| Amounts in unrestricted net assets expected to be recognized in net periodic pension cost in the next fiscal year | | |
| Actuarial loss | \$ 22,323 | \$ 34,315 |
| Prior service cost | 2 | 2 |
| Net periodic benefit cost range of assumptions | | |
| Discount rate | 3.07 % - 4.31% | 3.60 % - 4.50% |
| Rate of increase in compensation levels | 2.00 % - 4.00% | 2.00 % - 4.00% |
| Expected long-term rate of return on plan assets | 6.00 % - 7.75% | 6.00 % - 7.00% |

In 2017, NYU adopted the provisions of ASU 2017-07 (Note 2) and applied this standard retrospectively. All components of net periodic benefit cost other than service cost are reported as pension and postretirement non-service costs in the non-operating section of the consolidated statements of activities.

The accumulated benefit obligation for the pension plans is \$2,059,069 and \$1,393,540 at August 31, 2017 and 2016, respectively.

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Plan Assets:

The following table presents the fair value of the defined benefit plan investments (according to the fair value hierarchy defined in Note 4) at August 31:

| | 2017 | | | Total |
|--|---------------------------------|------------------------------------|--------------------------------------|---------------------|
| | Active Markets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | |
| Cash equivalents | \$ 15,436 | \$ - | \$ - | \$ 15,436 |
| Fixed income | 374,446 | 89,420 | - | 463,866 |
| Public equity | 1,047,503 | - | - | 1,047,503 |
| Real estate | - | 24,549 | - | 24,549 |
| Private equity | - | 10,904 | - | 10,904 |
| | <u>\$ 1,437,385</u> | <u>\$ 124,873</u> | <u>\$ -</u> | <u>\$ 1,562,258</u> |
| Alternative investments measured at NAV as a practical expedient | | | | 84,863 |
| Total | | | | <u>\$ 1,647,121</u> |

| | 2016 | | | Total |
|------------------|---------------------------------|------------------------------------|--------------------------------------|-------------------|
| | Active Markets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | |
| Cash equivalents | \$ 7,792 | \$ - | \$ - | \$ 7,792 |
| Fixed income | 202,273 | 85,551 | - | 287,824 |
| Public equity | 521,997 | 120,977 | - | 642,974 |
| Real estate | - | 11,369 | - | 11,369 |
| | <u>\$ 732,062</u> | <u>\$ 217,897</u> | <u>\$ -</u> | <u>\$ 949,959</u> |
| Total | | | | <u>\$ 949,959</u> |

The pension assets seek to: (1) provide retirement benefits to its eligible participants and beneficiaries; and (2) achieve full funding of the pension liability, in such a timeframe and in such a way that risk and contribution levels are manageable for the sponsor, and maintain it thereafter. The pension liability growth rate together with the desire to achieve and maintain a fully-funded level (100%) implies a minimum absolute rate of return to be met through either: (1) sponsor contributions, (2) pension assets growth, or (3) a combination thereof. The pension assets attempt to achieve, after taking into account the sponsor's budgeted contributions, a return sufficient to meet the desired funded level over a reasonable timeline, while incurring an acceptable level of risk.

The strategy for achieving and maintaining a fully funded pension liability may vary with the prevailing funded level and other parameters related to the overall goal. Therefore, the asset allocation process is designed to be dynamic and employ a liability-driven investment philosophy, which reframes risk and performance relative to the pension liability. This approach is expected to enable pension assets to more reliably track the value of the pension liability, with less funded level volatility, than would a static total-return investment. At low funding levels, the pension assets will focus on generating return, subject to risk tolerance and contribution policy; as the funding level rises, the objective of the pension assets will move gradually toward managing funded level volatility. Target allocations at the funded level are 60-75% Equity and 25-40% Fixed Income. The

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expected long-term rate of return assumption is determined by adding expected inflation to expected long-term real returns of various asset classes, weighing the asset class returns by the plans' investment in each class, and taking into account expected volatility and correlation between the returns of various asset classes. NYU management believes 6%-7.75% is a reasonable estimate of long-term rates of return on plan assets for 2017 and will continue to evaluate the actuarial assumptions and adjust them as necessary.

Contributions:

Annual contributions to the plans are determined by NYU based upon calculations prepared by the plans' actuaries. Total expected contributions for the defined benefit plans in fiscal year 2018 are \$52,003.

Benefit Payments:

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

Year Ending August 31

| | | |
|-----------|----|---------|
| 2018 | \$ | 73,198 |
| 2019 | | 78,711 |
| 2020 | | 84,390 |
| 2021 | | 90,184 |
| 2022 | | 95,170 |
| 2023-2027 | | 550,510 |

Multi-Employer Benefit Plans:

NYU participates in multi-employer defined benefit pension plans. NYU makes cash contributions to these plans under the terms of collective-bargaining agreements that cover its union employees based on a fixed rate and hours worked per week by the covered employees. The risks of participating in these multi-employer plans are different from other single-employer plans in the following aspects: (1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (3) if NYU chooses to stop participating in some of its multi-employer plans, NYU may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

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NYU has contributed cash and recorded expenses for the following multi-employer defined benefit pension and postretirement plans for the years ended August 31, 2017 and 2016:

| | 2017 | 2016 |
|--|-------------------|-------------------|
| 1199 SEIU Health Care Employees Health & Welfare Fund | \$ 121,785 | \$ 103,015 |
| 1199 SEIU Health Care Employees Pension Fund | 40,240 | 37,897 |
| United Federation of Teachers Welfare Fund | 14,355 | 13,679 |
| Local 810 United Wire, Metal & Machine Health & Welfare Fund | 3,309 | 2,624 |
| Local 810 United Wire, Metal & Machine Pension Fund | 2,665 | 2,432 |
| Local 153 Pension Fund | 265 | 55 |
| Local 30 Pension Fund | 56 | 13 |
| Building Service 32BJ Pension Fund | - | 16 |
| | <u>\$ 182,675</u> | <u>\$ 159,731</u> |

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

| Pension Plan Name | EIN/Pension Plan Number | Pension Protection Act Zone Status | | FIP/RP Status Pending/ Implemented | Surcharge Imposed | Expiration Date of Collective-Bargaining Agreement |
|------------------------------------|-------------------------|------------------------------------|-------|------------------------------------|-------------------|--|
| | | 2016 | 2015 | | | |
| 1199 Pension Fund | 13-3604862/001 | Green | Green | N/A | No | September 2018 |
| Local 810 United Wire Pension Fund | 13-6596940/001 | Red | Red | Yes | No | June 2019 |
| Local 153 Pension Fund | 13-2864289/001 | Yellow | Red | Yes | N/A | N/A |

NYU's contributions to the Local 810 United Wire Pension Fund represent approximately 52% of total plan contributions. NYU is in withdrawal status for the Local 153 Pension Fund with quarterly withdrawal payments continuing through 2036.

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12. Other Postretirement Benefits

NYU has five health and welfare plans that provide certain health care and life insurance benefits for eligible retired employees. NYU employees may become eligible for these benefits if they reach the age and service requirements of the plan while working for NYU. The costs related to these plans are accrued during the period the employees provide service to NYU.

The following tables provide information with respect to the other postretirement plans for the years ended August 31:

| | 2017 | 2016 |
|---|-------------------|-------------------|
| Change in benefit obligation | | |
| Benefit obligation, beginning of year | \$ 740,308 | \$ 656,441 |
| Service cost | 20,063 | 19,170 |
| Interest cost | 24,413 | 28,920 |
| Plan changes | - | (1,812) |
| Actuarial (gain) loss | (75,047) | 51,990 |
| Participant contributions | 4,727 | 4,229 |
| Retiree drug subsidy receipts | 1,576 | 1,563 |
| Benefits paid | <u>(20,474)</u> | <u>(20,193)</u> |
| Benefit obligation, end of year | <u>695,566</u> | <u>740,308</u> |
| Change in fair value of plan assets | | |
| Fair value of plan assets, beginning of year | 109,309 | 97,170 |
| Actual return on plan assets | 11,905 | 5,435 |
| Employer contributions | 19,075 | 21,105 |
| Participant contributions | 4,727 | 4,229 |
| Retiree drug subsidy receipts | 1,576 | 1,563 |
| Benefits paid | <u>(20,474)</u> | <u>(20,193)</u> |
| Fair value of plan assets, end of year | <u>126,118</u> | <u>109,309</u> |
| Accrued postretirement benefit obligation | <u>\$ 569,448</u> | <u>\$ 630,999</u> |
| Range of assumptions to determine benefit obligations and net cost as of August 31 | | |
| Discount rate | 3.85 - 4.03% | 3.62 - 3.75% |
| Expected long-term rate of return | 6.00 - 7.00% | 6.00 - 7.00% |
| Ultimate retiree health-care cost trend | 4.50% | 4.50% |
| Year ultimate trend rate is achieved | 2024 - 2038 | 2023 - 2038 |

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Net Periodic Benefit Cost:

| | 2017 | 2016 |
|--|--------------------|-------------------|
| Components of net periodic benefit cost | | |
| Service cost | \$ 20,063 | \$ 19,170 |
| Interest cost | 24,413 | 28,920 |
| Expected return on plan assets | (6,659) | (6,096) |
| Amortization of prior service credit | (5,111) | (5,321) |
| Amortization of actuarial loss | 8,134 | 10,284 |
| Net periodic benefit cost | <u>\$ 40,840</u> | <u>\$ 46,957</u> |
| Other changes recognized in unrestricted net assets | | |
| Actuarial net (gain) loss arising during period | \$ (80,268) | \$ 52,653 |
| Amortization of prior service credit | 5,111 | 5,321 |
| Amortization of actuarial net loss | (8,134) | (10,284) |
| Prior service cost arising during period | - | (1,812) |
| Total recognized in nonoperating activities | <u>\$ (83,291)</u> | <u>\$ 45,878</u> |
| Amounts not yet reflected in net periodic benefit cost and included in unrestricted net assets | | |
| Prior service credit | (3,375) | (8,486) |
| Accumulated loss | 124,310 | 212,712 |
| Amounts in unrestricted net assets, end of year | <u>\$ 120,935</u> | <u>\$ 204,226</u> |
| Amounts in unrestricted net assets expected to be recognized in net periodic pension cost in the next fiscal year | | |
| Actuarial loss | \$ 4,905 | \$ 11,890 |
| Prior service credit | (1,492) | (5,111) |

In 2017, NYU adopted the provisions of ASU 2017-07 (Note 2) and applied this standard retrospectively. All components of net periodic benefit cost other than service cost are reported as pension and postretirement non-service costs in the non-operating section of the consolidated statement of activities.

In 2017 and 2016, the effect of a 1% change in the health care cost trend rate is as follows:

| | 2017 | | 2016 | |
|---|-------------|-------------|-------------|-------------|
| | 1% Increase | 1% Decrease | 1% Increase | 1% Decrease |
| Effect on net periodic benefit cost | \$ 9,551 | \$ (7,361) | \$ 9,935 | \$ (7,677) |
| Effect on postretirement benefit obligation | 118,780 | (93,477) | 132,075 | (103,578) |

Contributions:

Expected contributions for the next fiscal year are \$10,488.

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(in thousands of dollars)

Plan Assets:

The following table presents the fair value of the postretirement plan investments (according to the fair value hierarchy defined in Note 4) at August 31:

| | 2017 | | | Total |
|---------------|-------------------------------------|--|--|-------------------|
| | Active Markets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | |
| Public equity | 73,396 | 21,381 | - | 94,777 |
| Fixed income | 31,341 | - | - | 31,341 |
| Total | \$ 104,737 | \$ 21,381 | \$ - | \$ 126,118 |

| | 2016 | | | Total |
|------------------|-------------------------------------|--|--|-------------------|
| | Active Markets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | |
| Cash equivalents | \$ 10,105 | \$ 73 | \$ - | \$ 10,178 |
| Public equity | - | 74,666 | - | 74,666 |
| Fixed income | - | 24,465 | - | 24,465 |
| Total | \$ 10,105 | \$ 99,204 | \$ - | \$ 109,309 |

The plans' investment objectives seek a positive long-term total rate of return to meet NYU's current and future plan obligations. The asset allocations for the plans combine tested theory and informed market judgments to balance investment risks with the need for high returns.

The expected long-term rate of return assumption is determined by adding expected inflation to expected long-term real returns of various asset classes, taking into account expected volatility and correlation between the returns of various asset classes. NYU management believes that 6%-7% is a reasonable range of long-term rates of return on plan assets for 2017 and will continue to evaluate the actuarial assumptions and adjust them as necessary.

Benefit Payments:

The following benefit payments (net of retiree contributions), which reflect the effects of the Medicare Act and expected future service, as appropriate, are expected to be paid in:

| | |
|-------------------------------|-----------|
| Year Ending August 31, | |
| 2018 | \$ 23,001 |
| 2019 | 24,841 |
| 2020 | 26,824 |
| 2021 | 28,921 |
| 2022 | 31,036 |
| 2023-2027 | 186,830 |

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13. Hospital Affiliations

NYUSoM has three affiliation agreements with the New York City Health and Hospitals Corporation to provide general care and mental health services. The three agreements are with Woodhull Medical and Mental Health Center and Cumberland Diagnostic and Treatment Center, Bellevue Hospital Center and Gouverneur Healthcare Services; and Coler Rehabilitation and Nursing Care Center and Henry J Carter Specialty Hospital and Nursing Facility and are effective from July 1, 2015 through June 30, 2020. NYUSoM recognized revenues from these affiliation agreements of \$319,377 and \$304,005 for the years ended August 31, 2017 and 2016, respectively.

NYU Langone Hospitals has several clinical affiliation agreements with New York City area hospitals where physicians provide patient care and supervision of residents at affiliated organizations. NYU Langone Hospitals also maintains an affiliation agreement with Sunset Park Health Council, Inc., a New York not-for-profit corporation, d/b/a Family Health Centers at NYU Langone (FHC). NYU Langone Hospitals recognized revenue from these affiliation agreements of \$29,579 and \$17,141 for the years ended August 31, 2017 and 2016, respectively.

14. Allocated Expenses

Certain expenses incurred by NYU are allocated to specific program and support service activities on the basis of utilization of the underlying assets. Expenses included in this allocation are operation and maintenance of plant, interest on indebtedness, and depreciation and amortization. The allocation of these expenses, which are included in total operating expenses for the years ended August 31, 2017 and 2016, are presented below:

| | 2017 | | | |
|---|---|-------------------------------------|--|---------------------|
| | Operation and Maintenance of Plant | Interest on Indebtedness | Depreciation and Amortization | Total |
| Instruction and other academic programs | \$ 62,831 | \$ 65,264 | \$ 65,818 | \$ 193,913 |
| Research and other sponsored programs | 91,733 | 15,043 | 55,683 | 162,459 |
| Patient care | 187,839 | 73,259 | 240,294 | 501,392 |
| Libraries | 6,860 | 1,280 | 7,539 | 15,679 |
| Student services | 13,238 | 3,711 | 13,889 | 30,838 |
| Institutional services | 213,351 | 12,484 | 83,985 | 309,820 |
| Auxiliary enterprises | 142,271 | 51,013 | 107,617 | 300,901 |
| Total | <u>\$ 718,123</u> | <u>\$ 222,054</u> | <u>\$ 574,825</u> | <u>\$ 1,515,002</u> |

Winthrop's allocated expenses totaled \$148,580 for the period April 1 to August 31, 2017.

New York University
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| | 2016 | | | Total |
|---|--|-----------------------------|-------------------------------------|---------------------|
| | Operation and Maintenance of Plant | Interest on Indebtedness | Depreciation and Amortization | |
| Instruction and other academic programs | \$ 70,613 | \$ 44,280 | \$ 81,899 | \$ 196,792 |
| Research and other sponsored programs | 81,960 | 8,162 | 43,568 | 133,690 |
| Patient care | 69,753 | 61,090 | 157,546 | 288,389 |
| Libraries | 6,946 | 1,165 | 7,203 | 15,314 |
| Student services | 12,026 | 4,296 | 13,866 | 30,188 |
| Institutional services | 218,749 | 10,553 | 62,361 | 291,663 |
| Auxiliary enterprises | 117,059 | 47,165 | 89,330 | 253,554 |
| Total | <u>\$ 577,106</u> | <u>\$ 176,711</u> | <u>\$ 455,773</u> | <u>\$ 1,209,590</u> |

15. Components of Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at August 31, 2017 and 2016:

| | 2017 | 2016 |
|---|---------------------|---------------------|
| Contributions and earnings for operating purposes | \$ 965,956 | \$ 866,524 |
| Contributions for buildings and equipment | 247,947 | 225,597 |
| Disaster recovery award for mitigation (Note 17) | 201,254 | 284,103 |
| Scholarships and fellowships | 176,719 | 123,658 |
| Annuity trust agreements | 36,046 | 34,903 |
| Total | <u>\$ 1,627,922</u> | <u>\$ 1,534,785</u> |

Permanently restricted net assets at August 31, 2017 and 2016 are retained in perpetuity to support the following activities:

| | 2017 | 2016 |
|---------------------------------|---------------------|---------------------|
| Program support | \$ 476,110 | \$ 440,264 |
| Faculty and staff salaries | 792,684 | 751,031 |
| Scholarships and fellowships | 733,810 | 672,500 |
| Research and sponsored programs | 55,763 | 42,469 |
| Library books | 15,621 | 15,589 |
| Buildings and equipment | 4,811 | 4,627 |
| Student loans | 2,755 | 2,716 |
| Total | <u>\$ 2,081,554</u> | <u>\$ 1,929,196</u> |

NYU's investment pools include individual endowed funds established for a variety of purposes. Pooled assets include both donor restricted endowment funds and funds designated by the Board of Trustees to function as endowments.

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NYU classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment required by the applicable donor gift instrument. Accumulated unspent earnings from the permanently restricted endowments are classified as temporarily restricted net assets. Board-designated endowments, as well as any accumulated losses on any individual permanently restricted endowment (underwater endowment), are classified as unrestricted net assets.

NYU defines the appropriation of endowment net assets for expenditure as the authorization of its investment spending rate as approved annually by the Board of Trustees (see Note 4). However, when donors have expressly stipulated the payout percentage of earnings on endowments that differs from NYU policies, the donors' intent prevails. In making a determination to appropriate or accumulate, NYU adheres to the standard of prudence prescribed by New York Prudent Management of Institutional Funds Act (NYPMIFA) and considers the following factors: the duration and preservation of the endowment fund; NYU's mission and the purpose of the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and the appreciation of investments; other resources of NYU; where appropriate and circumstances would otherwise warrant, alternatives to expenditures of the endowment fund giving due consideration to the effect that such alternatives may have on NYU; and the investment policy of NYU.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of the gift donated to the permanent endowment (underwater endowment). Deficits of this nature are reported as a reduction of unrestricted net assets. These deficits resulted from unfavorable market fluctuations that eroded accumulated gains for the permanently restricted endowments as well as the continued appropriation of certain programs which was deemed prudent by the University's Board of Trustees. Current and future gains will be classified as increases in unrestricted net assets until the shortfalls previously charged to unrestricted net assets have been eliminated and the individual endowment funds are returned to their required levels as stipulated by donors.

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The following table represents the net asset classes of NYU's endowment funds as of August 31:

| | 2017 | | | |
|---------------------------------|---------------------|-------------------------------|-------------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Donor-restricted endowment | \$ - | \$ 600,970 | \$ 1,993,588 | \$ 2,594,558 |
| Board-designated endowment | 1,509,845 | - | - | 1,509,845 |
| Underwater endowment (14 funds) | (269) | - | - | (269) |
| Total | <u>\$ 1,509,576</u> | <u>\$ 600,970</u> | <u>\$ 1,993,588</u> | <u>\$ 4,104,134</u> |

| | 2016 | | | |
|---------------------------------|---------------------|-------------------------------|-------------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Donor-restricted endowment | \$ - | \$ 420,162 | \$ 1,848,638 | \$ 2,268,800 |
| Board-designated endowment | 1,345,766 | - | - | 1,345,766 |
| Underwater endowment (38 funds) | (1,000) | - | - | (1,000) |
| Total | <u>\$ 1,344,766</u> | <u>\$ 420,162</u> | <u>\$ 1,848,638</u> | <u>\$ 3,613,566</u> |

The following table provides the changes in the net asset classes of NYU's endowment funds at August 31:

| | 2017 | | | |
|--|---------------------|-------------------------------|-------------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| Investment pool net assets, beginning of year | \$ 1,344,766 | \$ 420,162 | \$ 1,848,638 | \$ 3,613,566 |
| Contributions | 84,617 | - | 147,108 | 231,725 |
| Investment return | 170,147 | 286,428 | - | 456,575 |
| Endowment distribution | (59,375) | (102,839) | - | (162,214) |
| Liquidations | (30,579) | - | - | (30,579) |
| Reclassification of net assets | - | (2,781) | (2,158) | (4,939) |
| Investment pool net assets, end of year | <u>\$ 1,509,576</u> | <u>\$ 600,970</u> | <u>\$ 1,993,588</u> | <u>\$ 4,104,134</u> |

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Notes to Consolidated Financial Statements
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(in thousands of dollars)

| | 2016 | | | Total |
|--|---------------------|------------------------|------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| Investment pool net assets, beginning of year | \$ 1,294,026 | \$ 454,135 | \$ 1,754,401 | \$ 3,502,562 |
| Contributions | 59,587 | - | 109,653 | 169,240 |
| Investment return | 46,474 | 75,642 | - | 122,116 |
| Endowment distribution | (57,785) | (97,612) | - | (155,397) |
| Liquidations | (16,120) | - | - | (16,120) |
| Reclassification of net assets | 18,584 | (12,003) | (15,416) | (8,835) |
| Investment pool net assets, end of year | <u>\$ 1,344,766</u> | <u>\$ 420,162</u> | <u>\$ 1,848,638</u> | <u>\$ 3,613,566</u> |

16. Commitments and Contingencies

In the normal course of business, NYU leases facilities under operating leases. Minimum rental payments under these agreements over the next five years and thereafter are as follows:

| Year Ending August 31, | |
|-------------------------------|------------|
| 2018 | \$ 278,926 |
| 2019 | 274,464 |
| 2020 | 243,308 |
| 2021 | 230,891 |
| 2022 | 204,372 |
| Thereafter | 2,526,525 |

Rent expense is \$260,211 and \$219,921 for the years ended August 31, 2017 and 2016, respectively.

NYU, with the exception of Winthrop, which is fully insured, is self-insured for workers' compensation. The University purchases an excess workers' compensation insurance policy with a retention of \$500 per claim. In connection with being self-insured, the University has maintained a surety bond in the amount of \$11,749 at August 31, 2017 and 2016. Additionally, NYU Langone Health has maintained stand-by letters of credit aggregating approximately \$35,306 and \$27,466 at August 31, 2017 and 2016, respectively. Cash and marketable securities collateralize the letters of credit.

NYU is a defendant in various legal actions arising from the normal course of its operations and amounts expended under government grants and contracts are subject to audit by governmental agencies. In addition, amounts received for patient care from Medicare and Medicaid are subject to audit. Although the final outcome of such actions and audits cannot be determined, management believes that eventual liability, if any, will not have a material effect on NYU's consolidated balance sheet.

17. Superstorm Sandy

On October 29, 2012, Superstorm Sandy struck New York City causing widespread damage to the Manhattan campus facilities of NYU Langone Health. NYU Langone Health incurred business

New York University

Notes to Consolidated Financial Statements

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(in thousands of dollars)

interruption losses during the period that facilities were shut down or being repaired. In addition, NYU Langone Health incurred costs to replace and repair damage to or demolish properties.

Commercial Insurance

NYU Langone Health had insurance policies in effect at the time of Superstorm Sandy for business interruption, property, casualty, and other insurance coverage subject to various limitations and deductibles. The University, on behalf of NYU Langone Health, has initiated lawsuits to recover additional insurance proceeds but the ultimate outcome cannot be determined at this time and therefore, no revenue has been recorded for the years ended August 31, 2017 and 2016.

Federal Disaster Recovery Assistance

The Federal Emergency Management Agency (FEMA) committed significant aid to NYU Langone Health to assist in the recovery process and to mitigate losses which may occur as a result of future storms. In 2014, FEMA awarded NYU Langone Health a fixed capped Public Assistance Grant (the Capped Grant) for the performance of an agreed upon scope of work less amounts received from commercial insurance. This agreed upon scope of work is for the repair and replacement of eligible damage and for hazard mitigation projects for NYU Langone Health properties. As of August 31, 2017 the total Capped Grant award is \$1,091,635, of which NYU Langone Health will receive 90% (\$982,472). Through August 31, 2017, NYU Langone Health has received \$883,979 under the Capped Grant leaving \$98,493 available for drawdown for eligible expenditures.

Disaster recovery reimbursement revenues relate to repairs and replacement and are recognized as allowable costs are incurred. Cash received in advance of spending is recorded as deferred revenue with a corresponding balance in assets limited as to use – disaster recovery.

NYU Langone Health recognized \$530,748 as a temporarily restricted disaster recovery award for future mitigation in fiscal 2014. The net assets are released from restriction as the costs are incurred. Cumulative net assets released from restrictions for hazard mitigation projects through August 31, 2015 totaled \$104,525. For the years ended August 31, 2017 and 2016, NYU Langone Health released \$82,851 and \$142,120, respectively, leaving \$201,254 and \$284,103 in temporarily restricted net assets as of August 31, 2017 and August 31, 2016 (Note 15).

In addition to the Capped Grant award, FEMA continues to work with NYU Langone Health to finalize additional awards related to eligible disaster expenses that are not included in the Capped Grant.

New York University
Notes to Consolidated Financial Statements
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(in thousands of dollars)

The following is a summary of the federal disaster recovery reimbursement revenues reflected in the consolidated financial statements for the years ended August 31, 2017 and 2016:

| | Federal Disaster Recovery | | |
|--|----------------------------------|-----------------------------|-------------------|
| | Capped Grant | Other Federal Awards | Total |
| Receivable at August 31, 2015 | \$ 354,522 | \$ 22,464 | \$ 376,986 |
| 2016 Financial Statements | | | |
| Operating revenue | 18,176 | 21,256 | 39,432 |
| Nonoperating revenue | 48,180 | 32,993 | 81,173 |
| 2016 total unrestricted revenues | 66,356 | 54,249 | 120,605 |
| 2016 cash received | (297,644) | (69,627) | (367,271) |
| Receivable at August 31, 2016 | \$ 123,234 | \$ 7,086 | \$ 130,320 |
| 2017 Financial Statements | | | |
| Operating revenue | \$ 27,452 | \$ 14,128 | \$ 41,580 |
| Nonoperating revenue | 19,792 | 5,987 | 25,779 |
| 2017 total unrestricted revenues | 47,244 | 20,115 | 67,359 |
| 2017 cash received | (97,762) | (34,913) | (132,675) |
| Receivable at August 31, 2017 | \$ 72,716 | \$ (7,712) | \$ 65,004 |
| Balance sheet classification of net receivable at August 31, 2017 | | | |
| Disaster recovery receivable | 162,979 | 5,005 | 167,984 |
| Deferred revenue- disaster recovery | (90,263) | (12,717) | (102,980) |
| | \$ 72,716 | \$ (7,712) | \$ 65,004 |

18. Subsequent Events

NYU performed an evaluation of subsequent events through December 8, 2017, which is the date the consolidated financial statements were issued.

Appendix A
Supplemental Schedules to the Consolidated Financial Statements

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Summary)
August 31, 2017

(in thousands of dollars)

| | 2017 | | | Consolidated NYU |
|--|--------------|-----------------------|--------------|---------------------|
| | University | NYU Langone Health | Eliminations | |
| Assets | | | | |
| Cash and cash equivalents | \$ 889,802 | \$ 379,797 | \$ - | \$ 1,269,599 |
| Short-term investments (Note 4) | 1,989 | - | - | 1,989 |
| Accounts and loans receivable, net (Note 5) | 425,471 | 295,795 | (131,844) | 589,422 |
| Patient accounts receivable, net (Note 3) | 6,476 | 852,272 | - | 858,748 |
| Contributions receivable, net (Note 6) | 315,413 | 143,734 | - | 459,147 |
| Other assets (Note 7) | 214,223 | 562,802 | - | 777,025 |
| Assets limited as to use - disaster recovery (Note 17) | - | 90,263 | - | 90,263 |
| Disaster-related receivable (Note 17) | - | 167,984 | - | 167,984 |
| Deposits with trustees (Note 2) | 272,803 | 16,285 | - | 289,088 |
| Long-term investments (Note 4) | 3,132,708 | 1,745,978 | - | 4,878,686 |
| Assets held for professional liabilities (Note 10) | - | 503,328 | - | 503,328 |
| Land, buildings, and equipment, net (Note 8) | 3,796,033 | 6,166,498 | - | 9,962,531 |
| Total assets | \$ 9,054,918 | \$ 10,924,736 | \$ (131,844) | \$ 19,847,810 |
| Liabilities and Net Assets | | | | |
| Liabilities | | | | |
| Accounts payable and accrued expenses | \$ 329,806 | \$ 1,501,589 | \$ (131,844) | \$ 1,699,551 |
| Deferred revenue | 797,619 | 120,480 | - | 918,099 |
| Deferred revenue - disaster related (Note 17) | - | 102,980 | - | 102,980 |
| Professional liabilities (Note 10) | - | 629,810 | - | 629,810 |
| Debt and other obligations (Note 9) | 3,064,677 | 3,244,143 | - | 6,308,820 |
| Funds held for others (Notes 5 and 7) | 150,001 | 156,116 | - | 306,117 |
| Accrued benefit obligation (Note 11) | 100,955 | 466,603 | - | 567,558 |
| Accrued postretirement obligation (Note 12) | 385,009 | 184,439 | - | 569,448 |
| Asset retirement obligation | 179,036 | 56,326 | - | 235,362 |
| Total liabilities | 5,007,103 | 6,462,486 | (131,844) | 11,337,745 |
| Net assets | | | | |
| Unrestricted | 1,695,986 | 3,104,603 | - | 4,800,589 |
| Temporarily restricted (Note 15) | 764,745 | 863,177 | - | 1,627,922 |
| Permanently restricted (Note 15) | 1,587,084 | 494,470 | - | 2,081,554 |
| Total net assets | 4,047,815 | 4,462,250 | - | 8,510,065 |
| Total liabilities and net assets | \$ 9,054,918 | \$ 10,924,736 | \$ (131,844) | \$ 19,847,810 |

The accompanying note is an integral part of these consolidating financial statements.

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Summary)
August 31, 2016

(in thousands of dollars)

| | 2016 | | | Consolidated NYU |
|--|--------------|-----------------------|--------------|---------------------|
| | University | NYU Langone Health | Eliminations | |
| Assets | | | | |
| Cash and cash equivalents | \$ 785,721 | \$ 247,545 | \$ - | \$ 1,033,266 |
| Short-term investments (Note 4) | 1,860 | 442 | - | 2,302 |
| Accounts and loans receivable, net (Note 5) | 443,778 | 205,148 | (169,430) | 479,496 |
| Patient accounts receivable, net (Note 3) | 3,202 | 586,744 | - | 589,946 |
| Contributions receivable, net (Note 6) | 317,104 | 192,738 | - | 509,842 |
| Other assets (Note 7) | 127,776 | 224,677 | - | 352,453 |
| Assets limited as to use - disaster recovery (Note 17) | - | 126,807 | - | 126,807 |
| Disaster-related receivable (Note 17) | - | 257,127 | - | 257,127 |
| Deposits with trustees (Note 2) | 398,067 | 16,860 | - | 414,927 |
| Long-term investments (Note 4) | 2,775,812 | 1,656,934 | - | 4,432,746 |
| Assets held for professional liabilities (Note 10) | - | 400,476 | - | 400,476 |
| Land, buildings, and equipment, net (Note 8) | 3,722,939 | 4,553,547 | - | 8,276,486 |
| Total assets | \$ 8,576,259 | \$ 8,469,045 | \$ (169,430) | \$ 16,875,874 |
| Liabilities and Net Assets | | | | |
| Liabilities | | | | |
| Accounts payable and accrued expenses | \$ 356,512 | \$ 1,174,998 | \$ (169,430) | \$ 1,362,080 |
| Deferred revenue | 748,905 | 96,082 | - | 844,987 |
| Deferred revenue - disaster related (Note 17) | - | 126,807 | - | 126,807 |
| Professional liabilities (Note 10) | - | 459,397 | - | 459,397 |
| Debt and other obligations (Note 9) | 3,030,656 | 2,261,109 | - | 5,291,765 |
| Federal grants refundable (Note 5) | 78,486 | 984 | - | 79,470 |
| Accrued benefit obligation (Note 11) | 127,160 | 434,043 | - | 561,203 |
| Accrued postretirement obligation (Note 12) | 456,258 | 174,741 | - | 630,999 |
| Asset retirement obligation | 172,511 | 52,836 | - | 225,347 |
| Total liabilities | 4,970,488 | 4,780,997 | (169,430) | 9,582,055 |
| Net assets | | | | |
| Unrestricted | 1,491,913 | 2,337,925 | - | 3,829,838 |
| Temporarily restricted (Note 15) | 606,181 | 928,604 | - | 1,534,785 |
| Permanently restricted (Note 15) | 1,507,677 | 421,519 | - | 1,929,196 |
| Total net assets | 3,605,771 | 3,688,048 | - | 7,293,819 |
| Total liabilities and net assets | \$ 8,576,259 | \$ 8,469,045 | \$ (169,430) | \$ 16,875,874 |

The accompanying note is an integral part of these consolidating financial statements.

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Detail)
August 31, 2017

(in thousands of dollars)

| | 2017 | | | | | | Total Consolidated NYU |
|--|---------------------|---------------------|---------------------|----------------------|---------------------|--------------------|------------------------|
| | University | NYUSoM | Eliminations | Subtotal | Health System | Eliminations | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 889,802 | \$ 12,639 | \$ - | \$ 902,441 | \$ 367,158 | \$ - | \$ 1,269,599 |
| Short-term investments (Note 4) | 1,989 | - | - | 1,989 | - | - | 1,989 |
| Accounts and loans receivable, net (Note 5) | 425,471 | 73,044 | (131,703) | 366,812 | 308,050 | (85,440) | 589,422 |
| Patient accounts receivable, net (Note 3) | 6,476 | 111,398 | - | 117,874 | 740,874 | - | 858,748 |
| Contributions receivable, net (Note 6) | 315,413 | 54,650 | - | 370,063 | 89,084 | - | 459,147 |
| Other assets (Note 7) | 214,223 | 232,012 | - | 446,235 | 330,790 | - | 777,025 |
| Assets limited as to use - disaster recovery (Note 17) | - | 50,535 | - | 50,535 | 39,728 | - | 90,263 |
| Disaster-related receivable (Note 17) | - | 164,126 | - | 164,126 | 3,858 | - | 167,984 |
| Deposits with trustees (Note 2) | 272,803 | - | - | 272,803 | 16,285 | - | 289,088 |
| Long-term investments (Note 4) | 3,132,708 | 974,872 | - | 4,107,580 | 771,106 | - | 4,878,686 |
| Assets held for professional liabilities (Note 10) | - | - | - | - | 503,328 | - | 503,328 |
| Land, buildings, and equipment, net (Note 8) | 3,796,033 | 2,033,403 | - | 5,829,436 | 4,133,095 | - | 9,962,531 |
| Total assets | <u>\$ 9,054,918</u> | <u>\$ 3,706,679</u> | <u>\$ (131,703)</u> | <u>\$ 12,629,894</u> | <u>\$ 7,303,356</u> | <u>\$ (85,440)</u> | <u>\$ 19,847,810</u> |
| Liabilities and Net Assets | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable and accrued expenses | \$ 329,806 | \$ 691,158 | \$ (131,703) | \$ 889,261 | \$ 895,730 | \$ (85,440) | \$ 1,699,551 |
| Deferred revenue | 797,619 | 38,940 | - | 836,559 | 81,540 | - | 918,099 |
| Deferred revenue - disaster related (Note 17) | - | 50,566 | - | 50,566 | 52,414 | - | 102,980 |
| Professional liabilities (Note 10) | - | - | - | - | 629,810 | - | 629,810 |
| Debt and other obligations (Note 9) | 3,064,677 | 983,976 | - | 4,048,653 | 2,260,167 | - | 6,308,820 |
| Funds held for others (Notes 5 and 7) | 150,001 | 119,588 | - | 269,589 | 36,528 | - | 306,117 |
| Accrued benefit obligation (Note 11) | 100,955 | 46,868 | - | 147,823 | 419,735 | - | 567,558 |
| Accrued postretirement obligation (Note 12) | 385,009 | 101,961 | - | 486,970 | 82,478 | - | 569,448 |
| Asset retirement obligation | 179,036 | 29,236 | - | 208,272 | 27,090 | - | 235,362 |
| Total liabilities | <u>5,007,103</u> | <u>2,062,293</u> | <u>(131,703)</u> | <u>6,937,693</u> | <u>4,485,492</u> | <u>(85,440)</u> | <u>11,337,745</u> |
| Net assets | | | | | | | |
| Unrestricted | 1,695,986 | 676,635 | - | 2,372,621 | 2,427,968 | - | 4,800,589 |
| Temporarily restricted (Note 15) | 764,745 | 495,363 | - | 1,260,108 | 367,814 | - | 1,627,922 |
| Permanently restricted (Note 15) | 1,587,084 | 472,388 | - | 2,059,472 | 22,082 | - | 2,081,554 |
| Total net assets | <u>4,047,815</u> | <u>1,644,386</u> | <u>-</u> | <u>5,692,201</u> | <u>2,817,864</u> | <u>-</u> | <u>8,510,065</u> |
| Total liabilities and net assets | <u>\$ 9,054,918</u> | <u>\$ 3,706,679</u> | <u>\$ (131,703)</u> | <u>\$ 12,629,894</u> | <u>\$ 7,303,356</u> | <u>\$ (85,440)</u> | <u>\$ 19,847,810</u> |

The accompanying note is an integral part of these consolidating financial statements.

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Balance Sheet for NYU - Detail)
August 31, 2016

(in thousands of dollars)

| | 2016 | | | | | | |
|--|---------------------|---------------------|---------------------|----------------------|---------------------|--------------------|------------------------|
| | University | NYUSoM | Eliminations | Subtotal | Health System | Eliminations | Total Consolidated NYU |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 785,721 | \$ 52,582 | \$ - | \$ 838,303 | \$ 194,963 | \$ - | \$ 1,033,266 |
| Short-term investments (Note 4) | 1,860 | - | - | 1,860 | 442 | - | 2,302 |
| Accounts and loans receivable, net (Note 5) | 443,778 | 89,049 | (167,200) | 365,627 | 145,269 | (31,400) | 479,496 |
| Patient accounts receivable, net (Note 3) | 3,202 | 96,908 | - | 100,110 | 489,836 | - | 589,946 |
| Contributions receivable, net (Note 6) | 317,104 | 63,390 | - | 380,494 | 129,348 | - | 509,842 |
| Other assets (Note 7) | 127,776 | 46,776 | - | 174,552 | 177,901 | - | 352,453 |
| Assets limited as to use - disaster recovery (Note 18) | - | 42,377 | - | 42,377 | 84,430 | - | 126,807 |
| Disaster-related receivable (Note 18) | - | 212,446 | - | 212,446 | 44,681 | - | 257,127 |
| Deposits with trustees (Note 2) | 398,067 | 204 | - | 398,271 | 16,656 | - | 414,927 |
| Long-term investments (Note 4) | 2,775,812 | 839,605 | - | 3,615,417 | 817,329 | - | 4,432,746 |
| Assets held for professional liabilities (Note 10) | - | - | - | - | 400,476 | - | 400,476 |
| Land, buildings, and equipment, net (Note 8) | 3,722,939 | 1,531,407 | - | 5,254,346 | 3,022,140 | - | 8,276,486 |
| Total assets | <u>\$ 8,576,259</u> | <u>\$ 2,974,744</u> | <u>\$ (167,200)</u> | <u>\$ 11,383,803</u> | <u>\$ 5,523,471</u> | <u>\$ (31,400)</u> | <u>\$ 16,875,874</u> |
| Liabilities and Net Assets | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable and accrued expenses | \$ 356,512 | \$ 617,003 | \$ (167,200) | \$ 806,315 | \$ 587,165 | \$ (31,400) | \$ 1,362,080 |
| Deferred revenue | 748,905 | 37,025 | - | 785,930 | 59,057 | - | 844,987 |
| Deferred revenue - disaster related (Note 18) | - | 42,377 | - | 42,377 | 84,430 | - | 126,807 |
| Professional liabilities (Note 10) | - | - | - | - | 459,397 | - | 459,397 |
| Debt and other obligations (Note 9) | 3,030,656 | 550,810 | - | 3,581,466 | 1,710,299 | - | 5,291,765 |
| Federal grants refundable (Note 5) | 78,486 | 984 | - | 79,470 | - | - | 79,470 |
| Accrued benefit obligation (Note 11) | 127,160 | 73,503 | - | 200,663 | 360,540 | - | 561,203 |
| Accrued postretirement obligation (Note 12) | 456,258 | 95,237 | - | 551,495 | 79,504 | - | 630,999 |
| Asset retirement obligation | 172,511 | 29,359 | - | 201,870 | 23,477 | - | 225,347 |
| Total liabilities | <u>4,970,488</u> | <u>1,446,298</u> | <u>(167,200)</u> | <u>6,249,586</u> | <u>3,363,869</u> | <u>(31,400)</u> | <u>9,582,055</u> |
| Net assets | | | | | | | |
| Unrestricted | 1,491,913 | 578,030 | - | 2,069,943 | 1,759,895 | - | 3,829,838 |
| Temporarily restricted (Note 16) | 606,181 | 542,146 | - | 1,148,327 | 386,458 | - | 1,534,785 |
| Permanently restricted (Note 16) | 1,507,677 | 408,270 | - | 1,915,947 | 13,249 | - | 1,929,196 |
| Total net assets | <u>3,605,771</u> | <u>1,528,446</u> | <u>-</u> | <u>5,134,217</u> | <u>2,159,602</u> | <u>-</u> | <u>7,293,819</u> |
| Total liabilities and net assets | <u>\$ 8,576,259</u> | <u>\$ 2,974,744</u> | <u>\$ (167,200)</u> | <u>\$ 11,383,803</u> | <u>\$ 5,523,471</u> | <u>\$ (31,400)</u> | <u>\$ 16,875,874</u> |

The accompanying note is an integral part of these consolidating financial statements.

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Summary)
Year Ended August 31, 2017

(in thousands of dollars)

| | 2017 | | | Consolidated NYU |
|---|--------------|-----------------------|--------------|---------------------|
| | University | NYU Langone Health | Eliminations | |
| Changes in unrestricted net assets | | | | |
| Operating revenues | | | | |
| Tuition and fees (net of financial aid awards of \$643,034 University; \$10,134 NYU Langone Health) | \$ 1,704,645 | \$ 49,091 | \$ - | \$ 1,753,736 |
| Grants and contracts (Note 2) | 509,030 | 366,935 | - | 875,965 |
| Patient care (net of provision for bad debts \$85,461 NYU Langone Health) (Note 3) | 54,879 | 5,516,576 | - | 5,571,455 |
| Hospital affiliations (Note 13) | - | 348,956 | - | 348,956 |
| Insurance premiums earned | - | 73,804 | - | 73,804 |
| Contributions | 134,390 | 49,115 | - | 183,505 |
| Endowment distribution (Note 4) | 123,800 | 38,414 | - | 162,214 |
| Return on short-term investments (Note 4) | 10,152 | (19) | - | 10,133 |
| Auxiliary enterprises | 447,659 | 70,425 | (4,825) | 513,259 |
| Program fees and other | 107,690 | 128,250 | (7,450) | 228,490 |
| Disaster recovery reimbursement (Note 17) | - | 41,580 | - | 41,580 |
| Net assets released from restrictions | 26,405 | 96,960 | - | 123,365 |
| Total operating revenues | 3,118,650 | 6,780,087 | (12,275) | 9,886,462 |
| Expenses (Note 14) | | | | |
| Instruction and other academic programs | 1,611,411 | 56,880 | - | 1,668,291 |
| Research and other sponsored programs | 230,371 | 601,834 | - | 832,205 |
| Patient care | 59,551 | 4,675,998 | - | 4,735,549 |
| Hospital affiliations (Note 13) | - | 295,172 | - | 295,172 |
| Libraries | 83,540 | 10,582 | - | 94,122 |
| Student services | 147,370 | 10,421 | - | 157,791 |
| Auxiliary enterprises | 464,414 | 80,651 | (4,825) | 540,240 |
| Institutional services | 521,775 | 811,831 | (7,450) | 1,326,156 |
| Disaster-related expenses | - | 40,172 | - | 40,172 |
| Total expenses | 3,118,432 | 6,583,541 | (12,275) | 9,689,698 |
| Excess of operating revenues over expenses | 218 | 196,546 | - | 196,764 |
| Nonoperating activities | | | | |
| Investment return (Note 4) | 132,932 | 76,434 | - | 209,366 |
| Appropriation of endowment distribution (Note 4) | (45,616) | (13,759) | - | (59,375) |
| Disaster recovery reimbursement for capital (Note 17) | - | 25,779 | - | 25,779 |
| Pension and postretirement non-service costs (Notes 11 and 12) | (22,429) | (9,211) | - | (31,640) |
| Changes in pension and postretirement obligations (Notes 11 and 12) | 117,453 | 146,685 | - | 264,138 |
| Net assets released from restrictions for capital purposes | 21,074 | 5,317 | - | 26,391 |
| Net assets released from restrictions for hazard mitigation | - | 82,851 | - | 82,851 |
| Other | 24,565 | (10,829) | - | 13,736 |
| Loss on bond defeasance (Note 9) | (24,124) | (8,062) | - | (32,186) |
| Acquisition of Winthrop-University Hospital Association (Note 1) | - | 274,927 | - | 274,927 |
| Increase in unrestricted net assets | 204,073 | 766,678 | - | 970,751 |
| Changes in temporarily restricted net assets | | | | |
| Contributions | 57,715 | 76,391 | - | 134,106 |
| Investment return (Note 4) | 217,178 | 70,368 | - | 287,546 |
| Appropriation of endowment distribution (Note 4) | (78,184) | (24,655) | - | (102,839) |
| Other | 9,334 | (2,403) | - | 6,931 |
| Net assets released from restrictions for hazard mitigation (Note 17) | - | (82,851) | - | (82,851) |
| Net assets released from restrictions | (47,479) | (102,277) | - | (149,756) |
| Increase (decrease) in temporarily restricted net assets | 158,564 | (65,427) | - | 93,137 |
| Changes in permanently restricted net assets | | | | |
| Contributions | 81,500 | 73,163 | - | 154,663 |
| Other | (2,093) | (212) | - | (2,305) |
| Increase in permanently restricted net assets | 79,407 | 72,951 | - | 152,358 |
| Increase in net assets | \$ 442,044 | \$ 774,202 | \$ - | \$ 1,216,246 |

The accompanying note is an integral part of these consolidating financial statements.

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Summary)
Year Ended August 31, 2016

(in thousands of dollars)

| | 2016 | | | Consolidated NYU |
|--|--------------|-----------------------|--------------|---------------------|
| | University | NYU Langone Health | Eliminations | |
| Changes in unrestricted net assets | | | | |
| Operating revenues | | | | |
| Tuition and fees (net of financial aid awards of \$604,789 University; \$9,173 NYU Langone Health) | \$ 1,612,189 | \$ 50,731 | \$ - | \$ 1,662,920 |
| Grants and contracts (Note 2) | 490,709 | 311,624 | - | 802,333 |
| Patient care (net of provision for bad debts \$91,799 NYU Langone Health) (Note 3) | 50,941 | 4,355,780 | - | 4,406,721 |
| Hospital affiliations (Note 13) | - | 321,146 | - | 321,146 |
| Insurance premiums earned | - | 65,864 | - | 65,864 |
| Contributions | 111,431 | 45,697 | - | 157,128 |
| Endowment distribution (Note 4) | 119,529 | 35,868 | - | 155,397 |
| Return on short-term investments (Note 4) | 6,308 | (24) | - | 6,284 |
| Auxiliary enterprises | 444,048 | 30,894 | (4,941) | 470,001 |
| Program fees and other | 103,310 | 191,962 | (7,425) | 287,847 |
| Disaster recovery reimbursement (Note 17) | - | 39,432 | - | 39,432 |
| Net assets released from restrictions | 67,590 | 57,550 | - | 125,140 |
| Total operating revenues | 3,006,055 | 5,506,524 | (12,366) | 8,500,213 |
| Expenses (Note 14) | | | | |
| Instruction and other academic programs | 1,549,639 | 57,396 | - | 1,607,035 |
| Research and other sponsored programs | 215,509 | 523,669 | - | 739,178 |
| Patient care | 51,769 | 3,728,986 | - | 3,780,755 |
| Hospital affiliations (Note 13) | - | 292,418 | - | 292,418 |
| Libraries | 79,570 | 9,925 | - | 89,495 |
| Student services | 146,610 | 9,910 | - | 156,520 |
| Auxiliary enterprises | 437,264 | 89,352 | (4,941) | 521,675 |
| Institutional services | 505,926 | 554,532 | (7,425) | 1,053,033 |
| Disaster-related expenses | - | 29,004 | - | 29,004 |
| Total expenses | 2,986,287 | 5,295,192 | (12,366) | 8,269,113 |
| Excess of operating revenues over expenses | 19,768 | 211,332 | - | 231,100 |
| Nonoperating activities | | | | |
| Investment return (Note 4) | 35,959 | 68,951 | - | 104,910 |
| Appropriation of endowment distribution (Note 4) | (44,600) | (13,185) | - | (57,785) |
| Disaster recovery reimbursement for capital (Note 17) | - | 81,173 | - | 81,173 |
| Pension and postretirement non-service costs (Notes 11 and 12) | (27,766) | (18,729) | - | (46,495) |
| Changes in pension and postretirement obligations (Notes 11 and 12) | (75,695) | (123,966) | - | (199,661) |
| Net assets released from restrictions for capital purposes | 7,809 | 9,906 | - | 17,715 |
| Net assets released from restrictions for hazard mitigation | - | 142,120 | - | 142,120 |
| Other | (25,379) | 25,389 | - | 10 |
| Loss on bond defeasance (Note 9) | - | (25,512) | - | (25,512) |
| (Decrease) increase in unrestricted net assets | (109,904) | 357,479 | - | 247,575 |
| Changes in temporarily restricted net assets | | | | |
| Contributions | 84,538 | 62,292 | - | 146,830 |
| Investment return (Note 4) | 56,964 | 19,135 | - | 76,099 |
| Appropriation of endowment distribution (Note 4) | (74,929) | (22,683) | - | (97,612) |
| Other | (45,315) | (6,365) | - | (51,680) |
| Net assets released from restrictions for hazard mitigation (Note 17) | - | (142,120) | - | (142,120) |
| Net assets released from restrictions | (75,399) | (67,456) | - | (142,855) |
| Decrease in temporarily restricted net assets | (54,141) | (157,197) | - | (211,338) |
| Changes in permanently restricted net assets | | | | |
| Contributions | 111,022 | 13,483 | - | 124,505 |
| Other | 15,979 | 735 | - | 16,714 |
| Increase in permanently restricted net assets | 127,001 | 14,218 | - | 141,219 |
| (Decrease) increase in net assets | \$ (37,044) | \$ 214,500 | \$ - | \$ 177,456 |

The accompanying note is an integral part of these consolidating financial statements.

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Detail)
Year Ended August 31, 2017

(in thousands of dollars)

| | 2017 | | | | | | Total Consolidated NYU |
|---|--------------|------------|--------------|--------------|---------------|--------------|------------------------|
| | University | NYUSoM | Eliminations | Subtotal | Health System | Eliminations | |
| Changes in unrestricted net assets | | | | | | | |
| Operating revenues | | | | | | | |
| Tuition and fees (net of financial aid awards of \$643,034 University; and \$10,134 NYU Langone Health) | \$ 1,704,645 | \$ 49,091 | \$ - | \$ 1,753,736 | \$ - | \$ - | \$ 1,753,736 |
| Grants and contracts (Note 2) | 509,030 | 364,027 | - | 873,057 | 2,908 | - | 875,965 |
| Patient care (net of provision for bad debts \$85,461 NYU Langone Health) (Note 3) | 54,879 | 1,523,560 | - | 1,578,439 | 4,406,146 | (413,130) | 5,571,455 |
| Hospital affiliations (Note 13) | - | 319,377 | - | 319,377 | 29,579 | - | 348,956 |
| Insurance premiums earned | - | - | - | - | 73,804 | - | 73,804 |
| Contributions | 134,390 | 42,185 | - | 176,575 | 6,930 | - | 183,505 |
| Endowment distribution (Note 4) | 123,800 | 36,910 | - | 160,710 | 1,504 | - | 162,214 |
| Return on short-term investments (Note 4) | 10,152 | (19) | - | 10,133 | - | - | 10,133 |
| Auxiliary enterprises | 447,659 | 23,015 | (4,825) | 465,849 | 47,410 | - | 513,259 |
| Program fees and other | 107,690 | 218,478 | (7,450) | 318,718 | 100,274 | (190,502) | 228,490 |
| Disaster recovery reimbursement (Note 17) | - | 39,614 | - | 39,614 | 1,966 | - | 41,580 |
| Net assets released from restrictions | 26,405 | 52,119 | - | 78,524 | 44,841 | - | 123,365 |
| Total operating revenues | 3,118,650 | 2,668,357 | (12,275) | 5,774,732 | 4,715,362 | (603,632) | 9,886,462 |
| Expenses (Note 14) | | | | | | | |
| Instruction and other academic programs | 1,611,411 | 56,880 | - | 1,668,291 | - | - | 1,668,291 |
| Research and other sponsored programs | 230,371 | 601,008 | - | 831,379 | 826 | - | 832,205 |
| Patient care | 59,551 | 1,470,122 | - | 1,529,673 | 3,619,006 | (413,130) | 4,735,549 |
| Hospital affiliations (Note 13) | - | 295,172 | - | 295,172 | - | - | 295,172 |
| Libraries | 83,540 | 10,147 | - | 93,687 | 435 | - | 94,122 |
| Student services | 147,370 | 10,421 | - | 157,791 | - | - | 157,791 |
| Auxiliary enterprises | 464,414 | 70,842 | (4,825) | 530,431 | 9,809 | - | 540,240 |
| Institutional services | 521,775 | 215,739 | (7,450) | 730,064 | 786,594 | (190,502) | 1,326,156 |
| Disaster-related expenses | - | 26,632 | - | 26,632 | 13,540 | - | 40,172 |
| Total expenses | 3,118,432 | 2,756,963 | (12,275) | 5,863,120 | 4,430,210 | (603,632) | 9,689,698 |
| Excess (deficiency) of operating revenues over expenses | 218 | (88,606) | - | (88,388) | 285,152 | - | 196,764 |
| Nonoperating activities | | | | | | | |
| Investment return (Note 4) | 132,932 | 37,089 | - | 170,021 | 39,345 | - | 209,366 |
| Appropriation of endowment distribution (Note 4) | (45,616) | (13,601) | - | (59,217) | (158) | - | (59,375) |
| Disaster recovery reimbursement for capital (Note 17) | - | 25,424 | - | 25,424 | 355 | - | 25,779 |
| Pension and postretirement non-service costs (Notes 11 and 12) | (22,429) | (4,755) | - | (27,184) | (4,456) | - | (31,640) |
| Changes in pension and postretirement obligations (Notes 11 and 12) | 117,453 | 31,055 | - | 148,508 | 115,630 | - | 264,138 |
| Net assets released from restrictions for capital purposes | 21,074 | 2,436 | - | 23,510 | 2,881 | - | 26,391 |
| Net assets released from restrictions for hazard mitigation | - | 60,149 | - | 60,149 | 22,702 | - | 82,851 |
| Other | 24,565 | 7,476 | - | 32,041 | (18,305) | - | 13,736 |
| Mission based payment | - | 50,000 | - | 50,000 | (50,000) | - | - |
| Loss on bond defeasance (Note 9) | (24,124) | (8,062) | - | (32,186) | - | - | (32,186) |
| Acquisition of Winthrop-University Hospital Association (Note 1) | - | - | - | - | 274,927 | - | 274,927 |
| Increase in unrestricted net assets | 204,073 | 98,605 | - | 302,678 | 668,073 | - | 970,751 |
| Changes in temporarily restricted net assets | | | | | | | |
| Contributions | 57,715 | 26,731 | - | 84,446 | 49,660 | - | 134,106 |
| Investment return (Note 4) | 217,178 | 66,902 | - | 284,080 | 3,466 | - | 287,546 |
| Appropriation of endowment distribution (Note 4) | (78,184) | (23,309) | - | (101,493) | (1,346) | - | (102,839) |
| Other | 9,334 | (2,403) | - | 6,931 | - | - | 6,931 |
| Net assets released from restrictions for hazard mitigation (Note 17) | - | (60,149) | - | (60,149) | (22,702) | - | (82,851) |
| Net assets released from restrictions | (47,479) | (54,555) | - | (102,034) | (47,722) | - | (149,756) |
| Increase (decrease) in temporarily restricted net assets | 158,564 | (46,783) | - | 111,781 | (18,644) | - | 93,137 |
| Changes in permanently restricted net assets | | | | | | | |
| Contributions | 81,500 | 64,318 | - | 145,818 | 8,845 | - | 154,663 |
| Other | (2,093) | (200) | - | (2,293) | (12) | - | (2,305) |
| Increase in permanently restricted net assets | 79,407 | 64,118 | - | 143,525 | 8,833 | - | 152,358 |
| Increase in net assets | \$ 442,044 | \$ 115,940 | \$ - | \$ 557,984 | \$ 658,262 | \$ - | \$ 1,216,246 |

The accompanying note is an integral part of these consolidating financial statements.

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Activities for NYU - Detail)
Year Ended August 31, 2016

(in thousands of dollars)

| | 2016 | | | | | | Total Consolidated NYU |
|--|--------------|-----------|--------------|--------------|---------------|--------------|------------------------|
| | University | NYUSoM | Eliminations | Subtotal | Health System | Eliminations | |
| Changes in unrestricted net assets | | | | | | | |
| Operating revenues | | | | | | | |
| Tuition and fees (net of financial aid awards of \$604,789 University; and \$9,173 NYU Langone Health) | \$ 1,612,189 | \$ 50,731 | \$ - | \$ 1,662,920 | \$ - | \$ - | \$ 1,662,920 |
| Grants and contracts (Note 12) | 490,709 | 311,047 | - | 801,756 | 577 | - | 802,333 |
| Patient care (net of provision for bad debts \$91,799 NYU Langone Health) (Note 3) | 50,941 | 1,336,452 | - | 1,387,393 | 3,361,137 | (341,809) | 4,406,721 |
| Hospital affiliations (Note 13) | - | 304,005 | - | 304,005 | 17,141 | - | 321,146 |
| Insurance premiums earned | - | - | - | - | 65,864 | - | 65,864 |
| Contributions | 111,431 | 40,241 | - | 151,672 | 5,456 | - | 157,128 |
| Endowment distribution (Note 4) | 119,529 | 34,661 | - | 154,190 | 1,207 | - | 155,397 |
| Return on short-term investments (Note 4) | 6,308 | (24) | - | 6,284 | - | - | 6,284 |
| Auxiliary enterprises | 444,048 | 20,174 | (4,941) | 459,281 | 10,720 | - | 470,001 |
| Program fees and other | 103,310 | 174,277 | (7,425) | 270,162 | 122,487 | (104,802) | 287,847 |
| Disaster recovery reimbursement (Note 17) | - | 36,217 | - | 36,217 | 3,215 | - | 39,432 |
| Net assets released from restrictions | 67,590 | 44,025 | - | 111,615 | 13,525 | - | 125,140 |
| Total operating revenues | 3,006,055 | 2,351,806 | (12,366) | 5,345,495 | 3,601,329 | (446,611) | 8,500,213 |
| Expenses (Note 14) | | | | | | | |
| Instruction and other academic programs | 1,549,639 | 57,396 | - | 1,607,035 | - | - | 1,607,035 |
| Research and other sponsored programs | 215,509 | 523,669 | - | 739,178 | - | - | 739,178 |
| Patient care | 51,769 | 1,280,211 | - | 1,331,980 | 2,790,584 | (341,809) | 3,780,755 |
| Hospital affiliations (Note 13) | - | 292,418 | - | 292,418 | - | - | 292,418 |
| Libraries | 79,570 | 9,925 | - | 89,495 | - | - | 89,495 |
| Student services | 146,610 | 9,910 | - | 156,520 | - | - | 156,520 |
| Auxiliary enterprises | 437,264 | 82,345 | (4,941) | 514,668 | 7,007 | - | 521,675 |
| Institutional services | 505,926 | 119,330 | (7,425) | 617,831 | 540,004 | (104,802) | 1,053,033 |
| Disaster-related expenses | - | 19,356 | - | 19,356 | 9,648 | - | 29,004 |
| Total expenses | 2,986,287 | 2,394,560 | (12,366) | 5,368,481 | 3,347,243 | (446,611) | 8,269,113 |
| Excess (deficiency) of operating revenues over expenses | 19,768 | (42,754) | - | (22,986) | 254,086 | - | 231,100 |
| Nonoperating activities | | | | | | | |
| Investment return (Note 4) | 35,959 | 10,618 | - | 46,577 | 58,333 | - | 104,910 |
| Appropriation of endowment distribution (Note 4) | (44,600) | (13,022) | - | (57,622) | (163) | - | (57,785) |
| Disaster recovery reimbursement for capital (Note 17) | - | 78,738 | - | 78,738 | 2,435 | - | 81,173 |
| Pension and postretirement non-service costs (Notes 11 and 12) | (27,766) | (6,095) | - | (33,861) | (12,634) | - | (46,495) |
| Changes in pension and postretirement obligations (Notes 11 and 12) | (75,695) | (12,804) | - | (88,499) | (111,162) | - | (199,661) |
| Net assets released from restrictions for capital purposes | 7,809 | 2,150 | - | 9,959 | 7,756 | - | 17,715 |
| Net assets released from restrictions for hazard mitigation (Note 17) | - | 71,990 | - | 71,990 | 70,130 | - | 142,120 |
| Other | (25,379) | 24,007 | - | (1,372) | 1,382 | - | 10 |
| Mission based payment | - | 50,000 | - | 50,000 | (50,000) | - | - |
| Loss on bond defeasance (Note 9) | - | - | - | - | (25,512) | - | (25,512) |
| (Decrease) increase in unrestricted net assets | (109,904) | 162,828 | - | 52,924 | 194,651 | - | 247,575 |
| Changes in temporarily restricted net assets | | | | | | | |
| Contributions | 84,538 | 45,336 | - | 129,874 | 16,956 | - | 146,830 |
| Investment return (Note 4) | 56,964 | 18,315 | - | 75,279 | 820 | - | 76,099 |
| Appropriation of endowment distribution (Note 4) | (74,929) | (21,639) | - | (96,568) | (1,044) | - | (97,612) |
| Other | (45,315) | (6,338) | - | (51,653) | (27) | - | (51,680) |
| Net assets released from restrictions for hazard mitigation (Note 17) | - | (71,990) | - | (71,990) | (70,130) | - | (142,120) |
| Net assets released from restrictions | (75,399) | (46,175) | - | (121,574) | (21,281) | - | (142,855) |
| Decrease in temporarily restricted net assets | (54,141) | (82,491) | - | (136,632) | (74,706) | - | (211,338) |
| Changes in permanently restricted net assets | | | | | | | |
| Contributions | 111,022 | 13,480 | - | 124,502 | 3 | - | 124,505 |
| Other | 15,979 | 1,043 | - | 17,022 | (308) | - | 16,714 |
| Increase (decrease) in permanently restricted net assets | 127,001 | 14,523 | - | 141,524 | (305) | - | 141,219 |
| (Decrease) increase in net assets | \$ (37,044) | \$ 94,860 | \$ - | \$ 57,816 | \$ 119,640 | \$ - | \$ 177,456 |

The accompanying note is an integral part of these consolidating financial statements.

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Cash Flows for NYU – Summary)
Year Ended August 31, 2017

(in thousands of dollars)

| | 2017 | | | Consolidated NYU |
|--|-------------------|-----------------------|--------------|---------------------|
| | University | NYU Langone Health | Eliminations | |
| Cash flows from operating activities | | | | |
| Change in net assets | \$ 442,044 | \$ 774,202 | \$ - | \$ 1,216,246 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | | | |
| Depreciation and amortization | 259,490 | 315,335 | - | 574,825 |
| (Gain) loss on sale or disposal of land, buildings and equipment and other adjustments | (4,789) | 16,362 | - | 11,573 |
| Gain on extinguishment of debt | (2,530) | (1,121) | - | (3,651) |
| Net gain on investments and deposits with trustees | (313,300) | (119,581) | - | (432,881) |
| Bad debt expense | (3,725) | 90,741 | - | 87,016 |
| Pension and postretirement obligation change | (117,453) | (146,685) | - | (264,138) |
| Contributions received for permanent investment and capital | (78,257) | (126,466) | - | (204,723) |
| Acquisition of Winthrop-University Hospital Association | - | (295,427) | - | (295,427) |
| Proceeds from commercial insurance or disaster recovery award | - | (55,664) | - | (55,664) |
| Changes in operating assets and liabilities | | | | |
| Decrease in accounts and loans receivable, net | 15,165 | 94,280 | (37,615) | 71,830 |
| Decrease in disaster recovery receivable | - | 48,274 | - | 48,274 |
| Increase in patient accounts receivable | (3,274) | (168,433) | - | (171,707) |
| (Increase) decrease in nonendowment and noncapital contributions receivable | 8,558 | 46,336 | - | 54,894 |
| Increase in other assets | (20,988) | (38,020) | - | (59,008) |
| Decrease in asset retirement obligation | - | (5,646) | - | (5,646) |
| Decrease in accounts payable and accrued expenses | (28,090) | (214,935) | 37,615 | (205,410) |
| Increase in professional liabilities | - | 80,909 | - | 80,909 |
| Increase (decrease) in deferred revenue | 48,714 | (24,157) | - | 24,557 |
| Increase (decrease) in accrued pension obligation | 7,325 | (53,961) | - | (46,636) |
| (Decrease) increase in accrued postretirement obligation | 12,674 | 9,066 | - | 21,740 |
| Net cash provided by operating activities | <u>221,564</u> | <u>225,409</u> | <u>-</u> | <u>446,973</u> |
| Cash flows from investing activities | | | | |
| Purchases of investments | (1,126,788) | (410,250) | - | (1,537,038) |
| Sales and maturities of investments | 1,085,387 | 574,410 | - | 1,659,797 |
| Increase in assets held for professional liabilities | - | (40,024) | - | (40,024) |
| Drawdowns of unexpended bond proceeds | 101,033 | 204 | - | 101,237 |
| Additions to land, buildings, and equipment | (331,526) | (1,045,305) | - | (1,376,831) |
| Cash acquired from Winthrop-University Hospital Association | - | 68,736 | - | 68,736 |
| Proceeds from commercial insurance or disaster recovery for capital | - | 111,641 | - | 111,641 |
| Net cash used in investing activities | <u>(271,894)</u> | <u>(740,588)</u> | <u>-</u> | <u>(1,012,482)</u> |
| Cash flows from financing activities | | | | |
| Contributions restricted for permanent investment and capital | 78,257 | 126,466 | - | 204,723 |
| Proceeds from disaster recovery award for future mitigation | - | 46,164 | - | 46,164 |
| Proceeds from short-term borrowings | 82,500 | 416,856 | - | 499,356 |
| Proceeds from long-term borrowings | 523,366 | 828,054 | - | 1,351,420 |
| Principal payments on short-term borrowings | (75,469) | (453,901) | - | (529,370) |
| Principal payments on long-term borrowings | (479,995) | (311,028) | - | (791,023) |
| Payments of deferred financing costs | (1,922) | (4,000) | - | (5,922) |
| Increase (decrease) in funds held for others | 5,767 | (1,551) | - | 4,216 |
| Decrease in deposits with bond trustees | 21,907 | 371 | - | 22,278 |
| Net cash provided by financing activities | <u>154,411</u> | <u>647,431</u> | <u>-</u> | <u>801,842</u> |
| Net decrease in cash | 104,081 | 132,252 | - | 236,333 |
| Cash | | | | |
| Beginning of year | 785,721 | 247,545 | - | 1,033,266 |
| End of year | <u>\$ 889,802</u> | <u>\$ 379,797</u> | <u>\$ -</u> | <u>\$ 1,269,599</u> |
| Supplemental disclosure of cash flow information | | | | |
| Interest paid | \$ 125,488 | \$ 113,198 | \$ - | \$ 238,686 |
| Change in non-cash acquisitions of land, buildings, and equipment | 1,384 | 89,562 | - | 90,946 |
| Assets acquired under capital leases | - | 258,481 | - | 258,481 |
| Non-cash acquisition of Winthrop-Hospital University Association | - | 226,691 | - | 226,691 |

The accompanying note is an integral part of these consolidating financial statements.

New York University
Supplemental Schedule to the Consolidated Financial Statements
(Consolidating Statement of Cash Flows for NYU – Summary)
Year Ended August 31, 2016

(in thousands of dollars)

| | 2016 | | | Consolidated NYU |
|--|-------------|-----------------------|--------------|---------------------|
| | University | NYU Langone Health | Eliminations | |
| Cash flows from operating activities | | | | |
| Change in net assets | \$ (37,044) | \$ 214,500 | \$ - | \$ 177,456 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | | | |
| Depreciation and amortization | 243,584 | 212,189 | - | 455,773 |
| Loss on sale or disposal of land, buildings and equipment and other adjustments | 23,069 | 1,782 | - | 24,851 |
| Loss on extinguishment of debt | - | 4,793 | - | 4,793 |
| Net gain on investments and deposits with trustees | (71,703) | (66,114) | - | (137,817) |
| Bad debt expense | 38,926 | 96,179 | - | 135,105 |
| Pension and postretirement obligation change | 75,695 | 123,966 | - | 199,661 |
| Contributions received for permanent investment and capital | (81,487) | (52,240) | - | (133,727) |
| Proceeds from disaster recovery award for future mitigation | - | (114,566) | - | (114,566) |
| Changes in operating assets and liabilities | | | | |
| (Increase) decrease in accounts and loans receivable, net | (1,946) | 2,233 | (8,186) | (7,899) |
| Decrease in disaster recovery receivable | - | 136,137 | - | 136,137 |
| Decrease (increase) in patient accounts receivable | 733 | (206,715) | - | (205,982) |
| (Increase) decrease in nonendowment and noncapital contributions receivable | (37,715) | 21,311 | - | (16,404) |
| Decrease (increase) in other assets | 20,822 | (24,427) | - | (3,605) |
| Decrease in asset retirement obligation | - | (3,040) | - | (3,040) |
| Increase in accounts payable and accrued expenses | 40,672 | 129,279 | 8,186 | 178,137 |
| Increase in professional liabilities | - | 85,135 | - | 85,135 |
| Decrease in deferred revenue | (34,787) | (186,235) | - | (221,022) |
| Increase in accrued pension obligation | 4,797 | 9,711 | - | 14,508 |
| Increase in accrued postretirement obligation | 15,667 | 10,183 | - | 25,850 |
| Net cash provided by operating activities | 199,283 | 394,061 | - | 593,344 |
| Cash flows from investing activities | | | | |
| Purchases of investments | (1,931,086) | (889,642) | - | (2,820,728) |
| Sales and maturities of investments | 1,924,935 | 966,160 | - | 2,891,095 |
| Increase in deposits held for professional liabilities | - | (61,886) | - | (61,886) |
| Drawdowns of unexpended bond proceeds | 351,121 | 31,505 | - | 382,626 |
| Additions to land, buildings, and equipment | (456,862) | (999,620) | - | (1,456,482) |
| Proceeds from disaster recovery for capital | - | 216,071 | - | 216,071 |
| Net cash used in investing activities | (111,892) | (737,412) | - | (849,304) |
| Cash flows from financing activities | | | | |
| Contributions restricted for permanent investment and capital | 81,487 | 52,240 | - | 133,727 |
| Proceeds from disaster recovery award for future mitigation | - | 114,566 | - | 114,566 |
| Proceeds from short-term borrowings | 171,771 | 233,001 | - | 404,772 |
| Principal payments on short-term borrowings | (317,654) | - | - | (317,654) |
| Principal payments on long-term borrowings | (46,883) | (66,948) | - | (113,831) |
| Payments of deferred financing costs | (2,742) | (2,881) | - | (5,623) |
| Increase (decrease) in funds held for others | 249 | (809) | - | (560) |
| Decrease in deposits with bond trustees | 1,648 | 12,059 | - | 13,707 |
| Net cash provided by financing activities | (112,124) | 341,228 | - | 229,104 |
| Net decrease in cash | (24,733) | (2,123) | - | (26,856) |
| Cash | | | | |
| Beginning of year | 810,454 | 249,668 | - | 1,060,122 |
| End of year | \$ 785,721 | \$ 247,545 | \$ - | \$ 1,033,266 |
| Supplemental disclosure of cash flow information | | | | |
| Bond proceeds | \$ 733,197 | \$ 381,713 | \$ - | \$ 1,114,910 |
| Other leasing obligations | - | (146,603) | - | (146,603) |
| Interest paid | 108,200 | 109,252 | - | 217,452 |
| Non-cash acquisitions of land, buildings, and equipment | (1,908) | 80,542 | - | 78,634 |
| Assets acquired under capital leases | 42 | 75,588 | - | 75,630 |

The accompanying note is an integral part of these consolidating financial statements.

New York University
Notes to Consolidating Supplemental Schedules
August 31, 2017 and 2016

1. Basis of Presentation – Consolidating Supplemental Schedules

The consolidating supplemental schedules (consolidating information) presented on pages 48-57 was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual companies within NYU and is not a required part of the consolidated financial statements. The individual reporting entities within NYU as presented within the consolidating information are disclosed within Note 1 to the consolidated financial statements.

The consolidating financial statements were prepared on an accrual basis of accounting, consistent with the consolidated financial statements (Note 2). All transactions between and amounts due to (from) the reporting entities within NYU have been eliminated within the consolidating supplemental schedules.

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

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SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a brief summary of certain provisions of the Loan Agreement pertaining to the Bonds and the Project. 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.

Construction of Projects

The University agrees that, whether or not there is sufficient money 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 of the Loan Agreement, the Authority will, to the extent of money 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.

(Section 5)

Amendment of a Project; Cost Increases; Additional Bonds

A Project may be amended by the University with the prior written consent of an Authorized Officer of the Authority, which consent will not be unreasonably withheld, 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, renovation, improving, or otherwise providing furnishing and equipping of a Project which the Authority is authorized to undertake.

(Section 6)

Financial Obligations of the University; General and Unconditional Obligation; Voluntary Payments

Except to the extent that money is available therefor under the Resolution or the Loan Agreement, including money in the Debt Service Fund (other than money required to pay the Redemption Price or purchase price of Outstanding Bonds theretofore called for redemption or contracted to be purchased, plus interest accrued to the date of redemption or purchase), and excluding interest accrued but unpaid on investments held in the Debt Service Fund, the University pursuant to the Loan Agreement 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 Bonds of a Series, the Authority Fee agreed to by the Authority and the University in connection with issuance of the Bonds of such Series;
- (b) On or before the date of delivery of Bonds of a Series, such amount, if any, as is required, in addition to the proceeds of such Bonds available therefor, to pay the Costs of Issuance of such Bonds, and other costs in connection with the issuance of such Bonds;
- (c) Three days (or the preceding Business Day if such day is not a Business Day) prior to an interest payment date on Outstanding Variable Interest Rate Bonds, the interest coming due on such Variable Interest Rate Bonds on such interest payment date, assuming that such Bonds will, from and after the next succeeding date on which the rates at which such Bonds bear interest are to be determined, bear interest at a rate per annum equal to the rate per annum for such Bonds on the immediately preceding Business Day, plus one percent (1%) per annum;
- (d) On the fifth Business Day immediately preceding the July 1 and January 1 on which interest becomes due on Outstanding Bonds, other than Variable Interest Rate Bonds, the interest becoming due on such July 1 or January 1 interest payment date for such Bonds;

(e) On the fifth Business Day immediately preceding the date on which the principal or Sinking Fund Installments on any Outstanding Bonds becomes due, the principal and Sinking Fund Installments on the Bonds coming due on such date;

(f) At least five Business Days prior to any date on which the Redemption Price or purchase price of Bonds previously called for redemption or to be purchased is to be paid, the amount required to pay the Redemption Price or purchase price 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 with respect to a 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 by it pursuant to the Loan Agreement and any expenses or liabilities incurred by the Authority pursuant to the Loan Agreement, (iii) to reimburse the Authority for any external costs or expenses incurred by it 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; (iv) for the costs and expenses incurred to compel full and punctual performance by the University of all the provisions of the Loan Agreement or the Resolution in accordance with the terms thereof, and (v) for the fees and expenses of the Trustee and any Paying Agent in connection with performance of their duties under the Resolution;

(i) 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;

(j) 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 required to be rebated 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;

(k) By 5:00 P.M., New York City time, on the date Option Bonds are tendered for purchase by the Holders thereof or on the date Variable Rate Bonds are subject to mandatory tender for purchase, as the case may be, the amount, in immediately available funds, required to pay the purchase price of Option Bonds or Variable Rate Bonds tendered for purchase and not remarketed or remarketed at less than the principal amount thereof and which is not to be paid from money to be made available pursuant to a Liquidity Facility; *provided, however*, that if such notice is given to the University by 10:00 A.M., New York City time, then such amount shall be paid, in immediately available funds, by 12:30 P.M., New York City time, on such day; *provided, further*, that, if such notice is given to the University after 3:00 P.M., New York City time, then such amount shall be paid, in immediately available funds, by 10:00 A.M., New York City time, on the next succeeding day; and

(l) Promptly upon demand by an Authorized Officer of the Authority, all amounts required to be paid by the Authority to a Counterparty in accordance with an Interest Rate Exchange Agreement or to reimburse the Authority for any amounts paid to a Counterparty in accordance with an Interest Rate Exchange Agreement.

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 (e) above on

account of any Sinking Fund Installments if, prior to the date notice of redemption is given pursuant to the Resolution with respect to Bonds to be redeemed through Sinking Fund Installments during the next succeeding Bond Year, either (i) the University delivers to the Trustee for cancellation one or more Bonds of the Series and maturity to be so redeemed or (ii) the Trustee, at the direction of the Authority, has purchased one or more Bonds of the maturity to be so redeemed from amounts on deposit in the Debt Service Fund in accordance with the Resolution during such Bond Year. The amount of the credit shall be equal to the principal amount of the Bonds so delivered.

The Authority directs the University, and the University agrees, to make the payments required by paragraphs (c), (d), (e), (f), (i) and (j) above directly to the Trustee for deposit and application in accordance with the Resolution, the payments required by paragraph (b) above directly to the Trustee for deposit in a Construction Fund or other fund established under the Resolution, as directed by an Authorized Officer of the Authority, the payments required by paragraphs (a), (g) and (h) above directly to the Authority and the payments required by paragraphs (k) and (l) above to or upon the order of the Authority.

Notwithstanding any provision in the Loan Agreement or in the Resolution to the contrary (except as otherwise specifically provided for in the Loan Agreement), all money 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 thereunder 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 money is applied by the Trustee for the payment of interest on Outstanding Bonds, and, with respect to the principal of such indebtedness, such money has 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. Except as otherwise provided in the Resolution, the Trustee shall hold such money 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.

The obligations of the University to make payments or cause the same to be made under the Loan Agreement shall be absolute 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 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 contained in the Loan Agreement 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 of a Project beyond the extent of money in the account within 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.

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 non-payment of the amounts payable under the Loan Agreement at the time and in the manner provided thereby. The University shall notify the Authority as to the amount and date of each payment made to the Trustee by the University.

The Authority shall have the right in its sole discretion to make on behalf of the University any payment required pursuant to 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 under the provisions of the Loan

Agreement summarized below under the caption “*Defaults and Remedies*” 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.

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 the Debt Service Fund and applied in accordance with the Resolution 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)

Consent to Pledge and Assignment

The University consents to and authorizes the assignment, transfer or pledge by the Authority to the Trustee of (i) the Authority’s rights to receive the payments required to be made pursuant to paragraphs (c), (d), (e), (f) and (i) of the provisions of the Loan Agreement summarized above under the caption “*Financial Obligations of the University; General and Unconditional Obligation; Voluntary Payments*”, (ii) any or all security interests that may be granted by the University under the second paragraph of the provisions of the Loan Agreement summarized below under the caption “*Management Consultant*” and (iii) all funds and accounts established by the Resolution and pledged thereby in each case to secure any payment or the performance of any obligation of the University under the Loan Agreement or arising out of the transactions contemplated in 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 by 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 therefor 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 the Authority’s rights (x) to receive payments required to be made pursuant to paragraphs (c), (d), (e), (f) and (i) of the provisions of the Loan Agreement summarized above under the caption “*Financial Obligations of the University; General and Unconditional Obligation; Voluntary Payments*”, (y) in any security interest that may be granted by the University pursuant to the second paragraph of the provisions of the Loan Agreement summarized below under the caption “*Management Consultant*” and (z) to enforce all other obligations required to be performed by the University pursuant to the Loan Agreement. Any realization upon any pledge made or security interest that may be granted in accordance with the second paragraph of the provisions of the Loan Agreement summarized below under the caption “*Management Consultant*” shall not, by operation of law or otherwise, result in cancellation or termination of the Loan Agreement or the obligations of the University pursuant thereto.

(Section 10)

Management Consultant

The University shall (i) at the request of the Authority made 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 a Rating Service to below, in the case of Moody’s Investor Service, Inc. (“**Moody’s**”), “A1” or, in the case of Fitch, Inc (“**Fitch**”) or Standard & Poor’s Rating Services (“**S&P**”), “A+”, or (ii) if the rating on any Outstanding Bonds or on any of the University’s long term unsecured, unenhanced debt obligations is reduced by a Rating Service to below, in the case of Moody’s “A2” or, in the case of Fitch or S&P, “A”, or (iii) if any rating is suspended or withdrawn by a Rating Service, engage, at the University’s expense, a Management Consultant within sixty (60) days after such

request, 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 (the “**Report**”) shall be delivered to the Authority, the Trustee, and the University’s President and General Counsel no later than one hundred twenty (120) days following the date of engagement of such Management Consultant. The President of the University shall promptly cause the Report to be sent to each member of the University’s Board of Trustees and to the members of each committee of the Board of Trustees as the President, on the advice of the General Counsel, shall consider appropriate. The University shall:

(i) not later than (30) days after receipt of the Report by the University’s President deliver to the Authority, the Trustee, each member of the Board of Trustees and the members of each committee to which the Report was delivered, a written report setting forth the University’s comment and reaction to the Report;

(ii) not later than sixty (60) days after receipt of the Report by the University’s President, deliver to the Authority and the Trustee, a plan approved by either the University’s Board of Trustees or the Executive Committee of the Board of Trustees setting forth in reasonable detail the following:

- (a) the steps the University proposes to take to implement the recommendations contained in the Report;
- (b) the timetable on which the University proposes to implement such recommendations; and
- (c) with respect to any recommendations that the University does not plan to implement, an explanation of the University’s reasons therefor, including any legal or regulatory restrictions or impediments to implementation of any such recommendations, and any business, financial or other factors that in the reasonable judgment of the University affect the feasibility of implementing any such recommendations; and

(iii) within thirty (30) days after the end of each fiscal quarter of the University, deliver a written report to the Authority and the Trustee demonstrating the progress made by the University in implementing the recommendations. The University shall continue to deliver such reports until it gives written notice to the Authority and the Trustee that, in the University’s reasonable judgment, either (1) the recommendations to have been implemented have been fully implemented or (2) it is no longer feasible to implement any recommendation that has not yet been implemented.

Notwithstanding the foregoing provisions of this section, the University in lieu of engaging a Management Consultant or implementation of the recommendations contained in the Report may elect to provide security in form and substance acceptable to the Authority in its sole discretion for the University’s obligations under the Loan Agreement.

(Section 12)

Tax-Exempt Status of the University

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 amended, 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 the payment of unrelated business income tax.

(Section 13)

Use and Control of Projects; Restrictions on Religious Use

Subject to the rights, duties and remedies of the Authority under the Loan Agreement, the University shall have sole and exclusive control and 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 Projects; *provided, however*, that (A) except as otherwise limited by the Loan Agreement, the foregoing shall not prohibit use of a Project by persons other than the University or its students, staff and employees in furtherance of the University's corporate purposes if such use will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes, and (B) the foregoing is not intended and shall not be construed to prohibit the University from disposing of any Project or part thereof subject only to the limitations and restrictions set forth in the Loan Agreement.

The University agrees that with respect to any Project or portion thereof, so long as such Project or portion thereof exists and unless and until such Project or portion thereof is sold for the fair market value thereof, such Project or portion thereof shall not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; *provided, however*, that the foregoing restriction shall not prohibit the free exercise of any religion; and *provided, further*, that if at any time hereafter, in the opinion of Bond Counsel, the then applicable law would permit a Project or portion thereof to be used without regard to the above stated restriction, said restriction shall not apply to such Project and each portion thereof. The Authority and its agents may conduct such inspections as an Authorized Officer of the Authority deems necessary to determine whether any Project or any portion or real property thereof financed by Bonds is being used for any purpose proscribed by the Loan Agreement. The University further agrees that prior to any disposition of any portion of a Project for less than fair market value, it shall execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Authority, the use of such portion of such Project to the restriction that (i) so long as such portion of such Project (and, if included in the Project, the real property on or in which such portion of such Project is situated) shall exist and (ii) until such portion of such Project is sold or otherwise transferred to a person who purchases the same for the fair market value thereof at the time of such sale or transfer, such portion of such Project shall not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction shall further provide that such restriction may be enforced at the instance of the Authority or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction shall also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of a Project, or the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction shall be without any force or effect. For the purposes of the Loan Agreement an involuntary transfer or disposition of a Project or a portion thereof, upon foreclosure or otherwise, shall be considered a sale for the fair market value thereof.

(Sections 17 and 18)

Maintenance, Repair and Replacement.

The University agrees that, throughout the term of the Loan Agreement, it shall, at its own expense, hold, operate and maintain the Projects in a careful, prudent and economical manner, and keep the same, with the appurtenances and every part and parcel thereof, in good repair, working order and safe condition and shall from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Projects may be properly and advantageously conducted. The University shall have the right to remove or replace any type of fixtures, furnishings and equipment in the Projects which may have been financed by the proceeds of the sale of Bonds provided the University substitutes for any removed or replaced fixtures, furnishings and equipment, additional fixtures, furnishings and equipment having equal or greater value and utility than the fixtures, furnishings and equipment so removed or replaced.

The University further agrees that it shall pay at its own expense all extraordinary costs of maintaining, repairing and replacing the Projects except insofar as funds are made available therefor from proceeds of insurance, condemnation or eminent domain awards.

(Section 19)

Covenant as to Insurance

The University agrees to maintain or cause to be maintained insurance with insurance companies or by means of 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 as required by the laws of the State.

The University shall furnish to the Authority annually a report of an Insurance Consultant that the insurance coverage maintained by the University is adequate and in accordance with the standards above.

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.

(Section 20)

Reports and Financial Information

The University shall, if and when requested by an Authorized Officer of the Authority, render to the Authority and the Trustee reports with respect to all repairs, replacements and maintenance made to each Project. In addition, the University shall, if and when requested by an Authorized Officer of the Authority, render such other reports concerning the condition of each Project as an Authorized Officer of the Authority may request. The University shall also furnish annually, not later than one hundred sixty-five (165) days after the end of the University's fiscal year, to the Trustee, the Authority and to such other parties as an Authorized Officer of the Authority may reasonably designate, including Rating Services, (i) a certificate stating whether the University is in compliance with the provisions of the Loan Agreement, (ii) copies of its financial statements audited by a nationally recognized independent public accountant selected by the University and acceptable to an Authorized Officer of the Authority and prepared in conformity with generally accepted accounting principles applied on a consistent basis, except that such audited financial statements may contain such changes as are concurred in by such accountants, and (iii) such other statements, reports and schedules describing the finances, operation and management of the University and such other information reasonably required by an Authorized Officer of the Authority.

(Section 23)

Defaults and Remedies

As used in the Loan Agreement the term "Event of Default" shall mean:

(a) the University shall (A) default in the timely payment of any amount payable pursuant to the Loan Agreement (except as described in paragraphs (B) and (C) of this paragraph (a)) or the payment of any other amounts required to be delivered or paid by or on behalf of the University in accordance with the Loan Agreement or the Resolution, and such default continues for a period in excess of seven (7) days or (B) default in the timely payment of any amount payable pursuant to paragraph (c), (d), (e) or (f) of the provision of the Loan Agreement summarized above under the caption "*Financial Obligations of the University; General and Unconditional Obligation; Voluntary Payments*" and such default continues for a period in excess of (1) day or (C) default in the timely payment of any payment pursuant to paragraph (k) of the provision of the Loan Agreement summarized above under the caption "*Financial Obligations of the University; General and Unconditional Obligation; Voluntary Payments*"; or

(b) the University defaults in the due and punctual performance of any other covenant contained in the Loan Agreement and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the University by the Authority or the Trustee, or, if such default is not capable of being cured within thirty (30) days, the University fails to commence within said thirty (30) days to cure the same and to diligently prosecute the cure thereof;

(c) as a result of any default in payment or performance required of the University under the Loan Agreement 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, a Facility Provider or Holders of the Bonds shall be seeking the enforcement of any remedy under the Resolution as a result thereof;

(d) the University shall be in default under any agreement entered into with the issuer of or in connection with a Liquidity Facility or a Credit Facility (which default has not been waived or cured) if the University's obligations thereunder are secured by a lien upon, security interest in or pledge of property which is equal or prior to any lien upon, security interest in or pledge of such property given or made pursuant to the Loan Agreement and, upon such default, (A) the principal of any indebtedness thereunder may be declared to be due and payable or (B) the lien security interest or pledge may be foreclosed or realized upon;

(e) 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;

(f) 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 have been stayed or dismissed within ninety (90) days;

(g) the charter of the University shall be suspended or revoked;

(h) a petition shall be filed by the University with the Board of Regents of the University of the State, the legislature of the State or other governmental authority having jurisdiction over the University to dissolve the University;

(i) an order of dissolution of the University shall be made by the Board of Regents of the University of the State, the legislature of the State or other governmental authority having jurisdiction over the University which order shall remain undismissed or unstayed for an aggregate of thirty (30) days;

(j) 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;

(k) 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 the earlier of (x) three (3) Business Days prior to the date provided for in such order for such sale, disposition or distribution or (y) an aggregate of thirty (30) days from the date such order shall have been entered; or

(l) a final judgment for the payment of money, at least \$1,000,000 of which is not covered by insurance or reserves set aside by the University, which in the reasonable judgment of the Authority will adversely affect the rights of the Holders of the Bonds shall be rendered against the University and at any time after forty-five (45) days from the entry thereof, (i) such judgment shall not have been discharged or paid, 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 forty-five (45) 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.

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 money 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;

All rights and remedies given or granted to the Authority in the Loan Agreement are cumulative, non-exclusive and in addition to any and all rights and remedies that the Authority may have or may be given by reason of any law, statute, ordinance or otherwise, and no failure to exercise or delay in exercising any remedy 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 the Loan Agreement and its consequences if such Events of Default shall be cured. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereto.

(Section 26)

Termination

The Loan Agreement shall remain in full force and effect until no Bonds are Outstanding and until all other payments, expenses and fees payable under the Loan Agreement by the University shall have been made or provision made for the payment thereof; ***provided, however,*** that the liabilities and the obligations of the University to provide reimbursement for or indemnification against expenses, costs or liabilities made or incurred pursuant to the Loan Agreement 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, and the release or surrender of any security interests granted by the University to the Authority pursuant to the Loan Agreement.

(Section 39)

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a brief summary of certain provisions of the Resolution pertaining to the Series 2018 Bonds and the Project. 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.

Contract with Bondholders

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 to the Trustee 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 or permitted by the Resolution.

(Section 1.03)

Pledge of Revenues

The proceeds from the sale of the Bonds, the Revenues, and all funds and accounts established by the Resolution and any Series Resolution, excluding the Arbitrage Rebate Fund and any fund established for the payment of the purchase price of Option Bonds tendered for purchase, are pledged and assigned to the Trustee as security for the payment of the principal 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 any Series Resolution, all in accordance with the provisions of the Resolution and any Series Resolution. The pledge made by the Resolution is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues and the funds and accounts established by the Resolution and any Series Resolution which are pledged thereby 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 the Bonds, the Revenues and the funds and accounts established by the Resolution and are pledged thereby, which pledge shall constitute a first lien thereon.

(Section 5.01)

Establishment of Funds and Accounts

The following funds are established by the Resolution and shall be held and maintained by the Trustee:

Construction Fund;
Debt Service Fund; and
Arbitrage Rebate Fund.

In addition to the accounts and subaccounts, if any, required to be established by the Resolution or by any Series Resolution or any Bond Series Certificate, the Authority may for purposes of internal accounting establish such other accounts or subaccounts as the Authority or the Trustee deems proper, necessary or desirable. All money at any time deposited in any fund, account or subaccount created and pledged by the Resolution or by any Series Resolution or required thereby 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; *provided, however*, that the proceeds derived from the remarketing of Option Bonds tendered or deemed to have

been tendered for purchase in accordance with the Series Resolution authorizing the issuance of such Bonds or the Bond Series Certificate relating to such Bonds or derived from a Liquidity Facility relating to such Bonds, and any fund or account established by or pursuant to such Series Resolution for the payment of the purchase price of Option Bonds so tendered or deemed to have been tendered, shall not be held in trust for the benefit of the Holders of the Bonds other than such Option Bonds and are pledged by the Resolution for the payment of the purchase price of such Option Bonds.

(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 Money in the Construction Fund

As soon as practicable after the delivery of each Series of Bonds, there shall be deposited in the Construction Fund 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, money deposited in the Construction Fund shall be used only to pay the Costs of Issuance and the Costs of the Projects.

Upon receipt by the Trustee of a certificate relating to the completion of a Project, the money, if any, then remaining in the Construction Fund relating to such Project, 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 or applied by the Trustee as follows and in the following order of priority:

First: Upon the direction of an Authorized Officer of the Authority, to the Arbitrage Rebate Fund, the amount set forth in such direction; and

Second: To the Debt Service Fund, to be applied in accordance with the Resolution, any balance remaining.

(Section 5.04)

Deposit and Allocation of Revenues

The Revenues and any other money, which by any of the provisions of the Loan Agreement are required to be paid to the Trustee, shall upon receipt by the Trustee be deposited or paid by the Trustee as follows 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 any Variable Interest Rate Bond on and prior to the next succeeding January 1, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum, (b) the Sinking Fund Installments of Outstanding Option Bonds and Variable Interest Rate Bonds 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 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 payable on and prior to the next succeeding July 1, including the interest estimated by the Authority to be payable on any Variable Interest Rate Bond on and prior to the next succeeding July 1, assuming that such Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum and (b) the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption pursuant to the Resolution on or prior to the next succeeding July 1, plus accrued interest thereon to the date of purchase or redemption;

Second: To reimburse, pro rata, each Provider for Provider Payments which are then unpaid, in proportion to the respective Provider Payments then unpaid to each Provider; and

Third: Upon the direction of an Authorized Officer of the Authority, to the Arbitrage Rebate Fund the amount set forth in such direction;

Fourth: 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 Fourth.

The Trustee shall notify the Authority and the University promptly after making the above payments of any balance of Revenues then remaining on the immediately succeeding July 1. After making the above required payments, 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 Agents out of the Debt Service Fund:

- (i) the interest due and payable on all Outstanding Bonds on such interest payment date;
- (ii) the principal amount due and payable on such interest payment date on all Outstanding Bonds; and
- (iii) 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 this subdivision shall be irrevocably pledged to and applied to such payments.

Notwithstanding the first paragraph of this subdivision, 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 money 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. In addition, 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 purchased and any Term Bond purchased by the University and delivered to the Trustee in accordance with the Resolution 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.

Money in the Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds payable on and prior to the next succeeding July 1, the interest on Outstanding Bonds payable on and prior to the earlier of the next succeeding interest payment date assuming that a Variable Interest Rate Bond will bear interest, from and after the next date on which the rate at which such Variable Interest Rate Bond bears interest is to be adjusted, at a rate per annum equal to the rate per annum at which such Bonds then bear interest, plus one percent (1%) per annum, 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 applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to 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, at such purchase prices and in such manner as an Authorized Officer of the Authority shall direct. If sixty (60) days prior to the end of a Bond Year an excess, calculated as aforesaid, exists in the Debt Service Fund, such money shall be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority given pursuant to the Resolution to the redemption of Bonds as provided in the Resolution, at the Redemption Prices specified in the applicable Series Resolution authorizing the issuance of the Bonds to be redeemed or the Bond Series Certificate relating to such Bonds.

(Section 5.06)

Arbitrage Rebate Fund

The Trustee shall deposit to the Arbitrage Rebate Fund any money delivered to it by the University for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Authority, money 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.

Money 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 rebated to the Department of the Treasury of the United States of America. Money which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated shall, first, be applied to reimburse pro rata, each Provider for money advanced under a Credit Facility or a Liquidity Facility, including interest thereon, which is then unpaid in proportion to the respective amounts advanced by each Provider, and, then be deposited to any fund or account established under the Resolution in accordance with the written direction of such Authorized Officer.

(Section 5.07)

Application of Money in Certain Funds for Retirement of Bonds

Notwithstanding any other provisions of the Resolution, 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 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 by the Resolution and by each Series Resolution as provided in the Resolution, or (ii) give the Trustee irrevocable instructions in accordance with the Resolution and make provision for the payment of the Outstanding Bonds at the maturity or redemption dates thereof in accordance therewith.

(Section 5.08)

Investment of Funds and Accounts

Money 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, Federal Agency Obligations or Exempt Obligations, *provided, however*, that each such investment shall permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes of the Resolution.

In lieu of the investments of money in obligations authorized in the preceding paragraph, 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 money in the Construction Fund in any Permitted Investment; *provided, however*, that each such investment shall permit the money so deposited or invested to be available for use at the times at which the Authority reasonably believes such money will be required for the purposes of the Resolution *provided, further*, that (x) any Permitted Collateral required to secure any Permitted Investment shall have a market value, determined by the Trustee or its agent periodically, but no less frequently than weekly, at least equal to the amount deposited or invested including interest accrued thereon, (y) the Permitted Collateral 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 Permitted Collateral shall be free and clear of claims of any other person..

Permitted Investments purchased as an investment of money in any fund or account held by the Trustee under the provisions of the Resolution 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, Permitted Investments 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 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 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 money 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 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 of the Resolution as of the end of the preceding month and as to whether such investments comply with the provisions 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.

No part of the proceeds of any Series of Bonds or any other funds of the Authority shall be used directly or indirectly to acquire any securities or investments the acquisition of which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(Section 6.02)

Tax Exemption; Rebates

In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Authorized Bonds issued as Tax-Exempt Bonds (the “Tax-Exempt Authorized Bonds”), the Authority shall comply with the provisions of the Code applicable to such Tax-Exempt Authorized Bonds, including without limitation, the provisions of the Code relating to the computation of the yield on investments of the “gross proceeds” of such Tax-Exempt Authorized Bonds, as such term is defined in the Code, reporting of the earnings on such gross proceeds, rebates of earnings on such gross proceeds to the Department of the Treasury of the United States of America, and use, ownership or management of the facilities financed by such gross proceeds. In furtherance of the foregoing, the Authority shall comply with the provisions of the Tax Certificate and with such written instructions as may be provided by Bond Counsel or a special tax counsel.

The Authority shall not take any action or fail to take any action which would cause any Tax-Exempt Authorized Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code; nor shall the Authority use or permit the use, directly or indirectly, of any part of the proceeds of any Tax-Exempt Authorized Bonds to acquire any security or obligation the acquisition of which would cause any such Tax-Exempt Authorized Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

The Authority shall make any and all payments required to be made to the United States Department of Treasury in connection with the Tax-Exempt Authorized Bonds pursuant to Section 148(f) of the Code from amounts on deposit in the Arbitrage Rebate Fund and available therefor.

(Section 6.01 of the Series 2018 Resolutions)

Creation of Liens

Except as permitted by the Resolution, the Authority shall not create, cause to be created or suffer or permit the creation of any lien or charge prior or equal to that of the Bonds on the proceeds from the sale of the 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 or by any Series Resolution which are pledged thereby; *provided, however*, that nothing contained in the Resolution shall prevent the Authority from (i) issuing bonds, notes or other obligations or otherwise incurred indebtedness under another and separate resolution so long as the charge or lien created thereby is not prior to the charge or lien created by the Resolution, and (ii) incurring obligations with respect to a Credit Facility or a Liquidity Facility which are secured by a lien upon and pledge of the Revenues of equal priority with the lien created and the pledge made by the Resolution.

(Section 7.06)

Amendment of Loan Agreement

Except as expressly otherwise provided in Section 7.11 of the Resolution, the Loan Agreement may not be amended, changed, modified, altered or terminated nor may any provision thereof be waived if any such amendment, change, modification, alteration, termination or waiver would adversely affect the interest of the Holders of Outstanding Bonds in any material respect unless consented to in writing by (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 amendment, change, modification, alteration, termination or waiver 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 the Resolution; *provided, further*, that no such amendment, change, modification, alteration, termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by the University under the Loan Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Any consent given pursuant to the Resolution by the Holders of Bonds shall, except as otherwise provided in the Resolution, be given in the same manner required by the Resolution.

The Loan Agreement may be amended, changed, modified or altered (i) to make changes necessary or appropriate in connection with the acquisition, construction, reconstruction, rehabilitation and improvement, or otherwise providing, furnishing and equipping of any facilities constituting a part of any Project or to otherwise amend the Project or (ii) with the consent of the Trustee, to cure any ambiguity, or to correct or supplement any provisions contained in the Loan Agreement which may be defective or inconsistent with any other provisions contained in the Resolution or in the Loan Agreement. Except as otherwise provided in the Resolution, the Loan Agreement may be amended, changed, modified or altered without the consent of the Holders of Outstanding Bonds or the Trustee. 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 the Resolution, the purchasers of Bonds, whether purchasing as underwriters, Remarketing Agent or otherwise for resale, may upon such purchase consent to an amendment, change, modification, alteration, termination or waiver permitted in the manner provided in the Resolution, 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 Remarketing Agent or for resale, the nature of the amendment, change, modification, alteration, termination or waiver 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 initial offering, reoffering or resale 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 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 first 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.

For the purposes of the Resolution, a Series shall be deemed to be adversely affected by an amendment, change, modification, alteration or termination of the Loan Agreement or the waiver of any provision thereof if the same adversely affects or diminishes the rights of the Holders of the 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 would be adversely affected in any material respect by any amendment, change, modification, alteration, termination or waiver and any such determination shall be binding and conclusive on the University, the Authority and all Holders of Bonds.

For all purposes of 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, alteration, termination or waiver adversely affects the interests of any Holders of Bonds then Outstanding in any material respect.

Bonds owned or held by or for the account of the Authority or the University shall not be deemed Outstanding for the purpose of the consent provided for in the Resolution , and neither the Authority nor the University shall be entitled with respect to such Bonds to give any such consent. At the time of any consent, the Authority shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

(Section 7.11)

Modification and Amendment Without Consent

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:

(a) 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;

(b) 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;

(c) 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;

(d) 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;

(e) 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 the provisions of the Resolution, of the Revenues or of any other money, securities or funds;

(f) 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

(g) To modify or amend a Project; or

(h) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution or to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent with the Resolution as theretofore in effect,

or to modify any of the provisions of the Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respect, provided that such modification 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 of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as set forth in the provision of the Resolution summarized below under the caption "*Consent of Bondholders*", (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 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. For the purposes of the Resolution, a Series shall be deemed to be affected by a modification or amendment if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, the Bonds of 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 provisions of 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 for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Authority to the Holders (but failure to mail such copy and request will not affect the validity of the Supplemental Resolution when consented to as provided below). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in the provision of the Resolution summarized above under the caption "*Powers of Amendment*" 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 thereby, 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 or owning 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 described in such certificate or certificates of the Trustee. Any 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 provided for below is filed, such revocation. 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 Trustee 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 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 in the Resolution provided for is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this paragraph provided). 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 filing with the Trustee of proof of the mailing of such notice or at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication 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.

For the purposes of the Resolution, the purchasers of the Bonds of a Series, whether purchasing as underwriters, Remarketing Agent or otherwise for resale, upon such purchase, may consent to a modification or amendment permitted under the headings above titled, "Powers of Amendment" or "Consent of Bondholders" in the manner provided in the Resolution, 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, Remarketing Agent or otherwise for resale, the nature of the modification or amendment 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 by the Authority.

(Section 10.02)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds under the Resolution may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority of a copy of a Supplemental Resolution certified by an Authorized Officer and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Resolution, except that no notice to Bondholders either by mailing or publication shall be required.

(Section 10.03)

Events of Default

Each of the following constitutes an "event of default" under the Resolution and each Series Resolution:

(a) Payment of the principal, Sinking Fund Installment or Redemption Price of or interest on 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

(b) With respect to the Bonds of any Series, the Authority shall default in the due and punctual performance of any covenants contained in the Series Resolution authorizing the issuance thereof to the effect that the Authority shall comply with the provisions of the Code applicable to such Bonds necessary to maintain the exclusion of interest therein from gross income under Section 103 of the Code and shall not take any action which would adversely affect the exclusion of interest on such Bonds from gross income under Section 103 of the Code and, as a result thereof, the interest on the Bonds of such Series shall no longer be excludable from gross income under Section 103 of the Code; or

(c) 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 in 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 percent (25%) in principal amount of the Outstanding Bonds, or, if such default is not capable of being cured within thirty (30) days, if the Authority fails to commence to cure such default within said thirty (30) days and diligently prosecutes the cure thereof; or

(d) The Authority shall have notified the Trustee that an “Event of Default”, as defined in 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 and the Authority shall have notified the Trustee of such “Event of Default.”

(Section 11.02)

Acceleration of Maturity

Upon the happening and continuance of any event of default (other than under paragraph (b) of the provision of the Resolution summarized above under the caption “*Event of Default*”), then and in every such case the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (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 immediately 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 percent (25%) in principal amount of the Bonds not then due by their terms and then Outstanding, by written notice to the Authority, annul such declaration and its consequences if: (i) money 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) money 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 (other than principal amounts payable only because of a declaration and acceleration under the 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, the Series Resolution or in the Bonds (other than a default in the payment of the principal of such Bonds then due only because of a declaration under the Resolution) shall have been remedied to the reasonable 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, then and in every such case, the Trustee may proceed, and, upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds or, in the case of the happening and continuance of an event of default described in paragraph (b) of the provision of the Resolution summarized above under the caption “*Events of Default*”, upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, shall proceed (subject to the provisions of the Resolution regarding indemnification of the Trustee), 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 or any Series Resolution or in aid or execution of any power therein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Resolution and under 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 of the Resolution or of any Series Resolution or of the Bonds, with interest on overdue payments of the principal or of 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 any Series Resolution and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the money adjudged or decreed to be payable.

(Section 11.04)

Priority of Payments After Default

If at any time the money held by the Trustee under the Resolution and under each Series Resolution shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturity under the provisions of the Resolution), such money together with any money then available or thereafter becoming available for such purpose, whether through exercise of the remedies provided for in the Resolution or otherwise, shall be applied (after first depositing in the Arbitrage Rebate Fund all amounts required to be deposited therein and then paying all amounts owing to the Trustee under the Resolution) as follows:

(a) Unless the principal of all the Bonds has become or been declared due and payable, all such money shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds which shall have become due whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all amounts due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds has become or been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference except as to the difference in the respective rates of interest specified in the Bonds.

Whenever money is to be applied by the Trustee pursuant to the provisions of the Resolution, such money shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. The setting aside of such money in trust for application in accordance with the Resolution shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Authority, to any Bondholder or to any other person for any delay in applying any such money so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be on an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of

principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement.

(Section 11.05)

Termination of Proceedings

In case any proceedings commenced by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee, each Provider, the University and the Bondholders shall be restored to their former positions and rights under the Resolution, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been commenced.

(Section 11.06)

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 described in subparagraph (b) under the heading "Event of Default" above, 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 be 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 centum (25%) in principal amount of the Outstanding Bonds, or, in the case of an event of default under paragraph (b) of the provision of the Resolution summarized above under the caption "*Event of Default*", 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 of the Resolution or for any other remedy under the Resolution and in equity or at law. 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 in the Resolution, 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)

Defeasance

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 money and securities pledged to such Bonds and all other rights granted by the Resolution to such 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 money or 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 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 an Authorized Officer of the Authority; second, to each Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, 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. The 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.

Bonds for the payment or redemption of which money shall have been set aside and shall be held in trust by the Trustee (through deposit of money 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 the preceding paragraph. 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 the preceding paragraph 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 said date of such Bonds, (b) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which, together with the money, 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 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 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 said Bonds at their last known addresses appearing on the 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 the Resolution and stating such maturity or redemption date upon which money is 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 Trustee shall select the Bonds of like Series and maturity payment of which shall be made in the manner provided in the Resolution. Neither the Defeasance Securities nor money deposited with the Trustee pursuant to 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, however*, that any money 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, 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; *provided further*, that money and Defeasance Securities may be withdrawn and used by the Authority for any purpose upon (i) the simultaneous substitution therefor of either money in an amount which shall be sufficient, or Defeasance Securities the principal of and interest on which when due will provide money which without regard to reinvestment, together with the money, 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 money and Defeasance Securities for such purpose. Any income or interest earned by, or increment to, the investment of any such money so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required by the Resolution 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 each Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, 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 money 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.

For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of money, or Defeasance Securities and money, if any, in accordance with clause (b) of the preceding paragraph, 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 money and Defeasance Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy clause (b) of the preceding paragraph, the Trustee shall pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, 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 money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution.

Option Bonds shall be deemed to have been paid in accordance with the Resolution only if, in addition to satisfying the requirements of clauses (a) and (b) above, there shall have been deposited with the Trustee money in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; *provided, however*, that if, at the time a deposit is made with the Trustee pursuant to 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 the Resolution. If any portion of the money deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess as follows: first, to the Arbitrage Rebate Fund, the amount required to be deposited therein in accordance with the direction of an Authorized Officer of the Authority; second, to each Provider, the Provider Payments which have not been repaid, pro rata, based upon the respective Provider Payments then unpaid to each Provider; third, 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 money so paid by the Trustee shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution.

Anything in the Resolution to the contrary notwithstanding, any money held by the Trustee or Paying Agent in trust for the payment and discharge of any of the Bonds of a Series or the interest thereon which remain unclaimed for one (1) year after the date when all of the Bonds of such Series have become due and payable either at their stated maturity dates or by call for earlier redemption, if such money were held by the Trustee or Paying Agent at such date, or for one (1) year after the date of deposit of such money if deposited with the Trustee or 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 and the Holders shall look only to the Authority for 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 money 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 money then unclaimed shall be returned to the Authority.

(Section 12.01)

**FORMS OF APPROVING OPINIONS
OF BOND COUNSEL**

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**FORMS OF APPROVING OPINIONS
OF BOND COUNSEL**

**FORM OF APPROVING OPINION OF HAWKINS DELAFIELD & WOOD LLP,
CO-BOND COUNSEL TO DASNY FOR THE SERIES 2018 BONDS**

Upon delivery of the Series 2018 Bonds, Hawkins Delafield & Wood LLP, Co-Bond Counsel to DASNY, proposes to issue its legal opinion in substantially the following form:

HAWKINS DELAFIELD & WOOD LLP
7 WORLD TRADE CENTER
250 GREENWICH STREET, 41ST FLOOR
NEW YORK, NEW YORK 10007

Dormitory Authority of the
State of New York
515 Broadway
Albany, New York 12207

Ladies and Gentlemen:

We, as Co-Bond Counsel to the Dormitory Authority of the State of New York (the "Authority"), a body corporate and politic of the State of New York (the "State"), constituting a public benefit corporation created and existing under the Dormitory Authority Act, being Chapter 524 of the Laws of New York of 1944, as amended (the "Act"), have examined a record of proceedings relating to the issuance of \$348,880,000 aggregate principal amount of New York University Revenue Bonds, Series 2018A (Tax-Exempt) (the "Series 2018A Bonds") and \$243,705,000 aggregate principal amount of New York University Revenue Bonds, Series 2018B (Taxable) (the "Series 2018B Bonds" and together with the Series 2018A Bonds, the "Series 2018 Bonds").

The Series 2018 Bonds are issued under and pursuant to the Act, the New York University Revenue Bond Resolution adopted by the Authority on May 28, 2008 (the "Bond Resolution"), as supplemented by the Series 2018A Resolution Authorizing the Issuance of a Series of New York University Revenue Bonds and the Series 2018B Resolution Authorizing the Issuance of a Series of New York University Revenue Bonds, each adopted by the Authority on April 11, 2018 (collectively, the "Series 2018 Resolutions"). The Bond Resolution and the Series 2018 Resolutions are herein collectively referred to as the "Resolutions." Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Series 2018 Bonds are dated, mature, are payable, bear interest and are subject to redemption and purchase as provided in the Resolutions and the respective Bond Series Certificate of the Authority fixing the terms and the details of such Series 2018 Bonds (collectively, the "Series 2018 Certificates").

The Authority has reserved the right to issue additional bonds on the terms and conditions and for the purposes stated in the Bond Resolution. Under and subject to the provisions of the Bond Resolution, the Series 2018 Bonds and all bonds heretofore and hereafter issued under the Bond Resolution (the "Bonds") rank and will rank equally as to security and payment.

We are of the opinion that:

1. The Authority has been duly created and is validly existing under the Act and has the right, power and authority to adopt the Resolutions and the Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms.

2. The Bond Resolution creates the valid pledge which it purports to create of the proceeds of the sale of the Bonds, the Revenues and all funds and accounts established by the Bond Resolution (other than the Arbitrage Rebate Fund, as defined in the Bond Resolution), including the investments thereof and the proceeds of such investments, if any, subject only to the provisions of the Bond Resolution permitting the application thereof to the purposes and on the terms and conditions set forth in the Bond Resolution.

3. The Series 2018 Bonds have been duly and validly authorized and issued by the Authority and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Resolutions.

4. The Series 2018 Bonds are not a debt of the State of New York, and the State of New York is not liable thereon, nor shall the Series 2018 Bonds be payable out of funds of the Authority other than those pledged for the payment of the Series 2018 Bonds.

5. The Loan Agreement, dated as of May 28, 2008 (the "Loan Agreement"), between the Authority and New York University (the "University"), has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery thereof by the University, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

6. Under existing statutes and court decisions, (i) interest on the Series 2018A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2018A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018. For any Series 2018A Bonds having original issue discount ("OID"), OID that has accrued and is properly allocable to the owners of such Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2018A Bonds.

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2018A Bonds in order that interest on the Series 2018A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2018A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Series 2018A Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. In rendering the opinion in paragraph 6, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority, the University and others in connection with the Series 2018A Bonds, and we have assumed compliance by the Authority and the University with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2018A Bonds from gross income under Section 103 of the Code. In addition, we have relied on the opinion of counsel to the University regarding, among other matters, the current qualifications of the University as an organization described in Section 501(c)(3) of the Code.

7. Interest on the Series 2018B Bonds is included in gross income for Federal income tax purposes pursuant to the Code.

8. Under existing statutes, interest on the Series 2018 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion regarding any other Federal, state or local tax consequences with respect to the Series 2018 Bonds. We render this opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. We express no opinion on the effect of any action hereafter taken

or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Series 2018A Bonds, or the exemption from personal income taxes of interest on the Series 2018 Bonds under state and local tax law.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Series 2018 Bonds, the Resolutions and the Loan Agreement may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed Series 2018A Bond and Series 2018B Bond and, in our opinion, the forms of said Bonds and their execution are regular and proper.

Very truly yours,

FORM OF APPROVING OPINION OF MCGLASHAN LAW FIRM, P.C.,
CO-BOND COUNSEL TO DASNY FOR THE SERIES 2018 BONDS

Upon delivery of the Series 2018 Bonds, McGlashan Law Firm, P.C., Co-Bond Counsel to DASNY, proposes to issue its legal opinion in substantially the following form:

MCGLASHAN LAW FIRM, P.C.
733 3RD AVENUE, SUITE 1512
NEW YORK, NEW YORK 10017

Dormitory Authority of the
State of New York
515 Broadway
Albany, New York 12207

Ladies and Gentlemen:

We, as Co-Bond Counsel to the Dormitory Authority of the State of New York (the "Authority"), a body corporate and politic of the State of New York (the "State"), constituting a public benefit corporation created and existing under the Dormitory Authority Act, being Chapter 524 of the Laws of New York of 1944, as amended (the "Act"), have examined a record of proceedings relating to the issuance of \$348,880,000 aggregate principal amount of New York University Revenue Bonds, Series 2018A (Tax-Exempt) (the "Series 2018A Bonds") and \$243,705,000 aggregate principal amount of New York University Revenue Bonds, Series 2018B (Taxable) (the "Series 2018B Bonds" and together with the Series 2018A Bonds, the "Series 2018 Bonds").

The Series 2018 Bonds are issued under and pursuant to the Act, the New York University Revenue Bond Resolution adopted by the Authority on May 28, 2008 (the "Bond Resolution"), as supplemented by the Series 2018A Resolution Authorizing the Issuance of a Series of New York University Revenue Bonds and the Series 2018B Resolution Authorizing the Issuance of a Series of New York University Revenue Bonds, each adopted by the Authority on April 11, 2018 (collectively, the "Series 2018 Resolutions"). The Bond Resolution and the Series 2018 Resolutions are herein collectively referred to as the "Resolutions." Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Series 2018 Bonds are dated, mature, are payable, bear interest and are subject to redemption and purchase as provided in the Resolutions and the respective Bond Series Certificate of the Authority fixing the terms and the details of such Series 2018 Bonds (collectively, the "Series 2018 Certificates").

The Authority has reserved the right to issue additional bonds on the terms and conditions and for the purposes stated in the Bond Resolution. Under and subject to the provisions of the Bond Resolution, the Series 2018 Bonds and all bonds heretofore and hereafter issued under the Bond Resolution (the "Bonds") rank and will rank equally as to security and payment.

We are of the opinion that:

1. The Authority has been duly created and is validly existing under the Act and has the right, power and authority to adopt the Resolutions and the Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms.

2. The Bond Resolution creates the valid pledge which it purports to create of the proceeds of the sale of the Bonds, the Revenues and all funds and accounts established by the Bond Resolution (other than the Arbitrage Rebate Fund, as defined in the Bond Resolution), including the investments thereof and the proceeds of such investments, if any, subject only to the provisions of the Bond Resolution permitting the application thereof to the purposes and on the terms and conditions set forth in the Bond Resolution.

3. The Series 2018 Bonds have been duly and validly authorized and issued by the Authority and are valid and binding special obligations of the Authority, payable solely from the sources provided therefor in the Resolutions.

4. The Series 2018 Bonds are not a debt of the State of New York, and the State of New York is not liable thereon, nor shall the Series 2018 Bonds be payable out of funds of the Authority other than those pledged for the payment of the Series 2018 Bonds.

5. The Loan Agreement, dated as of May 28, 2008 (the "Loan Agreement"), between the Authority and New York University (the "University"), has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery thereof by the University, constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the Series 2018 Bonds, the Resolutions and the Loan Agreement may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed Series 2018A Bond and Series 2018B Bond and, in our opinion, the forms of said Bonds and their execution are regular and proper.

Very truly yours,

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FORM OF CONTINUING DISCLOSURE AGREEMENT

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AGREEMENT TO PROVIDE CONTINUING DISCLOSURE

DORMITORY AUTHORITY OF THE STATE OF NEW YORK NEW YORK UNIVERSITY REVENUE BONDS, SERIES 2018A (TAX-EXEMPT) AND SERIES 2018B (TAXABLE)

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “Disclosure Agreement”), dated as of [], 2018, is executed and delivered by New York University (the “Obligated Person”), The Bank of New York Mellon, as trustee (the “Trustee”) and Digital Assurance Certification, L.L.C. (“DAC”), as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) issued by the Dormitory Authority of the State of New York (the “Issuer” or “DASNY”) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and are not intended to constitute “advice” within the meaning of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not 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), 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.

“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 resolutions pursuant to which the Bonds were issued.

“Trustee” means The Bank of New York Mellon and its successors and assigns.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (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 120 days after the end of each fiscal year of the Obligated Person (or any time thereafter following a Failure to File Event as described in this Section), commencing with the fiscal year ending August 31, 2018, 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 Disclosure Representative 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, IRS notices or events affecting the tax status of the securities;
7. Modifications to rights of securities holders, if material;
8. Bond calls, if material;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Ratings changes;
12. Tender offers;
13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
14. Merger, consolidation, or acquisition of the Obligated Person, if material; and
15. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;

(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” under the headings “OPERATING INFORMATION” and “FINANCIAL STATEMENT INFORMATION” relating to: (1) *student admissions*, similar to that set forth in the table entitled “UNDERGRADUATE ADMISSION STATISTICS;” (2) *student enrollment*, similar to that set forth in the tables entitled “ENROLLMENT SUMMARY,” “ENROLLMENT BY SCHOOL,” and “DEGREES CONFERRED;” (3) *tuition and fees*, similar to that set forth in the table entitled “TUITION & FEE CHARGES;” (4) *financial aid*, similar to that set forth under the subheading “STUDENT FINANCIAL AID;” (5) *faculty*, similar to that set forth in the table entitled “FACULTY PROFILE;” (6) *employee relations*, including material information about union contracts and, unless such information is included in the Audited Financial Statements of the University,

retirement plans; (7) *restricted and designated net assets*, unless such information is included in the Audited Financial Statements of the University; (8) *fundraising*, similar to that set forth in the table entitled “FUNDRAISING AND DEVELOPMENT: CASH AND GROSS PLEDGES,” (9) *University investment in plant*, unless such information is included in the Audited Financial Statements of the University; and (10) *outstanding long-term indebtedness*, unless such information is included in the Audited Financial Statements of the University;” 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 the Securities and Exchange Commission or 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;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Tender offers;
13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(13) of this Section 4: For the purposes of the event described in subsection (a)(13) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

14. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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 may notify the Disclosure Dissemination Agent in writing of the occurrence of such Notice Event. Each such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the desired text of the disclosure, the written

authorization for the Disclosure Dissemination Agent to disseminate such information, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Obligated Person or the Disclosure Representative, such notified party will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed as prescribed in subsection (a) or as prescribed in subsection (b) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with 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, contain the written authorization for the Disclosure Dissemination Agent to disseminate such information, if applicable, 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: _____

NEW YORK UNIVERSITY,
Obligated Person

By: _____
Name: _____
Title: _____

THE BANK OF NEW YORK MELLON
as Trustee

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer: Dormitory Authority of the State of New York
Obligated Person(s): New York University
Name of Bond Issue: New York University Revenue Bonds, Series 2018A (Tax-
Exempt) and Series 2018B (Taxable)
Date of Issuance: [], 2018
Date of Official Statement: [], 2018

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): New York University
Name of Bond Issue: New York University Revenue Bonds, Series 2018A (Tax-Exempt) and Series 2018B (Taxable)
Date of Issuance: [], 2018

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 [], 2018, by and among the Obligated Person, The Bank of New York Mellon, as Trustee and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the Annual 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;" and
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

_____ 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 disclosure" will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of _____ by and among the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party;"
10. _____ "derivative or other similar transaction;" and
11. _____ "other event-based disclosures."

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
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 _____ by and among the Obligated Person, the Trustee and DAC.

Issuer's and Obligated Person's Names:

Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

Description of Voluntary Financial Disclosure (Check One):

1. _____ "quarterly/monthly financial information;"
2. _____ "change in fiscal year/timing of annual disclosure;"
3. _____ "change in accounting standard;"
4. _____ "interim/additional financial information/operating data;"
5. _____ "budget;"
6. _____ "investment/debt/financial policy;"
7. _____ "information provided to rating agency, credit/liquidity provider or other third party;"
8. _____ "consultant reports;" and
9. _____ "other financial/operating data."

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date:

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