



**DASNY**

**ANDREW M. CUOMO**  
Governor

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

**GERRARD P. BUSHELL**  
President

***Memorandum***

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

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

**DATE:** June 19, 2017

**RE:** *State Environmental Quality Review (SEQR) Type II Determination for Rockefeller University – Refunding of Existing Debt*, New York City, Borough of Manhattan, New York County, New York

*Description of Proposed Action and Proposed Project.* Rockefeller University (“RU” or “the University”) has requested financing from DASNY (“Dormitory Authority State of New York”) for its *Refunding of Existing Debt* (collectively, the “Proposed Project”). Based on a review of the attached Single Approval Credit Summary, dated June 9, 2017, it has been determined that the Proposed Action would involve DASNY’s refunding of one or more series of fixed- and/or variable-rate, tax-exempt and/or taxable bonds in an aggregate amount not to exceed \$102,000,000 with maturities not to exceed 35 years are to be sold at one or more times through a negotiated offering and/or a private placement.

More specifically, the proceeds from the Series 2017 bond issue or issues would be used for the Proposed Project, which would consist of the refunding of all or a portion of DASNY’s The Rockefeller University Revenue Bonds, Series 2009B (\$100.0 million).

*Description of the Institution.* Founded in 1901 by John D. Rockefeller as The Rockefeller Institute for Medical Research, The Rockefeller University has become a world center for advanced study and research in the natural sciences. The University’s principal campus is located on the upper east side of Manhattan on approximately 14 acres of land. This campus includes 21 buildings, primarily laboratories, and includes a 40-bed research hospital and a library. A campus expansion is underway which would add additional space and several buildings to the existing campus by 2019.

The fundamental activity of the University is basic scientific research in the life sciences. Approximately 75 laboratories currently engage in research, each with its own faculty head and focus area of scientific inquiry. Research programs include genetics, neuroscience, biological imaging, cancer biology, and immunotherapy, among other fields. Since its inception, 24 scientists associated with the University have been awarded Nobel Prizes, five of whom currently serve as faculty members. The University also conducts an academic program for pre-doctoral students and, in conjunction with Cornell University’s Weill Medical College, a combined program for M.D./PhD. students.

*SEQR Determination.* DASNY completed this environmental review in accordance with the *State Environmental Quality Review Act* (“*SEQRA*”), codified at Article 8 of the *New York Environmental Conservation Law* (“*ECL*”), and its implementing regulations, promulgated at Part 617 of Title 6 of the *New York Codes, Rules and Regulations* (“*N.Y.C.R.R.*”), which collectively contain the requirements for the *State Environmental Quality Review* (“*SEQR*”) process. The refunding of existing debt is a Type II action as specifically designated by 6 *N.Y.C.R.R.* § 617.5(c)(2) of *SEQR*. Type II “*actions have been determined not to have significant impact on the environment or are otherwise precluded from environmental review under Environmental Conservation Law, article 8.*” Therefore, no further *SEQR* determination or procedure is required for any component of the Proposed Action identified as Type II.

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

#### Attachment

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

# Single Approval Credit Summary

The Rockefeller University  
New York, New York

June 9, 2017

Program: Independent Colleges & Universities Purpose: Refunding / Private Placement

## New Issue Details

One or more series of fixed and/or variable rate, tax-exempt and/or taxable bonds in an aggregate amount not to exceed \$102,000,000 with maturities not to exceed 35 years are to be sold at one or more times through a negotiated offering and/or a private placement.

- Bond Counsel – Nixon Peabody LLP
- Purchaser – TD Bank, N.A.

### Purpose

- Refunding of all or a portion of DASNY's The Rockefeller University Revenue Bonds, Series 2009B (\$100.0 million).

### Security

- General obligation of University

**Current Ratings:** Aa1 (Stable)/AA+ (Stable)/NR

## Overview

Founded in 1901 by John D. Rockefeller as The Rockefeller Institute for Medical Research, The Rockefeller University has become a world center for advanced study and research in the natural sciences. The University's principal campus is located on the upper east side of Manhattan on approximately 14 acres of land. This campus includes 21 buildings, primarily laboratories, and includes a 40-bed research hospital and a library. A campus expansion is underway which will add additional space and several buildings to the existing campus by 2019 (See "Future Capital Plans").

The fundamental activity of the University is basic scientific research in the life sciences. Approximately 75 laboratories currently engage in research, each with its own faculty head and focus area of scientific inquiry. Research programs include genetics, neuroscience, biological imaging, cancer biology, and immunotherapy, among other fields. Since its inception, 24 scientists associated with the University have been awarded Nobel Prizes, five of whom currently serve as faculty members. The University also conducts an academic program for pre-doctoral students and, in conjunction with Cornell University's Weill Medical College, a combined program for M.D./PhD. students.

A Board of Trustees consisting of no more than 40 members governs the University. Richard P. Lifton was named the University's 11<sup>th</sup> president by its Board of Trustees on May 5, 2016, following an international search. He took office on September 1, 2016. Mr. Lifton succeeded Marc Tessier-Lavigne, who departed the University to assume the presidency of Stanford University.

## Description of the Series 2017 Bonds

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

## Approvals

- SEQR Filing – June 19, 2017\*
- PACB Approval – June 21, 2017\*
- TEFRA Hearing – June 28, 2017\*

\*Anticipated Date

## Strengths

- Revenue Diversity – Rockefeller's world-renowned reputation in the field of biomedical research enables it to draw on diverse revenue sources, including government grants, philanthropy, and investment income.
- Financial Resources – Rockefeller has a very large financial resource base, reflecting both strong philanthropic support and a history of sizeable investment returns. As of June 30, 2016, the University had Total Net Assets of over \$2.3 billion and Expendable Resources totaling over \$1.9 billion.
- Balance Sheet Liquidity – The University's Viability Ratio, a measure of expendable resources against the University's long-term indebtedness, indicated sufficient resources to cover outstanding debt 2.6 times at the end of FY 2016.
- Operational Support – Rockefeller's Primary Reserve Ratio, which measures expendable resources against total operating expenses, at 5.4:1 for FY 2016 was well in excess of the 0.8:1 DASNY Median for 2015. This ratio evidences sufficient reserves to allow the University to operate for over five years without the generation of additional revenue.

## Risks

- Government Funding Levels – Direct research funding from government sources are a significant source of revenue for the University, averaging \$82.9 million annually over the last five years. Given the competition for research grants and budget uncertainty at the federal level, government funding levels remain a concern in the near term. This uncertainty highlights the importance of continued private support for the University's research programs.

# Single Approval Credit Summary

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The Rockefeller University  
New York, New York

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June 9, 2017

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Program: Independent Colleges & Universities Purpose: Refunding / Private Placement

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- Leverage – Rockefeller has a fairly high debt burden. The University's Capital Expense (Debt Burden) Ratio, which measures annual debt service as a percentage of total expenses, was 9.8% for FY 2016.

## Recommendation

The attached staff report recommends that the Board adopt the documents necessary for one or more series of bonds in an aggregate amount not to exceed \$102,000,000.

## The Rockefeller University

**INSTITUTION:** Founded in 1901 by John D. Rockefeller as The Rockefeller Institute for Medical Research, The Rockefeller University has become a world center for advanced study and research in the natural sciences. The University's principal campus is located on the upper east side of Manhattan on approximately 14 acres of land. This campus includes 21 buildings, primarily laboratories, and includes a 40-bed research hospital and a library. A campus expansion is underway which will add additional space and several buildings to the existing campus by 2019 (See "Future Capital Plans").

The fundamental activity of the University is basic scientific research in the life sciences. Approximately 75 laboratories currently engage in research, each with its own faculty head and focus area of scientific inquiry. Research programs include genetics, neuroscience, biological imaging, cancer biology, and immunotherapy, among other fields. Since its inception, 24 scientists associated with the University have been awarded Nobel Prizes, five of whom currently serve as faculty members. The University also conducts an academic program for pre-doctoral students and, in conjunction with Cornell University's Weill Medical College, a combined program for M.D./PhD. students.

A Board of Trustees consisting of no more than 40 members governs the University. Richard P. Lifton was named the University's 11<sup>th</sup> president by its Board of Trustees on May 5, 2016, following an international search. He took office on September 1, 2016. Mr. Lifton succeeded Marc Tessier-Lavigne, who departed the University to assume the presidency of Stanford University.

**DASNY FINANCING HISTORY:** Over the last 44 years, DASNY has issued 20 separate obligations on behalf of the University totaling over \$1.1 billion. As of March 31, 2017, \$703.6 million remained outstanding as shown in Table 1 below.

**Table 1 -- Outstanding DASNY Debt**

<u>Series</u>	<u>Defeasance or Maturity</u>	<u>Amount Issued (000's)</u>	<u>Amount Outstanding (000's)</u>
1973 through 1998		\$319,885	\$0
2002A1	2012	55,000	0
2002A2	2032	50,000	50,000
2005A	2015	65,000	0
2008A	2039	103,215	103,215
2009A	2028	59,295	59,295
2009B	2040	100,000	100,000
2009C	2040	100,000	100,000
2010A	2041	50,000	50,000
2012A	2037	26,465	26,465
2012B	2038	51,390	51,390
2015A	2045	119,190	119,190
2015B	2045	<u>44,000</u>	<u>44,000</u>
		\$1,143,440	\$703,555

The University has always met its obligations under these financings on time and in full.

**THE REFUNDING PLAN:** Proceeds from the Series 2017 Bonds will be used to refund all or a portion of the DASNY Series 2009B Bonds. The 2009B Bonds are variable rate demand bonds, currently bearing interest in the weekly rate mode with a par amount outstanding of \$100,000,000. The Loan Agreement for the 2009B Bonds is a general, unsecured obligation of the University. A liquidity facility for the 2009B Bonds, provided by U.S. Bank N.A. in the form of a standby bond purchase agreement, will be terminated at the time of the proposed refunding. The proposed refunding will eliminate the cost, renewal risk and downgrade risk associated with the liquidity facility. The 2009B Bonds have a bullet maturity on July 1, 2040. The University expects to extend the final maturity of the refunding bonds beyond 2040, but within the average life required by tax law.

**FINANCING DETAILS:** The Series 2017 Bonds are expected to be sold through a private placement with TD Bank, N.A. (the "Bank").

The Bonds are expected to be issued as variable rate with an interest rate reset monthly based on the tax-exempt equivalent of 30-day LIBOR plus a spread. The Bank has agreed to hold the bonds for a period of ten years from the date of closing, at which point there will be a mandatory tender if the University does not refinance or negotiate a renewal with the Bank. It is expected that there will be no principal amortization during the hold period.

Bond proceeds of approximately \$100.0 million are expected to be deposited to the refunding escrow account. Issuance costs are currently estimated at \$525,000. A total bond issue of approximately \$100.5 million is anticipated. A table of the estimated sources and uses of funds is provided in Attachment I.

**Security Provisions:** Moody's Investors Service has assigned a rating of "Aa1" to all of the publicly held outstanding obligations of the University. Standard & Poor's has rated the University's obligations "AA+". Both ratings carry a stable outlook. Accordingly, the University qualifies for an unsecured borrowing under DASNY's current Financing Guidelines for Independent Institutions. No security will be required by the Bank in connection with the proposed private placement.

**FEASIBILITY - ENROLLMENT ANALYSIS:** Rockefeller University is a fully endowed Research Institute that offers its programs of pure research to academically gifted graduate students across the nation and around the globe. The University charges no tuition to its students. Students are actually paid stipends of varying amounts while they attend the University. Offsetting the economic benefits of attending Rockefeller University are its highly

competitive standards of admission. The result is a student body that has remained at or below 200 students over the past five years. Since no tuition is charged, the enrollment base bears little correlation to the financial success of the University other than dictating the levels of direct expenditures attributable to the students from year to year.

***Table 3 – Selected Operating Statistics***

<i>(dollars in thousands)</i>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total operating revenue	\$196,068	\$409,698	\$356,885	\$314,965	\$296,217
Total operating expense	<u>318,449</u>	<u>324,183</u>	<u>336,606</u>	<u>351,383</u>	<u>356,800</u>
Change in net assets from operations	(122,381)	85,515	20,279	(36,418)	(60,583)
Total non-operating revenue	<u>(6,112)</u>	<u>17,023</u>	<u>3,908</u>	<u>(6,589)</u>	<u>(15,654)</u>
Change in unrestricted net assets	(128,493)	102,538	24,187	(43,007)	(76,237)
Plus: Total depreciation/amortization	35,837	38,942	40,513	40,249	42,480
Plus: Total interest paid (expense)	<u>31,060</u>	<u>29,823</u>	<u>29,503</u>	<u>29,533</u>	<u>24,721</u>
Adjusted change in net assets	(\$61,596)	\$171,303	\$94,203	\$26,775	(\$9,036)
Cash provided by operating activities	(\$72,207)	(\$45,060)	(\$81,163)	(\$59,963)	(\$46,420)
Total annual debt service	\$35,485	\$34,448	\$34,830	\$29,674	\$30,940
Net Operating Ratio (DASNY 2015 Median: 1.3%)	-62.4%	20.9%	5.7%	-11.6%	-20.5%
Net Income Ratio (DASNY 2015 Median: 2.5%)	-65.5%	25.0%	6.8%	-13.7%	-25.7%
Cash Income Ratio (DASNY 2015 Median: 3.8%)	-36.8%	-11.0%	-22.7%	-19.0%	-15.7%
Capital Expense Ratio (DASNY 2015 Median: 4.5%)	12.4%	11.9%	11.6%	9.5%	9.8%
Debt Coverage Ratio (DASNY 2015 Median: 2.0:1)	-1.0	3.7	1.4	1.3	1.6

**FEASIBILITY - OPERATIONS ANALYSIS:** Rockefeller University is unique among DASNY's higher education clients. Unlike other research institutes that depend on a budgeted enrollment level, the University's revenues are well diversified and include investment income, government grants and contracts, gifts and net asset releases, and auxiliary enterprises, primarily employee housing.

Rockefeller has a world-renowned reputation in the field of biomedical research, attracting top scientific recruits, government and foundation research grants, and philanthropic gifts for future research. Direct research funding from government sources has averaged \$82.9 million annually over the last five years. Because of Rockefeller's biomedical focus, National Institutes of Health (NIH) has historically been its largest research sponsor, averaging approximately 85% of annual government grants and contracts. While NIH funding has been stable over the past decade, budget proposals at the federal level to reduce NIH funding could potentially have a negative impact on funding received by Rockefeller. This has prompted University leadership to meet with White House officials to advocate for sustained support for biomedical research. The University has also focused considerable effort on increasing private support for its research programs. Rockefeller has historically enjoyed strong success in fundraising, driven primarily by high net worth individuals including Board members and other

donors with a strong interest in biomedical research. Private gifts and grants have averaged \$21.1 million annually over the last five years.

Fluctuations in the University's total revenue over the last five years is mainly the result of changes in the fair value of the University's investment portfolio and changes in the fair value of the University's interest rate swap agreements. The University reports all realized and unrealized investment gains and losses and changes in the value of the University's swap agreements "above the line" on its Statement of Activities. As a result, fluctuations in these values have dramatically impacted total revenue from year to year. Unrealized investment gains/losses have ranged from a high of \$65.9 million in FY 2014 to a low of negative \$4.5 million in FY 2016. Changes in the fair value of the University's swap agreements have ranged from an increase of \$60.0 million in FY 2013 to a decrease of \$90.0 million in FY 2012.

Due to additional borrowing in recent years, the University has become more highly leveraged. The University's Capital Expense (Debt Burden) Ratio, which measures annual debt service as a percentage of total expenses, was 9.8% for FY 2016 compared to the 2015 DASNY Median of 4.5%. Despite this level of debt, the University's debt coverage ratio over the last five years, after adjusting its operations to remove the impact of investment fluctuations, has averaged 1.7 times.

**Table 4 – Selected Financial Position Statistics**

(dollars in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Assets	\$2,908,774	\$3,005,843	\$3,205,377	\$3,612,589	\$3,533,545
Total Liabilities	1,013,083	951,104	946,330	1,106,323	1,170,707
<b>Net Assets</b>					
Unrestricted	393,550	496,088	520,275	477,268	401,031
Temporarily Restricted	1,247,921	1,302,224	1,475,720	1,769,997	1,642,742
Permanently Restricted	<u>254,220</u>	<u>256,427</u>	<u>263,052</u>	<u>259,001</u>	<u>319,065</u>
Total Net Assets	\$1,895,691	\$2,054,739	\$2,259,047	\$2,506,266	\$2,362,838
<b>Long-Term Debt</b>	\$628,208	\$622,841	\$610,398	\$735,076	\$734,670
Viability Ratio (DASNY 2015 Median: 1.0:1)	2.5	2.7	3.0	3.0	2.6
Primary Reserve Ratio (DASNY 2015 Median: 0.8:1)	4.8	5.1	5.5	6.3	5.4
Leverage Ratio (DASNY 2015 Median: 2.0:1)	2.6	2.9	3.3	3.1	2.8
Available Assets Ratio (DASNY 2015 Median: 1.9:1)	2.6	2.9	3.1	3.0	2.7

**FEASIBILITY - BALANCE SHEET ANALYSIS:** The University has a very large financial resource base, reflecting both strong philanthropic support and a history of sizeable investment returns. As of June 30, 2016, the University had Total Net Assets of over \$2.3 billion and Expendable Resources totaling over \$1.9 billion.

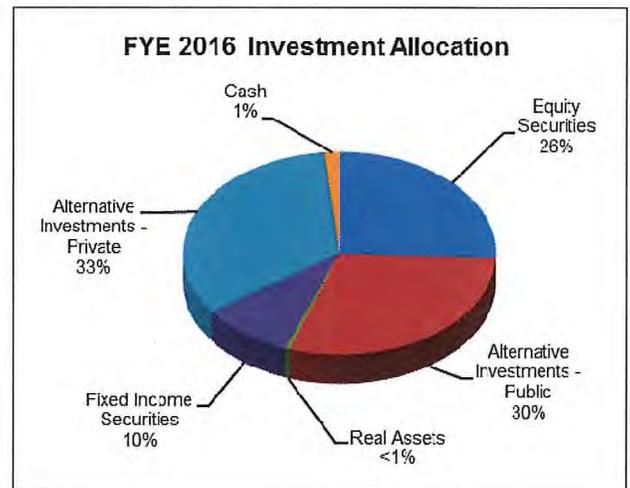
Rockefeller's Primary Reserve Ratio, which measures expendable resources against total operating expenses, at 5.4:1 for FY 2016 was well in excess of the 0.8:1 DASNY Median for 2015. This ratio evidences sufficient reserves to allow the University to operate for over five years without the generation of additional revenue. The University's Viability Ratio, a measure of the same expendable resources against the University's long-term indebtedness, indicated sufficient resources to cover outstanding debt 2.6 times at the end of FY 2016. This ratio was more than double the DASNY Median for 2015.

The University's long-term debt portfolio, all issued through DASNY, currently consists of 43% fixed rate and 57% variable rate debt. The majority of the University's variable rate debt is hedged by floating-to-fixed interest rate swaps. The University's liability associated with the current valuation of the swap obligation was \$192.8 million as of FYE 2016. The University has several bullet maturities on its long-term debt.

**ENDOWMENT AND INVESTMENTS:** As of June 30, 2016, the University reported investments totaling \$2.1 billion. The University's endowment, totaling approximately \$1.8 billion, consists of both donor-restricted endowment funds and funds designated by the University for long-term purposes. The Investment Committee of the Board of Trustees is responsible for overseeing the endowment and, with the support of the Office of Investments, establishes investment policy and asset allocation, appoints investment managers, and monitors the implementation and performance of the investment program. The policy emphasizes broad asset diversification and low correlation to traditional equity markets. The University operates under a spending policy for operations that applies a spending rate to the

endowment's trailing three-year average fair value of investments. The applied spending rate was 5.7% for FY 2016.

The table below presents the asset allocation within the University's investment portfolio as of June 30, 2016. The investment committee has a policy aimed at maintaining \$150 million of endowment assets available within one week. Maintaining ample liquidity is important to fund the University's budgeted spending for operations and any unfunded private capital commitments.



**FUTURE CAPITAL PLANS:** Construction continues on the Stavros Niarchos Foundation – David Rockefeller River Campus (the “River Campus”), which will add two acres and several buildings to the existing 14-acre campus by extending the Rockefeller University campus over the FDR Drive. The River Campus will include new buildings with state-of-the-art laboratories, a dining commons, an academic center, and a conference center. As part of the project, the University is also repairing the seawall along the East River and improving the public esplanade adjacent to the campus with support from the city council and community board. In addition, the University is establishing a \$1 million endowment to maintain the landscaping of the esplanade in perpetuity. The Marie-Josée and Henry R. Kravis Research Building will be the centerpiece of the River Campus, rising two stories over nearly three city blocks to provide 135,600 square feet of interior space to house over 600 scientific personnel. The building’s green roof will add almost two acres of open space to the University’s grounds. The River Campus was launched in 2014 by two pledges of \$75 million each from the Stavros Niarchos Foundation and from David Rockefeller. The Marie-Josée and Henry R. Kravis Foundation pledged \$100 million in May 2015 to support the creation of the research building. \$100 million in proceeds from bonds issued by DASNY in 2015 is being utilized to fund a portion of the construction costs. The River Campus project is expected to be completed in 2019.

**SUMMARY:** The Rockefeller University is a financially sound institution with substantial financial resources. Based on the University’s strong balance sheet and DASNY’s past experience with the University, staff recommends the Board adopt the necessary documents for one or more series of bonds in an amount not to exceed \$102,000,000.



**The Rockefeller University, Series 2017  
Sources and Uses of Funds**

**Sources of Funds:**

Bond Proceeds		
Par Proceeds	\$	100,525,000
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<i>Total Sources</i>	\$	100,525,000

**Uses of Funds:**

% of Par

Refunding Escrow Deposit	100,000,000	
Costs of Issuance		
DASNY Fee	125,000	0.12%
Bond Counsel	125,000	0.12%
Trustee & Counsel	5,000	0.00%
Institution Counsel	120,000	0.12%
Financial Advisor	90,000	0.09%
Bank Counsel	50,000	0.05%
TEFRA	10,000	0.01%
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<i>Total Uses</i>	\$	100,525,000

All Figures in 000's	Balance Sheets				
	2012	2013	2014	2015	2016
<b>Assets</b>					
Cash and Cash Equivalents	\$ 140,476	133,915	121,679	81,472	76,200
Contributions and Grants Receivable	212,956	187,994	219,424	465,753	447,379
Loans Receivable	31,126	32,559	32,055	34,838	32,637
Other Receivables	13,596	12,507	13,766	9,527	7,492
Short-Term Investments	0	0	0	0	0
Investments	1,711,025	1,845,373	2,037,875	2,126,133	2,058,252
Property, Plant and Equipment, Net	729,262	758,984	751,351	763,033	867,009
Deposits and Deferred Costs	37,069	0	0	100,002	13,249
Prepaid Expenses and Other Assets	33,264	34,511	29,227	31,831	31,327
Miscellaneous Assets	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 2,908,774</b>	<b>3,005,843</b>	<b>3,205,377</b>	<b>3,612,589</b>	<b>3,533,545</b>
<b>Liabilities</b>					
Accounts Payable and Accrued Expenses	\$ 44,036	49,131	42,791	46,046	56,915
Deposits and Deferred Revenues	4,349	5,201	5,197	5,055	5,003
Federal Grants Refundable	0	0	0	0	0
Federal Student Loans	0	0	0	0	0
Postretirement Benefits	58,011	47,481	47,976	59,846	68,590
Short-term Debt Obligations	0	0	0	0	0
Long-Term Debt	628,208	622,841	610,398	735,076	734,670
Due to Related Organizations	90,790	97,265	108,939	110,621	103,988
Other Liabilities	187,689	129,185	131,029	149,679	201,541
<b>Total Liabilities</b>	<b>\$ 1,013,083</b>	<b>951,104</b>	<b>946,330</b>	<b>1,106,323</b>	<b>1,170,707</b>
<b>Net Assets</b>					
Unrestricted	\$ 393,550	496,088	520,275	477,268	401,031
Temporarily Restricted	1,247,921	1,302,224	1,475,720	1,769,997	1,642,742
Permanently Restricted	254,220	256,427	263,052	259,001	319,065
<b>Total Net Assets</b>	<b>\$ 1,895,691</b>	<b>2,054,739</b>	<b>2,259,047</b>	<b>2,506,266</b>	<b>2,362,838</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,908,774</b>	<b>3,005,843</b>	<b>3,205,377</b>	<b>3,612,589</b>	<b>2,894,842</b>

All Figures in 000's	Statement of Activities				
	2012	2013	2014	2015	2016
<b>Operating Revenue</b>					
Tuition and Fees	\$ 0	0	0	0	0
Less Financial Aid	0	0	0	0	0
<b>Net Tuition and Fees</b>	<b>\$ 0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Sales and Service of Auxiliaries	\$ 29,971	31,277	32,787	32,216	31,904
Government Support	86,323	81,599	82,429	82,555	81,278
Private Gifts and Grants	25,532	34,791	9,279	18,158	17,581
Investment Returns	-2,231	44,727	65,872	22,840	-4,501
Other Revenues	-78,233	81,819	16,871	6,590	-34,426
Sales and Services -Educational	0	0	0	0	0
Hospital and Faculty Patient Care	0	0	0	0	0
Assets Released from Restriction	134,706	135,485	149,647	152,606	204,381
<b>Total Operating Revenue</b>	<b>\$ 196,068</b>	<b>409,698</b>	<b>356,885</b>	<b>314,965</b>	<b>296,217</b>
<b>Operating Expense</b>					
Instruction and Research	\$ 223,532	224,944	228,203	242,923	247,930
Academic Support	21,876	23,590	32,708	33,364	33,571
Student Services	0	0	0	0	0
Institutional Support	41,905	43,563	42,041	40,735	40,665
Facilities Expense	0	0	0	0	0
Auxiliary Expense	31,136	32,086	33,654	34,361	34,634
Other Operating Expense	0	0	0	0	0
Hospital and Faculty Patient Care	0	0	0	0	0
<b>Total Operating Expense</b>	<b>\$ 318,449</b>	<b>324,183</b>	<b>336,606</b>	<b>351,383</b>	<b>356,800</b>
<b>Chg in Unrestricted Net Assets from Operating Activities</b>	<b>\$ -122,381</b>	<b>85,515</b>	<b>20,279</b>	<b>-36,418</b>	<b>-60,583</b>
<b>Non-Operating Activities</b>					
Net Excess Investment Return/(Loss)	\$ 0	0	0	0	0
Capital Gifts and Contributions	0	0	0	0	0
Assets Released from Restriction	0	0	0	0	0
Other Non-Operating Items, Net	-6,112	17,023	3,908	-6,589	-15,654
Extraordinary Gain/(Loss)	0	0	0	0	0
<b>Total Non-Operating Activities</b>	<b>\$ -6,112</b>	<b>17,023</b>	<b>3,908</b>	<b>-6,589</b>	<b>-15,654</b>
<b>Change in Unrestricted Net Assets</b>	<b>\$ -128,493</b>	<b>102,538</b>	<b>24,187</b>	<b>-43,007</b>	<b>-76,237</b>

The Rockefeller University  
Independent Higher Education Institutions  
Financial and Operating Ratios

Appendix B

	Year					2015 DASNY Median
	2012	2013	2014	2015	2016	
<b><u>Liquidity Ratios</u></b>						
Primary Reserve	4.8	5.1	5.5	6.3	5.4	0.8
Cash Income	-36.8%	-11.0%	-22.7%	-19.0%	-15.7%	3.8%
Unrestricted Resources to Debt	0.47	0.58	0.62	0.61	0.37	0.49
Viability	2.5	2.7	3.0	3.0	2.6	1.0
Composition of Assets	2.99	2.96	3.27	3.73	3.08	2.02
Operating Cash Flow to Debt Service	-1.16	-0.44	-1.48	-1.03	-0.70	1.25
<b><u>Capital Ratios</u></b>						
Age of Facility	10.44	10.66	11.17	12.26	12.46	11.71
Capital Expense (Debt Burden)	12.4%	11.9%	11.6%	9.5%	9.8%	4.5%
Debt Service Coverage	1.5	2.0	1.4	1.9	1.6	2.0
Leverage	2.6	2.9	3.3	3.1	2.8	2.0
Capitalization Ratio	65.2%	68.4%	70.5%	69.4%	66.9%	60.8%
Total Resources per FTE Student	\$9,347,068	\$10,599,978	\$11,511,380	\$12,975,440	\$11,556,990	\$78,724
Debt per FTE Student	\$3,271,917	\$3,441,110	\$3,317,380	\$3,848,565	\$3,806,580	\$63,388
<b><u>Productivity and Demand Ratios</u></b>						
Matriculation (Yield)	0.0%	0.0%	0.0%	0.0%	0.0%	33.2%
Selectivity (Acceptance)	0.0%	0.0%	0.0%	0.0%	0.0%	48.1%
Student/Faculty	2.0	1.8	1.8	1.8	1.9	7.1
Tuition Discount Rate	0.0%	0.0%	0.0%	0.0%	0.0%	32.5%
Educational Core Services	134.6%	59.4%	70.4%	85.9%	93.8%	60.7%
Educational Support Ratio	13.2%	6.2%	10.1%	11.8%	12.7%	16.4%
General Support Ratio	25.2%	11.5%	13.0%	14.4%	15.4%	19.0%
<b><u>Profitability and Operating Ratios</u></b>						
Net Operating Margin	-62.4%	20.9%	5.7%	-11.6%	-20.5%	1.3%
Net Income	-65.5%	25.0%	6.8%	-13.7%	-25.7%	2.5%
Net Tuition per FTE Student	\$0	\$0	\$0	\$0	\$0	\$27,500
Return on Net Assets	-8.1%	8.4%	9.9%	10.9%	-5.7%	3.9%
Return on Average Investment Value	-5.4%	14.2%	14.8%	5.3%	-0.3%	3.4%
Net Tuition Dependency	0.0%	0.0%	0.0%	0.0%	0.0%	46.8%
Contributed Income	55.8%	58.3%	52.5%	53.9%	68.9%	10.5%
Operating Income	33.7%	35.5%	33.0%	33.2%	13.7%	88.5%
<b>Available Assets</b>	<b>2.6</b>	<b>2.9</b>	<b>3.1</b>	<b>3.0</b>	<b>2.7</b>	<b>1.9</b>
<b>Federal Financial Ratio</b>	<b>2.20</b>	<b>3.00</b>	<b>3.00</b>	<b>2.20</b>	<b>2.20</b>	<b>2.85</b>

ROCKEFELLER UNIVERSITY

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