



DASNY

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Governor

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Chair

GERRARD P. BUSHELL, Ph.D.
President & CEO

Memorandum

TO: Sara P. Richards, Esq., Associate General Counsel

FROM: Robert S. Derico, R.A., Acting Director, Office of Environmental Affairs



DATE: February 26, 2019

RE: *State Environmental Quality Review (SEQR) Determination for Rockefeller University's Continued Construction of the Stavros Niarchos Foundation – David Rockefeller River Campus and Refunding of Existing Debt*, Boroughs of Manhattan and Brooklyn, New York

Description of Proposed Action and Proposed Project. Rockefeller University (“RU” or the “University”) has requested financing from Dormitory Authority of the State of New York (“DASNY”) for its *Continued Construction of the Stavros Niarchos Foundation – David Rockefeller River Campus and Refunding of Existing Debt* (collectively, the “Proposed Project”). Based on a review of the attached Transaction Summary Update, dated February 25, 2019, it has been determined that the Proposed Action would involve DASNY’s authorization of the issuance of one or more series of fixed- and/or variable-rate, tax-exempt and/or taxable, Series 2019 bonds sold at one or more times through a negotiated offering or a private placement, in an amount not to exceed \$310,000,000 in funding under DASNY’s Independent Colleges and Universities Program.

More specifically, the proceeds from the Series 2019 bond issue or issues would be used for the Proposed Project, which would consist of the continued construction of the University’s River Campus, now known as the *Stavros Niarchos Foundation – David Rockefeller River Campus* (\$90.0 Million), and the refunding of all or a portion of DASNY’s Rockefeller University Revenue Bonds, Series 2009A, 2009C, and 2010A (\$209.3 million).

Previously, the *Rockefeller University River Campus and Fitness Center Project*, as it was known at the time of the original DASNY financing, was the subject of an *Environmental Impact Statement (“EIS”)* undertaken by the New York City Planning Commission (“CPC”). On April 2, 2014, the CPC, as Lead Agency, issued its *Findings Statement* for the *River Campus and Fitness Center Project*, determining that the requirements of 6 N.Y.C.R.R. Part 617 of the *State Environmental Quality Review Act* had been met and that, consistent with social, economic, and other essential considerations from among reasonable alternatives thereto, the approved actions were ones that avoided or minimized adverse environmental impacts to the maximum extent practicable. The CPC’s *Findings Statement* also determined that adverse environmental impacts disclosed in the *Final EIS* and *FEIS Memo* would be minimized or avoided to the maximum extent practicable by incorporating as conditions to the approval, pursuant to a *Restrictive Declaration* identifying mitigation measures.

Specifically, the *River Campus and Fitness Center Project* included the development of a new two-story, approximately 157,251 gsf laboratory building with two, one-story pavilions (the Research Pavilion and the Cafeteria Pavilion) and privately accessible landscaped green space on its roof (located on the “Laboratory Building Site”); a one-story, approximately 3,353-gsf conference and

meeting pavilion (the “Interactive Conference Center” or “ICC”) located on the North Terrace at the north end of the platform structure (the “North Terrace Site”); a new approximately 20,498-gsf one-story fitness center would be built at the northwest corner of the university campus (located on the “Fitness Center Site”); and a proposed new privately accessible landscaped area on the North Terrace), adjacent to the Rockefeller University’s President’s House, which is situated on the “superblock” bounded by East 62nd Street and the centerline of demapped East 68th Street, between York Avenue and the seawall (or bulkhead), east of the Franklin Delano Roosevelt (“FDR”) Drive and the East River Esplanade.

Both the laboratory and the ICC buildings would be constructed on an approximately 930-linear-foot platform structure situated largely in air space over the FDR Drive. To structurally support the platform, 20 columns would be located west of the FDR Drive immediately adjacent to and within an existing schist retaining wall, and 10 columns would be located flush with the FDR Drive’s eastern edge (within the western portion of the East River Esplanade). An approximately 930-foot-long, 8-foot-tall sound barrier would also be constructed along the eastern edge of the FDR Drive (between the FDR Drive and the East River Esplanade) that would extend the entire length of the proposed platform structure.

As part of the mitigation for the shadow impact to the existing East River Esplanade, the University would implement specific esplanade improvements. Additionally, RU would undertake the repair and rebuilding of the portion of the East River seawall (bulkhead) adjacent to the project site, extending approximately 222 feet south of the project site where deficiencies have been identified.

While DASNY was not included as an involved agency or interested party at the time of the original *SEQR/City Environmental Quality Review (“CEQR”)* process, DASNY, as an agency financing the Proposed Project, is required to develop independent findings. DASNY issued its *Findings Statement* on April 10, 2015 for the previously described *River Campus and Fitness Center Project*.

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

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 that began in 2015 is nearing completion, adding additional space and several buildings to the existing campus.

The fundamental activity of the University is basic scientific research in the life sciences. Approximately 82 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 *SEQR* process. The major component of the Proposed Projects described herein have undergone the appropriate *SEQR* at the time of their initial funding. Since the previously reviewed projects have not undergone any substantive change since the initial reviews, the reviews completed for those project components are still valid and deemed to be in compliance with *SEQRA* for this financing.

The remaining activity associated with the Proposed Project that was not previously reviewed under *SEQR* is the *"refunding of existing debt"* which is classified as a Type II action, specifically designated by 6 *N.Y.C.R.R.* § 617.5(c)(29) 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 Project identified as Type II.

The Proposed Project 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 the DASNY and the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP"). Consultation was initiated with OPRHP regarding the Proposed Project (OPRHP Project №. 15PR01948). OPRHP, in its letter of May 22, 2015, determined *"...proposed work will have No Adverse Impact upon historic resources provided...All requirements of the April 9th executed Restrictive Declaration are met"*. It is the opinion of DASNY that the requirements of the Restrictive Declaration have been, and continues to be, met for the Proposed Project and that there are no impacts on historical or cultural resources in or eligible for inclusion in the National and State Registers of Historic Places.

Attachment

cc: Donna A. Rosen, Esq.
David P. Ostrander
SEQR File
OPRHP File

Transaction Summary Update

The Rockefeller University
New York, New York

February 25, 2019

Program: Independent Colleges & Universities

Purpose: New Money / Refunding

New Issue Details

One or more Series of fixed and/or variable rate, tax-exempt and/or taxable Series 2019 Bonds with maturities not to exceed 40 years in an amount not to exceed \$310,000,000 are to be sold at one or more times through a negotiated offering and/or a private placement.

- Lead Manager – BofA Merrill Lynch
- Bond Counsel – Nixon Peabody, LLP
- Underwriter's Counsel – Katten Muchin Rosenman LLP

Purpose

- Financing and/or reimbursement of costs associated with construction of the Stavros Niarchos Foundation – David Rockefeller River Campus (the "River Campus"), which will add two acres and several buildings to the University's existing 14-acre campus (\$90.0 million).
- Refunding of all or a portion of DASNY's The Rockefeller University Revenue Bonds, Series 2009A, 2009C and 2010A (\$209.3 million).

Security

- General obligation of University

Current Ratings: Moody's: Aa1 (Stable)
S&P: AA (Stable)
Fitch: 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 that began in 2015 is nearing completion, adding additional space and several buildings to the existing campus.

The fundamental activity of the University is basic scientific research in the life sciences. Approximately 82 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.

Description of the Series 2019 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

- PACB Approval – February 20, 2019
- TEFRA Hearing – February 27, 2019

Recommendation

Staff recommends that the Board adopt the necessary documents for one or more series of bonds with maturities not to exceed 40 years in an aggregate amount not to exceed \$310,000,000.

This Transaction Summary Update was prepared solely to assist DASNY in its review and approval of the proposed financing described therein and must not be relied upon by any person for any other purpose. DASNY does not warrant the accuracy of the statements contained in any offering document or any other materials relating to or provided by the Institution in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.

The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution pursuant to the Loan Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.



DASNY

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

ROCKEFELLER UNIVERSITY

The Letter from Bond Counsel will be transmitted to the Members under separate cover.

Transaction Summary

The Rockefeller University
New York, New York

January 25, 2019

Program: Independent Colleges & Universities

Purpose: New Money / Refunding

New Issue Details

Approximately \$300,795,000 in fixed and/or variable rate, tax-exempt and/or taxable Bonds with maturities not to exceed 40 years are to be sold at one or more times through one or more negotiated offerings and/or private placements.

Purpose

- Financing and/or reimbursement of costs associated with construction of the Stavros Niarchos Foundation – David Rockefeller River Campus (the “River Campus”), which will add two acres and several buildings to the University’s existing 14-acre campus (\$90.0 million).
- Refunding of all or a portion of DASNY’s The Rockefeller University Revenue Bonds, Series 2009A, 2009C and 2010A (\$209.3 million).

Security

- General obligation of University

Current Ratings: Moody’s: Aa1 (Stable)
S&P: AA+ (Stable)
Fitch: 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 that began in 2015 is nearing completion, adding additional space and several buildings to the existing campus.

The fundamental activity of the University is basic scientific research in the life sciences. Approximately 82 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.

Additional Information

- **Revenue Diversity** – Rockefeller’s reputation in the field of biomedical research enables it to draw on diverse revenue sources, including government grants, philanthropy, and investment income.
- **Financial Resources** – The University’s financial resource base has grown, mainly due to philanthropic support and a history of positive investment returns. As of June 30, 2018, the University reported Total Net Assets of over \$2.7 billion and Expendable Resources totaling over \$2.0 billion.
- **Balance Sheet Liquidity** – The University’s Expendable Resources to Long-Term Debt ratio indicated resources to cover outstanding debt 2.7 times at the end of fiscal year 2018.
- **Government Funding Levels** – Direct research funding from government sources are a significant source of revenue for the University. Changes in funding at the federal level have the potential to impact funding received by Rockefeller. This uncertainty highlights the importance of continued private support for the University’s research programs.

Recommendation

The attached staff report recommends that the Board adopt a Resolution to Proceed for one or more series of bonds with maturities not to exceed 40 years in an aggregate amount not to exceed \$310,000,000.

This Transaction Summary was prepared solely to assist DASNY in its review and approval of the proposed financing described therein and must not be relied upon by any person for any other purpose. DASNY does not warrant the accuracy of the statements contained in any offering document or any other materials relating to or provided by the Institution in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.

The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution pursuant to the Loan Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.



DASNY

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

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 that began in 2015 is nearing completion, adding additional space and several buildings to the existing campus (See "The Project" below).

The fundamental activity of the University is basic scientific research in the life sciences. Approximately 82 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.

DASNY FINANCING HISTORY: Over the last 46 years, DASNY has issued 21 separate obligations on behalf of the University totaling over \$1.2 billion. As of December 31, 2018, \$704.0 million remained outstanding as shown in Table 1 below.

Table 1 -- Outstanding DASNY Debt

Series	Defeasance or Maturity	Amount Issued (000's)	Amount Outstanding (000's)
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	2017	100,000	0
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	44,000	44,000
2017A	2052	<u>100,445</u>	<u>100,445</u>
		\$1,243,885	\$704,000

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

THE PROJECT: Proceeds from the proposed issuance are expected to finance and/or reimburse the University for approximately \$90.0 million in costs associated with construction of 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 November 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. Construction of the River Campus project began in fall 2015 and is expected to be completed in spring 2019.

THE REFUNDING PLAN: Proceeds from the proposed issuance are expected to be used to refund all or a portion of the DASNY Series 2009A and 2009C Bonds and may also be used to refund all or a portion of the 2010A Bonds. The Series 2009A Bonds have a current par amount outstanding of \$59,295,000 and the Series 2009C Bonds have a current par amount outstanding of \$100,000,000. Both series of bonds are callable at par on or after July 1, 2019. The Series 2010A Bonds have a current par amount outstanding of \$50,000,000 and are callable at par on or after July 1, 2020. The University may extend the final maturities of the refunding bonds beyond the final maturities of the bonds to be refunded, but within the average life required by tax law.

Assuming current market conditions, a total net present value savings in the range of \$11.2 million, or 7.04% of the refunded bonds, is expected from the refunding of the 2009A and 2009C Bonds as shown in Attachment I.

FINANCING DETAILS: New money project costs are expected to require a deposit to the Construction Fund totaling \$90.0 million. Bond proceeds of approximately \$209.3 million are expected to be deposited to the refunding escrow accounts. Issuance costs, including DASNY's fee, counsel fees, and underwriter's discount, are estimated to total approximately \$1.5 million. Staff is requesting bonding authorization in an amount not to exceed \$310.0 million to provide the University with flexibility and ensure sufficient proceeds to complete the financing. The estimated sources and uses of funds are provided in Attachment II.

Ratings: Moody's Investors Service has assigned a rating of "Aa1" to the outstanding obligations of the University with a "Stable Outlook". Standard & Poor's has rated the University's obligations "AA+" with a "Stable Outlook".

Security Provisions: It is anticipated that the Loan Agreement will be a general unsecured obligation of the University and no security interest in any revenues or assets of the University will be granted by the University under the Loan Agreement.

ENROLLMENT: Rockefeller University is a fully endowed Research Institute that offers its programs of pure research to graduate students across the nation and around the globe. The University charges no tuition to its students. Students are paid stipends to cover living expenses while they attend the University. Offsetting the economic benefits of attending Rockefeller University are

its competitive standards of admission. The result is a student body that has remained at around 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total operating revenue	\$356,885	\$314,965	\$296,217	\$430,822	\$458,856
Total operating expense	<u>336,606</u>	<u>351,383</u>	<u>356,800</u>	<u>373,044</u>	<u>383,568</u>
Change in net assets from operations	20,279	(36,418)	(60,583)	57,778	75,288
Total non-operating activities	<u>3,908</u>	<u>(6,589)</u>	<u>(15,654)</u>	<u>6,548</u>	<u>2,104</u>
Change in unrestricted net assets	24,187	(43,007)	(76,237)	64,326	77,392
Plus: Total depreciation/amortization	40,513	40,249	42,480	42,564	42,726
Plus: Total interest paid (expense)	<u>29,503</u>	<u>29,533</u>	<u>24,721</u>	<u>26,406</u>	<u>26,695</u>
Adjusted change in net assets	\$94,203	\$26,775	(\$9,036)	\$133,296	\$146,813
Cash provided by operating activities	(\$81,163)	(\$59,963)	(\$46,420)	(\$90,712)	(\$37,129)
Total annual debt service	\$34,830	\$29,674	\$30,940	\$31,789	\$32,531
Adjusted Operating Margin (DASNY 2017 Median: 3.7%)	-7.0%	-9.9%	-7.0%	10.7%	14.5%
Net Income Margin (DASNY 2017 Median: 7.7%)	-5.8%	-11.9%	-11.7%	12.3%	14.9%
Debt Service to Operating Expenses (DASNY 2017 Median: 4.4%)	10.3%	8.4%	8.7%	8.5%	8.5%
Annual Debt Service Coverage (DASNY 2017 Median: 2.3:1)	1.4	1.3	1.6	3.7	4.3

OPERATIONS: Rockefeller University is unique among DASNY's higher education clients. Unlike other research institutes that depend on a budgeted enrollment level, its revenues are derived primarily from investment income, government grants and contracts, and fundraising.

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 \$84.1 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. NIH funding has been stable over the past decade, but any future reductions in funding at the federal level could potentially have a negative impact on funding received by Rockefeller. 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. The University has focused considerable effort on increasing private support for its research programs in recent years, with private gifts and grants reaching a 5-year high of \$23.4 million for fiscal year 2018.

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 impacted total revenue from year to year. Unrealized investment gains/losses have ranged from a high of \$65.9 million in fiscal year 2014 to a low of negative \$4.5 million in fiscal year 2016. Changes in the fair value of the University's swap agreements have ranged from an increase of \$45.8 million in fiscal year 2017 to a decrease of \$51.8 million in fiscal year 2016.

The University's Debt Service to Operating Expenses ratio has averaged 8.9% over the last five years, which exceeds the DASNY Median of 4.4%. Debt Service Coverage has averaged 2.5 times over five years.

Table 4 – Selected Financial Position Statistics

(dollars in thousands)	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Assets	\$3,205,377	\$3,612,589	\$3,533,545	\$3,669,901	\$3,906,488
Total Liabilities	946,330	1,106,323	1,170,707	1,134,995	1,158,350
Net Assets					
Unrestricted	520,275	477,268	401,031	465,357	542,749
Temporarily Restricted	1,475,720	1,769,997	1,642,742	1,744,249	1,871,795
Permanently Restricted	<u>263,052</u>	<u>259,001</u>	<u>319,065</u>	<u>325,300</u>	<u>333,594</u>
Total Net Assets	\$2,259,047	\$2,506,266	\$2,362,838	\$2,534,906	\$2,748,138
Long-Term Debt	\$610,398	\$735,076	\$734,670	\$734,263	\$734,783
Expendable Resources to LT Debt (DASNY 2017 Median: 1.2:1)	3.0	2.9	2.6	2.6	2.7
Total Cash & Investments to Operating Expenses (DASNY 2017 Median: 1.6:1)	6.4	6.3	6.0	5.8	5.9
Total Cash & Investments to Total Debt (DASNY 2017 Median: 2.3:1)	3.5	3.0	2.9	2.9	3.1

BALANCE SHEET: The University's financial resource base has grown, mainly due to philanthropic support and a history of positive investment returns. As of June 30, 2018, the University reported Total Net Assets of over \$2.7 billion and Expendable Resources totaling over \$2.0 billion. The University's Expendable Resources to Long-Term Debt ratio indicated resources to cover outstanding debt 2.7 times at the end of fiscal year 2018. This ratio was more than double the DASNY Median for 2017.

The University reported total cash & investments of \$2.2 billion for fiscal year 2018. When comparing this amount to both debt and expenses, the University compares favorably to DASNY Medians. Total Cash & Investments to Operating Expenses was 5.9 times and Total Cash and Investments to Total Debt was 3.1 times. Each of these ratios exceeded the DASNY Medians of 1.6 times and 2.3 times, respectively.

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 \$117.6 million as of FYE 2018. The University has several bullet maturities on its long-term debt.

ENDOWMENT AND INVESTMENTS: As of June 30, 2018, the University reported investments totaling \$2.2 billion. The University's endowment, totaling just over \$2.0 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 market indices. 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 5.5% for fiscal year 2018.

The table below presents the asset allocation within the University's investment portfolio as of June 30, 2018.



SUMMARY: Staff recommends the Board adopt the necessary documents for one or more series of bonds in an amount not to exceed \$310,000,000.

This report was prepared solely to assist DASNY in its review and approval of the proposed financing described therein and must not be relied upon by any person for any other purpose. DASNY does not warrant the accuracy of the statements contained in any offering document or any other materials relating to or provided by the Institution in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.

The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution pursuant to the Loan Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.



**The Rockefeller University, Series 2019
Savings Analysis - Series 2009A and Series 2009C Refunding**

Date	Existing D/S	New D/S	Gross Savings	PV Savings
2020	22,137,050	8,571,563	13,565,487	13,293,887
2021	13,055,700	6,857,250	6,198,450	5,805,672
2022	12,433,450	6,857,250	5,576,200	5,070,068
2023	12,438,200	6,857,250	5,580,950	4,925,693
2024	12,434,450	6,857,250	5,577,200	4,778,057
2025	12,431,950	6,857,250	5,574,700	4,635,798
2026	12,435,900	6,857,250	5,578,650	4,502,931
2027	12,423,650	6,857,250	5,566,400	4,361,038
2028	12,426,775	6,857,250	5,569,525	4,235,247
2029	5,000,000	6,857,250	(1,857,250)	(1,384,358)
2030	5,000,000	6,857,250	(1,857,250)	(1,344,266)
2031	5,000,000	6,857,250	(1,857,250)	(1,305,335)
2032	5,000,000	6,857,250	(1,857,250)	(1,267,531)
2033	5,000,000	6,857,250	(1,857,250)	(1,230,822)
2034	5,000,000	6,857,250	(1,857,250)	(1,195,176)
2035	5,000,000	6,857,250	(1,857,250)	(1,160,562)
2036	5,000,000	6,857,250	(1,857,250)	(1,126,951)
2037	5,000,000	6,857,250	(1,857,250)	(1,094,313)
2038	5,000,000	57,422,250	(52,422,250)	(29,780,705)
2039	5,000,000	4,329,000	671,000	372,793
2040	105,000,000	4,329,000	100,671,000	53,914,371
2041		4,329,000	(4,329,000)	(2,267,804)
2042		4,329,000	(4,329,000)	(2,202,126)
2043		4,329,000	(4,329,000)	(2,138,350)
2044		4,329,000	(4,329,000)	(2,076,421)
2045		4,329,000	(4,329,000)	(2,016,286)
2046		4,329,000	(4,329,000)	(1,957,892)
2047		4,329,000	(4,329,000)	(1,901,190)
2048		4,329,000	(4,329,000)	(1,846,129)
2049		90,909,000	(90,909,000)	(37,382,511)
Total	282,217,125	316,766,063	(34,548,938)	11,216,827

PRESENT VALUE ANALYSIS SUMMARY

Total PV Debt Service Savings.....	11,216,827
Less: Prior Funds on Hand.....	-
Plus: Refunding Funds on Hand.....	=
NET PRESENT VALUE BENEFIT.....	11,216,827
NPV BENEFIT OF BONDS BEING REFUNDED.....	7.04%



**The Rockefeller University
Sources and Uses of Funds**

Sources of Funds:

Bond Proceeds		
Par Proceeds	\$	300,795,000
<i>Total Sources</i>	\$	300,795,000

Uses of Funds:

			% of Par
Project Fund Deposit	\$	90,000,000	
Escrow Fund Deposits		209,295,000	
Costs of Issuance and Underwriter's Discount		1,500,000	0.50%
<i>Total Uses</i>	\$	300,795,000	

All Figures in 000's	Balance Sheets				
	2014	2015	2016	2017	2018
Assets					
Cash and Cash Equivalents	\$ 121,679	81,472	76,200	77,711	69,796
Accounts Receivable	13,766	9,527	7,492	10,350	10,331
Contributions Receivable	219,424	465,753	447,379	431,505	423,945
Grants, Loans and Other Receivables	32,055	34,838	32,637	31,485	33,075
Short-Term Investments	0	0	0	0	0
Investments	2,037,875	2,126,133	2,058,252	2,077,568	2,205,066
Property, Plant and Equipment, Net	751,351	763,033	867,009	1,006,297	1,129,349
Deposits Held Under Debt Agreements	0	100,002	13,249	0	0
Prepaid Expenses and Other Assets	29,227	31,831	31,327	34,985	34,926
Right to Use Leased Property	0	0	0	0	0
Total Assets	\$ 3,205,377	3,612,589	3,533,545	3,669,901	3,906,488
Liabilities					
Accounts Payable and Accrued Expenses	\$ 42,791	46,046	56,915	63,538	73,095
Deposits and Deferred Revenues	5,197	5,055	5,003	4,697	3,636
Federal Grants and Student Loans	0	0	0	0	0
Pension and Postretirement Benefits	47,976	59,846	68,590	65,800	67,087
Short-term Debt Obligations	0	0	0	0	0
Long-Term Debt	610,398	735,076	734,670	734,263	734,783
Lease Obligations	0	0	0	0	0
Due to Related Organizations	108,939	110,621	103,988	110,754	117,196
Asset Retirement Obligation	0	0	0	0	0
Other Liabilities	131,029	149,679	201,541	155,943	162,553
Total Liabilities	\$ 946,330	1,106,323	1,170,707	1,134,995	1,158,350
Net Assets					
Unrestricted	\$ 520,275	477,268	401,031	465,357	542,749
Temporarily Restricted	1,475,720	1,769,997	1,642,742	1,744,249	1,871,795
Permanently Restricted	263,052	259,001	319,065	325,300	333,594
Total Net Assets	\$ 2,259,047	2,506,266	2,362,838	2,534,906	2,748,138
Total Liabilities and Net Assets	\$ 3,205,377	3,612,589	3,533,545	3,669,901	3,906,488

All Figures in 000's	Statement of Activities				
	2014	2015	2016	2017	2018
Operating Revenue					
Tuition and Fees	\$ 0	0	0	0	0
Less Financial Aid	0	0	0	0	0
Net Tuition and Fees	\$ 0	0	0	0	0
Sales and Service of Auxiliaries	\$ 32,787	32,216	31,904	33,535	34,861
Government Grants and Contracts	82,429	82,555	81,278	87,077	87,231
Private Gifts and Grants	9,279	18,158	17,581	12,547	23,360
Investment Return	65,872	22,840	-4,501	46,316	43,325
Other Revenues	16,871	6,590	-34,426	72,065	51,318
Sales and Services -Educational	0	0	0	0	0
Hospital and Faculty Patient Care	0	0	0	0	0
Assets Released from Restriction	149,647	152,606	204,381	179,282	218,761
Total Operating Revenue	\$ 356,885	314,965	296,217	430,822	458,856
Operating Expense					
Instruction and Research	\$ 228,203	242,923	247,930	260,023	266,793
Academic Support	32,708	33,364	33,571	36,220	36,830
Student Services	0	0	0	0	0
Institutional Support	42,041	40,735	40,665	41,699	44,293
Facilities Expense	0	0	0	0	0
Auxiliary Expense	33,654	34,361	34,634	35,102	35,652
Sponsored Programs	0	0	0	0	0
Other Operating Expense	0	0	0	0	0
Hospital and Faculty Patient Care	0	0	0	0	0
Total Operating Expense	\$ 336,606	351,383	356,800	373,044	383,568
Chg in Unrestricted Net Assets from Operating Activities	\$ 20,279	-36,418	-60,583	57,778	75,288
Non-Operating Activities					
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	3,908	-6,589	-15,654	6,548	2,104
Pension & Postretirement Obligations	0	0	0	0	0
Change in Value of Derivatives	0	0	0	0	0
Extraordinary Gain/(Loss)	0	0	0	0	0
Total Non-Operating Activities	\$ 3,908	-6,589	-15,654	6,548	2,104
Change in Unrestricted Net Assets	\$ 24,187	-43,007	-76,237	64,326	77,392

The Rockefeller University
Independent Higher Education Institutions

Appendix B

Financial and Operating Ratios

	Year					2017 DASNY Median
	2014	2015	2016	2017	2018	
Liquidity Ratios						
Total Cash & Investments to Operating Expenses (x)	6.4	6.3	6.0	5.8	5.9	1.6
Total Cash & Investments to Total Debt (x)	3.5	3.0	2.9	2.9	3.1	2.3
Expendable Resources to LT Debt (x)	3.0	2.9	2.6	2.6	2.7	1.2
Total Cash & Investments per Student (\$)	\$11,736,707	\$11,558,141	\$11,059,337	\$10,830,548	\$10,730,481	\$50,149
Cash Income (%)	-25.8%	-18.8%	-13.9%	-21.7%	-8.3%	4.8%
Operating Cash Flow to Debt Service (x)	-2.33	-2.02	-1.50	-2.85	-1.14	0.89
Capital Ratios						
Capital Spending (x)	0.0	0.0	0.0	4.3	3.9	0.7
Age of Facility (Yrs)	11.17	12.26	12.46	13.43	14.24	13.59
Debt Service to Operating Expenses (%)	10.3%	8.4%	8.7%	8.5%	8.5%	4.4%
Annual Debt Service Coverage (x)	1.4	1.3	1.6	3.7	4.3	2.3
Total Debt to Total Capitalization (x)	0.2	0.2	0.2	0.2	0.2	0.2
LT Debt per Student (\$)	\$3,317,380	\$3,848,565	\$3,806,580	\$3,689,764	\$3,465,958	\$29,246
Productivity and Demand Ratios						
Primary Matriculation (Yield) (%)	43.4%	42.4%	40.7%	41.1%	33.6%	26.4%
Primary Selectivity (Acceptance) (%)	9.2%	9.0%	10.1%	9.3%	9.1%	56.0%
Student/Faculty (x)	1.8	1.8	1.9	1.9	2.0	11.2
Tuition Discount (%)	0.0%	0.0%	0.0%	0.0%	0.0%	35.2%
Educational Core Services (%)	72.6%	76.0%	74.4%	62.2%	59.5%	38.9%
Profitability and Operating Ratios						
Operating Margin (%)	-7.0%	-9.9%	-7.0%	10.7%	14.5%	3.7%
Net Income Margin (%)	-5.8%	-11.9%	-11.7%	12.3%	14.9%	7.7%
Net Tuition per Student (\$)	\$0	\$0	\$0	\$0	\$0	\$23,542
Return on Net Assets (%)	9.5%	10.4%	-5.9%	7.0%	8.1%	8.2%
Return on Average Investment Value (%)	14.8%	5.3%	-0.3%	10.9%	9.8%	11.2%
Net Tuition Dependency (%)	0.0%	0.0%	0.0%	0.0%	0.0%	61.7%
Tuition and Auxiliaries (%)	10.4%	10.1%	9.6%	8.0%	7.8%	80.2%
Federal Financial Ratio (x)	3.00	2.20	2.20	3.00	3.00	2.59

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW
YORK (DASNY) AUTHORIZING STAFF AND BOND COUNSEL TO
PROCEED TO TAKE THE NECESSARY ACTION TO PREPARE
THE APPROPRIATE DOCUMENTS TO PROVIDE FOR THE
FINANCING OF FACILITIES FOR
ROCKEFELLER UNIVERSITY

Resolved that the staff and bond counsel be authorized to proceed to take the necessary action and prepare the appropriate documents to provide for the financing of facilities for Rockefeller University, provided, however, that the adoption of this Resolution imposes no duty on the part of DASNY to issue obligations for or on behalf of Rockefeller University.

This Resolution shall take effect immediately.