



UNIVERSITY *of*  
ROCHESTER

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

Final Pricing Book

STRICTLY PRIVATE AND CONFIDENTIAL

J.P.Morgan

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SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

# Series 2013A and 2013B Tax-Exempt Portion

## 1. Transaction Term Sheet


Transaction Summary Sheet - University of Rochester		
Series 2013A and Series 2013B		
Issuer:	Monroe County Industrial Development Corporation	
Issue:	Series 2013A	Series 2013B
Par Amount:	\$118,855,000	\$74,905,000
Tax Status:	Tax-Exempt	
Structure:	Serial bonds due July 1, 2015 through July 1, 2033 Term bonds due July 1, 2038 and July 1, 2043	Serial bonds due July 1, 2014 through July 1, 2033 Term bonds due July 1, 2038 and July 1, 2043
Ratings/Outlook:	Moody's: Aa3/Stable Outlook S&P: AA-/Stable Outlook Fitch: AA-/Stable Outlook	
Retail Pricing:	Monday, September 9, 2013	
Institutional Pricing:	Tuesday, September 10, 2013	
Award Date:	Tuesday, September 10, 2013	
Closing:	Thursday, September 19, 2013	
Dated Date:	Thursday, September 19, 2013	
Interest Payment Date:	Each January and July 1st, beginning January 1, 2014	
Final Maturity:	July 1, 2043	
Underwriters:	J.P. Morgan, Barclays, Morgan Stanley	
Security:	General obligation of the University	
Use of Proceeds:	To finance, or pay the costs associated to finance, the cost of University construction and renovation projects and to refund the DASNY 2004A Bonds	To finance, or pay the costs associated to finance, the cost of Strong Hospital construction and renovation projects and the capitalized interest on a portion of 2013B bonds
Series 2013A 2013B All-in TIC	4.82%	
Series 2013C All-in TIC	4.71%	
Aggregate Transaction All-in TIC	4.80%	
Refunding Savings	\$501,111.12 (7.038% of refunded par)	
Refunded Bonds	Series 2004A 2015 - 2024 maturities	
Par Amount of Refunded Bonds	\$7,100,000	

## 2. Official Statement Cover Pages

**NEW ISSUE**  
**Full Book-Entry**

**Moody's "Aa3"**  
**Standard & Poor's "AA-"**  
**Fitch "AA-"**  
**(See "Ratings" herein)**

*In the opinion of Harris Beach PLLC, Bond Counsel to the Issuer, based on existing statutes, regulations, court decisions and administrative rulings, and assuming compliance with the tax covenants described herein, interest on the Series 2013A Bonds and the Series 2013B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, Bond Counsel is of the opinion that interest on the Series 2013A Bonds and the Series 2013B Bonds is not an "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Series 2013A Bonds and the Series 2013B Bonds is, however, included in the computation of "adjusted current earnings" for purposes of calculating the federal alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion that, based on existing statutes, interest on the Series 2013A Bonds and the Series 2013B Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof. Interest on the Series 2013C Bonds is included in gross income for federal income tax purposes and is subject to personal income taxes imposed by the State of New York and any political subdivision thereof. See "TAX MATTERS" in this Official Statement.*

	<b>\$264,490,000</b>		
	<b>MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION</b>		
	<b>REVENUE BONDS</b>		
	<b>(UNIVERSITY OF ROCHESTER PROJECT), SERIES 2013</b>		
	<b>\$118,855,000</b>	<b>\$74,905,000</b>	<b>\$70,730,000</b>
	<b>Series 2013A</b>	<b>Series 2013B</b>	<b>Series 2013C</b>
	<b>(Tax-Exempt)</b>	<b>(Tax-Exempt)</b>	<b>(Taxable)</b>

**Dated: Date of Delivery**

**Due: July 1, as shown on inside cover**

The Monroe County Industrial Development Corporation Tax-Exempt Revenue Bonds (University of Rochester Project), Series 2013A (the "Series 2013A Bonds"), the Monroe County Industrial Development Corporation Tax-Exempt Revenue Bonds (University of Rochester Project), Series 2013B (the "Series 2013B Bonds"), and the Monroe County Industrial Development Corporation Taxable Revenue Bonds (University of Rochester Project), Series 2013C (the "Series 2013C Bonds" and, together with the Series 2013A Bonds and the Series 2013B Bonds, the "Series 2013 Bonds") will be issued pursuant to an Indenture of Trust, dated as of September 1, 2013 (the "Indenture"), by and between the Monroe County Industrial Development Corporation (the "Issuer") and Manufacturers and Traders Trust Company, as trustee (the "Trustee"), and are payable from and secured by (i) a pledge and assignment to the Trustee of certain payments to be made under a Loan Agreement, dated as of September 1, 2013 (the "Loan Agreement"), by and between the Issuer and University of Rochester (the "University"), and (ii) the funds and accounts (except the Rebate Fund) held by the Trustee under the Indenture. The Loan Agreement is a general obligation of the University and requires the University to pay, among other things, amounts sufficient to pay the principal, sinking fund installments and Redemption Price of and interest on the Series 2013 Bonds as such payments become due. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2013 BONDS" herein.

**The Series 2013 Bonds are subject to redemption and purchase in lieu of redemption prior to maturity as described herein under the heading "THE SERIES 2013 BONDS — Redemption and Purchase in Lieu of Redemption Prior to Maturity."**

The proceeds of the sale of the Series 2013A Bonds, together with other available funds of the University, will be used to (i) finance the Series 2013A Facility (as defined herein), (ii) refund the Refunded DASNY 2004A Bonds (as defined herein) and (iii) pay certain costs of issuance of the Series 2013A Bonds. The proceeds of the sale of the Series 2013B Bonds, together with other available funds of the University, will be used to (i) finance the Series 2013B Facility (as defined herein), (ii) finance the payment of capitalized interest on a portion of the Series 2013B Bonds and (iii) pay certain costs of issuance of the Series 2013B Bonds. The proceeds of the sale of the Series 2013C Bonds, together with other available funds of the University, will be used to (i) finance the Series 2013C Facility (as defined herein), (ii) refund the COMIDA 2004 Bond, the Refunded DASNY 2007C Bonds, the Refunded DASNY 2009B Bonds, the Refunded DASNY 2009E Bonds and the Refunded Series 2011A Bonds (each as defined herein), (iii) refinance all or a portion of certain other outstanding indebtedness of the University and (iv) pay certain costs of the issuance of the Series 2013C Bonds. See "THE PROJECT" and "THE REFUNDING PLAN" herein.

The Series 2013 Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, which will act as securities depository (as defined herein) for the Series 2013 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple of \$5,000 in excess thereof. Purchasers will not receive certificates representing their ownership interest in the Series 2013 Bonds. Interest on the Series 2013 Bonds will be payable on January 1, 2014, and semi-annually thereafter on July 1 and January 1 in each year until maturity.

The Series 2013 Bonds are special and limited obligations of the Issuer and do not constitute a debt or pledge of the faith and credit of the Issuer, the State of New York, or any taxing authority or political subdivision thereof, including Monroe County, New York, for the payment of the principal or Redemption Price thereof or interest thereon. The Issuer has no taxing authority.

The Series 2013 Bonds are offered when, as and if issued by the Issuer and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer, the receipt of the approving opinion as to the validity of the Series 2013 Bonds of Harris Beach PLLC, Rochester, New York, Bond Counsel, and certain conditions. Certain legal matters will be passed upon for the University by its counsel, Nixon Peabody LLP, Rochester, New York. Certain legal matters will be passed upon for the Issuer by its counsel, Harris Beach PLLC, Rochester, New York. Certain legal matters will be passed upon for the Underwriters by their counsel, Winston & Strawn LLP, New York, New York. It is anticipated that the Series 2013 Bonds will be available for delivery in New York, New York, or as may be agreed upon, on or about September 18, 2013.

**J.P. Morgan**

**Barclays**

**Morgan Stanley**

September 10, 2013.

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

## MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

**\$118,855,000**  
**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**  
**TAX-EXEMPT REVENUE BONDS**  
**(UNIVERSITY OF ROCHESTER PROJECT), SERIES 2013A**

Maturity (July 1.)	Principal Amount	Interest Rate	Yield	CUSIP Number <sup>†</sup>	Maturity (July 1.)	Principal Amount	Interest Rate	Yield	CUSIP Number <sup>†</sup>
2015	\$810,000	3.000%	0.600%	61075TGS1	2026	\$5,930,000	5.000%	4.140% <sup>(1)</sup>	61075THA9
2016	835,000	3.000	0.990	61075TGT9	2027	6,235,000	5.000	4.320 <sup>(1)</sup>	61075THB7
2017	860,000	4.000	1.440	61075TGU6	2028	6,535,000	5.000	4.470 <sup>(1)</sup>	61075THC5
2019	940,000	4.000	2.250	61075TGV4	2029	6,845,000	5.000	4.590 <sup>(1)</sup>	61075THD3
2022	1,090,000	5.000	3.310	61075TGW2	2030	7,195,000	5.000	4.700 <sup>(1)</sup>	61075THE1
2023	1,145,000	5.000	3.550	61075TGX0	2031	7,565,000	5.000	4.780 <sup>(1)</sup>	61075THF8
2024	6,560,000	5.000	3.760 <sup>(1)</sup>	61075TGY8	2032	7,950,000	5.000	4.860 <sup>(1)</sup>	61075THG6
2025	5,635,000	5.000	3.960 <sup>(1)</sup>	61075TGZ5	2033	8,340,000	5.000	4.930 <sup>(1)</sup>	61075THH4

\$19,500,000 5.000% Term Bonds Due July 1, 2038 Priced at 99.570% to Yield 5.030% CUSIP Number 61075THU0<sup>†</sup>

\$24,885,000 5.000% Term Bonds Due July 1, 2043 Priced at 98.922% to Yield 5.070% CUSIP Number 61075THK7<sup>†</sup>

**\$74,905,000**  
**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**  
**TAX-EXEMPT REVENUE BONDS**  
**(UNIVERSITY OF ROCHESTER PROJECT), SERIES 2013B**

Maturity (July 1.)	Principal Amount	Interest Rate	Yield	CUSIP Number <sup>†</sup>	Maturity (July 1.)	Principal Amount	Interest Rate	Yield	CUSIP Number <sup>†</sup>
2014	\$240,000	2.000%	0.330%	61075THL5	2024	\$2,065,000	5.000%	3.760% <sup>(1)</sup>	61075THW1
2015	310,000	3.000	0.600	61075THM3	2025	2,170,000	5.000	3.960 <sup>(1)</sup>	61075THX9
2016	1,430,000	4.000	0.990	61075THN1	2026	2,280,000	5.000	4.140 <sup>(1)</sup>	61075THY7
2017	1,490,000	5.000	1.440	61075THP6	2027	2,395,000	5.000	4.320 <sup>(1)</sup>	61075THZ4
2018	1,560,000	5.000	1.880	61075THQ4	2028	2,510,000	5.000	4.470 <sup>(1)</sup>	61075TJA7
2019	1,640,000	5.000	2.250	61075THR2	2029	2,640,000	5.000	4.590 <sup>(1)</sup>	61075TJB5
2020	1,720,000	5.000	2.650	61075THS0	2030	2,770,000	5.000	4.700 <sup>(1)</sup>	61075TJC3
2021	1,815,000	5.000	3.030	61075THT8	2031	2,910,000	4.500	4.780	61075TJD1
2022	675,000	4.000	3.310	61075THU5	2032	3,040,000	5.000	4.860 <sup>(1)</sup>	61075TJE9
2022	1,230,000	5.000	3.310	61075TIJ8	2033	3,195,000	5.000	4.930 <sup>(1)</sup>	61075TJF6
2023	1,985,000	4.000	3.550	61075THV3					

\$16,210,000 5.000% Term Bonds Due July 1, 2038 Priced at 99.570% to Yield 5.030% CUSIP Number 61075TJG4<sup>†</sup>

\$18,625,000 5.000% Term Bonds Due July 1, 2043 Priced at 98.922% to Yield 5.070% CUSIP Number 61075TJH2<sup>†</sup>

**\$70,730,000**  
**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION**  
**TAXABLE REVENUE BONDS**  
**(UNIVERSITY OF ROCHESTER PROJECT), SERIES 2013C**

Maturity (July 1.)	Principal Amount	Interest Rate	Price	CUSIP Number <sup>†</sup>	Maturity (July 1.)	Principal Amount	Interest Rate	Price	CUSIP Number <sup>†</sup>
2014	\$2,035,000	0.470%	100.000%	61075TGA0	2022	\$3,910,000	4.146%	100.000%	61075TGJ1
2015	2,610,000	0.947	100.000	61075TGB8	2023	4,065,000	4.296	100.000	61075TGK8
2016	2,810,000	1.654	100.000	61075TGC6	2024	4,540,000	4.446	100.000	61075TGL6
2017	2,865,000	2.399	100.000	61075TGD4	2025	4,745,000	4.596	100.000	61075TGM4
2018	2,930,000	2.849	100.000	61075TGE2	2026	4,315,000	4.746	100.000	61075TGN2
2019	3,515,000	3.327	100.000	61075TGF9	2027	4,530,000	4.946	100.000	61075TGP7
2020	3,635,000	3.627	100.000	61075TGG7	2028	4,745,000	5.046	100.000	61075TQG5
2021	3,765,000	3.946	100.000	61075TGH5					

\$15,715,000 5.311% Term Bonds Due July 1, 2033 Priced at 100.000% to Yield 5.311% CUSIP Number 61075TGR3<sup>†</sup>

<sup>†</sup> Copyright, American Bankers Association. CUSIP (Committee on Uniform Securities Identification Procedures) data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. CUSIP numbers on the inside cover page of this Official Statement have been assigned by an independent company not affiliated with the Issuer, the University, the Underwriters or the Trustee, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of holders of the Series 2013 Bonds and no representation is made as to the correctness of the CUSIP numbers printed above. CUSIP numbers assigned to the Series 2013 Bonds may be changed during the term of the Series 2013 Bonds based on a number of factors including but not limited to the refunding or defeasance in whole or in part of such Series 2013 Bonds or the use of secondary market financial products applicable to all or a portion of the Series 2013 Bonds. None of the Issuer, the University, the Underwriters or the Trustee has agreed to, nor is there any duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers printed above.

<sup>(1)</sup> Priced at the stated yield to the July 1, 2023 optional redemption date at a Redemption Price equal to 100% of the principal amount of Series 2013A Bonds and Series 2013B Bonds or portions thereof to be redeemed, plus accrued interest, if any, to the redemption date.

### 3. Pricing/Credit Spreads

#### University of Rochester, Series 2013A Final Pricing Results

	Maturity Date	Amount		Coupon	MMD	Spread to MMD	Yield	Price
<b>Serials</b>	7/1/2015	810,000		3.00%	0.43%	0.17%	0.60%	104.25
	7/1/2016	835,000		3.00%	0.75%	0.24%	0.99%	105.503
	7/1/2017	860,000		4.00%	1.15%	0.29%	1.44%	109.391
	7/1/2019	940,000		4.00%	1.90%	0.35%	2.25%	109.437
	7/1/2022	1,090,000		5.00%	2.81%	0.50%	3.31%	112.784
	7/1/2023	1,145,000		5.00%	2.99%	0.56%	3.55%	111.891
	7/1/2024	6,560,000	C	5.00%	3.17%	0.59%	3.76%	110.066
	7/1/2025	5,635,000	C	5.00%	3.34%	0.62%	3.96%	108.361
	7/1/2026	5,930,000	C	5.00%	3.51%	0.63%	4.14%	106.854
	7/1/2027	6,235,000	C	5.00%	3.65%	0.67%	4.32%	105.372
	7/1/2028	6,535,000	C	5.00%	3.77%	0.70%	4.47%	104.156
	7/1/2029	6,845,000	C	5.00%	3.89%	0.70%	4.59%	103.195
	7/1/2030	7,195,000	C	5.00%	4.00%	0.70%	4.70%	102.324
	7/1/2031	7,565,000	C	5.00%	4.08%	0.70%	4.78%	101.695
	7/1/2032	7,950,000	C	5.00%	4.16%	0.70%	4.86%	101.072
	7/1/2033	8,340,000	C	5.00%	4.23%	0.70%	4.93%	100.53
		<u>74,470,000</u>						
<b>Term</b>	7/1/2034	3,530,000	C	5.00%	4.41%	0.62%	5.03%	99.57
	7/1/2035	3,710,000	C	5.00%	4.41%	0.62%	5.03%	99.57
	7/1/2036	3,885,000	C	5.00%	4.41%	0.62%	5.03%	99.57
	7/1/2037	4,090,000	C	5.00%	4.41%	0.62%	5.03%	99.57
	7/1/2038	4,285,000	C	5.00%	4.41%	0.62%	5.03%	99.57
		<u>19,500,000</u>						
<b>Term</b>	7/1/2039	4,505,000	C	5.00%	4.48%	0.59%	5.07%	98.922
	7/1/2040	4,725,000	C	5.00%	4.48%	0.59%	5.07%	98.922
	7/1/2041	4,970,000	C	5.00%	4.48%	0.59%	5.07%	98.922
	7/1/2042	5,220,000	C	5.00%	4.48%	0.59%	5.07%	98.922
	7/1/2043	5,465,000	C	5.00%	4.48%	0.59%	5.07%	98.922
		<u>24,885,000</u>						

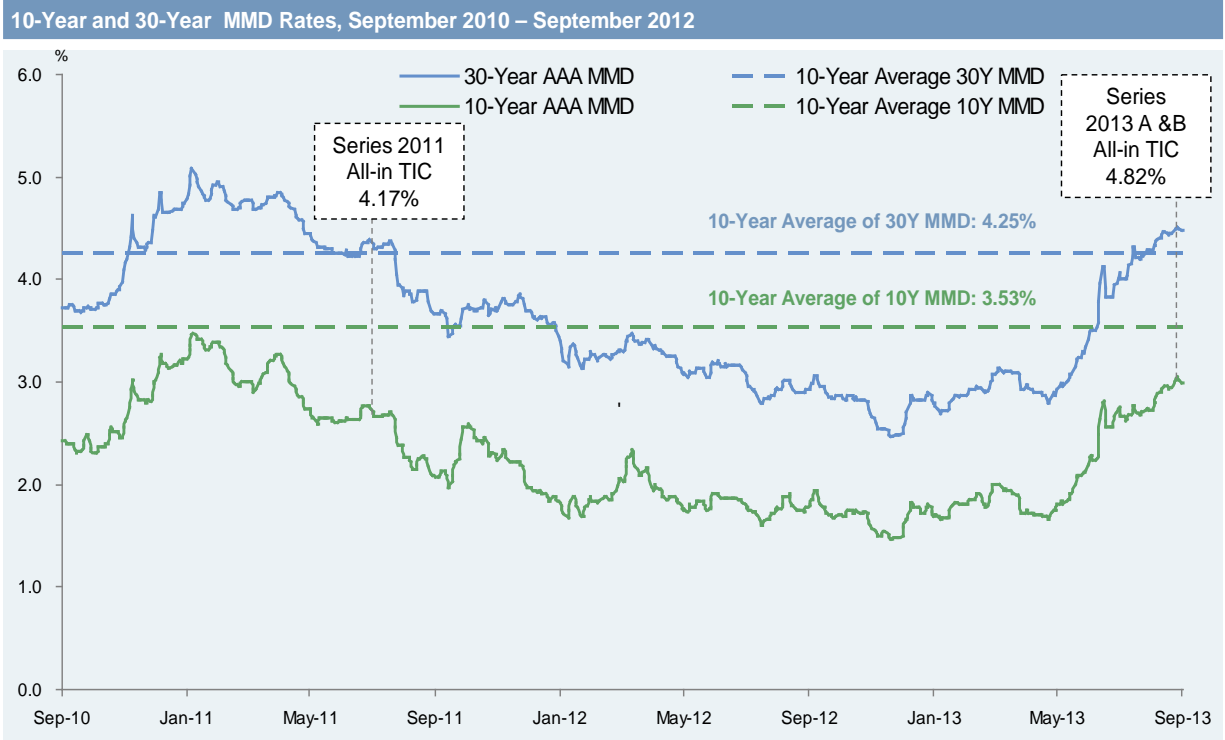


University of Rochester, Series 2013B  
Final Pricing Results

	Maturity Date	Amount		Coupon	MMD	Spread to MMD	Yield	Price
<b>Serials</b>	7/1/2014	240,000		2.00%	0.18%	0.15%	0.33%	101.305
	7/1/2015	310,000		3.00%	0.43%	0.17%	0.60%	104.25
	7/1/2016	1,430,000		4.00%	0.75%	0.24%	0.99%	108.242
	7/1/2017	1,490,000		5.00%	1.15%	0.29%	1.44%	113.06
	7/1/2018	1,560,000		5.00%	1.56%	0.32%	1.88%	114.206
	7/1/2019	1,640,000		5.00%	1.90%	0.35%	2.25%	114.831
	7/1/2020	1,720,000		5.00%	2.25%	0.40%	2.65%	114.498
	7/1/2021	1,815,000		5.00%	2.58%	0.45%	3.03%	113.563
	7/1/2022	675,000		4.00%	2.81%	0.50%	3.31%	105.217
	7/1/2022	1,230,000		5.00%	2.81%	0.50%	3.31%	112.784
	7/1/2023	1,985,000		4.00%	2.99%	0.56%	3.55%	103.687
	7/1/2024	2,065,000	C	5.00%	3.17%	0.59%	3.76%	110.066
	7/1/2025	2,170,000	C	5.00%	3.34%	0.62%	3.96%	108.361
	7/1/2026	2,280,000	C	5.00%	3.51%	0.63%	4.14%	106.854
	7/1/2027	2,395,000	C	5.00%	3.65%	0.67%	4.32%	105.372
	7/1/2028	2,510,000	C	5.00%	3.77%	0.70%	4.47%	104.156
	7/1/2029	2,640,000	C	5.00%	3.89%	0.70%	4.59%	103.195
	7/1/2030	2,770,000	C	5.00%	4.00%	0.70%	4.70%	102.324
	7/1/2031	2,910,000	C	4.50%	4.08%	0.70%	4.78%	96.664
	7/1/2032	3,040,000	C	5.00%	4.16%	0.70%	4.86%	101.072
7/1/2033	3,195,000	C	5.00%	4.23%	0.70%	4.93%	100.53	
		<u>40,070,000</u>						
<b>Term</b>	7/1/2034	3,350,000	C	5.00%	4.41%	0.62%	5.03%	99.57
	7/1/2035	2,985,000	C	5.00%	4.41%	0.62%	5.03%	99.57
	7/1/2036	3,130,000	C	5.00%	4.41%	0.62%	5.03%	99.57
	7/1/2037	3,290,000	C	5.00%	4.41%	0.62%	5.03%	99.57
	7/1/2038	3,455,000	C	5.00%	4.41%	0.62%	5.03%	99.57
			<u>16,210,000</u>					
<b>Term</b>	7/1/2039	3,630,000	C	5.00%	4.48%	0.59%	5.07%	98.922
	7/1/2040	3,480,000	C	5.00%	4.48%	0.59%	5.07%	98.922
	7/1/2041	3,655,000	C	5.00%	4.48%	0.59%	5.07%	98.922
	7/1/2042	3,835,000	C	5.00%	4.48%	0.59%	5.07%	98.922
	7/1/2043	4,025,000	C	5.00%	4.48%	0.59%	5.07%	98.922
			<u>18,625,000</u>					

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

### 4. Historical MMD Rates



Source: J.P. Morgan Morgan Markets. Data as of 9/10/2013

MMD	Rates as of 9/10	1 Wk Change (bps)	1 Mth Change (bps)	Last 3 months (bps)
2yr	0.43	0	0	13
5yr	1.56	0	25	47
7yr	2.25	-3	26	63
10yr	2.99	-3	27	73
15yr	3.77	-3	21	94
20yr	4.23	-2	26	108
25yr	4.41	-1	23	103
30yr	4.48	-1	20	99

MMD	3 Month Max Yield	3 Month Max Date	3 Month Min Yield	3 Month Min Date	Diff Btwn Max & Min
2yr	0.55	6/25/2013	0.30	6/11/2013	25
5yr	1.60	6/25/2013	1.09	6/11/2013	51
7yr	2.30	9/5/2013	1.60	6/17/2013	70
10yr	3.04	9/5/2013	2.23	6/17/2013	81
15yr	3.82	9/5/2013	2.83	6/11/2013	99
20yr	4.27	9/5/2013	3.15	6/11/2013	112
25yr	4.44	9/5/2013	3.38	6/11/2013	106
30yr	4.51	9/5/2013	3.49	6/11/2013	102

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

## 5. MMD Scales Prior to the Pricing Date

Closing Date	9/10/2013	9/9/2013	9/6/2013	9/5/2013	9/4/2013	9/3/2013	8/30/2013
<b>2014</b>	<b>0.18%</b>	<b>0.18%</b>	<b>0.18%</b>	<b>0.18%</b>	<b>0.18%</b>	<b>0.18%</b>	<b>0.18%</b>
2015	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
2016	0.75%	0.75%	0.77%	0.77%	0.75%	0.75%	0.72%
2017	1.13%	1.15%	1.17%	1.17%	1.15%	1.15%	1.11%
<b>2018</b>	<b>1.56%</b>	<b>1.56%</b>	<b>1.58%</b>	<b>1.58%</b>	<b>1.56%</b>	<b>1.56%</b>	<b>1.52%</b>
2019	1.91%	1.90%	1.92%	1.95%	1.93%	1.93%	1.89%
2020	2.26%	2.25%	2.27%	2.30%	2.28%	2.28%	2.22%
2021	2.59%	2.58%	2.60%	2.63%	2.61%	2.61%	2.54%
2022	2.82%	2.81%	2.83%	2.86%	2.83%	2.83%	2.76%
<b>2023</b>	<b>2.99%</b>	<b>2.99%</b>	<b>3.01%</b>	<b>3.04%</b>	<b>3.02%</b>	<b>3.02%</b>	<b>2.94%</b>
2024	3.17%	3.17%	3.19%	3.22%	3.20%	3.20%	3.12%
2025	3.34%	3.34%	3.36%	3.39%	3.37%	3.37%	3.30%
2026	3.51%	3.51%	3.53%	3.56%	3.54%	3.54%	3.47%
2027	3.65%	3.65%	3.67%	3.70%	3.68%	3.68%	3.62%
<b>2028</b>	<b>3.77%</b>	<b>3.77%</b>	<b>3.79%</b>	<b>3.82%</b>	<b>3.80%</b>	<b>3.80%</b>	<b>3.74%</b>
2029	3.89%	3.89%	3.91%	3.94%	3.92%	3.92%	3.86%
2030	4.00%	4.00%	4.02%	4.05%	4.03%	4.03%	3.97%
2031	4.08%	4.08%	4.10%	4.13%	4.11%	4.11%	4.05%
2032	4.16%	4.16%	4.18%	4.21%	4.19%	4.19%	4.13%
<b>2033</b>	<b>4.23%</b>	<b>4.23%</b>	<b>4.25%</b>	<b>4.27%</b>	<b>4.25%</b>	<b>4.25%</b>	<b>4.19%</b>
2034	4.28%	4.28%	4.30%	4.32%	4.30%	4.30%	4.24%
2035	4.32%	4.32%	4.34%	4.36%	4.34%	4.34%	4.29%
2036	4.36%	4.36%	4.37%	4.39%	4.37%	4.37%	4.33%
2037	4.39%	4.39%	4.40%	4.42%	4.40%	4.40%	4.36%
2038	4.41%	4.41%	4.42%	4.44%	4.42%	4.42%	4.38%
2039	4.43%	4.43%	4.44%	4.46%	4.44%	4.44%	4.40%
2040	4.45%	4.45%	4.46%	4.48%	4.46%	4.46%	4.42%
2041	4.46%	4.46%	4.47%	4.49%	4.47%	4.47%	4.43%
2042	4.47%	4.47%	4.48%	4.50%	4.48%	4.48%	4.44%
<b>2043</b>	<b>4.48%</b>	<b>4.48%</b>	<b>4.49%</b>	<b>4.51%</b>	<b>4.49%</b>	<b>4.49%</b>	<b>4.45%</b>

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

## 6. Recent Comparable Tax Exempt Transactions

Mty Year	Rutgers University Series 2013 \$237,350,000 Tax-Exempt 9/5/2013				Syracuse University \$64,460,000 Tax-Exempt 9/4/2013				Texas Christian University \$100,000,000 Tax-Exempt 8/27/2013			
	Par (\$)	Coupon (%)	Yield (%)	Spread (bps)	Par (\$)	Coupon (%)	Yield (%)	Spread (bps)	Par (\$)	Coupon (%)	Yield (%)	Spread (bps)
2014					1,385,000	2.000	0.310	13				
2015					1,420,000	3.000	0.580	15				
2016					1,470,000	4.000	0.950	20				
2017	3,605,000	4.000	1.350	18	1,540,000	5.000	1.400	25				
2018	3,750,000	5.000	1.810	23	1,620,000	5.000	1.850	29				
2019	3,940,000	5.000	2.250	30	1,700,000	5.000	2.230	30	2,105,000	4.000	2.210	32
2020	4,130,000	5.000	2.680	38	1,790,000	5.000	2.620	34	2,190,000	5.000	2.600	38
2021	4,345,000	5.000	3.040	41	1,880,000	5.000	3.000	39	2,300,000	5.000	2.990	46
2022	4,555,000	5.000	3.300	44	1,975,000	5.000	3.290	46	2,415,000	5.000	3.250	50
2023	4,790,000	5.000	3.550	51	2,080,000	5.000	3.530	51	2,535,000	5.000	3.460	53
2024	5,025,000	5.000	3.750	53	2,185,000	5.000	3.760	56	2,660,000	5.000	3.680	57
2025	5,275,000	5.000	3.970	58	2,295,000	5.000	3.950	58	2,795,000	5.000	3.890	60
2026	5,545,000	5.000	4.150	59	2,415,000	5.000	4.130	59	2,935,000	5.000	4.070	61
2027	5,815,000	5.000	4.310	61	2,540,000	5.000	4.280	60	3,080,000	5.000	4.270	66
2028	6,110,000	5.000	4.430	61	2,670,000	5.000	4.400	60	3,235,000	5.000	4.410	68
2029	6,415,000	5.000	4.550	61	2,805,000	5.000	4.520	60	3,395,000	5.000	4.530	68
2030	6,735,000	5.000	4.660	61	2,950,000	5.000	4.630	60	3,565,000	5.000	4.630	67
2031	7,075,000	5.000	4.760	63	3,100,000	5.000	4.710	60	3,745,000	5.000	4.730	69
2032	7,425,000	5.000	4.840	63	3,260,000	5.000	4.790	60	3,930,000	5.000	4.810	69
2033	7,795,000	5.000	4.900	63	3,425,000	5.000	4.850	60	4,125,000	5.000	4.840	66
2034					3,605,000	5.000	4.970	67				
2035					3,785,000	5.000	4.970	63				
2036					3,980,000	5.000	4.970	60				
2037					4,185,000	5.000	4.970	57				
2038	45,240,000	5.000	5.000	56	4,400,000	5.000	4.970	55	24,065,000	5.250	4.950	59
2039												
2040												
2041												
2042												
2043									30,925,000	5.000	5.070	64
2044												
2045												
2046	99,780,000	5.000	5.070	56								
<b>Rating</b>	Aa3/AA-/AA-				Aa3/AA-/NR				Aa3/NR/AA-			
<b>Call Feature</b>	6/15/2023 @ 100				12/1/2023 @ 100				3/15/2023 @ 100			

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

	Boston College Series 2013 142,475,000 Tax-Exempt 8/13/2013				Emory University Series 2013A 205,900,000 Tax-Exempt 7/30/2013			
Mty Year	Par (\$)	Coupon (%)	Yield (%)	Spread (bps)	Par (\$)	Coupon (%)	Yield (%)	Spread (bps)
2014	2,255,000	2.000	0.170	-1	4,825,000	3.000	0.250	7
2015	8,620,000	4.000	0.410	-2	5,340,000	4.000	0.480	5
2016	8,570,000	5.000	0.730	1	4,320,000	4.000	0.830	11
2017	9,390,000	5.000	1.060	5	4,615,000	4.000	1.160	15
2018	9,350,000	5.000	1.440	13	4,595,000	5.000	1.420	15
2019	3,900,000	5.000	1.850	23	1,600,000	5.000	1.820	24
2020	5,290,000	5.000	2.270	28	2,145,000	5.000	2.210	27
2021	6,455,000	5.000	2.630	33	125,000	4.000	2.580	32
2022	5,655,000	5.000	2.940	38	485,000	4.000	2.830	32
2023	9,345,000	5.000	3.100	38				
2024	9,500,000	5.000	3.300	41				
2025	3,875,000	5.000	3.530	46				
2026	3,005,000	5.000	3.730	48				
2027	2,295,000	5.000	3.920	50				
2028	2,725,000	5.000	4.060	50				
2029	1,395,000	5.000	4.190	50				
2030	1,550,000	4.125	4.375	60				
2031	1,400,000	4.250	4.460	60				
2032	8,275,000	5.000	4.420	50				
2033	8,330,000	5.000	4.470	50				
2034	8,390,000	5.000	4.520	50				
2035	8,455,000	5.000	4.570	50				
2036								
2037								
2038	14,450,000	5.000/4.750	4.680	50/57				
2039								
2040								
2041								
2042								
2043					177,850,000	5.000	4.590	39
<b>Rating</b>	Aa3/AA-/NR				Aa2/AA/AA+			
<b>Call Feature</b>	7/1/2023 @ 100				10/1/2023 @ 100			

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

# 7. Higher Education Market Update

September 16, 2013

## Higher Education – Market Update

J.P.Morgan

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Diana Hoadley (212) 270-7401  
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### Market Commentary

**Short-Term Tax-Exempt Market Report**

- SIFMA remains low at 0.08% as demand for tax-exempt securities remains strong amid manageable supply<sup>1</sup>

**Long-Term Tax-Exempt Market Report**

- After \$5.6 billion of long-term tax-exempt supply priced last week, issuance is expected to be light this week at \$3.2 billion<sup>2</sup>
- Despite persistent outflows from municipal bond funds, tax-exempt yields generally declined last week as 10-year MMD decreased 14 basis points ("bps") to 2.83%<sup>2</sup>
  - For the week ending September 11, municipal bond funds reported \$6.9 billion in outflows, marking the largest week of outflows since we began collecting data in 1992<sup>1</sup>
- Today, tax-exempt yields are following U.S. Treasury yields lower as the market digests news that Larry Summers has dropped out of consideration for Fed Chairman<sup>2</sup>
  - 10-year MMD declined 9 bps to 2.74%<sup>2</sup>

**Taxable Market Report**

- This week, market participants will focus on the release of the FOMC statement and the 2016 economic outlook (see page 2)
  - Investors will look for further clarification regarding the Fed's unemployment rate threshold and timing expectations for raising the Fed Funds Target Rate
  - J.P. Morgan Research expects the Fed to announce a reduction in its asset purchase program of \$15 billion comprised of \$10 billion in UST and \$5 billion in MBS<sup>3</sup>
- Demand for high-grade taxable debt remains high as J.P. Morgan led a record \$49 billion Verizon offering<sup>3</sup>

### Current Rates

Short Term Market	9/13/2013	9/6/2013	Average <sup>1</sup>
SIFMA Index (BMA)	0.08%	0.05%	1.44%
1-Month LIBOR	0.18%	0.18%	1.94%
SIFMA / 1M-LIBOR Ratio	33.30%	27.49%	81.26%
Long Term Market	9/13/2013	9/6/2013	Average <sup>1</sup>
AAA MMD (30Y)	4.39%	4.49%	4.23%
AAA MMD (20Y)	4.08%	4.25%	3.96%
AA MMD (30Y)	4.65%	4.78%	4.38%
A MMD (30Y)	5.08%	5.19%	4.75%
BBB MMD (30Y)	5.61%	5.63%	5.30%
Bond Buyer 20 Bond Index (GO)	4.93%	5.03%	4.51%
Bond Buyer Revenue Bond Index	5.31%	5.35%	5.05%
BB 30-Day Visible Supply	\$6.27 bn	\$8.71 bn	--
All Muni Fund Flows <sup>2</sup>	-\$3,038 mm	-\$2,255 mm	--

Source: J.P. Morgan, Bloomberg, Thomson Reuters, The Bond Buyer  
<sup>1</sup>Calculated from 10-year historical data, where available  
<sup>2</sup>Reflects the 4-week average for all tax-exempt mutual funds reporting on a weekly or monthly basis, excluding tax-exempt money market funds; Lipper FMI, iMoneyNet

### U.S. Treasury Interest Rate Forecast (%)

Security	Current 9/6/2013	3Q13 Forecast	4Q13 Forecast	1Q14 Forecast	2Q14 Forecast
Effective Fed Funds	0.08%	0.10%	0.10%	0.10%	0.10%
3-Month LIBOR	0.25%	0.26%	0.28%	0.35%	0.50%
2-Year T Note	0.44%	0.55%	0.65%	0.80%	1.00%
5-Year T Note	1.70%	1.95%	2.10%	2.30%	2.55%
10-Year T Note	2.89%	3.15%	3.30%	3.50%	3.75%
30-Year T Bond	3.84%	4.05%	4.15%	4.30%	4.45%

Source: J.P. Morgan Research, U.S. Interest Rate Forecast, 9/13/2013

### Current Yield Curve Rates and Ratios

Current Yield Curve	1 Y	5 Y	10 Y	30 Y
MMD	0.18%	1.54%	2.83%	4.39%
UST	0.15%	1.70%	2.89%	3.84%
MMD / UST Ratio	123.79%	90.39%	97.76%	114.18%

Source: J.P. Morgan, Thomson Reuters Municipal Market Data

### Recently Priced Higher Education Transactions

Issuer	Award Date	Size \$mm	Rating	Coupon	Spread	Yield	Final Mtly
Stephen F. Austin State University	9/11	22.255	A1/NR/AA-	3.750%	0.77%	3.900%	2024
State University of Iowa	9/11	30.100	Aa1/AA/NR	4.750%	0.29%	4.630%	2036
Colorado State University	9/10	18.610	Aa3/NR/NR	5.000%	0.65%	5.130%	2044
University of Rochester (Taxable)	9/10	70.730	Aa3/AA-AA-	5.311%	1.40% (UST)	5.311%	2033
<b>University of Rochester</b>	<b>9/10</b>	<b>193.780</b>	<b>Aa3/AA-AA-</b>	<b>5.000%</b>	<b>0.59%</b>	<b>5.070%</b>	<b>2043</b>

Source: TM3, Bloomberg

### MSRB Trades and CORE<sup>1</sup> for September 16, 2013<sup>2</sup>

<sup>1</sup> CORE is a simple average yield to worst of fixed-rate non-AMT tax-exempt coupon bearing municipal bond trades reported on a given trading day  
<sup>2</sup> CORE yields are based on MSRB trade data reported as of approximately Midnight EST for a given business day and does not reflect any trades past Midnight EST or subsequent adjustments in previously reported MSRB trade data

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SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

## 8. Higher Education Calendar for the Week of September 9th

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION REVENUE BONDS (UNIVERSITY OF ROCHESTER PROJECT), SERIES 2013 CONSISTING OF: \$118,700M SERIES 2013A (TAX-EXEMPT) \$ 75,200M SERIES 2013B (TAX-EXEMPT) \$ 71,100M SERIES 2013C (TAXABLE) MGR: J.P. Morgan Securities LLC, New York	WEEK OF 09/09	265,000	Aa3/AA-/AA-
MISSISSIPPI EDUCATIONAL BUILDING CORPORATION MISSISSIPPI STATE UNIVERSITY, REVENUE REFUNDING BONDS MGR: Raymond James & Associates, Inc., New York	WEEK OF 09/09	63,985	
STATE PUBLIC BUILDING AUTHORITY (PENNSYLVANIA) COLLEGE REVENUE BONDS MONTGOMERY COUNTY COMMUNITY COLLEGE SERIES 2013 MGR: RBC Capital Markets, New York  Day of Sale: 09/10	WEEK OF 09/09	50,765	Aa3
BOARD OF GOVERNORS OF THE COLORADO STATE UNIVERSITY SYSTEM CONSISTING OF: \$18,645M SYSTEM ENTERPRISE REVENUE BONDS, SERIES 2013C \$ 7,965M TAXABLE SYSTEM ENTERPRISE REVENUE BONDS, SERIES 2013D MGR: RBC Capital Markets, New York  Day of Sale: 09/10	WEEK OF 09/09	26,610	Aa3
TEXAS WOMAN'S UNIVERSITY TEXAS REVENUE FINANCING SYSTEM REFUNDING BONDS SERIES 2013 MGR: FirstSouthwest, Dallas	DAILY	12,665	

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

## 9. Market Commentary

### Market Close: Retail Buyers Show Interest, Pushing Muni Prices Higher

*By Taylor Riggs*

Monday, September 9, 2013

Several new issues pricing Monday lured retail buyers into the municipal bond market as yields fell with Treasuries. Munis were stronger for a second session, extending gains following Friday's worse-than-expected employment report.

Muni yields ended one to two basis points firmer, traders said, as the largest deal in the negotiated market priced for retail investors.

"It's slightly firmer. Munis are underperforming Treasuries," a Chicago trader said. "But there is not a whole lot of conviction."

Generally speaking, as yields have backed up over the past several months, retail buying activity has picked up, he said. That continued Monday with several deals offered for retail buyers Monday, including the largest deal on the negotiated calendar.

Other traders said muni yields followed Treasury yields lower, though activity remained light.

"It should pick up now after Labor Day but we're not seeing it yet. It's still Monday," a New York trader said. He added the market was mostly steady. "It's not weaker."

Raymond James & Associates held a retail order period for \$385.3 million of Miami-Dade County, Fla., seaport revenue bonds. The bonds are rated A3 by Moody's Investors Service and A by Fitch Ratings. Institutional pricing is expected Tuesday.

Yields on the first series of \$245.3 million ranged from 1.76% with a 4% coupon in 2017 to 5.625% priced at par in 2042. Bonds maturing between 2024 and 2038 were not offered for retail. The bonds are callable at par in 2023.

The second series of \$110.7 million subject to the alternative minimum tax was not offered to retail. The third series of \$11.9 million was offered via sealed bid.

The fourth series of \$17.5 million of bonds subject to the AMT ranged from 1.56% with a 4% coupon in 2016 to 5.12% with a 6% coupon in 2026. Bonds maturing in 2014 and 2015 were offered via sealed bid. The bonds are callable at par in 2023.

RBC Capital Markets priced \$225.4 million of Leander Independent School District for Williamson and Travis Counties unlimited tax refunding bonds. The bonds are rated AA-minus by Standard & Poor's. The first two series were rated triple-A with insurance from the Permanent School Guarantee Program.

In the first series of \$110.2 million, yields ranged from 3.74% with a 5% coupon in 2026 to 4.50% with a 5% coupon in 2034. The bonds are callable at par in 2023.

The second series of \$48.9 million of capital appreciation bonds had maturities ranging from 2014 to 2025 with a yield to maturity ranging from 0.58% to 4.31%. The bonds are callable at par in 2023.



The third series of \$21.5 million of current interest bonds yielded 3.41% with a 5% coupon in 2023 and 3.59% with a 5% coupon in 2024. The bonds are callable at par in 2023.

The fourth series of \$44.8 million of capital appreciation bonds had maturities ranging from 2014 to 2022 with a yield to maturity of 0.78% to 3.83%.

**JPMorgan priced for retail \$193.9 million of Monroe County Industrial Development Corp. revenue bonds for the University of Rochester project. The bonds are rated Aa3 by Moody's and AA-minus by Standard & Poor's and Fitch.**

**Yields on the first series of \$118.7 million ranged from 0.63% with a 3% coupon in 2015 to 3.77% with a 5% coupon in 2024. Bonds maturing between 2025 and 2043 were not offered for retail. The bonds are callable at par in 2023.**

**Yields on the second series of \$75.2 million ranged from 0.33% with a 2% coupon in 2014 to 5.07% with a 5% coupon in 2038. Bonds maturing in 2043 were not offered for retail. The bonds are callable at par in 2023.**

Still, one large mutual fund continued to sell Puerto Rico longer-maturing bonds, a San Diego trader, in a sign that selling pressure remains for the commonwealth.

Since Aug. 23, the day before Barron's published a front page article highlighting Puerto Rico's woes, yields have risen across the curve.

The five-year general obligation yield rose to 5.88% on Sept. 6 from 4.70% on Aug. 23. The 10-year yield jumped to 7.01% from 6.16% and the 30-year yield climbed to 8.14% from 7.21%.

The moves are even more dramatic from May 1 when the summer sell-off began. The five-year Puerto Rico GO climbed from 3.73% while the 10-year yield moved up from 4.81%. The 30-year yield increased from 5.47% on May 1.

In the secondary market, trades compiled by data provider Markit showed mostly weakening. Yields on Hawaii Department of Budget and Finance 4.6s of 2026 fell four basis points to 5.43%.

Yields on New York's Tobacco Settlement Financing Corp. 5s of 2018 and Kentucky State Property and Buildings Commission 5.25s of 2019 slipped one basis point each to 1.85% and 2.36%, respectively.

Yields on North Carolina's Charlotte-Mecklenburg Hospital Authority 5.25s of 2024 and Palm Beach County, Fla., 5s of 2021 fell one basis point each to 3.54% and 2.75%, respectively.

Monday, yields on the triple-A Municipal Market Data scale ended as much as two basis points lower. The 10-year yield slid two basis points to 2.99%, falling below 3.00% for the first time since Aug. 30. The 30-year yield fell one basis point to 4.48%. The two-year was steady at 0.43% for the 38th straight session.

Yields on the Municipal Market Advisors scale also ended as much as three basis points firmer. The 10-year fell two basis points to 3.12% and the 30-year yield dropped one basis point to 4.59%. The two-year closed unchanged at 0.55% for the 17th session.

Treasuries posted gains Monday for the second session. The benchmark 10-year and 30-year yields fell three basis points each to 2.90% and 3.84%, respectively. The two-year yield fell two basis points to 0.44%.

## Market Post: General Market Holds on Despite Puerto Rico Woes

By Taylor Riggs

Tuesday, September 10, 2013

Traders in the tax-exempt market focused on new issues in the primary market Tuesday as most yields were lowered on bonds maturing within 10 years.

Demand remained on the short-end of the curve and deals were priced with yields through the Municipal Market Data scale on 2015 to 2017 maturities on the \$270 million Empire State Development Corp. issue.

In the secondary market, Puerto Rico was on the minds of most traders following reports that the commonwealth would scale back new issuance for the remainder of the year in response to recent yield increases.

"People are starting to dip their toe in the water but bonds are trading at 60 cents on the dollar," said a trader located on the West Coast. "What's the solution? Puerto Rico wants to wait until everyone figures out the economy is thriving? It's only going to get worse. They've been in a recession for six years. It's a slow moving train wreck."

This trader added there were general obligation bonds maturing in 2027 yielding 9.84%. "That is in the 50 cents on the dollar range. How are you going to price a new issue at par? Everyone is long munis and everyone will say things are getting better but then why is COFINA down so much?"

In the general market, munis still look attractive on a relative basis, the trader said, which should help support the market in the near-term. "As long as you have tightening spreads and a reduction of volatility in Treasuries, munis will hold in. It's the volatility that kills us. So as long as volatility stays low, we can hold in there for the time being."

In the primary market Tuesday, Bank of America Merrill Lynch won the bid for \$484.5 million of New York's Empire State Development Corp. personal income tax revenue bonds, rated AAA by Standard & Poor's and AA by Fitch Ratings. Yields ranged from 3.40% with a 5% coupon in 2024 to 4.58% with a 5% coupon in 2033. The bonds are callable at par in 2023. Spreads ranged from 23 basis points to 40 basis points above Monday's Municipal Market Data scale.

The issuer also sold \$271.9 million of personal income tax revenue bonds to Goldman, Sachs & Co. Yields ranged from 0.38% with a 5% coupon in 2015 to 3.23% with a 5% coupon in 2023. Spreads ranged from as much as six basis points through the scale on bonds maturing between 2015 and 2017 to 24 basis points above the scale on bonds maturing between 2018 and 2023.

Also in the competitive market, Bank of America Merrill Lynch won the bid for \$495 million of Arkansas general obligation four-lane highway construction and improvement bonds, rated Aa1 by Moody's Investors Service and AA by Standard & Poor's. Yields ranged from 0.20% with a 2% coupon in 2014 to 3.44% with a 3.5% coupon in 2033. The bonds are callable at par in 2021.

**In the negotiated market, JPMorgan priced for institutions \$193.9 million of Monroe County Industrial Development Corp. revenue bonds for the University of Rochester project. The bonds are rated Aa3 by Moody's and AA-minus by Standard & Poor's and Fitch.**

**Yields on the first series of \$118.7 million ranged from 0.60% with a 3% coupon in 2015 to 5.07% with a 5% coupon in 2043. The bonds are callable at par in 2023. Yields were lowered between**

**one and three basis points on bonds maturing between 2015 and 2024 from retail pricing Monday.**

**Yields on the second series of \$75.2 million ranged from 0.33% with a 2% coupon in 2014 to 5.07% with a 5% coupon in 2043. The bonds are callable at par in 2023. Yields were lowered as much as four basis points from retail pricing Monday.**

Monday, yields on the triple-A Municipal Market Data scale ended as much as two basis points lower. The 10-year yield slid two basis points to 2.99%, falling below 3.00% for the first time since Aug. 30. The 30-year yield fell one basis point to 4.48%. The two-year was steady at 0.43% for the 38th straight session.

Yields on the Municipal Market Advisors scale also ended as much as three basis points firmer. The 10-year fell two basis points to 3.12% and the 30-year yield dropped one basis point to 4.59%. The two-year closed unchanged at 0.55% for the 17th session.

Treasuries continued to weaken Tuesday afternoon. The benchmark 10-year yield rose five basis points to 2.95%. The two-year and 30-year yields rose three basis points each to 0.47% and 3.87%, respectively.

# 10. Economics Release Calendar

## SEPTEMBER 2013

J.P.Morgan

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY																																																																																																		
<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>																																																																																																		
<p><b>Labor Day</b> Markets closed</p>	<p>8:58am Manufacturing PMI (Aug final) 10:00am ISM manufacturing (Aug) 10:00am Construction spending (Jul)</p>	<p>8:30am International trade (Jul) 2:00pm Beige book Light vehicle sales (Aug)</p>	<p>8:15am ADP employment (Aug) 8:30am Initial claims (w/ prior Sat) 8:30am Productivity and costs (2Q rev) 10:00am ISM nonmanufacturing (Aug) 10:00am Factory orders (Jul) Chain store sales (Aug)</p>	<p>8:30am Employment (Aug)</p>																																																																																																		
<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>																																																																																																		
<p>3:00pm Consumer credit (Jul)</p>	<p>7:30am NFIB survey (Aug) 10:00am JOLTS (Jul)  Auction 3-year note</p>	<p>10:00am Wholesale trade (Jul)  Auction 10-year note (f)</p>	<p>8:30am Initial claims (w/ prior Sat) 8:30am Import prices (Aug) 2:00pm Federal budget (Aug)  Auction 30-year bond (f)</p>	<p>8:30am Retail sales (Aug) 8:30am PPI (Aug) 9:55am Consumer sentiment (Sep pre) 10:00am Business inventories (Jul)</p>																																																																																																		
<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>																																																																																																		
<p>8:30am Empire State survey (Sep) 9:15am Industrial production (Aug)</p>	<p>8:30am CPI (Aug) 9:00am TIC data (Jul) 10:00am NAHB survey (Sep)  FOMC meeting</p>	<p>8:30am Housing starts (Aug)  FOMC statement (12:30pm), projections (2:00pm), and press conference (2:15pm)</p>	<p>8:30am Initial claims (w/ prior Sat) 8:30am Current account (2Q) 10:00am Existing home sales (Aug) 10:00am Philadelphia Fed survey (Sep) 10:00am Leading indicators (Aug)  Auction 10-year TIPS (f)</p>																																																																																																			
<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>																																																																																																		
<p>8:58am Manufacturing PMI (Sep flash)</p>	<p>9:00am S&amp;P/Case-Shiller HPI (Jul) 9:00am FHFA HPI (Jul) 10:00am Consumer confidence (Sep) 10:00am Richmond Fed survey (Sep)  Auction 2-year note</p>	<p>8:30am Durable goods (Aug) 10:00am New home sales (Aug)  Auction 5-year note</p>	<p>8:30am Initial claims (w/ prior Sat) 8:30am Real GDP (2Q third) 10:00am Pending home sales (Aug) 11:00am KC Fed survey (Sep)  Auction 7-year note</p>	<p>8:30am Personal income (Aug) 9:55am Consumer sentiment (Sep final)</p>																																																																																																		
<b>30</b>			<table border="1"> <thead> <tr> <th colspan="7">AUGUST</th> <th colspan="7">OCTOBER</th> </tr> <tr> <th>M</th><th>T</th><th>W</th><th>T</th><th>F</th><th>S</th><th>S</th> <th>M</th><th>T</th><th>W</th><th>T</th><th>F</th><th>S</th><th>S</th> </tr> </thead> <tbody> <tr> <td></td><td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td> <td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td> </tr> <tr> <td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td> <td>7</td><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td> </tr> <tr> <td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td> <td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td> </tr> <tr> <td>19</td><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td> <td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td> </tr> <tr> <td>26</td><td>27</td><td>28</td><td>29</td><td>30</td><td>31</td><td></td> <td>28</td><td>29</td><td>30</td><td>31</td><td></td><td></td><td></td> </tr> </tbody> </table>		AUGUST							OCTOBER							M	T	W	T	F	S	S	M	T	W	T	F	S	S				1	2	3	4		1	2	3	4	5	6	5	6	7	8	9	10	11	7	8	9	10	11	12	13	12	13	14	15	16	17	18	14	15	16	17	18	19	20	19	20	21	22	23	24	25	21	22	23	24	25	26	27	26	27	28	29	30	31		28	29	30	31			
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<p>9:45am Chicago PMI (Sep) 10:30am Dallas Fed survey (Sep)</p>																																																																																																						

All Treasury auction dates are tentative. Flow of Funds (2Q) is expected in the middle two weeks of the month. Household Debt Service and Financial Obligations (3Q) expected during month.

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

11. Series 2013A and Series B Pricing Wires

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Wednesday, September 11, 2013 10:00AM =====
MSS Wire #56456 == Final Pricing Wire ==
MSS Master Message #3554985 =====
TO: J.P. Morgan Securities LLC
(Manager)
RE: \$193,760,000
MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION
REVENUE BONDS
(UNIVERSITY OF ROCHESTER PROJECT), SERIES 2013

WE HAVE RECEIVED THE WRITTEN AWARD. TRADE TIME IS SET FOR 12:00PM EDT.

PLEASE NOTE, ALLOTMENTS OF \$500,000 OR MORE TO "PROFESSIONAL RETAIL" WILL BE DONE ON A GROUP NET BASIS FOR ORDERS ENTERED DURING THE RETAIL ORDER PERIOD.

\$118,855,000
Series 2013A

MOODY'S: Aa3 (Stable) S&P: AA- (Stable) FITCH: AA- (Stable)

DATED:09/19/2013 FIRST COUPON:01/01/2014

DUE: 07/01

ADD'L
TAKEDOWN

Table with columns: MATURITY, AMOUNT, COUPON, PRICE (Pts), and ADD'L TAKEDOWN. Rows include maturity dates from 07/01/2015 to 07/01/2024 with associated amounts and coupon rates.

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

07/01/2025	5,635M	5.00%	3.96	0.40	
					(Approx. \$ Price PTC 07/01/2023 108.361 Approx. YTM 4.098)
07/01/2026	5,930M	5.00%	4.14	0.40	
					(Approx. \$ Price PTC 07/01/2023 106.854 Approx. YTM 4.297)
07/01/2027	6,235M	5.00%	4.32	0.40	
					(Approx. \$ Price PTC 07/01/2023 105.372 Approx. YTM 4.473)
07/01/2028	6,535M	5.00%	4.47	0.40	
					(Approx. \$ Price PTC 07/01/2023 104.156 Approx. YTM 4.609)
07/01/2029	6,845M	5.00%	4.59	0.40	
					(Approx. \$ Price PTC 07/01/2023 103.195 Approx. YTM 4.710)
07/01/2030	7,195M	5.00%	4.70	0.40	
					(Approx. \$ Price PTC 07/01/2023 102.324 Approx. YTM 4.796)
07/01/2031	7,565M	5.00%	4.78	0.40	
					(Approx. \$ Price PTC 07/01/2023 101.695 Approx. YTM 4.856)
07/01/2032	7,950M	5.00%	4.86	0.40	
					(Approx. \$ Price PTC 07/01/2023 101.072 Approx. YTM 4.911)
07/01/2033	8,340M	5.00%	4.93	0.40	
					(Approx. \$ Price PTC 07/01/2023 100.530 Approx. YTM 4.957)
07/01/2038	19,500M	5.00%	5.03	0.425	
					(Approx. \$ Price 99.570)
07/01/2043	24,885M	5.00%	5.07	0.425	
					(Approx. \$ Price 98.922)

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CALL FEATURES: Optional call in 07/01/2023 @ 100.00

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By Lot Sinking Fund Schedule

2038 Term Bond

07/01/2034	3,530
07/01/2035	3,710
07/01/2036	3,885
07/01/2037	4,090
07/01/2038	4,285

By Lot Sinking Fund Schedule

2043 Term Bond

07/01/2039	4,505
07/01/2040	4,725

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

07/01/2041 4,970  
 07/01/2042 5,220  
 07/01/2043 5,465

\$74,905,000  
 Series 2013B

MOODY'S: Aa3 (Stable)                      S&P: AA- (Stable)                      FITCH: AA- (Stable)

DATED: 09/19/2013      FIRST COUPON: 01/01/2014

DUE: 07/01

ADD'L  
 TAKEDOWN

MATURITY	AMOUNT	COUPON	PRICE	( Pts )
07/01/2014	240M	2.00%	0.33	0.05
			(Approx. \$ Price 101.305)	
07/01/2015	310M	3.00%	0.60	0.10
			(Approx. \$ Price 104.250)	
07/01/2016	1,430M	4.00%	0.99	0.20
			(Approx. \$ Price 108.242)	
07/01/2017	1,490M	5.00%	1.44	0.325
			(Approx. \$ Price 113.060)	
07/01/2018	1,560M	5.00%	1.88	0.325
			(Approx. \$ Price 114.206)	
07/01/2019	1,640M	5.00%	2.25	0.325
			(Approx. \$ Price 114.831)	
07/01/2020	1,720M	5.00%	2.65	0.325
			(Approx. \$ Price 114.498)	
07/01/2021	1,815M	5.00%	3.03	0.325
			(Approx. \$ Price 113.563)	
07/01/2022	675M	4.00%	3.31	0.325
			(Approx. \$ Price 105.217)	
07/01/2022	1,230M	5.00%	3.31	0.325
			(Approx. \$ Price 112.784)	
07/01/2023	1,985M	4.00%	3.55	0.325
			(Approx. \$ Price 103.687)	
07/01/2024	2,065M	5.00%	3.76	0.40
			(Approx. \$ Price PTC 07/01/2023 110.066 Approx. YTM 3.850)	
07/01/2025	2,170M	5.00%	3.96	0.40
			(Approx. \$ Price PTC 07/01/2023 108.361 Approx. YTM 4.098)	
07/01/2026	2,280M	5.00%	4.14	0.40
			(Approx. \$ Price PTC 07/01/2023 106.854 Approx. YTM 4.297)	
07/01/2027	2,395M	5.00%	4.32	0.40

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

			(Approx. \$ Price PTC 07/01/2023 105.372 Approx. YTM 4.473)
07/01/2028	2,510M	5.00%	4.47 0.40
			(Approx. \$ Price PTC 07/01/2023 104.156 Approx. YTM 4.609)
07/01/2029	2,640M	5.00%	4.59 0.40
			(Approx. \$ Price PTC 07/01/2023 103.195 Approx. YTM 4.710)
07/01/2030	2,770M	5.00%	4.70 0.40
			(Approx. \$ Price PTC 07/01/2023 102.324 Approx. YTM 4.796)
07/01/2031	2,910M	4.50%	4.78 0.40
			(Approx. \$ Price 96.664)
07/01/2032	3,040M	5.00%	4.86 0.40
			(Approx. \$ Price PTC 07/01/2023 101.072 Approx. YTM 4.911)
07/01/2033	3,195M	5.00%	4.93 0.40
			(Approx. \$ Price PTC 07/01/2023 100.530 Approx. YTM 4.957)
07/01/2038	16,210M	5.00%	5.03 0.425
			(Approx. \$ Price 99.570)
07/01/2043	18,625M	5.00%	5.07 0.425
			(Approx. \$ Price 98.922)

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CALL FEATURES: Optional call in 07/01/2023 @ 100.00

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By Lot Sinking Fund Schedule

2038 Term Bond

07/01/2034	3,350
07/01/2035	2,985
07/01/2036	3,130
07/01/2037	3,290
07/01/2038	3,455

By Lot Sinking Fund Schedule

2043 Term Bond

07/01/2039	3,630
07/01/2040	3,480
07/01/2041	3,655
07/01/2042	3,835
07/01/2043	4,025



PRIORITY OF ORDERS AS FOLLOWS:

1. Group Net

(Exception: If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, then the step aside amount will be reallocated among the other managers on a pro rata basis.)

2. Member

PRIORITY POLICY:

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The compliance addendum MSRB Rule G-11 will apply.

\*\*\*\*\*

A Preliminary Blue Sky Survey or Memorandum is available upon request.

\*\*\*\*\*

Pursuant to MSRB Rule G11, all syndicate members must inform J.P. Morgan Securities LLC if they are submitting an order for their own account, an affiliated account or a related account to themselves or to any other syndicate member.

\*\*\*\*\*

The Award is final for Tuesday, September 10, 2013 at 6:54PM Eastern.

Delivery is firm for Thursday, September 19, 2013.

This Issue is book entry. This issue is clearing through DTC.

A reasonable number of preliminary statements are available from Image Master Financial

Publishing by calling (734)821-2525 or faxing at (734)821-2501.

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

\$118,855,000  
Series 2013A

Award: 09/10/2013  
Award Time: 6:54PM Eastern  
Delivery: 09/19/2013 (Firm)  
Initial trade: 09/11/2013  
Date of Execution: 09/11/2013  
Time of Execution: 12:00PM Eastern

MATURITY	CUSIP	COUPON
-----	-----	-----
07/01/2015	61075TGS1	3.000
07/01/2016	61075TGT9	3.000
07/01/2017	61075TGU6	4.000
07/01/2019	61075TGV4	4.000
07/01/2022	61075TGW2	5.000
07/01/2023	61075TGX0	5.000
07/01/2024	61075TGY8	5.000
07/01/2025	61075TGZ5	5.000
07/01/2026	61075THA9	5.000
07/01/2027	61075THB7	5.000
07/01/2028	61075THC5	5.000
07/01/2029	61075THD3	5.000
07/01/2030	61075THE1	5.000
07/01/2031	61075THF8	5.000
07/01/2032	61075THG6	5.000
07/01/2033	61075THH4	5.000
07/01/2038	61075THJ0	5.000
07/01/2043	61075THK7	5.000

\$74,905,000  
Series 2013B

Award: 09/10/2013  
Award Time: 6:54PM Eastern  
Delivery: 09/19/2013 (Firm)  
Initial trade: 09/11/2013  
Date of Execution: 09/11/2013  
Time of Execution: 12:00PM Eastern

MATURITY	CUSIP	COUPON
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07/01/2014	61075THL5	2.000

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

07/01/2015	61075THM3	3.000
07/01/2016	61075THN1	4.000
07/01/2017	61075THP6	5.000
07/01/2018	61075THQ4	5.000
07/01/2019	61075THR2	5.000
07/01/2020	61075THS0	5.000
07/01/2021	61075THT8	5.000
07/01/2022	61075THU5	4.000
07/01/2022	61075TJJ8	5.000
07/01/2023	61075THV3	4.000
07/01/2024	61075THW1	5.000
07/01/2025	61075THX9	5.000
07/01/2026	61075THY7	5.000
07/01/2027	61075THZ4	5.000
07/01/2028	61075TJA7	5.000
07/01/2029	61075TJB5	5.000
07/01/2030	61075TJC3	5.000
07/01/2031	61075TJD1	4.500
07/01/2032	61075TJE9	5.000
07/01/2033	61075TJF6	5.000
07/01/2038	61075TJG4	5.000
07/01/2043	61075TJH2	5.000

Participation

J.P. Morgan Securities LLC	45.000%
Barclays Capital Inc.	45.000%
Morgan Stanley & Co. LLC	10.000%

By: J.P. Morgan Securities LLC New York, NY

Wednesday, September 11, 2013 10:00AM

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## 12. Series 2013 Cash Flows

Please see the following pages for the Series 2013 cash flows. Please note that the 2013C Taxable portion is included herein.

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

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SOURCES AND USES OF FUNDS

University of Rochester  
Series 2013

Sources:	Series 2013A (University - Tax-Exempt Projects & Refunding)	Series 2013B (Hospital - Tax-Exempt Projects)	Series 2013C (University - Taxable Projects & Refunding)	Total
<b>Bond Proceeds:</b>				
Par Amount	118,855,000.00	74,905,000.00	70,730,000.00	264,490,000.00
Net Premium	2,961,247.95	2,164,012.35	-	5,125,260.30
	121,816,247.95	77,069,012.35	70,730,000.00	269,615,260.30
<b>Uses:</b>				
<b>Project Fund Deposits:</b>				
Project Fund	113,297,585.36	75,268,601.06	54,941,938.72	243,508,125.14
<b>Refunding Escrow Deposits:</b>				
Cash Deposit	128.12	-	10,647,611.96	10,647,740.08
Open Market Purchases	7,467,353.36	-	4,553,023.31	12,020,376.67
	7,467,481.48	-	15,200,635.27	22,668,116.75
<b>Other Fund Deposits:</b>				
Capitalized Interest Fund	-	1,143,397.23	-	1,143,397.23
<b>Delivery Date Expenses:</b>				
Cost of Issuance	551,959.71	347,856.94	328,468.35	1,228,285.00
Underwriter's Discount	496,085.53	305,134.36	254,786.59	1,056,006.48
	1,048,045.24	652,991.30	583,254.94	2,284,291.48
<b>Other Uses of Funds:</b>				
Additional Proceeds	3,135.87	4,022.76	4,171.07	11,329.70
	121,816,247.95	77,069,012.35	70,730,000.00	269,615,260.30

BOND SUMMARY STATISTICS

University of Rochester  
Series 2013

Dated Date	09/19/2013
Delivery Date	09/19/2013
Last Maturity	07/01/2043
Arbitrage Yield	4.735873%
True Interest Cost (TIC)	4.760203%
Net Interest Cost (NIC)	4.835363%
All-In TIC	4.802713%
Average Coupon	4.928007%
Average Life (years)	16.607
Weighted Average Maturity (years)	16.460
Duration of Issue (years)	11.052
Par Amount	264,490,000.00
Bond Proceeds	269,615,260.30
Total Interest	216,456,483.90
Net Interest	212,387,230.08
Total Debt Service	480,946,483.90
Maximum Annual Debt Service	23,772,528.68
Average Annual Debt Service	16,148,175.17
Underwriter's Fees (per \$1000)	
Average Takedown	3.852145
Other Fee	0.140469
	<hr/>
Total Underwriter's Discount	3.992614
Bid Price	101.538528

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Taxable Serial Bonds	55,015,000.00	100.000	4.311%	8.724	37,826.90
Serial Bonds (2013B)	40,070,000.00	106.076	4.885%	12.393	30,514.35
Serial Bonds (2013A)	74,470,000.00	104.449	4.985%	14.857	58,527.80
Taxable Term Bond 1	15,715,000.00	100.000	5.311%	17.886	19,015.15
Term Bond 1	35,710,000.00	99.570	5.000%	22.851	50,351.10
Term Bond 2	43,510,000.00	98.922	5.000%	27.865	66,135.20
	<hr/>				
	264,490,000.00			16.607	262,370.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	264,490,000.00	264,490,000.00	193,760,000.00
+ Accrued Interest	-	-	-
+ Premium (Discount)	5,125,260.30	5,125,260.30	5,125,260.30
- Underwriter's Discount	-1,056,006.48	-1,056,006.48	
- Cost of Issuance Expense		-1,228,285.00	
- Other Amounts	-	-	-
	<hr/>	<hr/>	<hr/>
Target Value	268,559,253.82	267,330,968.82	198,885,260.30
Target Date	09/19/2013	09/19/2013	09/19/2013
Yield	4.760203%	4.802713%	4.735873%

**BOND PRICING**

University of Rochester  
Series 2013

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)	Takedown
Series 2013A (University - Tax-Exempt Projects & R, Serial Bonds (2013A):										
	07/01/2015	810,000	3.000%	0.600%	104.250	-	-	-	34,425.00	1.000
	07/01/2016	835,000	3.000%	0.990%	105.503	-	-	-	45,950.05	2.000
	07/01/2017	860,000	4.000%	1.440%	109.391	-	-	-	80,762.60	3.250
	07/01/2019	940,000	4.000%	2.250%	109.437	-	-	-	88,707.80	3.250
	07/01/2022	1,090,000	5.000%	3.310%	112.784	-	-	-	139,345.60	3.250
	07/01/2023	1,145,000	5.000%	3.550%	111.891	-	-	-	136,151.95	3.250
	07/01/2024	6,560,000	5.000%	3.760%	110.066	C 3.850%	07/01/2023	100.000	660,329.60	4.000
	07/01/2025	5,635,000	5.000%	3.960%	108.361	C 4.098%	07/01/2023	100.000	471,142.35	4.000
	07/01/2026	5,930,000	5.000%	4.140%	106.854	C 4.297%	07/01/2023	100.000	406,442.20	4.000
	07/01/2027	6,235,000	5.000%	4.320%	105.372	C 4.473%	07/01/2023	100.000	334,944.20	4.000
	07/01/2028	6,535,000	5.000%	4.470%	104.156	C 4.609%	07/01/2023	100.000	271,594.60	4.000
	07/01/2029	6,845,000	5.000%	4.590%	103.195	C 4.710%	07/01/2023	100.000	218,697.75	4.000
	07/01/2030	7,195,000	5.000%	4.700%	102.324	C 4.796%	07/01/2023	100.000	167,211.80	4.000
	07/01/2031	7,565,000	5.000%	4.780%	101.695	C 4.856%	07/01/2023	100.000	128,226.75	4.000
	07/01/2032	7,950,000	5.000%	4.860%	101.072	C 4.911%	07/01/2023	100.000	85,224.00	4.000
	07/01/2033	8,340,000	5.000%	4.930%	100.530	C 4.957%	07/01/2023	100.000	44,202.00	4.000
		<u>74,470,000</u>							<u>3,313,358.25</u>	
Series 2013A (University - Tax-Exempt Projects & R, Term Bond 1:										
	07/01/2034	3,530,000	5.000%	5.030%	99.570	-	-	-	-15,179.00	4.250
	07/01/2035	3,710,000	5.000%	5.030%	99.570	-	-	-	-15,953.00	4.250
	07/01/2036	3,885,000	5.000%	5.030%	99.570	-	-	-	-16,705.50	4.250
	07/01/2037	4,090,000	5.000%	5.030%	99.570	-	-	-	-17,587.00	4.250
	07/01/2038	4,285,000	5.000%	5.030%	99.570	-	-	-	-18,425.50	4.250
		<u>19,500,000</u>							<u>-83,850.00</u>	
Series 2013A (University - Tax-Exempt Projects & R, Term Bond 2:										
	07/01/2039	4,505,000	5.000%	5.070%	98.922	-	-	-	-48,563.90	4.250
	07/01/2040	4,725,000	5.000%	5.070%	98.922	-	-	-	-50,935.50	4.250
	07/01/2041	4,970,000	5.000%	5.070%	98.922	-	-	-	-53,576.60	4.250
	07/01/2042	5,220,000	5.000%	5.070%	98.922	-	-	-	-56,271.60	4.250
	07/01/2043	5,465,000	5.000%	5.070%	98.922	-	-	-	-58,912.70	4.250
		<u>24,885,000</u>							<u>-268,260.30</u>	
Series 2013B (Hospital - Tax-Exempt Projects), Serial Bonds (2013B):										
	07/01/2014	240,000	2.000%	0.330%	101.305	-	-	-	3,132.00	0.500
	07/01/2015	310,000	3.000%	0.600%	104.250	-	-	-	13,175.00	1.000
	07/01/2016	1,430,000	4.000%	0.990%	108.242	-	-	-	117,860.60	2.000
	07/01/2017	1,490,000	5.000%	1.440%	113.060	-	-	-	194,594.00	3.250
	07/01/2018	1,560,000	5.000%	1.880%	114.206	-	-	-	221,613.60	3.250
	07/01/2019	1,640,000	5.000%	2.250%	114.831	-	-	-	243,228.40	3.250
	07/01/2020	1,720,000	5.000%	2.650%	114.498	-	-	-	249,365.60	3.250
	07/01/2021	1,815,000	5.000%	3.030%	113.563	-	-	-	246,168.45	3.250
	07/01/2022	675,000	4.000%	3.310%	105.217	-	-	-	35,214.75	3.250
	07/01/2022	1,230,000	5.000%	3.310%	112.784	-	-	-	157,243.20	3.250
	07/01/2023	1,985,000	4.000%	3.550%	103.687	-	-	-	73,186.95	3.250
	07/01/2024	2,065,000	5.000%	3.760%	110.066	C 3.850%	07/01/2023	100.000	207,862.90	4.000
	07/01/2025	2,170,000	5.000%	3.960%	108.361	C 4.098%	07/01/2023	100.000	181,433.70	4.000
	07/01/2026	2,280,000	5.000%	4.140%	106.854	C 4.297%	07/01/2023	100.000	156,271.20	4.000
	07/01/2027	2,395,000	5.000%	4.320%	105.372	C 4.473%	07/01/2023	100.000	128,659.40	4.000
	07/01/2028	2,510,000	5.000%	4.470%	104.156	C 4.609%	07/01/2023	100.000	104,315.60	4.000
	07/01/2029	2,640,000	5.000%	4.590%	103.195	C 4.710%	07/01/2023	100.000	84,348.00	4.000
	07/01/2030	2,770,000	5.000%	4.700%	102.324	C 4.796%	07/01/2023	100.000	64,374.80	4.000
	07/01/2031	2,910,000	4.500%	4.780%	96.664	-	-	-	-97,077.60	4.000
	07/01/2032	3,040,000	5.000%	4.860%	101.072	C 4.911%	07/01/2023	100.000	32,588.80	4.000
	07/01/2033	3,195,000	5.000%	4.930%	100.530	C 4.957%	07/01/2023	100.000	16,933.50	4.000
		<u>40,070,000</u>							<u>2,434,492.85</u>	
Series 2013B (Hospital - Tax-Exempt Projects), Term Bond 1:										
	07/01/2034	3,350,000	5.000%	5.030%	99.570	-	-	-	-14,405.00	4.250
	07/01/2035	2,985,000	5.000%	5.030%	99.570	-	-	-	-12,835.50	4.250
	07/01/2036	3,130,000	5.000%	5.030%	99.570	-	-	-	-13,459.00	4.250
	07/01/2037	3,290,000	5.000%	5.030%	99.570	-	-	-	-14,147.00	4.250
	07/01/2038	3,455,000	5.000%	5.030%	99.570	-	-	-	-14,856.50	4.250
		<u>16,210,000</u>							<u>-69,703.00</u>	
Series 2013B (Hospital - Tax-Exempt Projects), Term Bond 2:										
	07/01/2039	3,630,000	5.000%	5.070%	98.922	-	-	-	-39,131.40	4.250
	07/01/2040	3,480,000	5.000%	5.070%	98.922	-	-	-	-37,514.40	4.250
	07/01/2041	3,655,000	5.000%	5.070%	98.922	-	-	-	-39,400.90	4.250
	07/01/2042	3,835,000	5.000%	5.070%	98.922	-	-	-	-41,341.30	4.250



**BOND PRICING**

University of Rochester  
Series 2013

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)	Takedown
Series 2013B (Hospital - Tax-Exempt Projects), Term Bond 2:										
	07/01/2043	4,025,000	5.000%	5.070%	98.922	-	-	-	-43,389.50	4.250
		<u>18,625,000</u>							<u>-200,777.50</u>	
Series 2013C (University - Taxable Projects & Refu, Taxable Serial Bonds):										
	07/01/2014	2,035,000	0.470%	0.470%	100.000	-	-	-	-	1.000
	07/01/2015	2,610,000	0.947%	0.947%	100.000	-	-	-	-	1.000
	07/01/2016	2,810,000	1.654%	1.654%	100.000	-	-	-	-	2.000
	07/01/2017	2,865,000	2.399%	2.399%	100.000	-	-	-	-	3.250
	07/01/2018	2,930,000	2.849%	2.849%	100.000	-	-	-	-	3.250
	07/01/2019	3,515,000	3.327%	3.327%	100.000	-	-	-	-	3.250
	07/01/2020	3,635,000	3.627%	3.627%	100.000	-	-	-	-	3.250
	07/01/2021	3,765,000	3.946%	3.946%	100.000	-	-	-	-	3.250
	07/01/2022	3,910,000	4.146%	4.146%	100.000	-	-	-	-	3.250
	07/01/2023	4,065,000	4.296%	4.296%	100.000	-	-	-	-	3.250
	07/01/2024	4,540,000	4.446%	4.446%	100.000	-	-	-	-	4.000
	07/01/2025	4,745,000	4.596%	4.596%	100.000	-	-	-	-	4.000
	07/01/2026	4,315,000	4.746%	4.746%	100.000	-	-	-	-	4.000
	07/01/2027	4,530,000	4.946%	4.946%	100.000	-	-	-	-	4.000
	07/01/2028	4,745,000	5.046%	5.046%	100.000	-	-	-	-	4.000
		<u>55,015,000</u>								
Series 2013C (University - Taxable Projects & Refu, Taxable Term Bond 1):										
	07/01/2029	2,830,000	5.311%	5.311%	100.000	-	-	-	-	4.000
	07/01/2030	2,975,000	5.311%	5.311%	100.000	-	-	-	-	4.000
	07/01/2031	3,130,000	5.311%	5.311%	100.000	-	-	-	-	4.000
	07/01/2032	3,305,000	5.311%	5.311%	100.000	-	-	-	-	4.000
	07/01/2033	3,475,000	5.311%	5.311%	100.000	-	-	-	-	4.000
		<u>15,715,000</u>								
		264,490,000							5,125,260.30	

Dated Date	09/19/2013	
Delivery Date	09/19/2013	
First Coupon	01/01/2014	
Par Amount	264,490,000.00	
Premium	5,125,260.30	
Production	269,615,260.30	101.937790%
Underwriter's Discount	-1,056,006.48	-0.399261%
Purchase Price	268,559,253.82	101.538528%
Accrued Interest	-	
Net Proceeds	268,559,253.82	

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BOND DEBT SERVICE

University of Rochester  
Series 2013

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2014	2,275,000	** %	9,758,874.56	12,033,874.56
07/01/2015	3,730,000	** %	12,443,773.26	16,173,773.26
07/01/2016	5,075,000	** %	12,385,456.56	17,460,456.56
07/01/2017	5,215,000	** %	12,256,729.16	17,471,729.16
07/01/2018	4,490,000	** %	12,079,097.80	16,569,097.80
07/01/2019	6,095,000	** %	11,917,622.12	18,012,622.12
07/01/2020	5,355,000	** %	11,681,078.10	17,036,078.10
07/01/2021	5,580,000	** %	11,463,236.58	17,043,236.58
07/01/2022	6,905,000	** %	11,223,919.68	18,128,919.68
07/01/2023	7,195,000	** %	10,918,811.08	18,113,811.08
07/01/2024	13,165,000	** %	10,607,528.68	23,772,528.68
07/01/2025	12,550,000	** %	9,974,430.28	22,524,430.28
07/01/2026	12,525,000	** %	9,366,100.08	21,891,100.08
07/01/2027	13,160,000	** %	8,750,810.18	21,910,810.18
07/01/2028	13,790,000	** %	8,095,256.38	21,885,256.38
07/01/2029	12,315,000	** %	7,403,573.68	19,718,573.68
07/01/2030	12,940,000	** %	6,779,022.40	19,719,022.40
07/01/2031	13,605,000	** %	6,122,770.14	19,727,770.14
07/01/2032	14,295,000	** %	5,447,335.86	19,742,335.86
07/01/2033	15,010,000	** %	4,722,307.32	19,732,307.32
07/01/2034	6,880,000	5.000%	3,961,000.00	10,841,000.00
07/01/2035	6,695,000	5.000%	3,617,000.00	10,312,000.00
07/01/2036	7,015,000	5.000%	3,282,250.00	10,297,250.00
07/01/2037	7,380,000	5.000%	2,931,500.00	10,311,500.00
07/01/2038	7,740,000	5.000%	2,562,500.00	10,302,500.00
07/01/2039	8,135,000	5.000%	2,175,500.00	10,310,500.00
07/01/2040	8,205,000	5.000%	1,768,750.00	9,973,750.00
07/01/2041	8,625,000	5.000%	1,358,500.00	9,983,500.00
07/01/2042	9,055,000	5.000%	927,250.00	9,982,250.00
07/01/2043	9,490,000	5.000%	474,500.00	9,964,500.00
	264,490,000		216,456,483.90	480,946,483.90

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PROJECT FUND

University of Rochester  
Series 2013

Date	Deposit	Interest	Principal	Scheduled Draws	Balance
07/01/2014	243,508,125.14	46,184.20	171,310,219.56	171,356,403.76	72,197,905.58
07/01/2015	-	20,421.29	67,040,289.85	67,060,711.14	5,157,615.73
07/01/2016	-	780.80	5,157,615.71	5,157,803.10	0.02
	243,508,125.14	67,386.29	243,508,125.12	243,574,918.00	

Average Life (years):	0.5535
Yield To Receipt Date:	0.0500004%
Arbitrage Yield:	4.7358732%
Value of Negative Arbitrage:	6,084,118.86

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SOURCES AND USES OF FUNDS

University of Rochester  
Series 2013A (University - Tax-Exempt Projects & Refunding)

Sources:

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Bond Proceeds:	
Par Amount	118,855,000.00
Net Premium	2,961,247.95
	<hr/>
	121,816,247.95
	<hr/> <hr/>

Uses:

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Project Fund Deposits:	
Project Fund	113,297,585.36
Refunding Escrow Deposits:	
Cash Deposit	128.12
Open Market Purchases	<hr/>
	7,467,353.36
	7,467,481.48
Delivery Date Expenses:	
Cost of Issuance	551,959.71
Underwriter's Discount	<hr/>
	496,085.53
	1,048,045.24
Other Uses of Funds:	
Additional Proceeds	3,135.87
	<hr/>
	121,816,247.95
	<hr/> <hr/>

BOND SUMMARY STATISTICS

University of Rochester  
Series 2013A (University - Tax-Exempt Projects & Refunding)

Dated Date	09/19/2013
Delivery Date	09/19/2013
Last Maturity	07/01/2043
Arbitrage Yield	4.735873%
True Interest Cost (TIC)	4.816306%
Net Interest Cost (NIC)	4.883035%
All-In TIC	4.854792%
Average Coupon	4.992776%
Average Life (years)	18.900
Weighted Average Maturity (years)	18.700
Duration of Issue (years)	12.145
Par Amount	118,855,000.00
Bond Proceeds	121,816,247.95
Total Interest	112,154,632.50
Net Interest	109,689,470.08
Total Debt Service	231,009,632.50
Maximum Annual Debt Service	12,218,750.00
Average Annual Debt Service	7,756,339.09
Underwriter's Fees (per \$1000)	
Average Takedown	4.033402
Other Fee	0.140470
Total Underwriter's Discount	4.173872
Bid Price	102.074092

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds (2013A)	74,470,000.00	104.449	4.985%	14.857	58,527.80
Term Bond 1	19,500,000.00	99.570	5.000%	22.880	27,495.00
Term Bond 2	24,885,000.00	98.922	5.000%	27.880	37,825.20
	118,855,000.00			18.900	123,848.00

	TIC	All-In TIC	Arbitrage Yield
Par Value	118,855,000.00	118,855,000.00	118,855,000.00
+ Accrued Interest	-	-	-
+ Premium (Discount)	2,961,247.95	2,961,247.95	2,961,247.95
- Underwriter's Discount	-496,085.53	-496,085.53	
- Cost of Issuance Expense		-551,959.71	
- Other Amounts	-	-	-
Target Value	121,320,162.42	120,768,202.71	121,816,247.95
Target Date	09/19/2013	09/19/2013	09/19/2013
Yield	4.816306%	4.854792%	4.735873%

**BOND PRICING**

University of Rochester  
Series 2013A (University - Tax-Exempt Projects & Refunding)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)	Takedown
Serial Bonds (2013A):										
	07/01/2015	810,000	3.000%	0.600%	104.250	-	-	-	34,425.00	1.000
	07/01/2016	835,000	3.000%	0.990%	105.503	-	-	-	45,950.05	2.000
	07/01/2017	860,000	4.000%	1.440%	109.391	-	-	-	80,762.60	3.250
	07/01/2019	940,000	4.000%	2.250%	109.437	-	-	-	88,707.80	3.250
	07/01/2022	1,090,000	5.000%	3.310%	112.784	-	-	-	139,345.60	3.250
	07/01/2023	1,145,000	5.000%	3.550%	111.891	-	-	-	136,151.95	3.250
	07/01/2024	6,560,000	5.000%	3.760%	110.066	C 3.850%	07/01/2023	100.000	660,329.60	4.000
	07/01/2025	5,635,000	5.000%	3.960%	108.361	C 4.098%	07/01/2023	100.000	471,142.35	4.000
	07/01/2026	5,930,000	5.000%	4.140%	106.854	C 4.297%	07/01/2023	100.000	406,442.20	4.000
	07/01/2027	6,235,000	5.000%	4.320%	105.372	C 4.473%	07/01/2023	100.000	334,944.20	4.000
	07/01/2028	6,535,000	5.000%	4.470%	104.156	C 4.609%	07/01/2023	100.000	271,594.60	4.000
	07/01/2029	6,845,000	5.000%	4.590%	103.195	C 4.710%	07/01/2023	100.000	218,697.75	4.000
	07/01/2030	7,195,000	5.000%	4.700%	102.324	C 4.796%	07/01/2023	100.000	167,211.80	4.000
	07/01/2031	7,565,000	5.000%	4.780%	101.695	C 4.856%	07/01/2023	100.000	128,226.75	4.000
	07/01/2032	7,950,000	5.000%	4.860%	101.072	C 4.911%	07/01/2023	100.000	85,224.00	4.000
	07/01/2033	8,340,000	5.000%	4.930%	100.530	C 4.957%	07/01/2023	100.000	44,202.00	4.000
		<u>74,470,000</u>							<u>3,313,358.25</u>	
Term Bond 1:										
	07/01/2034	3,530,000	5.000%	5.030%	99.570	-	-	-	-15,179.00	4.250
	07/01/2035	3,710,000	5.000%	5.030%	99.570	-	-	-	-15,953.00	4.250
	07/01/2036	3,885,000	5.000%	5.030%	99.570	-	-	-	-16,705.50	4.250
	07/01/2037	4,090,000	5.000%	5.030%	99.570	-	-	-	-17,587.00	4.250
	07/01/2038	4,285,000	5.000%	5.030%	99.570	-	-	-	-18,425.50	4.250
		<u>19,500,000</u>							<u>-83,850.00</u>	
Term Bond 2:										
	07/01/2039	4,505,000	5.000%	5.070%	98.922	-	-	-	-48,563.90	4.250
	07/01/2040	4,725,000	5.000%	5.070%	98.922	-	-	-	-50,935.50	4.250
	07/01/2041	4,970,000	5.000%	5.070%	98.922	-	-	-	-53,576.60	4.250
	07/01/2042	5,220,000	5.000%	5.070%	98.922	-	-	-	-56,271.60	4.250
	07/01/2043	5,465,000	5.000%	5.070%	98.922	-	-	-	-58,912.70	4.250
		<u>24,885,000</u>							<u>-268,260.30</u>	
		<u>118,855,000</u>							<u>2,961,247.95</u>	

Dated Date	09/19/2013	
Delivery Date	09/19/2013	
First Coupon	01/01/2014	
Par Amount	118,855,000.00	
Premium	2,961,247.95	
Production	121,816,247.95	102.491479%
Underwriter's Discount	-496,085.53	-0.417387%
Purchase Price	121,320,162.42	102.074092%
Accrued Interest	-	
Net Proceeds	121,320,162.42	

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BOND DEBT SERVICE

University of Rochester  
Series 2013A (University - Tax-Exempt Projects & Refunding)

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2014	-	-	4,615,282.50	4,615,282.50
07/01/2015	810,000	3.000%	5,891,850.00	6,701,850.00
07/01/2016	835,000	3.000%	5,867,550.00	6,702,550.00
07/01/2017	860,000	4.000%	5,842,500.00	6,702,500.00
07/01/2018	-	-	5,808,100.00	5,808,100.00
07/01/2019	940,000	4.000%	5,808,100.00	6,748,100.00
07/01/2020	-	-	5,770,500.00	5,770,500.00
07/01/2021	-	-	5,770,500.00	5,770,500.00
07/01/2022	1,090,000	5.000%	5,770,500.00	6,860,500.00
07/01/2023	1,145,000	5.000%	5,716,000.00	6,861,000.00
07/01/2024	6,560,000	5.000%	5,658,750.00	12,218,750.00
07/01/2025	5,635,000	5.000%	5,330,750.00	10,965,750.00
07/01/2026	5,930,000	5.000%	5,049,000.00	10,979,000.00
07/01/2027	6,235,000	5.000%	4,752,500.00	10,987,500.00
07/01/2028	6,535,000	5.000%	4,440,750.00	10,975,750.00
07/01/2029	6,845,000	5.000%	4,114,000.00	10,959,000.00
07/01/2030	7,195,000	5.000%	3,771,750.00	10,966,750.00
07/01/2031	7,565,000	5.000%	3,412,000.00	10,977,000.00
07/01/2032	7,950,000	5.000%	3,033,750.00	10,983,750.00
07/01/2033	8,340,000	5.000%	2,636,250.00	10,976,250.00
07/01/2034	3,530,000	5.000%	2,219,250.00	5,749,250.00
07/01/2035	3,710,000	5.000%	2,042,750.00	5,752,750.00
07/01/2036	3,885,000	5.000%	1,857,250.00	5,742,250.00
07/01/2037	4,090,000	5.000%	1,663,000.00	5,753,000.00
07/01/2038	4,285,000	5.000%	1,458,500.00	5,743,500.00
07/01/2039	4,505,000	5.000%	1,244,250.00	5,749,250.00
07/01/2040	4,725,000	5.000%	1,019,000.00	5,744,000.00
07/01/2041	4,970,000	5.000%	782,750.00	5,752,750.00
07/01/2042	5,220,000	5.000%	534,250.00	5,754,250.00
07/01/2043	5,465,000	5.000%	273,250.00	5,738,250.00
	118,855,000		112,154,632.50	231,009,632.50

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PROJECT FUND

University of Rochester  
Series 2013A (University - Tax-Exempt Projects & Refunding)

Project Fund (PROJ)

Date	Deposit	Interest @ 0.05%	Principal	Scheduled Draws	Balance
07/01/2014	113,297,585.36	21,769.81	86,924,289.95	86,946,059.76	26,373,295.41
07/01/2015	-	6,196.39	26,372,743.85	26,378,940.24	551.56
07/01/2016	-	0.14	551.56	-	-
	113,297,585.36	27,966.34	113,297,585.36	113,325,000.00	

Average Life (years): 0.4937  
Yield To Receipt Date: 0.0500005%  
Arbitrage Yield: 4.7358732%  
Value of Negative Arbitrage: 2,536,942.48



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SOURCES AND USES OF FUNDS

University of Rochester  
Series 2013B (Hospital - Tax-Exempt Projects)

Sources:

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Bond Proceeds:	
Par Amount	74,905,000.00
Net Premium	2,164,012.35
	<hr/>
	77,069,012.35
	<hr/> <hr/>

Uses:

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Project Fund Deposits:	
Project Fund	75,268,601.06
Other Fund Deposits:	
Capitalized Interest Fund	1,143,397.23
Delivery Date Expenses:	
Cost of Issuance	347,856.94
Underwriter's Discount	<u>305,134.36</u>
	652,991.30
Other Uses of Funds:	
Additional Proceeds	4,022.76
	<hr/>
	77,069,012.35
	<hr/> <hr/>

BOND SUMMARY STATISTICS

University of Rochester  
Series 2013B (Hospital - Tax-Exempt Projects)

Dated Date	09/19/2013
Delivery Date	09/19/2013
Last Maturity	07/01/2043
Arbitrage Yield	4.735873%
True Interest Cost (TIC)	4.737140%
Net Interest Cost (NIC)	4.824723%
All-In TIC	4.776556%
Average Coupon	4.958937%
Average Life (years)	18.490
Weighted Average Maturity (years)	18.149
Duration of Issue (years)	11.809
Par Amount	74,905,000.00
Bond Proceeds	77,069,012.35
Total Interest	68,681,796.66
Net Interest	66,822,918.67
Total Debt Service	143,586,796.66
Maximum Annual Debt Service	5,099,600.00
Average Annual Debt Service	4,821,045.22
Underwriter's Fees (per \$1000)	
Average Takedown	3.933149
Other Fee	0.140469
	<hr/>
Total Underwriter's Discount	4.073618
Bid Price	102.481647

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds (2013B)	40,070,000.00	106.076	4.885%	12.393	30,514.35
Term Bond 1	16,210,000.00	99.570	5.000%	22.815	22,856.10
Term Bond 2	18,625,000.00	98.922	5.000%	27.845	28,310.00
	<hr/>				
	74,905,000.00			18.490	81,680.45

	TIC	All-In TIC	Arbitrage Yield
Par Value	74,905,000.00	74,905,000.00	74,905,000.00
+ Accrued Interest	-	-	-
+ Premium (Discount)	2,164,012.35	2,164,012.35	2,164,012.35
- Underwriter's Discount	<b>-305,134.36</b>	<b>-305,134.36</b>	
- Cost of Issuance Expense		<b>-347,856.94</b>	
- Other Amounts	-	-	-
	<hr/>		
Target Value	76,763,877.99	76,416,021.05	77,069,012.35
Target Date	09/19/2013	09/19/2013	09/19/2013
Yield	4.737140%	4.776556%	4.735873%

**BOND PRICING**

University of Rochester  
Series 2013B (Hospital - Tax-Exempt Projects)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)	Takedown
Serial Bonds (2013B):										
	07/01/2014	240,000	2.000%	0.330%	101.305	-	-	-	3,132.00	0.500
	07/01/2015	310,000	3.000%	0.600%	104.250	-	-	-	13,175.00	1.000
	07/01/2016	1,430,000	4.000%	0.990%	108.242	-	-	-	117,860.60	2.000
	07/01/2017	1,490,000	5.000%	1.440%	113.060	-	-	-	194,594.00	3.250
	07/01/2018	1,560,000	5.000%	1.880%	114.206	-	-	-	221,613.60	3.250
	07/01/2019	1,640,000	5.000%	2.250%	114.831	-	-	-	243,228.40	3.250
	07/01/2020	1,720,000	5.000%	2.650%	114.498	-	-	-	249,365.60	3.250
	07/01/2021	1,815,000	5.000%	3.030%	113.563	-	-	-	246,168.45	3.250
	07/01/2022	675,000	4.000%	3.310%	105.217	-	-	-	35,214.75	3.250
	07/01/2022	1,230,000	5.000%	3.310%	112.784	-	-	-	157,243.20	3.250
	07/01/2023	1,985,000	4.000%	3.550%	103.687	-	-	-	73,186.95	3.250
	07/01/2024	2,065,000	5.000%	3.760%	110.066 C	3.850%	07/01/2023	100.000	207,862.90	4.000
	07/01/2025	2,170,000	5.000%	3.960%	108.361 C	4.098%	07/01/2023	100.000	181,433.70	4.000
	07/01/2026	2,280,000	5.000%	4.140%	106.854 C	4.297%	07/01/2023	100.000	156,271.20	4.000
	07/01/2027	2,395,000	5.000%	4.320%	105.372 C	4.473%	07/01/2023	100.000	128,659.40	4.000
	07/01/2028	2,510,000	5.000%	4.470%	104.156 C	4.609%	07/01/2023	100.000	104,315.60	4.000
	07/01/2029	2,640,000	5.000%	4.590%	103.195 C	4.710%	07/01/2023	100.000	84,348.00	4.000
	07/01/2030	2,770,000	5.000%	4.700%	102.324 C	4.796%	07/01/2023	100.000	64,374.80	4.000
	07/01/2031	2,910,000	4.500%	4.780%	96.664	-	-	-	-97,077.60	4.000
	07/01/2032	3,040,000	5.000%	4.860%	101.072 C	4.911%	07/01/2023	100.000	32,588.80	4.000
	07/01/2033	3,195,000	5.000%	4.930%	100.530 C	4.957%	07/01/2023	100.000	16,933.50	4.000
		<u>40,070,000</u>							<u>2,434,492.85</u>	
Term Bond 1:										
	07/01/2034	3,350,000	5.000%	5.030%	99.570	-	-	-	-14,405.00	4.250
	07/01/2035	2,985,000	5.000%	5.030%	99.570	-	-	-	-12,835.50	4.250
	07/01/2036	3,130,000	5.000%	5.030%	99.570	-	-	-	-13,459.00	4.250
	07/01/2037	3,290,000	5.000%	5.030%	99.570	-	-	-	-14,147.00	4.250
	07/01/2038	3,455,000	5.000%	5.030%	99.570	-	-	-	-14,856.50	4.250
		<u>16,210,000</u>							<u>-69,703.00</u>	
Term Bond 2:										
	07/01/2039	3,630,000	5.000%	5.070%	98.922	-	-	-	-39,131.40	4.250
	07/01/2040	3,480,000	5.000%	5.070%	98.922	-	-	-	-37,514.40	4.250
	07/01/2041	3,655,000	5.000%	5.070%	98.922	-	-	-	-39,400.90	4.250
	07/01/2042	3,835,000	5.000%	5.070%	98.922	-	-	-	-41,341.30	4.250
	07/01/2043	4,025,000	5.000%	5.070%	98.922	-	-	-	-43,389.50	4.250
		<u>18,625,000</u>							<u>-200,777.50</u>	
		<u>74,905,000</u>							<u>2,164,012.35</u>	

Dated Date	09/19/2013	
Delivery Date	09/19/2013	
First Coupon	01/01/2014	
Par Amount	74,905,000.00	
Premium	2,164,012.35	
Production	77,069,012.35	102.889009%
Underwriter's Discount	-305,134.36	-0.407362%
Purchase Price	76,763,877.99	102.481647%
Accrued Interest	-	
Net Proceeds	76,763,877.99	

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BOND DEBT SERVICE

University of Rochester  
Series 2013B (Hospital - Tax-Exempt Projects)

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2014	240,000	2.000%	2,879,846.66	3,119,846.66
07/01/2015	310,000	3.000%	3,671,600.00	3,981,600.00
07/01/2016	1,430,000	4.000%	3,662,300.00	5,092,300.00
07/01/2017	1,490,000	5.000%	3,605,100.00	5,095,100.00
07/01/2018	1,560,000	5.000%	3,530,600.00	5,090,600.00
07/01/2019	1,640,000	5.000%	3,452,600.00	5,092,600.00
07/01/2020	1,720,000	5.000%	3,370,600.00	5,090,600.00
07/01/2021	1,815,000	5.000%	3,284,600.00	5,099,600.00
07/01/2022	1,905,000	** %	3,193,850.00	5,098,850.00
07/01/2023	1,985,000	4.000%	3,105,350.00	5,090,350.00
07/01/2024	2,065,000	5.000%	3,025,950.00	5,090,950.00
07/01/2025	2,170,000	5.000%	2,922,700.00	5,092,700.00
07/01/2026	2,280,000	5.000%	2,814,200.00	5,094,200.00
07/01/2027	2,395,000	5.000%	2,700,200.00	5,095,200.00
07/01/2028	2,510,000	5.000%	2,580,450.00	5,090,450.00
07/01/2029	2,640,000	5.000%	2,454,950.00	5,094,950.00
07/01/2030	2,770,000	5.000%	2,322,950.00	5,092,950.00
07/01/2031	2,910,000	4.500%	2,184,450.00	5,094,450.00
07/01/2032	3,040,000	5.000%	2,053,500.00	5,093,500.00
07/01/2033	3,195,000	5.000%	1,901,500.00	5,096,500.00
07/01/2034	3,350,000	5.000%	1,741,750.00	5,091,750.00
07/01/2035	2,985,000	5.000%	1,574,250.00	4,559,250.00
07/01/2036	3,130,000	5.000%	1,425,000.00	4,555,000.00
07/01/2037	3,290,000	5.000%	1,268,500.00	4,558,500.00
07/01/2038	3,455,000	5.000%	1,104,000.00	4,559,000.00
07/01/2039	3,630,000	5.000%	931,250.00	4,561,250.00
07/01/2040	3,480,000	5.000%	749,750.00	4,229,750.00
07/01/2041	3,655,000	5.000%	575,750.00	4,230,750.00
07/01/2042	3,835,000	5.000%	393,000.00	4,228,000.00
07/01/2043	4,025,000	5.000%	201,250.00	4,226,250.00
	74,905,000		68,681,796.66	143,586,796.66

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PROJECT FUND

University of Rochester  
Series 2013B (Hospital - Tax-Exempt Projects)

Project Fund (PROJ)

Date	Deposit	Interest @ 0.05%	Principal	Scheduled Draws	Balance
07/01/2014	75,268,601.06	18,803.12	38,266,622.89	38,285,426.01	37,001,978.17
07/01/2015	-	11,815.19	31,844,955.70	31,856,770.89	5,157,022.47
07/01/2016	-	780.65	5,157,022.45	5,157,803.10	0.02
	75,268,601.06	31,398.96	75,268,601.04	75,300,000.00	

Average Life (years): 0.8343  
Yield To Receipt Date: 0.0500002%  
Arbitrage Yield: 4.7358732%  
Value of Negative Arbitrage: 2,822,179.49

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SOURCES AND USES OF FUNDS

University of Rochester  
Series 2013C (University - Taxable Projects & Refunding)

Sources:

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Bond Proceeds:	
Par Amount	70,730,000.00
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	70,730,000.00

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Uses:

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Project Fund Deposits:	
Project Fund	54,941,938.72
Refunding Escrow Deposits:	
Cash Deposit	10,647,611.96
Open Market Purchases	<hr/>
	4,553,023.31
	15,200,635.27
Delivery Date Expenses:	
Cost of Issuance	328,468.35
Underwriter's Discount	<hr/>
	254,786.59
	583,254.94
Other Uses of Funds:	
Additional Proceeds	4,171.07
	<hr/>
	70,730,000.00

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BOND SUMMARY STATISTICS

University of Rochester  
Series 2013C (University - Taxable Projects & Refunding)

Dated Date	09/19/2013
Delivery Date	09/19/2013
Last Maturity	07/01/2033
Arbitrage Yield	4.905228%
True Interest Cost (TIC)	4.653343%
Net Interest Cost (NIC)	4.714015%
All-In TIC	4.710978%
Average Coupon	4.680536%
Average Life (years)	10.760
Weighted Average Maturity (years)	10.760
Duration of Issue (years)	8.303
Par Amount	70,730,000.00
Bond Proceeds	70,730,000.00
Total Interest	35,620,054.74
Net Interest	35,874,841.33
Total Debt Service	106,350,054.74
Maximum Annual Debt Service	6,465,980.28
Average Annual Debt Service	5,375,739.92
Underwriter's Fees (per \$1000)	
Average Takedown	3.461774
Other Fee	0.140469
	<hr/>
Total Underwriter's Discount	3.602242
Bid Price	99.639776

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Taxable Serial Bonds	55,015,000.00	100.000	4.311%	8.724	37,826.90
Taxable Term Bond 1	15,715,000.00	100.000	5.311%	17.886	19,015.15
	<hr/>				
	70,730,000.00			10.760	56,842.05

	TIC	All-In TIC	Arbitrage Yield
Par Value	70,730,000.00	70,730,000.00	70,730,000.00
+ Accrued Interest	-	-	-
+ Premium (Discount)	-	-	-
- Underwriter's Discount	-254,786.59	-254,786.59	
- Cost of Issuance Expense		-328,468.35	
- Other Amounts	-	-	-
	<hr/>	<hr/>	<hr/>
Target Value	70,475,213.41	70,146,745.06	70,730,000.00
Target Date	09/19/2013	09/19/2013	09/19/2013
Yield	4.653343%	4.710978%	4.905228%

BOND PRICING

University of Rochester  
Series 2013C (University - Taxable Projects & Refunding)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Takedown
Taxable Serial Bonds:						
	07/01/2014	2,035,000	0.470%	0.470%	100.000	1.000
	07/01/2015	2,610,000	0.947%	0.947%	100.000	1.000
	07/01/2016	2,810,000	1.654%	1.654%	100.000	2.000
	07/01/2017	2,865,000	2.399%	2.399%	100.000	3.250
	07/01/2018	2,930,000	2.849%	2.849%	100.000	3.250
	07/01/2019	3,515,000	3.327%	3.327%	100.000	3.250
	07/01/2020	3,635,000	3.627%	3.627%	100.000	3.250
	07/01/2021	3,765,000	3.946%	3.946%	100.000	3.250
	07/01/2022	3,910,000	4.146%	4.146%	100.000	3.250
	07/01/2023	4,065,000	4.296%	4.296%	100.000	3.250
	07/01/2024	4,540,000	4.446%	4.446%	100.000	4.000
	07/01/2025	4,745,000	4.596%	4.596%	100.000	4.000
	07/01/2026	4,315,000	4.746%	4.746%	100.000	4.000
	07/01/2027	4,530,000	4.946%	4.946%	100.000	4.000
	07/01/2028	4,745,000	5.046%	5.046%	100.000	4.000
		<u>55,015,000</u>				
Taxable Term Bond 1:						
	07/01/2029	2,830,000	5.311%	5.311%	100.000	4.000
	07/01/2030	2,975,000	5.311%	5.311%	100.000	4.000
	07/01/2031	3,130,000	5.311%	5.311%	100.000	4.000
	07/01/2032	3,305,000	5.311%	5.311%	100.000	4.000
	07/01/2033	3,475,000	5.311%	5.311%	100.000	4.000
		<u>15,715,000</u>				
		70,730,000				

Dated Date	09/19/2013	
Delivery Date	09/19/2013	
First Coupon	01/01/2014	
Par Amount	70,730,000.00	
Original Issue Discount	-	
Production	70,730,000.00	100.000000%
Underwriter's Discount	-254,786.59	-0.360224%
Purchase Price	70,475,213.41	99.639776%
Accrued Interest	-	
Net Proceeds	70,475,213.41	



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BOND DEBT SERVICE

University of Rochester  
Series 2013C (University - Taxable Projects & Refunding)

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2014	2,035,000	0.470%	2,263,745.40	4,298,745.40
07/01/2015	2,610,000	0.947%	2,880,323.26	5,490,323.26
07/01/2016	2,810,000	1.654%	2,855,606.56	5,665,606.56
07/01/2017	2,865,000	2.399%	2,809,129.16	5,674,129.16
07/01/2018	2,930,000	2.849%	2,740,397.80	5,670,397.80
07/01/2019	3,515,000	3.327%	2,656,922.12	6,171,922.12
07/01/2020	3,635,000	3.627%	2,539,978.10	6,174,978.10
07/01/2021	3,765,000	3.946%	2,408,136.58	6,173,136.58
07/01/2022	3,910,000	4.146%	2,259,569.68	6,169,569.68
07/01/2023	4,065,000	4.296%	2,097,461.08	6,162,461.08
07/01/2024	4,540,000	4.446%	1,922,828.68	6,462,828.68
07/01/2025	4,745,000	4.596%	1,720,980.28	6,465,980.28
07/01/2026	4,315,000	4.746%	1,502,900.08	5,817,900.08
07/01/2027	4,530,000	4.946%	1,298,110.18	5,828,110.18
07/01/2028	4,745,000	5.046%	1,074,056.38	5,819,056.38
07/01/2029	2,830,000	5.311%	834,623.68	3,664,623.68
07/01/2030	2,975,000	5.311%	684,322.40	3,659,322.40
07/01/2031	3,130,000	5.311%	526,320.14	3,656,320.14
07/01/2032	3,305,000	5.311%	360,085.86	3,665,085.86
07/01/2033	3,475,000	5.311%	184,557.32	3,659,557.32
	70,730,000		35,620,054.74	106,350,054.74

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PROJECT FUND

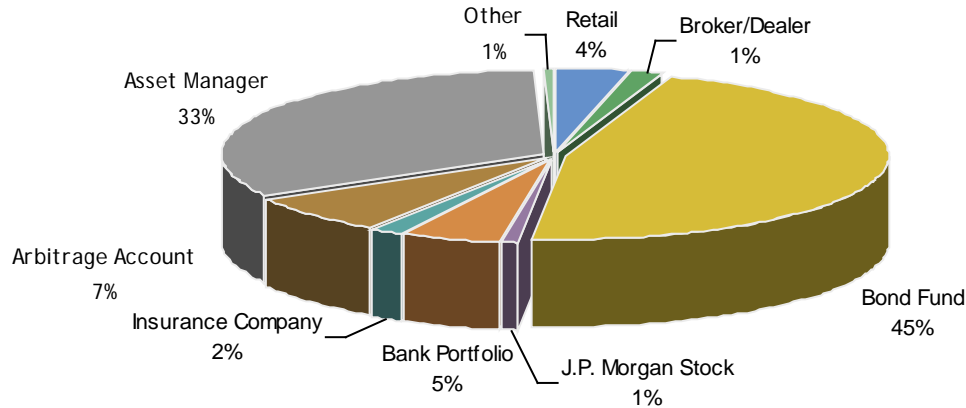
University of Rochester  
Series 2013C (University - Taxable Projects & Refunding)

Project Fund (PROJ)

Date	Deposit	Interest	Principal	Scheduled Draws	Balance
07/01/2014	54,941,938.72	5,611.27	46,119,306.72	46,124,917.99	8,822,632.00
07/01/2015	-	2,409.71	8,822,590.30	8,825,000.01	41.70
07/01/2016	-	0.01	41.70	-	-
	54,941,938.72	8,020.99	54,941,938.72	54,949,918.00	

Average Life (years): 0.2920  
Yield To Receipt Date: 0.0500005%  
Arbitrage Yield: 4.9052282%  
Value of Negative Arbitrage: 750,244.06

## 13. Distribution Summary



### Series 2013A and Series 2013B Investors

16th Amendment Advisors	Franklin Fund	Piper Jaffray Investment Management
Aetna	Genworth Financial	Putnam Funds
American Money Management	Goldman Sachs Asset Management	PWJC
BlackRock	J.P. Morgan	Southwest Securities
Bramshill Investments	Invesco	Standish, Ayer & Wood
Breckenridge Capital Advisors	Kansas Development Finance Authority	Sterling Capital Management
Central Jersey Asset Management	Lord Abbett	Susquehanna International Group
Citibank	McDonnell Investment Management	USAA Investment Management
Columbia Management Group	Moneta Group Investment Advisors	Vanguard Group
Country Trust	MPAM Credit Trading	Victory Capital Management
Credit Suisse Asset Management	Napier Park Global Capital	Wellington Management Company
Cumberland Advisors	Neuberger Berman	Wells Fargo Asset Management
Dockside Asset Management	Northern Trust Investment Management	Wells Fargo Bank Portfolio
Eaton Vance	Nuveen Advisory	Williams, Jones & Associates
Federated Investors	Opus Investment Management	Wilmington Trust
First New York	Premium Finance Brokerage	

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# 14. Rating Reports

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

# MOODY'S

## INVESTORS SERVICE

### New Issue: Moody's assigns Aa3 to University of Rochester's (NY) Series 2013 bonds; outlook stable

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Global Credit Research - 23 Aug 2013

#### **\$1.0B pro forma rated debt**

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION, NY  
Private Colleges & Universities  
NY

#### Moody's Rating

ISSUE	RATING
Revenue Bonds (University of Rochester Project), Series 2013A Tax-Exempt	Aa3
<b>Sale Amount</b>	\$121,835,000
<b>Expected Sale Date</b>	09/10/13
<b>Rating Description</b>	Revenue: 501c3 Unsecured General Obligation
Revenue Bonds (University of Rochester Project), Series 2013C Taxable	Aa3
<b>Sale Amount</b>	\$69,755,000
<b>Expected Sale Date</b>	09/10/13
<b>Rating Description</b>	Revenue: 501c3 Unsecured General Obligation
Revenue Bonds (University of Rochester Project), Series 2013B Tax-Exempt	Aa3
<b>Sale Amount</b>	\$73,620,000
<b>Expected Sale Date</b>	09/10/13
<b>Rating Description</b>	Revenue: 501c3 Unsecured General Obligation

**Moody's Outlook** STA

#### Opinion

NEW YORK, August 23, 2013 --Moody's Investors Service has assigned a Aa3 rating to the University of Rochester's \$265.2 million combined fixed-rate tax-exempt Series 2013A and B Revenue Bonds and Series 2013C Taxable Revenue Bonds to be issued through the Monroe County Industrial Development Corporation. Concurrently we have affirmed the ratings on approximately \$735 million of rated parity debt outstanding. The outlook is stable.

The Aa3 rating and stable outlook rests heavily on the strength of the university's management team to address future challenges to its operations while maintaining positive operating performance on a consolidated university-wide basis. The rating also incorporates the university's solid market position as a large research institution with a sizeable health care system and manageable debt structure.

Moody's also maintains an A2 rating and stable outlook on Highland Hospital's bonds. Highland Hospital is a wholly owned subsidiary of the university.

#### SUMMARY RATING RATIONALE

The Aa3 rating and stable outlook reflect the university's role as a large private research university in upstate New York with an increasingly competitive student market position and prominent health care system providing unique clinical services to the region. We expect that strong fiscal management and planning at the university and medical

center will continue to support positive operations and cash flow, even as pressures on several major revenue streams will likely continue. However, after two years of declining margins, further weakening of operations and cash flow and/or further issuance of debt could negatively impact the rating given the university's comparatively thin liquidity relative to its operating expenses.

## STRENGTHS

\*The university has a strong management team which has, to date, demonstrated well-integrated financial and strategic planning between the university and medical center. An effective and proactive management team is necessary to mitigate pressures facing the healthcare sector and constrained federal research funding environment.

\*The university has a large and diversified enrollment base (9,359 full-time equivalent students in fall 2012) with steady growth in applications allowing the university to become increasingly selective (35.3% freshmen selectivity for fall 2012 entering class).

\*Operating surpluses at the health system have contributed to consistently positive operating performance and healthy cash flow by the university as a whole (three year average operating margin of 2.8%).

\*The system has a sizeable balance sheet cushion relative to debt with total financial resources of \$1.8 billion and expendable financial resources of \$1.4 billion that covers pro forma debt by a comfortable 1.25 times.

## CHALLENGES

\*Likely declines of important sources of revenue, including those from sponsored research funding, patient care, and patent royalties could negatively impact university operations without effective stewardship and long-range planning.

\*The university retains significant healthcare exposure, including hospital ownership and a large faculty practice plan with patient-care related revenue of \$1.86 billion in FY 2012 (ended June 30) comprised 67% of operating revenue (Moody's adjusted).

\*To remain in line with peers the university needs to materially improve operating cash flow. Cash flow in FY 2012 was 8.6% compared to the FY 2012 median of 12.6% for Aa-rated large private universities.

\*Liquidity relative to operations is comparatively weak, with unrestricted monthly liquidity of \$1.1 billion, equating to 158 days cash on hand for the entire university (compared to a median of 318 days for Aa-rated large private universities in FY 2012).

## DETAILED CREDIT DISCUSSION

**USE OF PROCEEDS:** Proceeds from the \$121.8 million Series 2013A and \$73.6 million Series 2013B Tax-exempt bonds will be used to finance capital projects, including \$63 million for the Golisano Children's Hospital (\$146 million project, with balance financed with gifts and hospital equity; expected completion 2015), \$24.4 million to finance the university's one-third share of the cost of a new substation and chillers. In addition, about \$17 million of tax-exempt proceeds will be used to purchase 950 parking spaces for university use from the College Town development and about \$6 million of the \$69.8 million taxable Series 2013C bond proceeds will be used to finance the build out of the Barnes & Noble bookstore and office to be leased by university (see BALANCE SHEET POSITION section).

Proceeds will also be used to refund \$22.72 million of outstanding debt, including \$4.3 million of debt of the School of Medicine and Dentistry (SMD) maturing on July 1, 2014 and July 1, 2015, for short-term debt service relief as the SMD finalizes a multi-year financial sustainability plan.

**LEGAL SECURITY:** Payments under the Loan Agreement are an unsecured general obligation of the university.

**DEBT STRUCTURE:** With the current issuance, approximately 75% of the university's direct debt will be fixed rate and 25% will be variable rate.

Counterparty risk associated with letters of credit supporting the tender feature of the university's two series of variable rate bonds (Series 2003A, B and C and 2006A-1 and B-1), and swaps is well diversified. Letters of credit are with three banks and expiration dates are also staggered with three and five-year agreements. See RATED DEBT section below for more information.

**DEBT-RELATED INTEREST RATE DERIVATIVES:** The university has several swaps outstanding related to its variable rate bonds, with a combined notional amount of \$244.2 million. The swap counterparties are diversified among four counterparties, Wells Fargo Bank, N.A. (Aa3 stable, \$52.9 million notional amount), Citibank N.A. (A3 on review for possible upgrade, \$54.1 million), and Merrill Lynch (Baa2 on review direction uncertain, \$111.2 million), and Key Bank (A3 stable, \$26.0 million). The total fair value for the swap portfolio as of May 16, 2013 was negative \$34.4 million to the university, with no collateral posted at that valuation date. The university could be required to post collateral if the fair value of individual swaps exceeds threshold levels, although the university has never had to post collateral to its swap counterparties to-date. Based on a stress test of low interest rates provided by management, including rates dropping to 0%, the university is unlikely to be required to post a material amount of collateral.

**MARKET POSITION/COMPETITIVE STRATEGY: COMPETITIVE STUDENT MARKET POSITION; LARGE MEDICAL CENTER MAINTAINS STRONG REGIONAL PRESENCE AND MARKET SHARE**

Over the last few years, the University of Rochester's student market position has strengthened, highlighted by continued enrollment growth, improved selectivity as applications have increased, further geographic diversification of its student body, and growth of net tuition per student. However, as a large private research university located in upstate New York, the university faces strong competition, particularly from the multitude of other private as well as public universities in the northeast. This challenge is reflected in the yield of accepted students, which at 23.7% in fall 2012 (and projected 22.4% in fall 2013 based on preliminary figures) has declined only modestly since fall 2008, but is lower than the median 34.8% for large Aa-rated private universities. Of the 5,785 total undergraduate enrollment in fall 2012, 4,815 were enrolled in the College of Arts, Sciences and Engineering. The university plans to grow this to at least 5,000 over the next few years.

Efforts to strengthen the university's reputation and increase its competitiveness have been successful to date. These have resulted in ongoing growth in net tuition per student (\$22,843 in FY 2012), and position the university more favorably for an increasingly challenging student recruitment and financial aid environment. The university has also successfully attracted a more geographically diverse student body, with approximately 66% of the fall 2012 entering freshmen class drawn from outside New York state (compared to 55% in fall 2008). Notably, over 20% of the total 9,359 students enrolled in fall 2012 were from other countries, and nearly 24% of the fall 2013 freshman class are estimated to come from other countries.

The largest portion of the university's consolidated operations is comprised of its academic medical center, University of Rochester Medical Center (URMC), which includes Strong Memorial Hospital (SMH, 800 beds), the School of Medicine and Dentistry and the School of Nursing, and a large faculty practice plan (over 1,500 physicians and over 848,000 physician visits in 2012). Patient-care related revenue represents a high 67% of the university's consolidated operating revenue. Further, the university is the sole corporate member of Strong Partners Health System, which is the sole corporate member of Highland Hospital (HH), a 261 bed hospital (rated A2/stable). Highland's debt is separately secured and not a legal obligation of the university. In September 2012, the URMC affiliated itself with FF Thompson Hospital, a 113 bed hospital in Canandaigua, NY, which had \$114 million in operating revenues in FY 2012 and furthers the university's goal to increase its regional presence. More recently, in August 2013 URMC acquired the campus of Lakeside Hospital, a small acute care hospital that had closed in May 2013. The university plans to convert the facilities to ambulatory site providing urgent care and radiology services. This site is located on the west side of the county, approximately 20 miles from the university.

SMH continues to maintain its role as a regional referral center providing high-end exclusive services, ensuring its status as an essential provider in the area. SMH had over 40,000 discharges in 2012 including newborns (plus another 10,321 observation stays). Management reports that SMH and HH maintain a combined 54% market share of the four county primary service area, well ahead of Rochester General Hospital's 30% and Unity Hospital's 16% market share. However, if merger plans between Rochester General and Unity Hospitals are successful, their combined market share would near SMH and HH's market share. We expect that SMH will maintain its strong reputation and planned expansion of clinical facilities will provide additional capacity, with management reporting high occupancy at SMH consistently exceeding 90%, and averaged 94.2% in the four quarters through March 31, 2013.

**OPERATING PERFORMANCE: TRACK RECORD OF CONSISTENTLY POSITIVE OPERATING PERFORMANCE**

Moody's expectation that the university will maintain similarly positive operating performance rests heavily on its strong management team. Despite heavy reliance on healthcare operations and research grants, which are still pressured and are vulnerable to external factors, the university's operating margins averaged 2.8% from FY 2010-2012 on a consolidated basis. This positive performance supports management's track record of budgeting

conservatively, containing expenses, improving operating efficiencies, and achieving positive margins university-wide. Operating cash flow margins have historically ranged from 8% to 10% annually with average debt service coverage of 3.3 times for the three fiscal years ended June 30, 2012 and pro forma maximum annual debt service (\$105.7 million in FY 2016) by 2.3 times. The university produces quarterly (unaudited) consolidated university-wide interim financial statements on a GAAP-basis, a credit positive demonstrating the strength of its fiscal oversight and management. Fiscal year 2013 results will include F.F. Thompson Health System's revenues and expenses beginning September 1, 2012, as well as its assets and liabilities. Preliminary results as of March 31, 2013 suggest that operations will again be positive.

The university's ability to sustain positive operating performance is highly reliant on the continued strong performance of the healthcare enterprises, primarily Strong Memorial Hospital and Highland Hospital. Likely declines in major sources of revenue at the medical center will increasingly pressure university-wide operations.

Operating performance at the hospitals continues to be strong, with SMH generating a 4.4% operating margin, including a \$33 million internal transfer to the SMD in FY 2012 as an operating expense. SMH generated a 9.6% operating cash flow margin in 2012, on a \$1.18 billion operating revenue base. As of December 31, 2012, SMH had 132 days cash on hand and maintained \$387.4 million in unrestricted cash and investments. SMH's payer mix (net revenue by payer) includes: 33% Medicare, 17% Medicaid, 30% Blue Cross, 6% MVP, and 14% to others including other private insurers and self-pay patients. The hospitals' two largest private insurer contracts expire in December 2013 and management is currently in negotiations. We believe that the Medical Center's management team budgets conservatively and is building contingencies into the budget to help cushion against future anticipated pressure on revenue, particularly Medicare and Medicaid exposure. Management currently plans to target a 5% operating margin at SMH after clinical transfers to the faculty group. We expect that patient volume and clinical revenue will grow as a result of planned capital expansion, including the construction of a separate children's hospital (currently housed within the SMH facility) with the current bonds as well as gifts (target of \$60M of fundraising) and an equity contribution, and expanding regional presence achieved by recent acquisitions and affiliations. The hospitals have completed implementation of Epic electronic medical records system (inpatient and outpatient) and received \$20 million in Meaningful Use funding from the federal government.

Highland Hospital (HH), a 261-bed acute care hospital in Rochester, NY, has also consistently generated healthy operating margins. In FY 2012, the operating margin was 3.2%, as calculated by Moody's, and cash flow was 9.9% on a \$328.5 million operating revenue base. Preliminary results for HH indicated that margins will decline in FY 2013, but remain positive. Unrestricted cash and investments in FY 2012 were \$79.8 million, equal to about 98 days cash on hand, and is projected to increase slightly for at FYE 2013 (ending December 31). The hospital derived 41% of FY 2012 patient care revenues from Medicare, with 12% from Medicaid, 27% from Blue Cross, and 6% from MVP and 14% for all other.

The university's positive performance has relied heavily on the strong performance of the hospitals, particularly Strong Memorial Hospital (SMH) to support the school of medicine. To address a growing structural operating deficit at the school, the university is developing a four-year plan to stabilize operating deficits at the SMD in the short-term, and achieve sustainable operations with reduced reliance on transfers from the hospitals to support operations. In FY 2013, the transfer from SMH to the SMD was \$34.7 million, an increase from \$29.7 million in FY 2010. The preliminary plan calls for the establishment of a \$50 million reserve fund to function similar to an endowment with a 5% annual spend to support SMD operations. Thirty million was reserved in FY 2013, another \$10 million is budgeted in FY 2014, and the balance is expected to be funded soon thereafter. Other components of this plan will be effectuated by the current refunding of certain debt of the SMD with maturities in FY 2015 and FY 2016 (July 1, 2014 and 2015, respectively). Patent and royalty income continues to decline as patents expire, and is expected to be \$27.1 million in FY 2013, down from a peak \$64.9 million in FY 2008. The financial sustainability plan at the SMD will also factor in the further decline of this revenue source that has supported operations in the past.

While the university's research program will remain sizeable, stagnant to declining grant and contract revenues in the last two years through March 31, 2013 portends the pressures the university will face to grow these revenues. After consecutive years of growth through FY 2011 bolstered by federal funding from the American Recovery and Reinvestment Act (ARRA) and steady increases in NIH funding, research grants and contract funding declined to \$396 million in FY 2012 (from \$438 million in FY 2011) and appears flat for FY 2013 based on preliminary results. Similarly, research expenses declined to \$316 million in FY 2012, from \$334 million in FY 2011. The university's sponsored research is predominantly from federal agencies (78%) and is especially concentrated with support from the National Institutes of Health (NIH). Another 25% of federal awards are from the Department of Energy, followed by 4.4% from the National Science Foundation.

Student derived tuition and auxiliary service revenue represent a small, but important 10.7% of Moody's adjusted



operating revenue in FY 2012. We expect net tuition per student of the university will continue to grow given further enrollment growth, stabilization of its undergraduate tuition discount rate, and incremental tuition rate increases.

#### BALANCE SHEET POSITION: LIQUIDITY PROVIDES SATISFACTORY CUSHION TO DEBT BUT IS MORE LIMITED RELATIVE TO OPERATIONS GIVEN LARGE HEALTHCARE EXPOSURE

Since FY 2008, the university's available financial resources have increased gradually and continue to provide satisfactory support of debt as it has also increased. Total financial resources of \$1.4 billion in FY 2012 have increased by 22% since FY 2008. Liquidity is healthy to support the university's demand debt, with monthly liquidity of \$1.11 billion in FY 2012 accounting for nearly one-half (49%) of total cash and investments, and cushioning demand debt by a healthy 4.9 times. Expendable financial resources covered pro forma debt by a comfortable 1.3 times.

Relative to its operating revenue base of \$2.78 billion, expendable financial resources provides weaker coverage of only 0.52 times, more than a third lower than the medians for rated peers. University-wide monthly liquidity translates to an improved, but comparatively weaker, 158 days cash on hand. An increase in liquidity relative to operations would be a credit positive, especially given the university's large exposure to healthcare revenues. The university also has four committed operating lines of credit from four separate banks with a combined \$180 million authorized and only \$1 million currently drawn. There are no plans to draw on these lines, although the university could use these to provide interim financing of capital projects in advance of permanent financing.

The university's endowment is well managed by a internal investment staff of five led by a Chief Investment Officer, under the guidance of the investment committee of the Board of Trustees and with support from Cambridge Associates. As of May 31, 2013, the long-term investment pool (LTIP) totaled \$1.8 billion and continues to have a sizeable allocation to alternative investments. The LTIP's asset allocation was 35.8% to public equities (19.4% domestic equity and 16.4% international equity), 21.3% to hedge funds, 18.6% to private equity, 15.8% to real assets (with 10.3% in real estate), and 8.5% to fixed income instruments. By policy, no more than 5% of assets in the LTIP can be allocated to a single manager. Positive endowment performance (2.2% in FY 2012 and 13.3% FYTD 2013 through March 31, 2013) has contributed to growth of financial resources, with management estimating approximately \$2.8 billion of total net assets as of March 31, 2013 (unaudited), up from \$2.65 billion in FY 2012. The university's endowment spending remains elevated, and was 5.8% of the five year moving average of the endowment in FY 2013 based on preliminary estimates), and budgeted at 5.9% for FY 2014. Longer-term, management is targeting a reduced draw closer to 5.7%.

Fundraising results remain a distinguishing credit strength.. The university has raised \$945 million in cash and pledges toward the \$1.2 billion target of The Meliora Challenge campaign that was announced in October 2011. The campaign is expected to conclude in 2016. Total gift revenue (per the audited financial statements) averaged \$73.9 million annually during FY 2010-2012, which has been fairly consistent even through the recession.

After the current borrowing, the university has no further debt plans until the summer of 2015, in line with its pattern of borrowing every two years. Part of the current borrowing is to finance the acquisition of parking spaces by the university in the College Town garage and tenant improvement of its leased space in the project. College Town is an estimated \$100 million mixed-use development will be along Mt. Hope Avenue on 14-acres of property owned by the university. The university has entered into a 49-year ground lease with Fairmount Properties and Gilbane Development, the private developer responsible for financing, developing and leasing College Town. Prior to signing the ground lease, the university received evidence from the developer of commitments for the financing and for the leasing of 75% of the retail space. When completed in 2014, College Town will include a Hilton Garden Inn and Conference Center with 150 rooms, restaurants, retail stores, leasable office space, approximately 155 condominiums at market rents, and 1,500 parking spaces, of which 950 will be owned by the university. The university will lease 50,000 square feet of office space at market rents and 20,000 square feet of retail space for the university bookstore. Based on the structure of this transaction, which presents no legal obligation of the university to complete the project, we have not included any of the project's capital costs in the pro forma direct debt calculations for the university (aside from the \$23 million that will be used toward university needs). Any operating lease commitments will be considered indirect debt and added to the university's comprehensive debt.

#### Outlook

The stable outlook heavily weighs the strength of the university's management team to sustain positive operating performance despite its large exposure to healthcare operations and in the face of projected flat to declining levels of major revenue sources. Also factored in the stable outlook is continued fundraising strength as the campaign continues, and maintenance of the university's healthy student demand.

We expect that strong fiscal management and planning at the university and medical center will continue to support positive operations and cash flow, even as pressures on several major revenue streams continues.

#### WHAT COULD MAKE THE RATING GO UP

An upgrade could result from significant growth in liquid financial resources relative to debt and particularly operations that are at least in line with rated peers, in tandem with continued positive operating performance.

#### WHAT COULD MAKE THE RATING GO DOWN

A downgrade could result from sustained declines in cash flow, or in financial resources and liquidity, particularly if driven by weakened performance at the medical center. Sizeable increase of debt without offsetting financial resource growth could also result in negative rating pressure.

#### KEY INDICATORS FOR THE UNIVERSITY (Fiscal Year 2012 financial data; fall 2012 enrollment data)

Full-Time Equivalent Enrollment: 9,359 students

Primary Selectivity: 35.3%

Primary Matriculation: 23.7%

Net Tuition per Student: \$22,843

Educational Expenses per Student: \$57,782

Average Gifts per Student \$7,893

Operating Revenue: \$2.78 billion

Total Cash and Investments: \$2.26 billion

Total Pro Forma Direct Debt: \$1.14 billion (including current issue and approximately \$60 million of FF Thompson Hospital debt from its acquisition during FY 2013)

Total Pro Forma Comprehensive Debt\*: \$1.40 billion

Expendable Financial Resources to Pro Forma Direct Debt: 1.24 times

Expendable Financial Resources to Operations: 0.52 times

Monthly Days Cash on Hand: 158 days

Operating Cash Flow Margin: 8.6%

Three-Year Average Debt Service Coverage: 3.3 times

Reliance on Patient Care Revenue (% of Moody's Adjusted Operating Revenue): 67.0%

\* Comprehensive Debt includes direct debt, operating leases, and pension obligation, if applicable.

#### KEY INDICATORS FOR STRONG MEMORIAL HOSPITAL IN FY 2012:

Inpatient admissions: 40,817

Observation stays: 10,321

Operating revenue (Moody's adjusted): \$1.18 billion

Operating margin: 4.4%

Operating cash flow margin: 9.6%

Cash to debt: 218.9%

Days cash on hand: 132 days

## KEY INDICATORS FOR HIGHLAND HOSPITAL IN FY 2012:

Inpatient admissions: 19,270 Observation stays: 3,301

Operating revenue (Moody's adjusted): \$328.5 million

Operating margin: 3.2%

Operating cash flow margin: 9.9%

Cash to debt: 128%

Days cash on hand: 98 days

## RATED DEBT:

### University Backed Bonds:

Series 2004A, 2007A-C, 2009A-E, 2011A and B, 2013A-C: Aa3 rating

Series 2003 Direct Note Obligation (to be refunded with current bonds): Aa3 Rating (insured by National Public Finance Guarantee Corp, rated Baa1 positive)

Series 2003A, B and C: Aa3 underlying rating; Aa1/VMIG 1 enhanced rating based on letters of credit from JPMorgan Chase, HSBC Bank USA, and JPMorgan Chase, respectively and based on Moody's two-party pay methodology; HSBC LOC expires 9/3/18 and JPMorgan Chase LOCs expire 3/13/15

Series 2006A-1 and B-1: Aa3 underlying rating; Aa1/VMIG 1 enhanced rating based on letters of credit from Wells Fargo Bank, N.A. (rated Aa3/P-1), using two party pay methodology; Wells Fargo LOCs expire 8/14/2015

### Highland Hospital Bonds:

Series 2005, Series 2010: A2 rating

## PRINCIPAL METHODOLOGY USED

The principal methodology used in this rating was U.S. Not-for-Profit Private and Public Higher Education published in August 2011. Please see the Credit Policy page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

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# RatingsDirect®

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## University of Rochester, New York Monroe County Industrial Development Corp.; Joint Criteria; Private Coll/Univ - General Obligation

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Related Criteria And Research

# University of Rochester, New York Monroe County Industrial Development Corp.; Joint Criteria; Private Coll/Univ - General Obligation

Credit Profile		
US\$121.835 mil Rev Bnds Tax-Exempt (University Of Rochester Issue) ser 2013A dtd 09/25/2013 due 07/01/2043		
<i>Long Term Rating</i>	AA-/Stable	New
US\$73.62 mil Rev Bnds Tax-Exempt (Rochester Univ) (University Of Rochester Issue) ser 2013B		
<i>Long Term Rating</i>	AA-/Stable	New
US\$69.755 mil Rev Bnds Taxable (Rochester Univ) (University Of Rochester Issue) ser 2013C due 07/01/2043		
<i>Long Term Rating</i>	AA-/Stable	New
<b>New York State Dorm Auth, New York</b>		
Rochester Univ, New York		
<b>New York St Dorm Auth (University of Rochester) various rev bnds</b>		
<i>Long Term Rating</i>	AA-/Stable	Affirmed

## Rationale

Standard & Poor's Ratings Services has assigned its 'AA-' rating to the series 2013ABC bonds to be issued by Monroe County Industrial Development Corporation, New York for University of Rochester. In addition, Standard & Poor's affirmed its existing 'AA-' rating on the university's outstanding debt issued by Monroe County Industrial Development Corporation and New York State Dormitory Authority. The outlook is stable.

The 'AA-' rating reflects our assessment of the university's increasing demand and history of solid operating surpluses, coupled with management's recent reduction in the endowment spending policy to what we believe is a sustainable rate. We expect that the university's successful philanthropy will bolster financial resources during the next few years, and allow for successful absorption of the upcoming series 2013ABC debt. If financial resources do not increase significantly during the next few years, the rating could be pressured. Management indicates that it expects a solid investment return for fiscal 2013, which should aid absorption of the additional debt.

Additional rating factors include our view of the university's:

- Healthy operating performance in fiscal 2012, though the margin decreased compared with prior years;
- Good revenue diversity through fiscal 2012;
- Increasing demand and enrollment;
- Solid level of cash and investments and successful recent fundraising;
- Manageable endowment spending policy;
- Low debt burden.

Offsetting credit factors include:

- Fiscal 2012 financial resources compared with operating expenses and debt that we consider weak for the rating, particularly on a pro forma basis;
- Plans for greater capital spending and significant additional debt represented by the series 2013ABC bonds, with the potential for more debt in three to five years; and
- Competition within the peer group for students, and a geographic draw that, though still somewhat limited, continues to diversify.

Standard & Poor's also affirmed its 'AAA/A-1' rating on the series 2003A and 2003C bonds, supported by a letter of credit (LOC) from JPMorganChase Bank N.A. (A+/A-1), also issued by the authority, based on the application of joint criteria with low correlation. The long-term component of the rating reflects the joint application of our long-term 'A+' rating on JPMorganChase and 'AA-' SPUR on the university. The short-term component of the rating reflects our 'A-1' rating on JPMorganChase. The LOC expires on March 3, 2015.

Standard & Poor's also affirmed its 'AAA/A-1+' rating on the series 2003B bonds, supported by an LOC from HSBC Bank USA N.A. (AA-/A-1+), also issued by the authority, based on the application of joint criteria with low correlation. The long-term component of the rating reflects the joint application of our rating on HSBC and our 'AA-' SPUR on the university. The short-term component of the rating reflects our 'A-1+ short-term rating on HSBC. The LOC expires Sept. 3, 2018.

Standard & Poor's also affirmed its 'AAA/A-1+' rating on the series 2006A1 and B1 bonds, supported by an LOC from Wells Fargo Bank N.A. (AA-/A-1+), also issued by the authority, based on the application of joint criteria with low correlation. The long-term component of the rating reflects the joint application of our 'AA-' long-term rating on Wells Fargo and our 'AA-' SPUR on the university. The short-term component of the rating reflects our 'A-1+' short-term rating on Wells Fargo. The LOC expires Aug. 14, 2015.

A general obligation pledge under the loan agreement with the authority secures the bonds. At June 30, 2012, the university had \$874.2 million in total long-term debt. Including the issuance of the series 2013ABC bonds, the university would have had \$1.2 billion in total long-term debt as of March 31, 2013.

Management will use the tax-exempt portion of the series 2013ABC bond proceeds to fund various capital projects, including the construction of the Golisano Children's Hospital, infrastructure projects and general hospital renovations, deferred maintenance, renovations on the college campus, and the acquisition of parking spaces in a new parking garage near the college campus. Taxable proceeds will fund construction of outpatient facilities, replacement of a financial information system, data center renovations, and various other projects. In addition to funding capital projects, management will use bond proceeds to refund a portion of its existing debt, fund capitalized interest, and cost of issuance. The university entered into three swaps with three counterparties and three LOC providers.

## Outlook

The stable outlook reflects our expectation that student demand will continue to grow, financial performance will remain at or near current levels, and the substantial hospital operations will remain robust. Standard & Poor's also



expects that financial resources will increase from current levels as a result of the ongoing capital campaign, and that growth will help to absorb the series 2013ABC debt.

We could consider a negative outlook within the next one to two years if additional debt issued exceeds current expectations, or if financial resources fail to grow from current levels or operating results decline from current levels. A positive outlook is not likely during the next one to two years given current levels of financial resources, operating results, and plans for additional debt.

## **Enterprise Profile**

### **Overview**

Founded in 1850, the University of Rochester is an independent, nonprofit institution of higher education, research, and health care located in Rochester, N.Y. The university consists of seven schools and colleges, including the School of Arts and Sciences, the School of Engineering and Applied Science, the Margaret Warner Graduate School of Education and Human Development, the Simon Graduate School of Business, the School of Medicine and Dentistry, the School of Nursing, and the Eastman School of Music. These schools are spread across three academic campuses. In addition, Strong Memorial Hospital is a component of the university and a part of the University of Rochester Medical Center. The University of Rochester Medical Center also houses the School of Medicine and Dentistry, the School of Nursing, the Eastman Dental Center, Strong Memorial Hospital, and University of Rochester Medical Faculty Group.

The university is also affiliated with Highland Hospital of Rochester, a 261-bed acute-care hospital, and its affiliates. The university is the sole member of Strong Partners Health System, which controls Highland Hospital of Rochester and its affiliates. Highland Hospital has also issued debt, with approximately \$39 million outstanding as of June 30, 2012. Although Highland's debt is included in the university's consolidated financial statements, under the terms of the affiliation agreement, the university has no legal obligation for this debt. For additional information on Highland's debt rating, please see the report published Oct. 8, 2012 on RatingsDirect. The university is also affiliated with FF Thompson Health System, also in the Finger Lakes region of New York.

### **Medical center**

The university medical center is an integrated component of the university's management and finances, and the results for the university include the financial results for the medical center.

Hospital operations have been profitable, generating increasing surpluses during fiscals 2012 and 2011. Strong Memorial Hospital serves as the primary teaching facility for the schools of medicine and dentistry and nursing, and is licensed for 800 beds. Strong Memorial is the largest acute-care general hospital in Rochester and the Finger Lakes region, and serves as a general regional and national tertiary care hospital and a specialized referral center for the 14-county region.

The hospital recorded 40,817 discharges in fiscal 2012, up from 39,891 in fiscal 2011 due to growth in tertiary and quaternary clinical services. Ambulatory surgery cases increased in fiscal 2012 to 21,743 from 21,567 in fiscal 2011.

## Demand and enrollment

During the last several years, University of Rochester has benefited from increasing demand and enrollment. In the fall semester 2012, University of Rochester enrolled a total headcount of 10,586 students. Freshmen applications were healthy for fall 2012, increasing 7% to 16,033 from 14,961 for fall 2011. Admissions continue to be highly selective, with the freshmen acceptance rate improving to 35% for fall 2012, compared with 41% for fall 2008. The matriculation rate for fall 2012 is indicative of the high level of competition within its peer group. Management indicates that undergraduate applications for fall 2013 are up from the previous year, while the admission rate is up slightly and the matriculation rate slightly lower than for fall 2012.

Student quality as measured by SAT scores remained high at an average score of 1,334 for the freshman class in fall 2012. The graduate programs remained highly selective, with an acceptance rate of 21% and matriculation rate of 50% for fall 2012, which has decreased from 53% for fall 2010. Management expects moderate enrollment growth during the next few years. The university offers a diverse mix of academic programming, and of the total enrollment for fall 2012, 53% were undergraduates and the remainder was graduate and professional students.

Students are primarily drawn from the New England and mid-Atlantic regions, with the largest cohorts from New York, Massachusetts, and Pennsylvania. The university has expanded its recruitment efforts and drew a greater number of international students, primarily from China, and from outside the New England and mid-Atlantic regions, most notably from Ohio, California, and Illinois. Total undergraduate student charges of \$56,222 for the 2012-2013 academic year are consistent with the university's peer group.

## Management

University of Rochester's management team has been in place for several years, which we believe provides stability to the organization. The university budgets for depreciation in that the hospital budgets for depreciation expense and the university budgets principal and interest on debt as an approximation of depreciation. Additionally, the university has reduced its endowment spending policy over time to 5.9% of a five-year moving average, down from what we consider a high rate of 6.6% for fiscal 2009. The university had a historically high endowment spending rate of between 6% and 7% until fiscal 2010, but has plans to keep the spending rate below 6% and move toward a goal of 5.5% of a five-year-moving average over time. We believe the current and future spending rates are more sustainable over time, and provide greater flexibility and potential for financial resource growth at the current rating.

## Financial Profile

### Operating performance

After rebounding in fiscal years 2010 and 2011 after declining in fiscal years 2009 and 2008, University of Rochester's operating results have decreased in fiscal 2012, though results remain strong. The operating surplus of \$75.0 million in fiscal 2012 was driven primarily by healthy operating results at the medical center, compared with \$107.6 million in fiscal 2011. Though we view the history of operating surpluses favorably, we view the trend of decreasing margins as a potential offsetting factor. Through the nine months of fiscal 2013 ended March 2013, management reports continued solid full accrual operating surplus.

Hospital operating income was strong, in our view, before clinical support to the faculty practice group, at \$109.3

million for fiscal 2012. Operating revenue growth was spurred by increased patient volumes, case mix, and payment rates. Cash on hand remains low for the size of the operation at 109 days' as of June 30, 2012. The fiscal 2012 payor mix remained consistent with prior years, with Blue Cross and Medicare accounting for 62% of fiscal 2012 net patient revenues.

In our opinion, the university has good revenue diversity, though the majority (63%) of fiscal 2012 total adjusted operating revenues was derived from hospital operations. The next largest portion of fiscal 2012 revenue came from tuition and all student fees (15%), from sponsored research (13%), with 3% from endowment and investment income, 3% from auxiliary revenues, 1% from private gifts, and the remainder from state appropriations and other sources. Sponsored research was down 9% in fiscal 2012 from fiscal 2011. The university's indirect cost recovery rate is 53.5%, contracted through 2014. The overall tuition discount rate remains in its tradition range of 42% and financial aid continues to be a relatively small expense for the university given its large operating budget.

### **Financial resources**

Financial resources decreased as a result of unfavorable market declines, consistent with recent industry trends, which have been weak compared with operations and have decreased to weak levels compared with outstanding debt at June 30, 2012. However, we expect financial resources for a research institution to be weaker when compared with category medians. At June 30, 2012, expendable resources were \$1.6 billion, equal to an adequate 54% of expenses and 179% outstanding debt. On a pro forma basis, expendable resources equaled 142% of debt. Cash and investments were stronger at \$2.4 billion, equal to 82% of expenses, 270% of outstanding debt, and 213% of pro forma debt. Successful absorption of the upcoming additional debt will depend upon continued growth in financial resources, in our view.

### **Fundraising**

The university is currently in the public phase of a major fundraising effort. The campaign, with a \$1.2 billion goal, is the largest in the university's history. To date, the university has raised \$945 million toward its goal, and we expect the campaign proceeds to offset any future capital needs and debt arising from the strategic plan. The university raised \$12.3 million for the annual fund in fiscal 2012 and expects to raise a similar amount for fiscal 2013. The alumni-participation rate was in our view adequate at 17% in fiscal 2012, though management has a goal of increasing the rate to 20% over time.

### **Endowment**

The endowment and similar funds market value was approximately \$1.6 billion as of June 30, 2012, with a 1.8% annual return. The largest components of the diversified portfolio include alternative investments at 59%, public equities at 33%, and fixed income at 6%. The university estimated outstanding unfunded commitments to private partnerships to be \$197.1 million as of June 30, 2012. Management indicates that 37% of the investment portfolio is liquid on a daily basis, and 60% is available on an annual basis as of June 30, 2012.

### **Debt and contingent liability**

Of the university's total \$874.2 million of long-term debt as of June 30, 2012, 32% was variable-rate, nearly all of which is swapped to fixed rates; the remainder of the debt is fixed-rate. The university has a solid level of diversity with three swap counterparties and three LOC providers. The swaps have a current mark-to-market value of \$37.8 million as of

June 30, 2012, with low nominal levels and probability of collateral posting. LOC terms contain evergreen provisions. Debt service for outstanding debt is front-loaded, and the university amortizes principal regularly, following the university's conservative approach to debt. The MADS burden was low at 3% of expenses in fiscal 2012.

University of Rochester has entered into three swap contracts with the following counterparties: Citibank N.A. (\$54.1 million), Wells Fargo Bank (\$52.9 million); and Merrill Lynch & Co (\$111.2 million). The swaps with Citibank and Wells Fargo had a notional value of \$115.1 million at June 30, 2012, terminating in 2033. Under this swap, Rochester will be paying 3.97% and receiving 61.5% of LIBOR, plus 0.56%. The swap with Merrill Lynch as a counterparty has a notional value of \$111.2 million, and under its terms, Rochester will be paying 3.939% and receiving the Securities Industry and Financial Markets Association (SIFMA) rate. The collateral threshold on the Citibank series 2003A and 2003B is \$25 million. The collateral threshold for the Merrill Lynch series 2006A-1 and B-1 is \$30 million.

<b>University of Rochester</b>					
	<b>Fiscal year ended June 30</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2011 medians - private colleges and universities 'AA'</b>
<b>Enrollment and demand</b>					
Headcount (HC)	10,290	10,111	9,944	9,712	MNR
Full time equivalent (FTE)	9,161	9,050	8,872	8,658	3,111
Freshman acceptance rate (%)	34.1	38.0	38.0	40.8	29.0
Freshman matriculation rate (%)	25.0	24.9	24.2	24.4	35.0
Undergraduates as a % of total enrollment (%)	53.2	53.7	53.2	53.3	78.0
Freshman retention (%)	95.0	95.2	96.0	95.0	95.0
Graduation rates (5 years) (%)	81.6	82.8	77.4	78.1	87.7
<b>Income statement</b>					
Adj. operating revenue (\$000s)	2,958,399	2,901,176	2,768,394	2,581,489	MNR
Adj. operating expense (\$000s)	2,883,359	2,793,558	2,650,345	2,568,790	MNR
Net operating income (\$000s)	75,040	107,618	118,049	12,699	MNR
Net operating margin (%)	2.6	3.9	4.5	0.5	1.7
Change in unrestricted net assets (\$000s)	(73,036)	(58,558)	152,906	(434,786)	MNR
Tuition discount (%)	42.0	41.4	41.2	40.1	35.9
Tuition dependence (%)	12.2	11.8	11.6	11.6	48.0
<b>Debt</b>					
Outstanding debt (\$000s)	874,209	745,914	772,951	643,734	249,020
Current debt service burden (%)	1.96	1.87	3.45	2.28	3.91
Current MADS burden (%)	3.02	2.74	2.23	2.30	MNR
<b>Financial resource ratios</b>					
Endowment market value (\$000s)	1,601,155	1,640,407	1,308,342	1,282,924	987,054
Cash and investments (\$000s)	2,358,197	2,277,952	2,013,212	1,711,371	MNR
Unrestricted net assets (\$000s)	1,745,673	1,818,709	1,877,267	1,724,361	MNR
Expendable resources (\$000s)	1,567,458	1,617,064	1,428,752	1,197,491	MNR

University of Rochester (cont.)					
Cash and investments to operations (%)	81.8	81.5	76.0	66.6	341.8
Cash and investments to debt (%)	269.8	305.4	260.5	265.9	414.8
Expendable resources to operations (%)	54.4	57.9	53.9	46.6	202.7
Expendable resources to debt (%)	179.3	216.8	184.8	186.0	261.1
Average age of plant (years)	10.9	10.6	10.9	10.7	12.2

N.A.- not available; MNR - median not reported. Total adj. operating revenue = unrestricted revenue less realized and unrealized gains/losses and financial aid. Total adj. operating expense = unrestricted expense plus financial aid expense. Net operating margin = 100\*(net adj. operating income/adj. operating expense). Tuition dependence = 100\*(gross tuition revenue/adj. operating revenue). Current debt service burden = 100\*(current debt service expense/adjusted operating expenses). Current MADs burden = 100\*(maximum annual debt service expense/adjusted operating expenses). Cash and investments = cash + short-term & long-term investments. Expendable resources = unrestricted net assets + temp. restricted net assets - (net PPE- outstanding debt). Average age of plant = accumulated depreciation/depreciation & amortization expense.

## Related Criteria And Research

- USPF Criteria: Higher Education, June 19, 2007
- Criteria: Methodology And Assumptions: Approach To Evaluating Letter Of Credit-Supported Debt, July 6, 2009
- USPF Criteria: Municipal Applications For Joint Support Criteria, June 25, 2007
- USPF Criteria: Contingent Liquidity Risks, March 5, 2012

### Ratings Detail (As Of August 30, 2013)

#### Monroe Cnty Indl Dev Corp, New York

Rochester Univ, New York

##### series 2011A &B

Long Term Rating AA-/Stable Affirmed

#### New York State Dorm Auth, New York

Rochester Univ, New York

##### New York St Dorm Auth (University of Rochester) ser 2007C

Unenhanced Rating AA-(SPUR)/Stable Affirmed

##### New York St Dorm Auth (University of Rochester) VRDB ser 2006A-1

Unenhanced Rating AA-(SPUR)/Stable Affirmed

Long Term Rating AAA/A-1+ Affirmed

##### New York St Dorm Auth (University of Rochester) VRDB ser 2006B-1

Unenhanced Rating AA-(SPUR)/Stable Affirmed

Long Term Rating AAA/A-1+ Affirmed

##### Series 2003 A

Unenhanced Rating AA-(SPUR)/Stable Affirmed

Long Term Rating AAA/A-1 Affirmed

##### Series 2003 B

Unenhanced Rating AA-(SPUR)/Stable Affirmed

Long Term Rating AAA/A-1+ Affirmed

**Ratings Detail (As Of August 30, 2013) (cont.)**

**Series 2003 C**

<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
<i>Long Term Rating</i>	AAA/A-1	Affirmed

Many issues are enhanced by bond insurance.

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**McGRAW-HILL**

# University of Rochester, New York

## Revenue Bonds New Issue Report

### Ratings

#### New Issues

\$121,835,000 Monroe County  
Industrial Development  
Corporation Tax-Exempt  
Revenue Bonds, University of  
Rochester Project, Series 2013A AA-

\$73,620,000 Monroe County  
Industrial Development  
Corporation Tax-Exempt  
Revenue Bonds, University of  
Rochester Project, Series 2013B AA-

\$69,755,000 Monroe County  
Industrial Development  
Corporation Taxable Revenue  
Bonds, University of Rochester  
Project, Series 2013C AA-

#### Outstanding Debt

\$533,000,000 Dormitory Authority  
of the State of New York  
University of Rochester Revenue  
Bonds, Series 2001A, 2004A,  
2007A-1, 2007A-2, 2007B,  
2007C, 2009A-E and 2011 AA-

### Rating Outlook

Stable

### Related Research

[Fitch Affirms University of Rochester, NY  
Revs at, 'AA', Outlook Stable \(July 2013\)](#)

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### New Issue Details

**Sale Information:** Approximately \$265,000,000 Monroe County Industrial Development Corporation Taxable and Tax-Exempt General Revenue Bonds and Refunding Bonds for the University of Rochester (UR, or the university) Project, Series 2013A, Series 2013B and Series 2013C, selling via negotiation the week of Sept. 9.

**Security:** General unsecured pledge of the university.

**Purpose:** To expand and improve facilities throughout the university, including the hospitals that anchor its healthcare operations, pay for capitalized interest and costs of issuance. The bonds will also redeem and repay all or a portion of the outstanding principal amount of the Dormitory Authority of the State of New York (DASNY), University of Rochester revenue bonds, series 2004A, series 2007C, series 2009B and E, and the issuer's tax-exempt revenue bonds (University of Rochester Project), series 2011A.

**Final Maturity:** July 1, 2043.

### Key Rating Drivers

**Stable Characteristics:** The 'AA-' rating reflects consistently positive margins derived from UR's growing healthcare enterprise, continued strong student demand and growing balance sheet resources. Offsetting the rating is exposure to healthcare industry risks, declining levels of sponsored research spending and an increased debt load as a result of the current issuance.

**Strategic Management:** UR's unified management team structure ensures seamless coordination of healthcare and higher education operations. As a result, UR is able to successfully employ joint strategies for the health system's clinical activities, research endeavors and academic programs.

**Balance Sheet Cushion:** Regular cash surpluses generated from operations and prudent investment management provide more than adequate coverage of operating expenditures and pro forma debt.

### Rating Sensitivities

**Balanced Operations:** UR's ability to maintain fiscal balance through reductions in sponsored research funding and ongoing healthcare industry pressures will influence the rating and Rating Outlook.

**Additional Debt:** Fitch Ratings considers UR's current debt issuance to be manageable. However, any further new debt issuance that is not supported by a commensurate increase in resources may pressure the rating.



## Rating History

Rating	Action	Outlook/ Watch	Date
AA-	Affirmed	Stable	8/29/13
AA-	Affirmed	Stable	7/26/13
AA-	Affirmed	Stable	8/11/11
AA-	Assigned	Stable	12/14/10

## Credit Profile

UR was founded in 1850 and is one of 62 members of the Association of American Universities. UR offers undergraduate, graduate and professional degrees to more than 10,000 students and, along with the University of Rochester Medical Center (URMC), provides healthcare services to the region via Strong Partners Health System, including Strong Memorial Hospital (SMH) and Highland Hospital. The revenue base at \$2.8 billion comprises healthcare operations that account for the largest share, at 67% of revenues, followed by 15% from research and 11% from student-derived revenues.

## New Debt Plans

UR is currently undertaking a sizable debt project that encompasses funding improvements and expansions across its academic and medical campuses. In addition to expanding and improving upon existing facilities, the bond proceeds will be used for the construction of a children's hospital and to finance the acquisition of parking spaces and tenant improvement in leased space as part of a private development project on property owned by the university. These comprehensive facility plans will necessitate multiple years of construction. UR does not expect any disruption of normal operations during this time.

## Long-Term Debt Manageable

UR had approximately \$911 million in long-term debt as of June 30, 2013 and \$147 million in capital and noncancellable operating leases. Following the issuance of the potential new money bonds, total debt outstanding will be \$1.3 billion. Variable-rate debt accounts for approximately 26% of UR's total debt portfolio, most of which is hedged with interest rate swaps executed among various counterparties. Pro forma MADS inclusive of the new debt to be issued equates to \$105.7 million, accounts for 3.8% of fiscal 2012 operating revenues and is covered 2.5x from net available income for debt service. Fitch considers these pro forma debt measures to be adequate for UR's current rating level.

## Demand and Utilization Trends Positive

UR's student quality, measured by standardized test scores normalized to the SAT scale of 1,368 for incoming fall freshmen, remains strong. Student headcount (10,510 for fall 2012) and FTE (9,359 for fall 2012) have grown year over year. Application volume has increased to record levels for the past fall semester. Fall 2012 undergraduate and graduate acceptance rates increased to 35.3% (34.1% in fall 2011) and 21.4% (20.4% in fall 2011), respectively; matriculation rates for undergraduate students dropped slightly to 23.7% (25.0% in fall 2011); graduate matriculations were stronger at approximately 50%. UR's incoming undergraduate class size for fall 2012 was 1,343 students, and UR expects fall 2013 undergraduate class size to be 1,500 students. Ongoing tuition increases and stable discounting levels are expected to maintain positive margins for UR.

## Related Criteria

[U.S. College and University Rating Criteria \(May 2013\)](#)

[Revenue-Supported Rating Criteria \(June 2013\)](#)

**Financial Ratios**

(Audited Fiscal Years Ended June 30)

	2008	2009	2010	2011	2012	2013 <sup>a</sup>
<b>Revenue Diversity (% Adjusted Total Unrestricted Operating Revenues)</b>						
Tuition	6.8	7.3	7.2	7.3	7.5	7.9
Student Fees (Tuition and Auxiliary Revenues)	9.6	10.3	10.1	10.2	10.6	11.0
Federal Grants and Contracts	15.3	15.6	15.9	15.9	14.1	13.1
Other Grants and Contracts	2.7	1.7	1.5	1.5	1.2	0.9
State Appropriations	0.1	0.1	0.1	0.1	0.1	0.1
Healthcare Operations (Patient and Faculty Practice Plan Revenues)	63.6	64.8	64.8	64.6	66.3	67.2
Gifts and Contributions	1.4	0.6	0.7	0.7	0.9	1.1
Net Assets Released from Restrictions for Operations	1.6	1.3	1.5	1.7	1.9	1.7
Total Investment Return	4.1	3.8	3.8	3.7	3.3	3.4
<b>Expense Ratios (% Total Unrestricted Operating Expenses)</b>						
Instruction	12.5	12.1	11.4	11.3	11.5	0.0
Research	12.5	12.1	12.1	12.6	11.6	0.0
Healthcare Operations (Patient and Faculty Practice Plan Expenses)	64.3	64.6	65.7	64.9	65.7	0.0
Depreciation	0.0	0.0	0.0	0.0	0.0	6.2
Interest	0.0	0.0	0.0	0.0	0.0	1.3
<b>Financial Aid Ratios</b>						
Tuition Discounting (%)	40.2	40.1	41.2	41.4	42.0	41.9
Net Tuition and Fees (\$)	161,548	180,064	189,030	201,216	209,265	176,964
Change in Net Tuition and Fees (%)	—	11.5	5.0	6.4	4.0	(15.4)
<b>Operating Performance Ratios (%)</b>						
Operating Margin	(1.4)	(3.1)	1.2	0.7	(0.5)	(0.3)
Adjusted Operating Margin	2.2	0.8	4.5	3.9	2.7	2.7
<b>Liquidity Ratios (%)</b>						
Available Funds/Total Unrestricted Operating Expenses	85.6	59.8	68.8	74.2	73.6	102.4
Available Funds/Total Long-Term Debt	234.0	182.6	186.6	220.1	196.8	170.5
Available Funds/Total Pro Forma Long-Term Debt	189.6	138.7	164.0	186.4	196.8	170.5
Available Funds/MADS (x)	18.9	13.8	16.4	18.6	19.0	21.2
<b>Leverage Ratios</b>						
<b>Adjusted Total Unrestricted Operating Revenues Basis</b>						
Historical Debt Service Coverage (x)	3.2	1.1	3.3	5.3	3.7	3.2
Historical Debt Burden (%)	2.8	6.7	3.3	2.0	2.6	3.1
Pro Forma MADS Coverage (x)	2.0	1.8	2.7	2.8	2.5	2.1
Pro Forma MADS Burden (%)	4.4	4.3	4.0	3.8	3.8	4.7
Pro Forma AADS Coverage (x)	4.4	3.9	5.9	6.0	5.5	4.6
Pro Forma AADS Burden (%)	2.0	2.0	1.9	1.8	1.7	2.2

<sup>a</sup>Unaudited draft data, nine months ended March 31, 2013.

Healthcare utilization trends have been growing for UR's healthcare enterprise. SMH, UR's primary teaching hospital, along with Highland Hospital, have 1,061 licensed beds constituting 56.5% of the market. SMH is the largest hospital and the only tertiary/quaternary care center in the Finger Lakes Region and has experienced growth in services offered over the past three years. Although discharges declined slightly from fiscal 2010 to fiscal 2013 (down 1.2%), overall volume, including observation and ambulatory surgery cases as well as oncology and radiation therapy visits, experienced strong growth. Fitch expects that the increase in healthcare enterprise revenue as a result of an increase in volume will continue and generate surpluses which are used to support consolidated UR operations.

## Demand Summary

Fall Semester

	2008	2009	2010	2011	2012
<b>Headcount</b>					
Undergraduate Enrollment – Day	5,058	5,180	5,319	5,348	5,481
Other	120	111	113	113	128
<b>Total Undergraduate Enrollment</b>	<b>5,178</b>	<b>5,291</b>	<b>5,432</b>	<b>5,461</b>	<b>5,609</b>
Graduate	3,075	3,127	3,180	3,210	3,251
Graduate – Other	933	933	930	947	1,038
Total Graduate	4,008	4,060	4,110	4,157	4,289
Total Nondegree	672	593	569	672	612
<b>Total Headcount Enrollment</b>	<b>9,858</b>	<b>9,944</b>	<b>10,111</b>	<b>10,290</b>	<b>10,510</b>
<b>Total Undergraduate/Total Headcount Enrollment (%)</b>	<b>52.5</b>	<b>53.2</b>	<b>53.7</b>	<b>53.1</b>	<b>53.4</b>
<b>FTE</b>					
Total FTE Undergraduate Enrollment	5,169	5,279	5,420	5,463	5,603
Total FTE Graduate Enrollment	3,581	3,686	3,630	3,698	3,756
<b>Total FTE Enrollment</b>	<b>8,750</b>	<b>8,965</b>	<b>9,122</b>	<b>9,161</b>	<b>9,359</b>
<b>Admissions</b>					
Undergraduate Applications	12,870	13,062	13,841	14,961	16,033
Undergraduate Admissions	5,250	4,968	5,256	5,101	5,663
Acceptance Rate (%)	40.8	38.0	38.0	34.1	35.3
Undergraduate Matriculants	1,311	1,210	1,308	1,273	1,343
Matriculation Rate (%)	25.0	24.4	24.9	25.0	23.7
Graduate Applications	12,914	12,733	14,295	14,209	15,218
Graduate Admissions	2,654	2,643	2,654	2,903	3,256
Acceptance Rate (%)	20.6	20.8	18.3	20.4	21.4
Graduate Matriculants	1,415	1,406	1,358	1,437	1,626
Matriculation Rate (%)	53.3	53.2	51.2	49.5	49.9
In-State Student (%)	43	39	38	32	33
Out-of-State Student (%)	57	61	62	68	67
<b>Total (%)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Freshmen Headcount Residing on Campus	1,133	1,060	1,166	1,134	1,206
Total Headcount Residing on Campus	3,595	3,652	3,709	3,718	3,815
<b>Average SAT</b>					
Freshmen Per University	1315	1329	1331	1324	1334
National Average	1017	1016	1015	1011	1020
<b>Annual Undergraduate Cost of Attendance</b>					
Tuition	36,410	37,870	39,480	41,040	42,890
Mandatory Fees	840	820	802	802	776
Room and Board	10,810	11,200	11,640	12,120	12,586
<b>Total</b>	<b>48,060</b>	<b>49,890</b>	<b>51,922</b>	<b>53,962</b>	<b>56,252</b>

## Operating Margins Consistent

UR's operating margins have been positive for four consecutive years, benefitting from growing healthcare revenues that accounted for nearly 67% of total revenues in fiscal 2012. Year-to-date financial performance as of March 2013 (nine months interim results) reflects UR's new healthcare affiliate (F. F. Thompson Hospital) operations, lower sponsored research funding and UR's demonstrated ability to operate effectively in a changing economic environment. Better than expected healthcare enterprise performance and modest growth in revenue from academic operations for fiscal 2012 are expected to be carried through fiscal 2013 results. Fitch expects these surpluses to somewhat temper prior concerns regarding decline in reimbursement levels, government-derived funding and sponsored research programs.

## Financial Summary

(\$000, Audited Fiscal Years Ended June 30)

	2008	2009	2010	2011	2012	2013 <sup>a</sup>
<b>Statement of Operating Activities</b>						
<b>Unrestricted Operating Revenues</b>						
Gross Tuition and Fees	269,926	300,480	321,252	343,537	360,695	304,588
Less: Student Aid	108,378	120,416	132,222	142,321	151,430	127,624
<b>Net Tuition and Fees</b>	<b>161,548</b>	<b>180,064</b>	<b>189,030</b>	<b>201,216</b>	<b>209,265</b>	<b>176,964</b>
Sales and Services of Auxiliary Enterprises	69,155	73,730	77,248	79,653	88,728	70,811
Federal Grants and Contracts	366,278	385,136	419,643	438,022	396,145	295,314
Royalty Income	64,921	42,975	38,978	42,318	34,431	20,109
State Appropriations	1,796	1,843	1,737	1,875	1,851	1,296
Healthcare Operations (Patient and Faculty Practice Plan Revenues)	1,520,558	1,599,123	1,708,304	1,783,587	1,860,382	1,514,470
Gifts and Contributions	33,646	15,259	17,917	19,618	25,747	24,444
Dividend and Interest Income	12,192	0	13,361	13,538	5,537	8,491
Net Assets Released from Restrictions for Operations	37,255	32,867	40,158	47,659	53,701	38,410
Other	38,265	44,709	43,447	43,652	42,792	35,134
<b>Total Unrestricted Operating Revenues</b>	<b>2,305,614</b>	<b>2,375,706</b>	<b>2,549,823</b>	<b>2,671,138</b>	<b>2,718,579</b>	<b>2,185,443</b>
Unrealized/Realized Gains Portion of Endowment Payout	85,195	93,151	86,349	87,717	88,390	67,640
<b>Adjusted Total Unrestricted Operating Revenues</b>	<b>2,390,809</b>	<b>2,468,857</b>	<b>2,636,172</b>	<b>2,758,855</b>	<b>2,806,969</b>	<b>2,253,083</b>
<b>Unrestricted Operating Expenses</b>						
Instruction	292,979	296,425	286,736	300,191	313,698	246,063
Institutional Support	74,657	82,842	81,283	89,749	97,600	77,711
Student Services	41,251	44,732	42,534	45,212	50,325	41,618
Public Service	8,690	9,487	10,541	10,235	8,337	6,366
Research	291,640	297,448	304,557	334,396	315,548	224,748
Auxiliary Enterprises	75,639	80,287	84,649	90,164	91,216	72,759
Healthcare Operations (Patient and Faculty Practice Plan Expenses)	1,504,387	1,581,334	1,654,447	1,721,125	1,795,828	1,476,522
Other	49,492	55,819	53,376	60,165	59,377	47,212
<b>Total Unrestricted Operating Expenses</b>	<b>2,338,735</b>	<b>2,448,374</b>	<b>2,518,123</b>	<b>2,651,237</b>	<b>2,731,929</b>	<b>2,193,000</b>
Change in Unrestricted Net Assets from Operations	(33,121)	(72,668)	31,700	19,901	(13,350)	(7,557)
Adjusted Change in Unrestricted Net Assets from Operations	52,074	20,483	118,049	107,618	75,040	60,083

<sup>a</sup>Unaudited draft data, nine months ended March 31, 2013. Note: Numbers may not add due to rounding.

## Financial Summary (continued)

(\$000, Audited Fiscal Years Ended June 30)

	2008	2009	2010	2011	2012	2013 <sup>a</sup>
<b>Unrestricted Non-Operating Revenues/(Expenses)</b>						
Realized and Unrealized Gain/(Loss) on Investments	(101,074)	(409,724)	40,249	65,693	(90,820)	37,957
Changes in Accounting Principle	—	—	—	(239,778)	—	—
Other	(1,442)	(6,714)	(2,014)	0	—	(3,939)
Other	—	(38,831)	(3,378)	7,909	(57,256)	32,844
<b>Total Unrestricted Non-Operating Revenues/(Expenses)</b>	<b>(102,516)</b>	<b>(455,269)</b>	<b>34,857</b>	<b>(166,176)</b>	<b>(148,076)</b>	<b>66,862</b>
Change in Unrestricted Net Assets	(50,442)	(434,786)	152,906	(58,558)	(73,036)	126,945
<b>Change in Unrestricted Net Assets from Operations</b>	<b>(33,121)</b>	<b>(72,668)</b>	<b>31,700</b>	<b>19,901</b>	<b>(13,350)</b>	<b>(7,557)</b>
Add Back: Depreciation, Amortization and Other Noncash Items	127,622	136,648	141,957	158,441	163,619	135,475
Add Back: Interest Expense	35,352	31,114	28,053	29,344	30,604	27,612
<b>Net Income Available for Debt Service</b>	<b>129,853</b>	<b>95,094</b>	<b>201,710</b>	<b>207,686</b>	<b>180,873</b>	<b>155,530</b>
<b>Adjusted Change in Unrestricted Net Assets from Operations</b>	<b>52,074</b>	<b>20,483</b>	<b>118,049</b>	<b>107,618</b>	<b>75,040</b>	<b>60,083</b>
Add Back: Depreciation, Amortization and Other Noncash Items	127,622	136,648	141,957	158,441	163,619	135,475
Add Back: Interest Expense	35,352	31,114	28,053	29,344	30,604	27,612
<b>Adjusted Net Income Available for Debt Service</b>	<b>215,048</b>	<b>188,245</b>	<b>288,059</b>	<b>295,403</b>	<b>269,263</b>	<b>223,170</b>
Annual Debt Service	67,209	164,896	86,674	55,962	73,256	70,264
Pro Forma Maximum Annual Debt Service (MADS)	105,746	105,746	105,746	105,746	105,746	105,746
MADS Fiscal Year	2016	2016	2016	2016	2016	2016
Pro Forma Average Annual Debt Service (AADS)	48,869	48,869	48,869	48,869	48,869	48,869
<b>Balance Sheet</b>						
<b>Assets</b>						
Cash and Cash Equivalents	366,515	317,600	449,365	494,596	535,243	688,175
Investments	1,933,007	1,455,155	1,607,137	1,832,799	1,869,831	1,962,104
<b>Total Cash and Investments</b>	<b>2,299,522</b>	<b>1,772,755</b>	<b>2,056,502</b>	<b>2,327,395</b>	<b>2,405,074</b>	<b>2,650,279</b>
% Total Investments Classified as Alternative Assets Per Audit	58.0	58.0	58.0	66.6	64.2	61.2
Net Property, Plant and Equipment	1,315,340	1,349,270	1,401,038	1,453,775	1,561,957	1,704,063
<b>Liabilities</b>						
<b>Bonds Payable</b>						
Fixed-Rate Bonds Payable	682,974	643,734	772,951	745,913	874,209	928,771
<b>Total Bonds Payable</b>	<b>682,974</b>	<b>643,734</b>	<b>772,951</b>	<b>745,913</b>	<b>874,209</b>	<b>928,771</b>
<b>Other Obligations</b>						
Noncancellable Operating Leases	172,509	158,117	154,981	148,337	145,290	146,000
Commercial Paper	—	—	—	—	1,950	—
Other	—	—	—	—	—	241,853
Total Other Obligations	172,509	158,117	154,981	148,337	147,240	387,853
<b>Total Long-Term Debt</b>	<b>855,483</b>	<b>801,851</b>	<b>927,932</b>	<b>894,250</b>	<b>1,021,449</b>	<b>1,316,624</b>
Total Pro Forma Debt	1,055,910	1,055,910	1,055,910	1,055,910	1,021,449	1,316,624
<b>Net Assets</b>						
Unrestricted Net Assets	2,159,147	1,724,361	1,877,267	1,818,709	1,745,673	1,872,618
Temporarily Restricted Net Assets	242,367	178,666	179,572	506,216	509,533	555,894
Permanently Restricted Net Assets	298,035	308,211	324,928	358,935	394,461	405,532
<b>Total Net Assets</b>	<b>2,699,549</b>	<b>2,211,238</b>	<b>2,381,767</b>	<b>2,683,860</b>	<b>2,649,667</b>	<b>2,834,044</b>
<b>Balance Sheet Resources and Liquidity</b>						
<b>Total Resources</b>						
Available Funds	2,001,487	1,464,544	1,731,574	1,968,460	2,010,613	2,244,747

<sup>a</sup>Unaudited draft data, nine months ended March 31, 2013. Note: Numbers may not add due to rounding.

**Adequate Liquidity**

UR's liquidity for fiscal 2012, defined as available funds (unrestricted cash and investments), totaled \$2.01 billion and accounted for 73.6% of operating expenses and 196.8% of total long-term debt. UR's current bond issuance adds approximately \$243 million in new money. Including the new issue, available funds account for 170% of pro forma debt, which Fitch considers in line with similarly rated peers. The university's investment portfolio of approximately \$1.8 billion reflects an asset allocation similar to endowments for like-sized academic institutions, with alternative investments accounting for a significant 64.2% of the total. UR's investments performed adequately this past year, with a return of 10.5% as of March 2013.

**Capital Campaign Success**

The university initiated its capital campaign, the Meliora Challenge, in October 2011. UR's goal to raise \$1.2 billion makes it one of 34 national universities that have undertaken campaigns with a goal exceeding \$1.0 billion. To date, the university has been successful in fundraising for the campaign and had raised \$945 million as of July 2013 toward the goal; more than 70% of the funds raised have been realized. UR expects to continue to raise funds through the conclusion of the campaign in June 2016.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

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# 15. Investor Presentation

The following pages contain the Investor Presentation.

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)



\$265,000,000\*

Monroe County Industrial Development Corporation  
Revenue Bonds  
University of Rochester, Series 2013

\$118,700,000 \*  
Series 2013A  
(Tax-Exempt)

\$75,200,000 \*  
Series 2013B  
(Tax-Exempt)

\$71,100,000 \*  
Series 2013C  
(Taxable)

*September 2013*



\* Preliminary, subject to change.

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In the context of this engagement or potential engagement between the underwriters and the University of Rochester, in any discussions, communications, conferences, negotiations and undertakings, the underwriters (a) will act as principals and not in a fiduciary capacity; (b) have not assumed an advisory, fiduciary, agent or municipal advisor responsibility in favor of the University of Rochester or you; and (c) are acting as underwriters and not as financial advisors. As such (i) the primary role of the underwriters as underwriters is to purchase, or arrange for the placement of, securities; (ii) such purchase or placement will be effected in an arm's-length commercial transaction between the University of Rochester and the underwriters; and (iii) the underwriters have financial and other interests that may differ from yours and from the University of Rochester. Further, the underwriters advise the University of Rochester and you to consult your own legal, financial and other advisors to the extent you deem appropriate.

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# Series 2013 Transaction Overview

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Issuer:	Monroe County Industrial Development Corporation		
Borrower:	University of Rochester		
	Investor Relations Website: <a href="http://www.rochester.edu/adminfinance/bondholder">http://www.rochester.edu/adminfinance/bondholder</a>		
Series:	\$118,700,000*	Series 2013A (Tax-Exempt)	July 1, 2014 – 2043
	\$75,200,000*	Series 2013B (Tax-Exempt)	July 1, 2014 – 2043
	\$71,100,000*	Series 2013C (Taxable)	July 1, 2014 – 2033
Ratings:	Moody's: Aa3 / Stable Outlook		
	Standard & Poor's: AA- / Stable Outlook		
	Fitch: AA- / Stable Outlook		
Security:	The Series 2013 Bonds are an unsecured general obligation of the University		
Use of Proceeds:	The proceeds will be used to finance various construction and renovation projects and to refund all or a portion of the Series 2004A bonds and other issues (see Preliminary Official Statement).		
Senior Managers:	J.P. Morgan and Barclays		
Co-Manager:	Morgan Stanley		
Timing:	September 9*:	Retail Order Period and Taxable Indications of Interest	
	September 10*:	Institutional Pricing	
	September 19*:	Closing	

\* Preliminary, subject to change.



# University of Rochester Presentation Participants

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- **Ronald Paprocki** – Senior Vice President for Administration and Finance and CFO
- **Holly Crawford** – Associate Vice President for Budget and Planning and Deputy to Senior Vice President and CFO
- **Michael Goonan** – Medical Center Vice President and CFO
- **Adam Anolik** – Medical Center Associate Director of Financial Services



# University Overview

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- The University of Rochester, founded in 1850, is an independent, nonprofit institution of higher education, research, and health care located in Rochester, New York, with undergraduate and graduate programs and highly ranked professional schools in medicine and business
- The University Medical Center is a part of the University and consists of Strong Memorial Hospital, the School of Medicine and Dentistry, the School of Nursing, the University of Rochester Medical Faculty Group and the Eastman Institute for Oral Health
- As of Fall 2012, the University had over 10,500 students; for Fall 2013, the University received a record 17,300 undergraduate applicants and had an acceptance rate of about 36%
- The University had \$2.8 billion of operating revenues in FY2012 and has consistently achieved positive operating margins in recent years



# University Highlights

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- The University is home to several nationally ranked schools and programs, including the prestigious Eastman School of Music, the William E. Simon Graduate School of Business Administration, and the nation's oldest optics education program, ranked #1 by the National Research Council
- The University of Rochester Medical Center forms the centerpiece of the University's health research, teaching, patient care, and community outreach missions and is anchored by Strong Memorial Hospital—an 800-bed, University-owned teaching hospital—which boasts programs that consistently rank among "America's Best Hospitals," according to U.S. News & World Report
- The University's faculty and alumni have included eight Nobel Prize winners and twelve Pulitzer Prize winners
- The University is a member of the Association of American Universities ("AAU"), which is the foremost organization of research universities, and is among the top fifteen institutions in the country in royalty revenues from licensed technologies
- The University's 2013 employment total of over 20,000 makes it the top employer in the Rochester region and the seventh largest private employer in New York State



# Recent Investments and Initiatives

## ▪ Golisano Children's Hospital

- \$145 million children's hospital adjacent to Strong Memorial Hospital
- 200,000 square feet of space and 126 beds dedicated to children and their families with two floors for future relocation of pediatric intensive care unit and six additional operating rooms dedicated to pediatric cases
- Groundbreaking in 2012 and expected opening in 2015



## ▪ College Town Project

- Public/private project to provide a cohesive University-neighborhood community
- 14 acres of University-owned property leased to private developers
- 500,000 square feet of retail and dining space, hotel and conference facilities, parking and housing for the Mt. Hope and University communities
- Groundbreaking in 2013 and expected completion in 2014

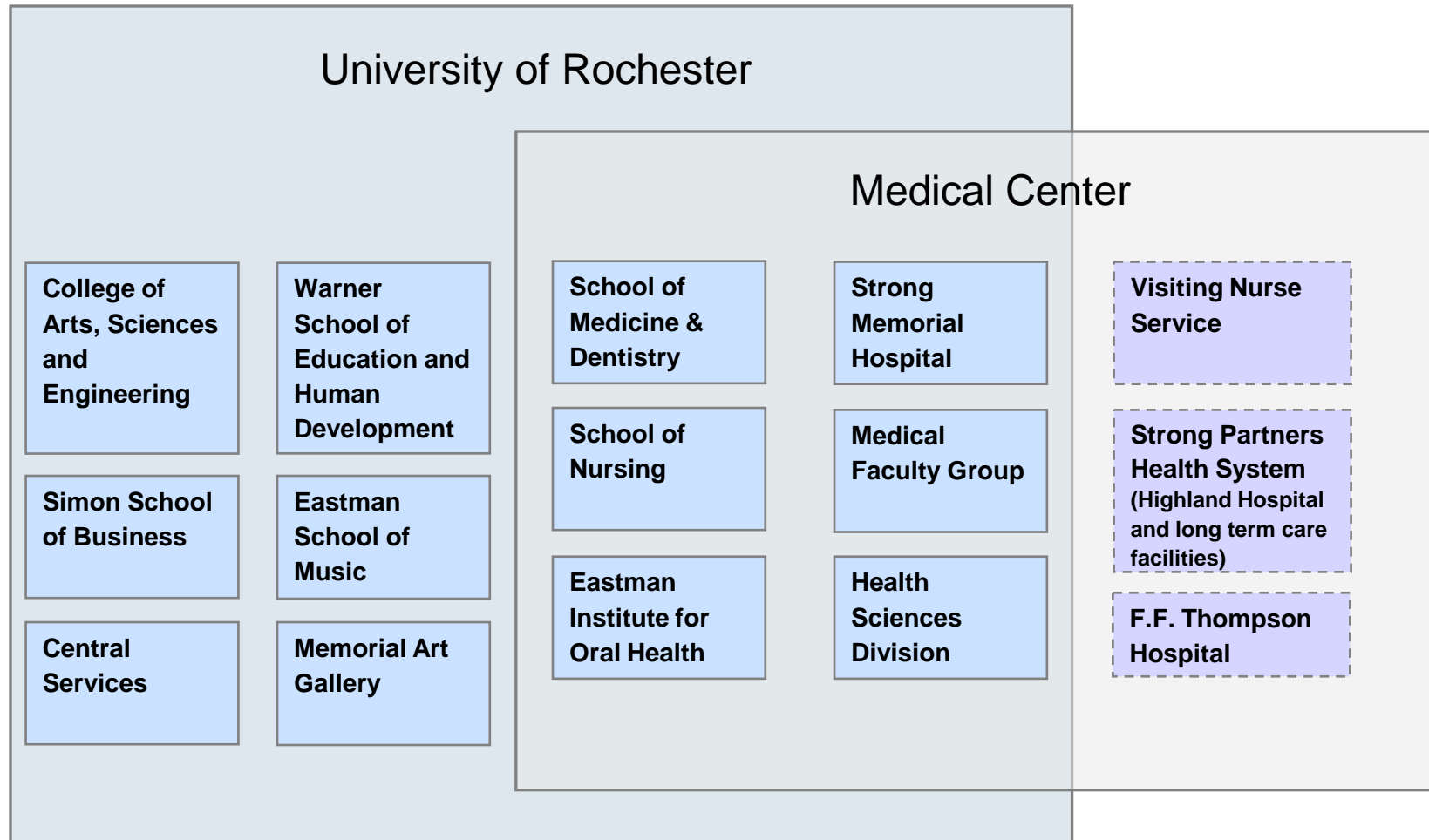


## ▪ The Meliora Challenge

- A unified, coordinated campaign to achieve a University-wide vision
- \$1.2 billion five-year campaign started in 2011
- \$945 million in gifts and commitments as of March 31, 2013



# University Organizational Overview





# Student demand is strong with applications increasing and selectivity and quality improving

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- Undergraduate applications for Fall 2013 were a record 17,300 with approximately 6,150 (36%) accepted
- The average SAT score for entering freshmen has increased from 1315 in Fall 2008 to 1334 in Fall 2012

## ADMISSIONS STATISTICS

### *UNDERGRADUATE*

<b>Academic Year</b>	<b><u>Applications</u></b>	<b><u>Admits</u></b>	<b>Percent Admits/ <u>Applicants</u></b>	<b>New <u>Enrollment</u></b>	<b>Percent New Enrollment/ <u>Admits</u></b>
2008-09	12,870	5,250	40.8%	1,311	25.0%
2009-10	13,062	4,968	38.0	1,210	24.4
2010-11	13,841	5,256	37.9	1,308	24.9
2011-12	14,961	5,101	34.1	1,273	25.0
2012-13	16,033	5,663	35.3	1,343	23.7

### *GRADUATE*

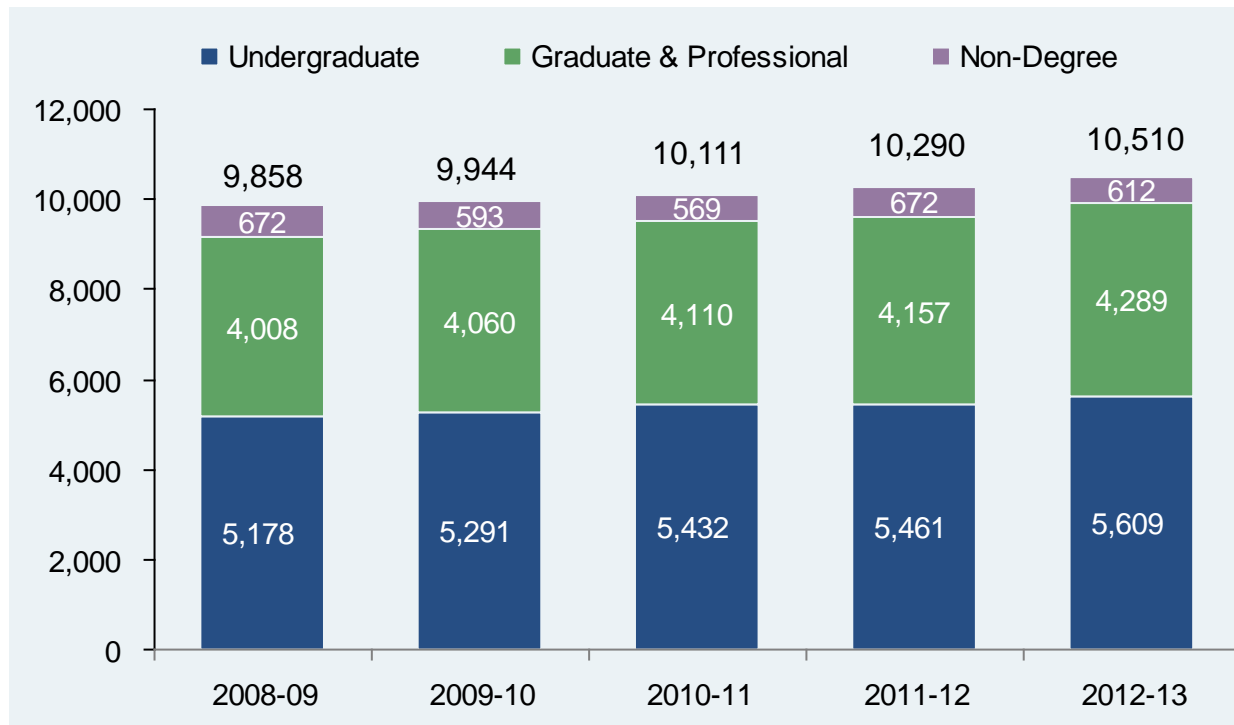
<b>Academic Year</b>	<b><u>Applications</u></b>	<b><u>Admits</u></b>	<b>Percent Admits/ <u>Applicants</u></b>	<b>New <u>Enrollment</u></b>	<b>Percent New Enrollment/ <u>Admits</u></b>
2008-09	12,914	2,654	20.6%	1,415	53.3%
2009-10	12,733	2,643	20.8	1,406	53.2
2010-11	14,295	2,654	18.6	1,357	51.1
2011-12	14,209	2,903	20.4	1,437	49.5
2012-13	15,218	3,256	21.4	1,626	49.9



# The University continues to increase enrollment

- The University has a strategic goal of increasing full-time College enrollment (Arts and Sciences and School of Engineering and Applied Sciences) by about 9% over the next five years

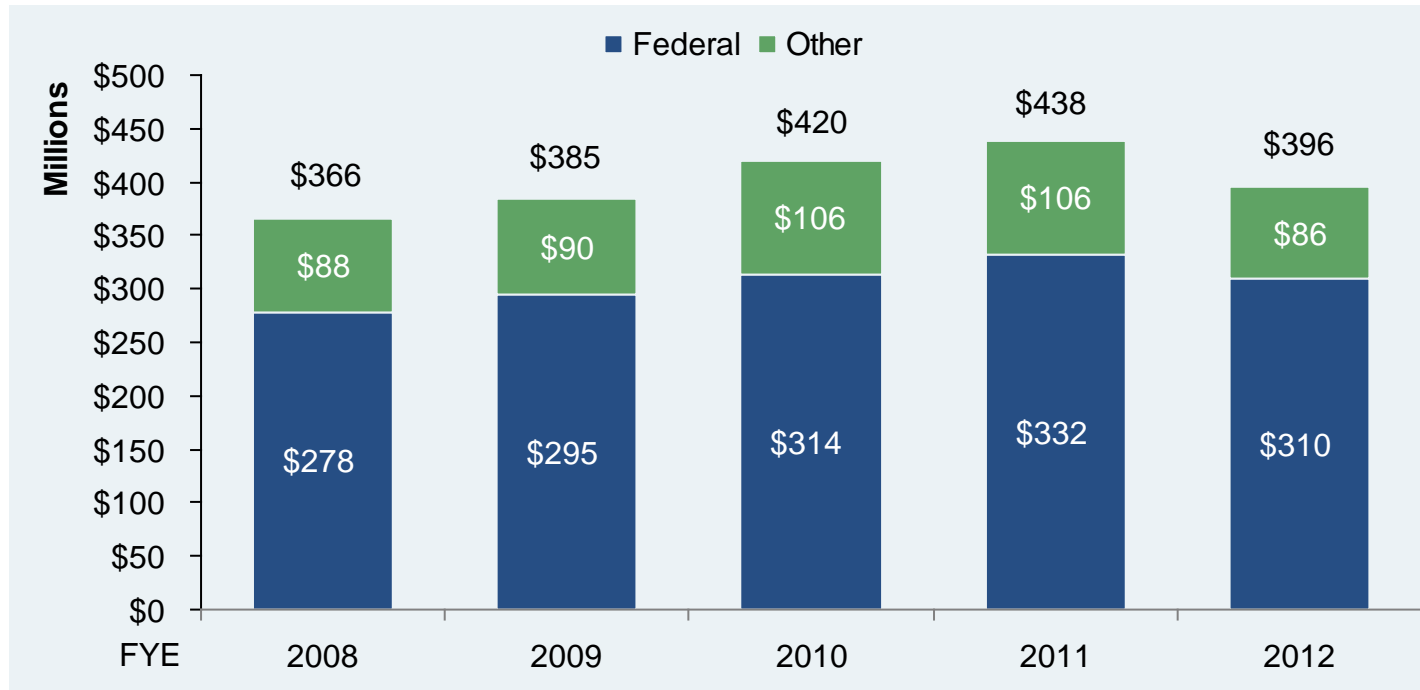
**Fall Enrollment, Full-time and Part-time  
Matriculated and Non-Matriculated Students**



# The University has a strong record of securing research funding

- The University is among the top fifteen universities nationally in royalty revenues from licensed technologies

**Total Grant and Contract Program Revenues**



# Strong Memorial Hospital Highlights

- Strong Hospital is the largest acute care general hospital in Rochester with 800 certified beds and over 266,000 patient days in 2012
- The Hospital serves over 1.3 million people in the Finger Lakes region and is the regional destination center for heart transplantation, bone marrow transplantation, specialized cardiac, neurosurgery, pulmonary, oncology and high-risk obstetric assistance, as well as Level I trauma, burn patients, and airlift care
- The Hospital and its affiliate, Highland Hospital, have over 54% market share in its primary service area
- The Hospital has received The National Research Corporation's "Consumer Choice Award" in each of the five years that the award has been given
- Hospital occupancy was approximately 94% in 2012



# Strong Memorial Hospital utilization data highlights its regional scope

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## HOSPITAL UTILIZATION DATA

	<u>Calendar Year</u>				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Certified Beds	739	739	749	749	804
Discharges*	40,203	40,684	40,432	40,473	40,740
Patient Days*	257,434	249,005	255,735	258,248	266,495
Average Length of Stay (Days)	6.5	6.0	6.2	6.2	6.4
Outpatient Clinic Visits	307,226	313,560	313,278	314,059	292,721
Observation Cases	10,020	8,955	10,323	9,952	10,815
Ambulatory Surgery Visits	13,001	15,170	20,905	21,567	22,112
Faculty Practice Visits	849,558	872,121	876,889	878,153	848,217
<u>Average % Occupancy†:</u>					
Medicine & Surgery	101.2%	94.3%	96.8%	97.2%	99.2%
Obstetrics	75.1	68.6	69.8	68.1	67.9
Gynecology	105.2	90.5	94.5	92.8	92.6
Pediatrics	86.9	87.6	86.9	91.1	85.4
Psychiatry	89.3	82.3	79.3	80.1	85.8
Rehabilitation	89.9	88.2	87.7	89.2	88.9

\*Includes newborns.

†Based on beds in use.



# The Hospital has a well-diversified payer mix

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## SOURCES OF HOSPITAL'S PATIENT SERVICES REVENUE

### Calendar Year

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Blue Cross	27.2 %	27.1 %	28.7 %	30.6 %	30.2 %
Medicare	33.4	30.4	31.8	31.4	33.4
Preferred Care	8.8	11.0	8.5	6.4	5.6
Medicaid	15.2	17.6	15.8	17.7	17.3
Commercial Insurance	9.2	7.5	9.3	9.2	9.0
Self-Pay and Other	<u>6.2</u>	<u>6.4</u>	<u>5.9</u>	<u>4.7</u>	<u>4.5</u>
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %



# The Hospital has consistently generated positive operating margins and successfully managed the changing healthcare environment

- For CY2012, the Hospital generated an operating margin of over \$95 million or 8.1% on revenues of \$1.2 billion as a result of increases in patient volumes and payment rates
- At December 31, 2012, the Hospital had 135 days cash on hand and 26 days in patient accounts receivable
- Through the five months ended May 31, 2013, the operating margin was \$43.3 million or 8.3% compared to \$43.2 million or 8.7% over the same period last year

## Hospital Operating Results

(\$ thousands)

Calendar Year

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Operating Revenues:					
Net Patient Services Revenue	\$905,593	\$979,161	\$1,034,991	\$1,030,694	\$1,096,497
Other Operating Revenue	<u>22,157</u>	<u>24,337</u>	<u>30,952</u>	<u>68,005</u>	<u>83,358</u>
Total Operating Revenue	927,750	1,003,498	1,065,943	1,098,699	1,179,855
Operating Expenses:					
Salaries, Wages & Fringe Benefits	474,789	488,212	524,015	562,103	589,244
Supplies and Other Expenses	369,596	402,885	428,259	417,670	432,485
Interest	8,289	6,830	6,523	6,593	7,007
Depreciation	<u>40,434</u>	<u>44,392</u>	<u>47,141</u>	<u>50,072</u>	<u>54,990</u>
Total Operating Expenses	893,108	942,319	1,005,938	1,036,438	1,083,726
Gain from Operations	34,642	61,179	60,005	62,261	96,129
Non-Operating Gains (Losses)	<u>-22,909</u>	<u>10,384</u>	<u>1,788</u>	<u>-1,481</u>	<u>-936</u>
<b>Revenues in Excess of Expenses</b>	<b>\$11,733</b>	<b>\$71,563</b>	<b>\$61,793</b>	<b>\$60,780</b>	<b>\$95,193</b>

▪ *Strategic Plan areas of focus: Affordable Care Act; new delivery system models; revenue opportunities; cost reduction.*

Note: the increase in Other Operating Revenue in 2011 and 2012 relates to a reclassification of retail pharmacy operations that were previously reported in Net Patient Service Revenue.



# University Statement of Activities, FY2008-2012

	Fiscal Years Ended June 30,				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Operating Revenue:					
Tuition and fees	\$269,926	\$300,480	\$321,252	\$343,537	\$360,695
Less scholarships and fellowships	<u>-108,378</u>	<u>-120,416</u>	<u>-132,222</u>	<u>-142,321</u>	<u>-151,430</u>
Net tuition and fees	161,548	180,064	189,030	201,216	209,265
State and local appropriations	1,796	1,843	1,737	1,875	1,851
Grants and contracts	366,278	385,136	419,643	438,022	396,145
Gifts and pledges	98,733	65,221	47,962	61,854	111,805
Hospital & faculty practice patient care	1,514,571	1,599,123	1,708,304	1,783,587	1,860,382
Auxiliary enterprises	69,155	73,730	77,248	79,653	88,728
Investment income on cash equivalents	12,192	-7,784	13,361	13,538	5,537
Educational activities	30,027	29,023	29,571	29,894	28,540
Royalty income	64,921	42,975	38,978	42,318	34,431
Other sources	14,225	15,686	13,904	13,730	14,252
Long-term investment income & gains allocated for operations	<u>85,195</u>	<u>93,151</u>	<u>86,349</u>	<u>87,717</u>	<u>88,390</u>
Total operating revenue	<u>2,418,641</u>	<u>2,478,168</u>	<u>2,626,087</u>	<u>2,753,404</u>	<u>2,839,326</u>
Operating expenses:					
Salaries and wages	1,143,813	1,209,480	1,241,914	1,306,985	1,369,458
Fringe benefits	<u>302,858</u>	<u>320,057</u>	<u>353,387</u>	<u>367,618</u>	<u>400,322</u>
Total compensation	1,446,671	1,529,537	1,595,301	1,674,603	1,769,780
Supplies	296,107	316,611	336,317	344,487	350,767
Business and professional	215,045	210,532	193,573	195,798	190,815
Utilities	54,201	55,060	52,075	53,918	52,253
Maintenance and facilities costs	89,950	98,313	105,186	112,914	114,210
Depreciation expense	127,622	136,648	141,957	158,441	163,619
Interest Expense	35,352	31,114	28,053	29,344	30,604
Other	<u>73,787</u>	<u>70,559</u>	<u>65,661</u>	<u>81,732</u>	<u>59,881</u>
Total operating expenses	<u>2,338,735</u>	<u>2,448,374</u>	<u>2,518,123</u>	<u>2,651,237</u>	<u>2,731,929</u>
<b>Change in net assets from operating activities</b>	<b><u>79,906</u></b>	<b><u>29,794</u></b>	<b><u>107,964</u></b>	<b><u>102,167</u></b>	<b><u>107,397</u></b>
Change in net assets from non-operating activities	<u>-114,246</u>	<u>-518,105</u>	<u>62,565</u>	<u>199,926</u>	<u>-141,590</u>
Change in net assets	-34,340	-488,311	170,529	302,093	-34,193
Beginning net assets	<u>2,733,889</u>	<u>2,699,549</u>	<u>2,211,238</u>	<u>2,381,767</u>	<u>2,683,860</u>
<b>Ending net assets</b>	<b><u>\$2,699,549</u></b>	<b><u>\$2,211,238</u></b>	<b><u>\$2,381,767</u></b>	<b><u>\$2,683,860</u></b>	<b><u>\$2,649,667</u></b>

- Through March 31, 2013, net assets grew to \$2.83 billion
- The University expects to report a positive operating margin in FY2013





# University Gifts and Pledges

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- The University announced the Meliora Challenge, a \$1.2 billion campaign in October 2011
- As of March 31, 2013, \$945 million in gifts and commitments have been received
- The campaign is scheduled to conclude in June 2016

## Gifts and Pledges by Donor Restriction Category (dollars in thousands)

	Fiscal Years Ended June 30,				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Unrestricted Net Assets	\$33,646	\$15,259	\$17,917	\$19,618	\$25,747
Temporarily Restricted Net Assets	37,050	35,068	15,076	17,781	49,738
Permanently Restricted Net Assets	28,037	14,894	14,969	24,455	36,320
Total	<u>\$98,733</u>	<u>\$65,221</u>	<u>\$47,962</u>	<u>\$61,854</u>	<u>\$111,805</u>



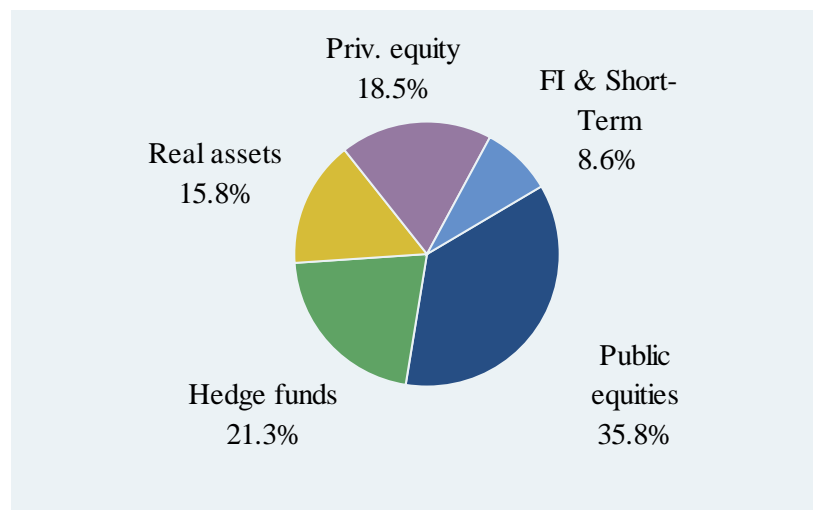
# University Investments

- The University's portfolio of endowment and similar funds is managed according to a total return plan. Both investment performance and endowment spending are subject to continuous review by the Board of Trustees.
- As of May 31, 2013, the estimated market value of the endowment and similar funds was \$1.81 billion and the performance was positive

**Investments Held for Long-Term Purposes**



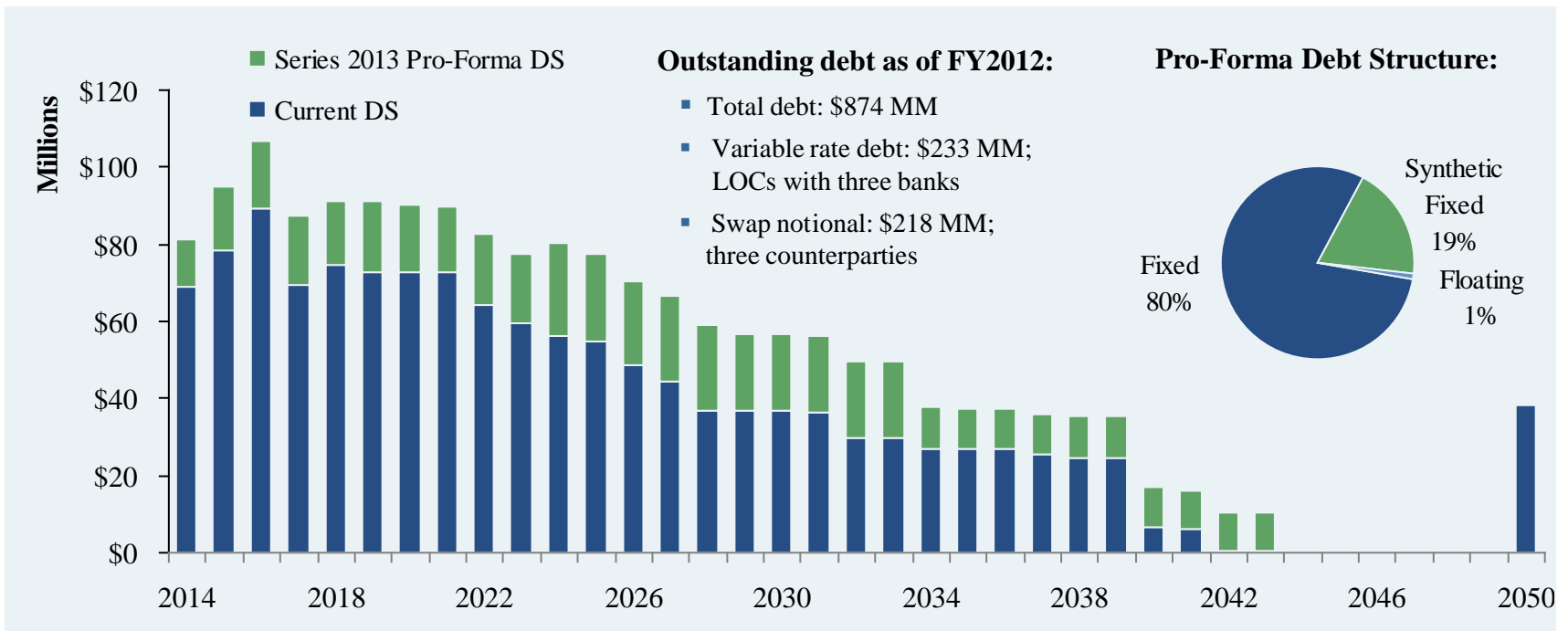
**Asset Allocation as of May 31, 2013**



# Capital Plans and Debt Structure

- Series 2013 proceeds will be used for a variety of capital projects including completion of the Golisano Children's Hospital and utility and infrastructure improvements
- Future capital plans for FY2015-2016 of about \$400 million to be funded from a combination of gifts, university funds and bonds

## Pro-Forma Debt Service Schedule



# Conclusion

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The University of Rochester key credit strengths are:

- Large and diversified student body with increasing demand, enrollment and quality
- Leading health care institution in upstate New York providing unique clinical services to the region
- Strong management producing consistently positive operating performance and healthy cash flow
- Fundraising and solid endowment returns are strengthening the balance sheet

**“Throughout its history, the University of Rochester has been committed to the greater Rochester community. We are proud to be an urban university; proud to be a major health care provider in this region; proud that our students, faculty, alumni, and staff are deeply involved in community service; proud of the role we perform as employers, consumers, and neighbors in a community and region we dearly love.”**

*President Joel Seligman*





# Contacts for Q&A

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Please direct any questions you may have to the following individuals:

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## 16. Financing Schedule

The following pages contain the transaction's financing schedule.

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)



**Monroe County Industrial Development Corporation  
University of Rochester  
Series 2013**

July 2013							August 2013							September 2013						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6					1	2	3	1	2	3	4	5	6	7
7	8	9	10	11	12	13	4	5	6	7	8	9	10	8	9	10	11	12	13	14
14	15	16	17	18	19	20	11	12	13	14	15	16	17	15	16	17	18	19	20	21
21	22	23	24	25	26	27	18	19	20	21	22	23	24	22	23	24	25	26	27	28
28	29	30	31				25	26	27	28	29	30	31	29	30					

**Conference Call Line: (866) 373-4362 | Passcode: 9959592#**

**Week of                      Action**

**July 15**

- Kick-off call
- July 17: Fitch ratings call (10:30-12:00pm)

**July 22**

- July 23: Submit MCIDC application
- Circulate first draft of bond documents and POS
- July 25: Receive Fitch Rating

**July 29**

- July 30: Publish TEFRA notice
- July 31: Working group conference call (1:00 pm)
- Circulate first draft of Appendix A

**August 5**

- Circulate second draft of bond documents and POS
- Bond documents sent to rating agencies

**August 12**

- August 12: Board Financial Planning Committee Approval
- August 13: MCIDC adoption of bond resolution and TEFRA hearing
- August 14: Working group conference call (1:00 pm)
- August 15: S&P ratings call (3:00-4:30 pm)
- August 16: Moody's ratings call (9:00-11:00 am)

**August 19**

- August 22: Receive Moody's rating
- Receive TEFRA approval from County Executive

**August 26**

- Working group conference call
- August 26: Board Executive Committee Approval
- August 29: Receive S&P rating
- Finalize any DOH approvals

**September 2**

- *September 2: Labor Day*
- *September 5: Rosh Hashanah*
- Receive auditor letters
- Working Group conference call to finalize POS
- Due diligence call
- Sept. 3: Mail POS
- Sept. 6: Investor presentation posted and conference call





**Monroe County Industrial Development Corporation  
University of Rochester  
Series 2013**

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**September 9**

- Sept. 10: Price bonds
- Sept. 11: Sign Bond Purchase Agreement
- Print Final Official Statement

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**September 16**

- Sept. 18: Pre-closing
  - Sept. 19: Closing
-

## 17. Distribution List

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## 18. Closing Memorandum

J.P.Morgan

## CLOSING MEMORANDUM

\$264,490,000

**MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION  
REVENUE BONDS  
(UNIVERSITY OF ROCHESTER PROJECT), SERIES 2013**

<b>\$118,855,000</b>	<b>\$74,905,000</b>	<b>\$70,730,000</b>
<b>Series 2013A</b>	<b>Series 2013B</b>	<b>Series 2013C</b>
<b>(Tax-Exempt)</b>	<b>(Tax-Exempt)</b>	<b>(Taxable)</b>

**From:** J.P. Morgan  
**To:** University of Rochester Series 2013 Working Group

**Wednesday, September 18, 2013:**

The pre-closing for the above-referenced financing will take place on Wednesday, September 18, beginning at 10:00 a.m. at the Harris Beach office below. All closing documents will be delivered to the pre-closing in final, executed form and held in escrow until the closing.

Lori Palmer  
Harris Beach PLLC  
99 Garnsey Road  
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Phone: (585) 419-8681  
E-mail: [lpalmer@harrisbeach.com](mailto:lpalmer@harrisbeach.com)

**Thursday, September 19, 2013:**

- On the morning of closing, J.P. Morgan will wire **\$268,559,253.82** via Fedwire Funds, representing the Series 2013 par amount, plus the \$5,125,260.30 net premium, less the \$1,056,006.48 underwriters' discount, to the following account held by M&T Bank, acting as Trustee:

ABA #022000046  
MFRS BUF  
A/C 3088001950200  
A/C Name: Trust Division  
Ref: University of Rochester  
Attn: Michelle

<b>Confirmation of Wire Amount</b>	<b>2013A</b>	<b>2013B</b>	<b>2013C</b>	<b>Total</b>
Par Amount	\$118,855,000.00	\$74,905,000.00	\$70,730,000.00	\$264,490,000.00
Plus Original Issue Premium	2,961,247.95	2,164,012.35	--	5,125,260.30
(Less) Underwriters' Discount	(496,085.53)	(305,134.36)	(254,786.59)	(1,056,006.48)
<b>J.P. Morgan Settlement Wire</b>	<b>\$121,320,162.42</b>	<b>\$76,763,877.99</b>	<b>\$70,475,213.41</b>	<b>\$268,559,253.82</b>



2. The Trustee will apply the bond proceeds as follows:

<b>Application of Bond Proceeds</b>	<b>Total</b>
<b>Series 2013A Project Account</b>	<b>\$121,320,162.42</b>
<i>Of which:</i>	
DASNY Series 2004A Refunding	7,467,481.48
Reimbursement of Project Costs	15,889,737.77
Costs of Issuance	538,355.91
<b>Series 2013B Project Account</b>	<b>76,763,877.99</b>
<i>Of which:</i>	
Capitalized Interest Subaccount	1,143,397.23
Reimbursement of Project Costs	34,217,425.52
Costs of Issuance	339,283.55
<b>Series 2013C Project Account</b>	<b>70,475,213.41</b>
<i>Of which:</i>	
DASNY Series 2007C Refunding	306,785.12
DASNY Series 2009B Refunding	2,067,698.03
DASNY Series 2009E Refunding	1,418,859.07
COMIDA 2004 Refunding	543,698.57
MCIDC Series 2011A Refunding	761,851.70
Reimbursement of Project Costs	5,377,658.60
Debt Service Reimbursement	8,120,771.62.60
Costs of Issuance	351,872.82
<b>Total</b>	<b>\$268,559,253.82</b>

M&T Bank, as Series 2011A Escrow Agent, will purchase securities as instructed by the Monroe County Industrial Development Corporation and will hold \$463.75 as a cash balance.

<b>Costs of Issuance Summary</b>	<b>2013A</b>	<b>2013B</b>	<b>2013C</b>	<b>Total</b>
MCIDC	245,598.75	154,781.67	146,154.58	546,535.00
Bond Counsel	83,134.24	52,393.00	49,472.76	185,000.00
University's Counsel	22,468.71	14,160.27	13,371.02	50,000.00
Underwriters' Counsel	35,949.94	22,656.43	21,393.63	80,000.00
Trustee	2,359.22	1,486.83	1,403.95	5,250.00
Trustee's Counsel	1,348.11	849.62	802.27	3,000.00
Auditor	14,380.00	9,062.57	8,557.43	32,000.00
Moody's	56,171.79	35,400.68	33,427.53	125,000.00
S&P	36,062.31	22,727.23	21,460.46	80,250.00
Fitch	38,196.82	24,072.45	22,730.73	85,000.00
Printer	551.50	347.57	328.21	1,227.28
Verification Agent	2,134.52	1,345.23	1,270.25	4,750.00
2003 Direct Notes Trustee (Termination Fee)	-	-	1,500.00	1,500.00
2003 Direct Notes Trustee (Calculation Agent)	-	-	5,000.00	5,000.00
DASNY Bond Counsel	-	-	20,000.00	20,000.00
DASNY Refunding Trustee	-	-	1,500.00	1,500.00
DASNY Refunding Trustee Counsel	-	-	1,500.00	1,500.00
2011A Escrow Bidding Agent	-	-	2,000.00	2,000.00
<b>Total</b>	<b>538,355.91</b>	<b>339,283.55</b>	<b>351,872.82</b>	<b>1,229,512.28</b>

3. The Trustee will wire **\$7,467,481.48**, representing the principal and interest escrow requirements for the Series 2004A Refunded Bonds, to the following account held by The Bank of New York Mellon, acting as Series 2004A Trustee:

BK OF NYC  
 ABA 021-000-018  
 GLA 111-565  
 CUST A/C NAME: Dasny Roch 04 Def Ac  
 CUST A/C NUMBER: 850364  
 Attn: Steve Vaccarello

The Bank of New York Mellon, as Escrow Agent, will purchase securities as instructed by DASNY and will hold \$128.12 as a cash balance.

4. The Trustee will wire **\$306,785.12**, representing the principal and interest escrow requirements for the Series 2007C Refunded Bonds, to the following account held by The Bank of New York Mellon, acting as Series 2007C Trustee:

BK OF NYC  
 ABA 021-000-018  
 GLA 111-565  
 CUST A/C NAME: Dasny Roch 07c Def Ac  
 CUST A/C NUMBER: 850365  
 Attn: Steve Vaccarello

The Bank of New York Mellon, as Escrow Agent, will purchase securities as instructed by DASNY and will hold \$451.25 as a cash balance.

5. The Trustee will wire **\$2,067,698.03**, representing the principal and interest escrow requirements for the Series 2009B Refunded Bonds, to the following account held by The Bank of New York Mellon, acting as Series 2009B Trustee:

BK OF NYC  
 ABA 021-000-018  
 GLA 111-565  
 CUST A/C NAME: Dasny Roch 09b Def Ac  
 CUST A/C NUMBER: 850366  
 Attn: Steve Vaccarello

The Bank of New York Mellon, as Escrow Agent, will purchase securities as instructed by DASNY and will hold \$292.48 as a cash balance.

4. The Trustee will wire **\$1,418,859.07**, representing the principal and interest escrow requirements for the Series 2009E Refunded Bonds, to the following account held by The Bank of New York Mellon, acting as Series 2009E Trustee:

BK OF NYC  
 ABA 021-000-018  
 GLA 111-565  
 CUST A/C NAME: Dasny Roch 09e Def Ac  
 CUST A/C NUMBER: 850367  
 Attn: Steve Vaccarello

The Bank of New York Mellon, as Escrow Agent, will purchase securities as instructed by DASNY and will hold \$963.13 as a cash balance.

5. The Trustee will wire **\$543,698.57**, representing the principal and accrued interest requirements for the Series 2004 Refunded Replacement COMIDA Bond, to the following account held by Mr. Richard Calabrese:

Bank Name: First Niagara Bank

Short Title: FIRST NIAGARA, 6950 S. Transit Road, Lockport, NY 14094

ABA Routing Number: 2223-7044-0

For the account of Richard A. Calabrese, Esq. IOLA, Attorney Trust Account, Account #7900108395.

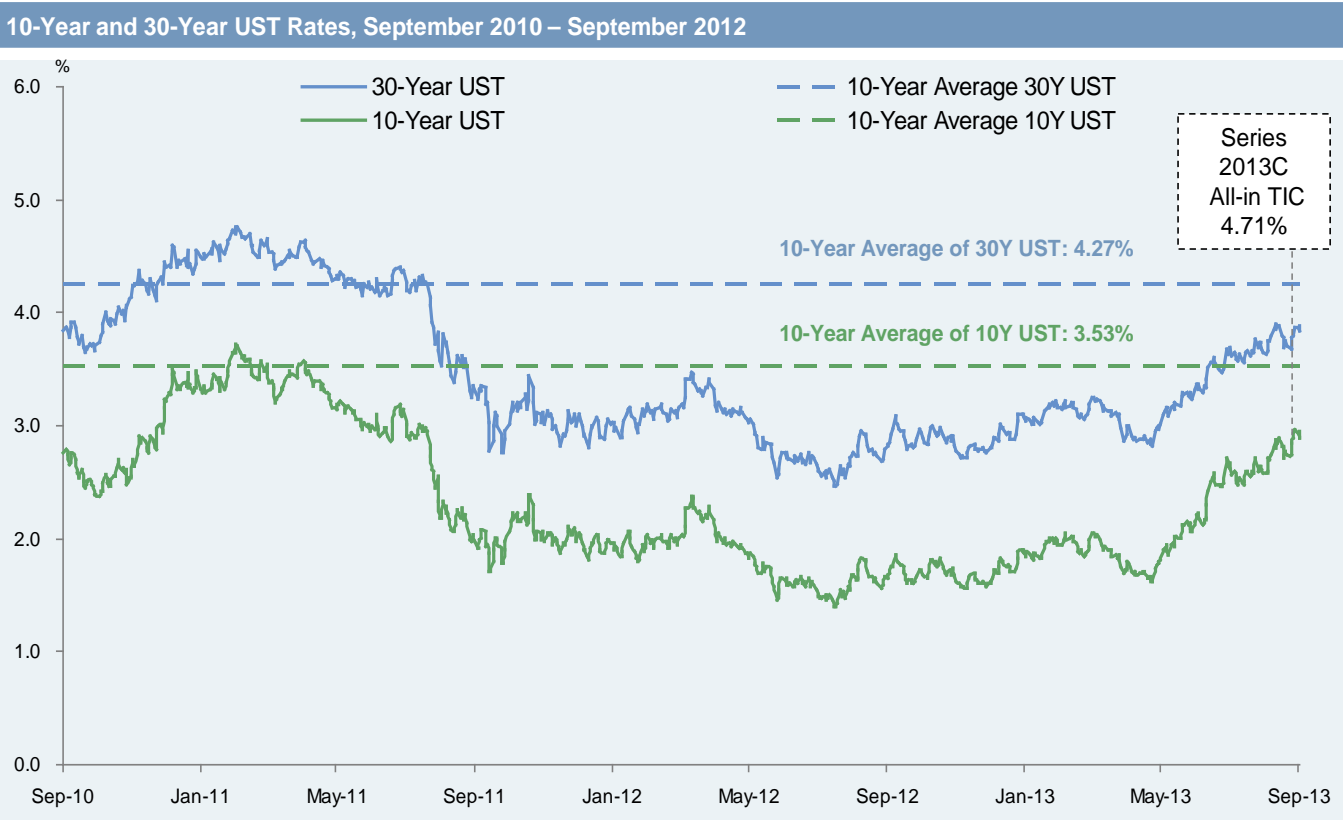
6. After the Trustee has acknowledged receipt of the funds wired by J.P. Morgan and upon confirmation from Harris Beach PLLC as Bond Counsel that closing conditions have been satisfied, representatives from J.P. Morgan and the Trustee will contact DTC (212-855-3753) to release the Bonds to J.P. Morgan at account #0187.

## Series 2013C Taxable Portion

## 19. Transaction Term Sheet

Transaction Summary Sheet - University of Rochester	
Series 2013A and Series 2013B	
Issuer:	Monroe County Industrial Development Corporation
Issue:	Series 2013C
Par Amount:	\$70,730,000
Tax Status:	Taxable
Structure:	Serial bonds due July 1, 2014 through July 1, 2028 Term bond due July 1, 2033
Ratings/Outlook:	Moody's: Aa3/Stable Outlook S&P: AA-/Stable Outlook Fitch: AA-/Stable Outlook
Retail Pricing:	Monday, September 9, 2013
Institutional Pricing:	Tuesday, September 10, 2013
Award Date:	Tuesday, September 10, 2013
Closing:	Thursday, September 19, 2013
Dated Date:	Thursday, September 19, 2013
Interest Payment Date:	Each January and July 1st, beginning January 1, 2014
Final Maturity:	July 1, 2033
Underwriters:	J.P. Morgan, Barclays, Morgan Stanley
Security:	General obligation of the University
Use of Proceeds:	To finance, or pay the costs associated to finance, the cost of University construction and renovation projects, to refund the COMIDA 2004 Bond, DASNY 2007C Bonds, DASNY 2009B Bonds, DASNY 2009E Bonds, and 2011A Bonds, and to refinance other indebtedness
Series 2013C All-in TIC	4.71%
Refunded Bonds	<b>2003</b> Eastman Place Notes, 2018 and 2023 maturities; SMD <b>2007C</b> Bonds, 2014 and 2015 maturities; SMD <b>2009B</b> Bonds, 2014 and 2015 maturities; SMD <b>2009E</b> Bonds, 2014 and 2015 maturities; SMD <b>2011A</b> Bonds, 2014 and 2015 maturities; COMIDA <b>2004</b> Bonds, 2022 maturity
Par Amount of Refunded Bonds	\$13,426,734.55

## 20. Historical Treasury Rates



Source: J.P. Morgan Morgan Markets. Data as of 9/10/2013

Closing Date	9/10/2013	9/09/2013	9/06/2013	9/05/2013	9/04/2013	9/03/2012
30Y UST	3.89%	3.84%	3.87%	3.80%	3.78%	3.68%

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

## 21. Pricing/Credit Spreads

### University of Rochester, Series 2013C Final Pricing Results

	Maturity Date	Amount	UST Rates	Spread to Treasury	Yield	Price
<b>Serials</b>	7/1/2014	2,035,000	0.15%	0.32%	0.470%	100.000
	7/1/2015	2,610,000	0.47%	0.48%	0.947%	100.000
	7/1/2016	2,810,000	0.87%	0.78%	1.654%	100.000
	7/1/2017	2,865,000	1.75%	0.65%	2.399%	100.000
	7/1/2018	2,930,000	1.75%	1.10%	2.849%	100.000
	7/1/2019	3,515,000	2.38%	0.95%	3.327%	100.000
	7/1/2020	3,635,000	2.38%	1.25%	3.627%	100.000
	7/1/2021	3,765,000	2.95%	1.00%	3.946%	100.000
	7/1/2022	3,910,000	2.95%	1.20%	4.146%	100.000
	7/1/2023	4,065,000	2.95%	1.35%	4.296%	100.000
	7/1/2024	4,540,000	2.95%	1.50%	4.446%	100.000
	7/1/2025	4,745,000	2.95%	1.65%	4.596%	100.000
	7/1/2026	4,315,000	2.95%	1.80%	4.746%	100.000
	7/1/2027	4,530,000	2.95%	2.00%	4.946%	100.000
	7/1/2028	4,745,000	2.95%	2.10%	5.046%	100.000
		<u>55,015,000</u>				
<b>Term</b>	7/1/2029	2,830,000	3.91%	1.40%	5.311%	100.000
	7/1/2030	2,975,000	3.91%	1.40%	5.311%	100.000
	7/1/2031	3,130,000	3.91%	1.40%	5.311%	100.000
	7/1/2032	3,305,000	3.91%	1.40%	5.311%	100.000
	7/1/2033	3,475,000	3.91%	1.40%	5.311%	100.000
		<u>15,715,000</u>				

## 22. Final Pricing Wire

Wednesday, September 11, 2013 10:00AM =====  
 MSS Wire #56455 == Final Pricing Wire ==  
 MSS Master Message #3554977 =====  
 TO: J.P. Morgan Securities LLC  
 (Manager)  
 RE: \$70,730,000  
 MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION  
 REVENUE BONDS  
 (UNIVERSITY OF ROCHESTER PROJECTS), SERIES 2013C

WE HAVE RECEIVED THE WRITTEN AWARD. TRADE TIME IS SET FOR 11:15AM EDT.

\*\*\*\*\* ATTENTION \*\*\*\*\*

THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS  
 SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL  
 ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A  
 MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: Aa3 (Stable)                      S&P: AA- (Stable)                      FITCH: AA- (Stable)

DATED:09/19/2013    FIRST COUPON:01/01/2014

DUE: 07/01

ALL BONDS ARE PRICED AT PAR.

MATURITY	AMOUNT	COUPON	ADD'L TAKEDOWN ( Pts )
07/01/2014	2,035M	0.47%	0.10
07/01/2015	2,610M	0.947%	0.10
07/01/2016	2,810M	1.654%	0.20
07/01/2017	2,865M	2.399%	0.325
07/01/2018	2,930M	2.849%	0.325
07/01/2019	3,515M	3.327%	0.325
07/01/2020	3,635M	3.627%	0.325
07/01/2021	3,765M	3.946%	0.325
07/01/2022	3,910M	4.146%	0.325
07/01/2023	4,065M	4.296%	0.325
07/01/2024	4,540M	4.446%	0.40
07/01/2025	4,745M	4.596%	0.40
07/01/2026	4,315M	4.746%	0.40
07/01/2027	4,530M	4.946%	0.40
07/01/2028	4,745M	5.046%	0.40
07/01/2033	15,715M	5.311%	0.40

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

TAXABLE INFORMATION

MATURITY	TREASURY YIELD	SPREAD VS. TREASURY	TREASURY COUPON	COUPON MATURITY
07/01/2015	0.467	+48.00	0.375	08/31/2015
07/01/2016	0.874	+78.00	0.625	08/15/2016
07/01/2017	1.749	+65.00	1.500	08/31/2018
07/01/2018	1.749	+110.00	1.500	08/31/2018
07/01/2019	2.377	+95.00	2.125	08/31/2020
07/01/2020	2.377	+125.00	2.125	08/31/2020
07/01/2021	2.946	+100.00	2.500	08/15/2023
07/01/2022	2.946	+120.00	2.500	08/15/2023
07/01/2023	2.946	+135.00	2.500	08/15/2023
07/01/2024	2.946	+150.00	2.500	08/15/2023
07/01/2025	2.946	+165.00	2.500	08/15/2023
07/01/2026	2.946	+180.00	2.500	08/15/2023
07/01/2027	2.946	+200.00	2.500	08/15/2023
07/01/2028	2.946	+210.00	2.500	08/15/2023
07/01/2033	3.911	+140.00	2.875	05/15/2043

CALL FEATURES: Make Whole Call

MAKE-WHOLE CALL: The Series 2013C Bonds are subject to optional redemption, in whole or in part, on any date prior to their maturity at the option of the University, at the Treasury Rate plus 25 basis points, as further described on page 4 of the POS.

Pro Rata Sinking Fund Schedule

2033 Term Bond

07/01/2029	2,830
07/01/2030	2,975
07/01/2031	3,130
07/01/2032	3,305
07/01/2033	3,475

PRIORITY OF ORDERS AS FOLLOWS:

1. Group Net  
(Exception: If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, then the step aside amount will be reallocated among the other managers on a pro rata basis.)
2. Member

PRIORITY POLICY:

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)



The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The compliance addendum MSRB Rule G-11 will apply.

\*\*\*\*\*  
A Preliminary Blue Sky Survey or Memorandum is available upon request.

\*\*\*\*\*  
Pursuant to MSRB Rule G-11, all syndicate members must inform J.P. Morgan Securities LLC if they are submitting an order for their own account, an affiliated account or a related account to themselves or to any other syndicate member.  
\*\*\*\*\*

The Award is final for Tuesday, September 10, 2013 at 6:54PM Eastern .

Delivery is firm for Thursday, September 19, 2013.

This Issue is book entry. This issue is clearing through DTC.

A reasonable number of preliminary statements are available from Image Master Financial Publishing by calling (734)821-2525 or faxing at (734)821-2501.

Award: 09/10/2013  
Award Time: 6:54PM Eastern  
Delivery: 09/19/2013 (Firm)  
Initial trade: 09/11/2013  
Date of Execution: 09/11/2013  
Time of Execution: 11:15AM Eastern

MATURITY	CUSIP	COUPON
-----	-----	-----
07/01/2014	61075TGA0	0.470
07/01/2015	61075TGB8	0.947
07/01/2016	61075TGC6	1.654
07/01/2017	61075TGD4	2.399
07/01/2018	61075TGE2	2.849
07/01/2019	61075TGF9	3.327
07/01/2020	61075TGG7	3.627
07/01/2021	61075TGH5	3.946
07/01/2022	61075TGJ1	4.146
07/01/2023	61075TGM4	4.296
07/01/2024	61075TGL6	4.446
07/01/2025	61075TGM4	4.596
07/01/2026	61075TGN2	4.746

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

07/01/2027	61075TGP7	4.946
07/01/2028	61075TGQ5	5.046
07/01/2033	61075TGR3	5.311

Participation

J.P. Morgan Securities LLC	45.000%
Barclays Capital Inc.	45.000%
Morgan Stanley & Co. LLC	10.000%

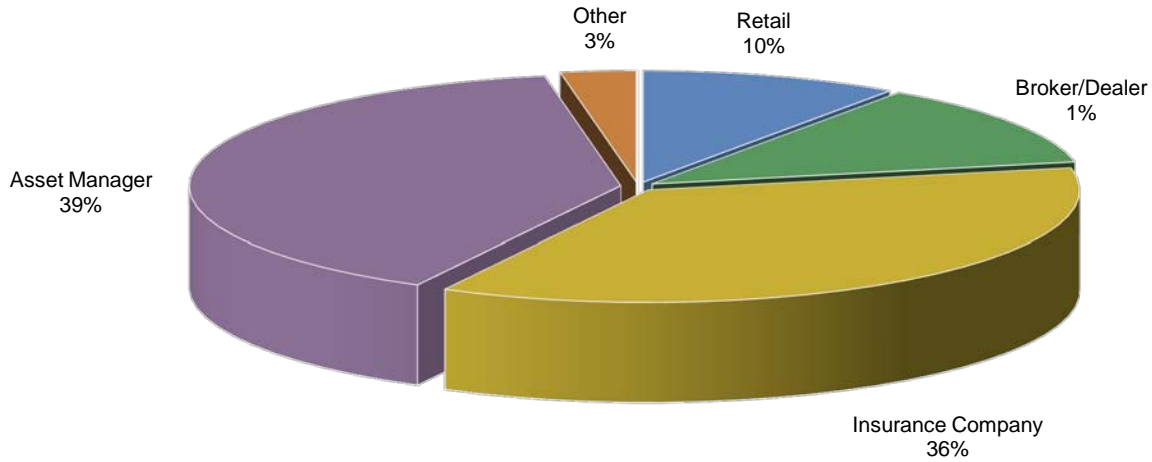
By: J.P. Morgan Securities LLC New York, NY

Wednesday, September 11, 2013 10:00AM

\*\*\*\*\*

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)

## 23. Distribution Summary



### Series 2013C Investors

American Money Management	Opus Investment Management
Breckenridge Capital Advisors	PWJC
Country Trust	Sterling Capital Management
Genworth Financial	USAA Investment Management
J.P. Morgan	Wellington Management Company
Kansas Development Finance Authority	Wells Fargo Asset Management

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## 24. Recent Comparable Taxable Transactions

	Boston College Series 2013 181,030,000 Taxable 8/13/2013				Rutgers University Series 2013 134,100,000 Taxable 6/13/2013			
Mty Year	Par (\$)	Coupon (%)	Yield (%)	Spread (bps)	Par (\$)	Coupon (%)	Yield (%)	Spread (bps)
2013								
2014					6,375,000	0.400	0.400	25
2015	4,775,000	0.734	0.734	40	5,355,000	0.918	0.918	60
2016	5,220,000	1.328	1.328	65	5,560,000	1.289	1.289	75
2017	5,670,000	1.978	1.978	50	5,585,000	1.709	1.709	60
2018	6,030,000	2.278	2.278	80	5,720,000	2.009	2.009	90
2019	6,360,000	2.824	2.824	70	7,540,000	2.342	2.342	75
2020	5,375,000	3.124	3.124	100	6,550,000	2.642	2.642	105
2021	5,560,000	3.519	3.519	80	6,300,000	3.028	3.028	85
2022	5,765,000	3.769	3.769	105	7,785,000	3.178	3.178	100
2023	5,990,000	3.869	3.869	115	3,690,000	3.378	3.378	120
2024	6,220,000	4.019	4.019	130				
2025	7,630,000	4.169	4.169	145				
2026								
2027								
2028	24,200,000	4.519	4.519	180	30,840,000	3.928	3.928	175
2029								
2030								
2031								
2032								
2033	44,015,000	4.935	4.935	115				
2034								
2035								
2036								
2037								
2040								
2041								
2042								
2043	48,220,000	5.085	5.085	130				
<b>Rating</b>	Aa3/AA-/NR				Aa3/AA-/AA-			
<b>Call Feature</b>	Make Whole				Make Whole Call @ 15			

SERIES 2013A AND B (TAX-EXEMPT); SERIES 2013C (TAXABLE)