State of Nevada
STATE BOARD OF FINANCE

PUBLIC NOTICE

AGENDA

MEETING OF THE STATE BOARD OF FINANCE
Monday, December 4, 2017
10:00 A.M.

Locations:
Via videoconference at the following locations:

Old Assembly Chambers
Capitol Building, Second Floor
101 N. Carson Street
Carson City, NV 89701

Grant Sawyer State Office Building
555 E. Washington Avenue, Suite 5100
Las Vegas, NV 89101

Agenda Items:

1. Public Comment
   Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 10 minutes the time for an individual to speak and may impose reasonable restrictions on place or manner for such comment, No restriction will be imposed based on viewpoint. Comment will only be received on matters relevant to the Board's jurisdiction. The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.

2. **For discussion and possible action:** Approval of the Board of Finance minutes from the meeting held on November 14, 2017.

   Presenter: Tara Hagan, Chief Deputy Treasurer

3. **For discussion and possible action:** Discussion and possible action on the request by the Director of the State of Nevada Department of Business and Industry to approve the Findings of Fact pertaining to the issuance of industrial development revenue bonds in one or more issues in an aggregate amount not to exceed $25,000,000 for the purpose of assisting in the financing or refinancing of a portion of the costs of (i) constructing and equipping a facility to be used for converting municipal solid waste into renewable fuel

products located on an approximately 19.4-acre site to be located at 3600 Peru Drive in the Tahoe-Reno Industrial Center, Storey County, Nevada and/or (ii) the improvements to and equipping of the facility used for preliminary sorting and processing of municipal solid waste located on an approximately 10.0-acre site at 350 Saddle Court in Mustang, Storey County, Nevada. The project will be owned by Fulcrum Sierra BioFuels, LLC, and operated by Fulcrum BioEnergy, Inc. Approval of the Board of Finance is required pursuant to NRS 349.580(2).

Presenter: CJ Manthe, Director, Department of Business and Industry

4. **For discussion and possible action:** Presentation, discussion and possible action on the City of Henderson's request (through the Henderson Public Improvement Trust) to issue up to $15,000,000 in qualified federally tax exempt 501c3 private activity bonds for the benefit of Touro University for construction, remodeling and renovation of its facilities. Approval of the Board of Finance is required pursuant to Henderson Charter section 7A.080, which provides that a Henderson Public Improvement Trust financing be subject to Board of Finance (1) review and approval as to method of finance proposed and (2) approval as to the financial responsibility of the underwriter or financial institution preparing and offering the proposed issue for sale. The underwriter is Stifel, Nicolaus and Company.

Presenters: Shelley Berkley, CEO and Senior Provost, Touro University Nevada; Craig Seiden, Vice President for Finance and Administration, Touro University Nevada; Richard Jost, Fennemore Craig, bond counsel to the Henderson Public Improvement Trust.

5. Board Members' comments, including discussion of future agenda items and status of past, present and future projects or other matters within the Board's jurisdiction.

6. Public Comment

Comments from the public are invited at this time. Pursuant to NRS 241.020(2)(d)(7), the Board intends to limit to 10 minutes the time for an individual to speak and reserves the right to impose other reasonable restrictions on place or manner for such comment, No restriction will be imposed based on viewpoint. <u>Comment will only be received on matters relevant to the Board's jurisdiction.</u> The Board may discuss but is precluded from acting on items raised during Public Comment that are not on the agenda.

ADJOURNMENT

<u>Notes:</u>
Items may be taken out of order; items may be combined for consideration by the public body; and items may be pulled or removed from the agenda at any time.

Prior to the commencement and conclusion of a quasi judicial proceeding that may affect the due process rights of an individual, the Board may refuse to consider public comment. See NRS 233B.126.

The State Board of Finance is pleased to make reasonable accommodations for persons with physical disabilities. Please call (775) 684-7109 if assistance is needed.

Tara Hagan, Secretary to the Board may be contacted at (775) 684-5600 to obtain copies of supporting materials, which are available to the public at 101 N. Carson St., Carson City, NV 89701.

THIS AGENDA HAS BEEN POSTED IN THE FOLLOWING PUBLIC LOCATIONS:

- **Capitol Building, 1st & 2nd Floors, Carson City, Nevada**
- **Legislative Building, Carson City, Nevada**
- **Nevada State Library, Carson City, Nevada**
- **Blasdel Building, Carson City, Nevada**
- **Grant Sawyer Building, Las Vegas, Nevada**
- **City Halls in Reno, Elko and Henderson, Nevada**

Also online at: http://www.nevadatreasurer.gov/Finances/Board/BOF_Home/ and https://notice.nv.gov/

STATE BOARD OF FINANCE
November 14, 2017 – 1:00 PM
Summary Minutes

Location:
Via videoconference at the following locations:

Old Assembly Chambers Capitol Building, Second Floor 101 N. Carson Street Carson City, NV 89701	Governor's Office Conference Room 555 E Washington Avenue, Suite 5100 Las Vegas, NV 89101

Governor Sandoval called the meeting to order at 1:00 P.M.

Board members present:
Governor Brian Sandoval – Carson City
Treasurer Dan Schwartz – Las Vegas
Controller Ron Knecht – Carson City
Teresa Courrier – Carson City
Steve Martin – Las Vegas

Others present:
Tara Hagan – Chief Deputy Treasurer
Kim Schafer – Investment Deputy Treasurer
Lori Chatwood – Debt Management Deputy Treasurer
Dennis Belcourt – Deputy Attorney General
Daralyn Dobson – Nevada Division of Environmental Protection
Jason Cooper – Nevada Division of Environmental Protection
Jennifer Idem – Nevada Division of Parks
Eric Johnson – Nevada Division of Parks
David Paull – Nevada HAND
CJ Manthe – Department of Business and Industry
Michael Holliday – Nevada Housing Division
Steve Aichroth – Nevada Housing Division
Fred Eoff – Public Financial Management
Liz Obrien – Nevada Department of Wildlife
Jack Robb – Nevada Department of Wildlife
Hilary Lopez – Praxis Consulting Group

Agenda Item 1 – Public Comment.

No public comment in Carson City or Las Vegas.

Agenda Item 2 – For possible action – Approval of the Board of Finance minutes from the meeting held on September 12, 2017.

Controller Knecht moved to approve the minutes. Steve Martin seconded the motion. Motion passed unanimously.

<u>Agenda Item 3</u> – Receive a report on bond expenditures as of June 30, 2017.

Kim Shafer with the Treasurer's Office stated that the State's Debt Management Policy requires that a report on the expenditures of bond proceeds shall be presented to the Board of Finance twice annually. She noted that the report is important for three main reasons: (i) Federal regulations require that the issuer of tax-exempt debt has a reasonable expectation of spending 85% of the proceeds in the first three years; (ii) Helps prevent issuing and paying interest on unused proceeds; and (iii) Assists in the planning of capital improvement projects and reduces the State's financing costs. Mrs. Shafer reviewed the unspent bond proceeds as of June 30, 2017 for various bond issuances. She noted that the current total unspent bond proceeds excluding the 2017 issuances are approximately $94 million; she also reviewed the various unspent proceeds for the Department of Administration noting that funds in some series have been repurposed for other projects by the Department. Mrs. Shafer concluded that after nearly three years of reporting post issuance expenditures to the Board of Finance, the Treasurer's Office along with other using agencies believes that the formal process of reporting and monitoring bond expenditures is a successful and worthwhile exercise.

Governor Sandoval asked if the Board is on the right track and questioned whether the Treasurer's Office believes that the bond proceeds are being expended in a timely manner. Mrs. Shafer stated that she does feel we are on the right track and the process is worthwhile.

No questions or comments from other Board members.

<u>Agenda Item 4</u> – Receive a report on the sale of General Obligation Bonds by the State of Nevada.

Lori Chatwood provided the Board with a report regarding the sale of the general obligation bonds by the State of Nevada stating that the Treasurer's Office successfully executed a competitive sale on October 17, 2017 in the amount of $115,440,000. Ms. Chatwood noted that the bonds were well received by investors stating that each series of bonds received a minimum of eight institutional investor bids and that the 2017 A Series (capital improvement projects) received twelve bids. Ms. Chatwood reviewed the final results of the sale which included true interest costs ranging from 1.171% to 2.694% with the difference in rates being driven by the various maturity dates. Ms. Chatwood stated that the Treasurer's Office had a very successful sale and is pleased to note that the State continues to maintain a strong AA rating from all three rating agencies.

Governor Sandoval asked what prompted the upgrade to the AAA rating. Ms. Chatwood explained that the AAA rating is not on the general obligation bonds of the State but rather on the Water Pollution Control Revolving Fund. She noted that the AAA rating reflects the strong enterprise risk score and extremely strong financial risk score associated with the program. She noted that the program has good coverage levels, good diversification of the portfolio of loans and strong management skills from the Department of Environmental Protection.

Agenda Item 5 – For discussion and possible action - Discussion and possible action on the Nevada Housing Division's request to approve the Findings of Fact pertaining to the issuance of up to $40,000,000 of Multi-Unit Housing Revenue Bonds (Sky Mountain by Vintage Apartments), for the purpose of construction of a 288-unit affordable housing rental project in Reno, Nevada. The project owner/developer will be a limited liability company, which will consist of an entity owned by Vintage Housing Development and AEGON USA Realty Advisors, LLC will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Steve Aichroth requested approval of the Findings of Fact pertaining to the issuance of up to $40,000,000 of multi-unit Housing revenue bonds for the Sky Mountain complex by Vintage Apartments. The bonds will be used to provide financing for the construction of a 288-unit affordable housing rental project located in Reno, Nevada. The proposed construction will provide high quality, energy efficient affordable rental housing to working families at or below 60% of the area median income. The proposed community is close to public transportation, medical facilities and shopping. Mr. Aichroth explained that the Housing Division will be the conduit issuer on this project and there will not be any liability for repayment of the bonds to the State of Nevada nor the Housing Division. The bonds will be paid for by the developer through the project revenues. The project will be structured in two phases, Construction Phase and Permanent Phase. The debt will be placed directly with Citi Bank and will not be publicly offered.

Governor Sandoval asked when construction is anticipated to begin and completed. Fred Eoff, with Public Financial Management, stated that there may be an impact if the potential provisions contained in Tax Cuts and Jobs Act passes in Congress. He noted that the current language would make financing in its current form impossible, stating that it would eliminate private activity bonds and eliminate the housing tax credits that are a critical component of the funding for the Nevada Division of Housing. Mr. Eoff stated all the parties will fast track the project to ensure that the transaction closes by the end of December 2017. He noted that construction will be underway during the first quarter or very shortly after in 2018. Governor Sandoval asked if the bill would have a retroactive effect. Mr. Eoff stated that it is not retroactive but rather would change the tax treatment of private activity bonds beginning on January 1, 2018.

Teresa Courrier moved to approve Agenda Item 5. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 6 – For discussion and possible action - Discussion and possible action on the Nevada Housing Division's request to approve the Findings of Fact pertaining to the issuance of up to $20,000,000 of Multi-Unit Housing Revenue Bonds (North 5th Avenue Apartments), for the purpose of construction of a 176-unit affordable housing rental project in North Las Vegas, Nevada. The project owner/developer will be a limited liability company, which will consist of an entity owned by Nevada HAND, Inc. National Equity Fund will be the equity investor limited partner. Approval of the Board of Finance is required pursuant to NRS 319.270(4).

Steve Aichroth requested approval of the Findings of Fact pertaining to the issuance of up to $20,000,000 of multi-unit Housing revenue bonds for the North 5th Avenue Apartments.

Mr. Aichroth noted that the bonds will be used to provide financing for the construction of a 176-unit senior apartment complex in North Las Vegas, Nevada. He stated that the project will provide 152 units restricted for tenants with income at or below 60% of the area median income and 24 unrestricted market rate units. Mr. Aichroth explained that the Housing Division will be the conduit issuer on this project and there will not be any liability for repayment of the bonds to the State of Nevada nor the Housing Division. The bonds will be paid for by the developer through the project revenues. The project will be structured in two phases, Construction Phase and Permanent Phase. The debt will be placed directly with Citi Bank and will not be publicly offered.

Governor Sandoval asked if the potential political ramifications of the Tax Act were the same as referenced in Agenda Item 5 and Mr. Eoff stated that the concerns are exactly identical and are both impacted the same way.

Steve Martin moved to approve Agenda Item 6. Controller Knecht seconded the motion. Motion passed unanimously.

Agenda Item 7 – For possible action - Discussion and possible action on Storey County Treasurer's request for approval of Moreton Asset Management as an approved investment advisor pursuant to NRS 355.171, subsection 3.

Tara Hagan requested approval of Moreton Asset Management as an approved investment advisor pursuant to NRS 355.171, subsection 3. Ms. Hagan stated that the Treasurer's Office did review legal and compliance information from the Securities and Exchange Commission and had an opportunity to meet with the firm to get more information on the assets they manage and are pleased with their credentials.

Treasurer Schwartz moved to approve Agenda Item 7. Steve Martin seconded the motion. Motion passed unanimously.

Agenda Item 8 – **For discussion and possible action -** Discussion and possible action (a) regarding the State Treasurer's quarterly investment report for the quarter ended September 30, 2017 and (b) to approve or disapprove the Treasurer's investment policies for the General Portfolio and the Local Government Investment Pool (LGIP).

Tara Hagan stated that staff that continues to see the Treasury yield curve flatten for those maturities over two years, meaning the operating portfolio which is managed in-house with shorter maturity securities has benefited from the current market environment but that the longer term maturities have suffered. She noted that the market does anticipate with a high probability of 82% that there will be an interest rate hike in December 2017 which will continue to help boost the yield in the operating portfolio. Ms. Hagan reviewed the returns for the General Portfolio and the LGIP and stated that both portfolios are performing as expected versus the appropriate benchmarks.

Controller Knecht asked if the benchmarks, particularly the benchmarks for the General Portfolio continue to be appropriate. Tara Hagan stated that Staff researched this very question over the past two quarters and concluded that the flattening yield curve has created an environment in which the shorter maturity securities are outperforming the longer ones and therefore the performance is skewed. She noted that in a more normalized market environment that the outperformance would be more muted; however, she noted that staff will continue to review all the benchmarks to ensure they remain appropriate.

Controller Knecht moved to approve Agenda Item 8. Teresa Courrier seconded the motion. Motion passed unanimously.

Agenda Item 9 - Board Members' comments, including discussion of future agenda items and status of past, present and future projects or other matters within the Board's jurisdiction.

Agenda Item 10 – Public Comment

There were no public comments in Carson City or Las Vegas.

Governor Sandoval adjourned the meeting at 1:40pm.

BRIAN SANDOVAL
Governor

CJ MANTHE
Director

STATE OF NEVADA

DEPARTMENT OF BUSINESS AND INDUSTRY
OFFICE OF THE DIRECTOR

MEMORANDUM OF FINDINGS

TO: Nevada State Board of Finance and Storey County Board of County Commissioners

FROM: CJ Manthe, Director, State of Nevada Department of Business and Industry

DATE: November 27, 2017

RE: Memorandum of the Director Substantiating Findings Pursuant to Nevada Revised Statutes 349.580(2) and 349.590 relating to the issuance of industrial revenue bonds for the Fulcrum Biorefinery and Feedstock Processing Facility Project

BACKGROUND

Nevada Revised Statutes (NRS) 349.400 through 349.670, inclusive, (the "Act") authorize the Director of the State of Nevada Department of Business and Industry (the "Director") to issue industrial development revenue bonds for financing projects owned, operated, or used by one or more obligors for industrial uses, including assembling, fabricating, manufacturing, processing or warehousing.

The Nevada State Board of Finance (the "Board of Finance") and the Board of County Commissioners of Storey County, Nevada (the "County Commissioners") are being asked to approve findings of the Director in connection with a proposed issuance of approximately $25,000,000 Director of the State of Nevada Department of Business and Industry Environmental Improvement Revenue Bonds (Fulcrum Sierra BioFuels, LLC Project) (Green Bonds) in one or more series or issues (the "Bonds"). Currently the Director expects to issue approximately $21,960,000 in aggregate principal amount of the Bonds in December 2017, and approximately $3,040,000 in aggregate principal amount of the Bonds in 2018 contingent upon its receipt of 2018 volume cap and an opinion of bond counsel. Fulcrum Sierra BioFuels, LLC, a Delaware limited liability company, validly authorized to do business under the laws of the State of Nevada ("Fulcrum") has requested that the Director issue the Bonds on its behalf. Proceeds from the sale of the Bonds will be used for the purpose of assisting in the financing or refinancing of a portion of the costs of (i) constructing and equipping a facility owned by Fulcrum and operated by Fulcrum BioEnergy, Inc. (the "Operator") to be used for converting municipal solid waste into renewable fuel products located on an approximately 19.4-acre site located at 3600 Peru Drive in the Tahoe-Reno Industrial Center, Storey County, Nevada (the "Biorefinery") and/or (ii) the improvements to and equipping of the facility owned by Fulcrum and operated by the Operator used for preliminary sorting and processing of municipal solid waste located on an approximately 10.0-acre site located at 350 Saddle Court in Mustang, Storey County, Nevada (the "Feedstock Processing Facility" and, together with the Biorefinery, the "Project"). Bonds in the aggregate principal amount of up to $25,000,000 (excluding any original issue premium or discount) may be issued with respect to either component of the Project identified herein; however, the aggregate amount of Bonds to be issued for the Project will not be greater than $25,000,000.

The Board of Finance and the County Commissioners previously approved certain findings of the Director, dated as of July 14, 2017, relating to the Director's $150,000,000 Environmental Improvement Revenue Bonds (Fulcrum Sierra BioFuels, LLC Project), Series 2017 (Green Bonds) (the "Initial Bonds"). The Initial Bonds were issued on October 27, 2017 and the proceeds thereof are being used to finance a portion of the costs of the acquisition, construction and equipping of the Biorefinery.

Fulcrum submitted its application for this industrial development bond financing to the Director on November 15, 2017 (the "Application"). A summary memorandum of the Application and proposed financing prepared by the financial advisor to the Director is attached hereto as Exhibit A. The Director and Fulcrum signed a Letter Agreement dated November 21, 2017, setting forth certain requirements and fees to be paid by Fulcrum for the bond financing. Pursuant to NRS 349.585 the Director received approval of the Office of Economic Development to finance or refinance the Project on November 21, 2017, attached hereto as Exhibit B. The Director also received a resolution in support of the Project from the County adopted June 30, 2017, attached hereto as Exhibit C. A public hearing to receive public comment regarding the issuance of the Bonds and necessary to satisfy the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "TEFRA Hearing") will be held on December 4, 2017. Upon approval of the Findings and the advice of a Special Committee, the Director expects to issue a certificate of private activity bond volume cap allocation on or about December 12, 2017 for the Project. Subject to final approval from the Board of Finance and the County Commissioners, the Bonds will be sold in a negotiated, limited public offering and are expected to be issued by the end of December 2017, subject to market conditions.

The Bonds and the interest due thereon will not be an obligation, debt or liability of the State of Nevada or the Director and will not constitute or give rise to any pecuniary liability or charge against the credit of the Director or the credit or taxing power of the State of Nevada, but

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will be a limited obligation payable solely from loan payments made by Fulcrum, the guaranty of the Operator and other revenues derived from the financing.

As a prerequisite to the issuance of the Bonds, attached are findings of the Director as required by NRS 349.580(2) (the "Findings") for approval by the Board of Finance and the County Commissioners. Additional considerations of the Director as set forth in NRS 349.590 (the "Additional Considerations") are also attached.

Additional documents relevant to the Findings and Additional Considerations have been placed on file with the Ex-Officio Secretary of the Board of Finance and the County Manager of Storey County and are available for review by the Board of Finance and the County Commissioners. A list of such additional documents is attached to the Findings. The Findings are based on the totality of the record, and the Director has not attempted to list each element of the record which has led to each of the determinations made in the Findings. The Director, in consultation with financial professionals, legal counsel and bond counsel, represents that the Findings comply with NRS 349.580(2) and recommends approval of the Findings by the Board of Finance and the County Commissioners for the issuance of the Bonds.

If the Board of Finance and the County Commissioners approve the Findings as required by law, the financing may proceed. Issuance of the Bonds as tax-exempt obligations is contingent upon the satisfaction of the following conditions:

1. Receipt of a Certificate of the Governor of the State of Nevada approving the issuance of the Bonds in the form attached to the Findings as Exhibit E and necessary to satisfy the TEFRA Hearing requirements.

2. Receipt of an unqualified opinion from Gilmore & Bell, P.C., bond counsel to the State of Nevada Department of Business and Industry, that interest on the Bonds will be tax-exempt for federal tax purposes. This opinion will be in a standard form acceptable to the financial market. The financing will not go forward unless such opinion is delivered.

3. The issuance by the Director of a certificate of private activity bond volume cap allocation.

4. The final agreements related to the Bonds will be in forms acceptable to the Director and its legal counsel.

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FINDINGS OF THE DIRECTOR OF THE STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY PURSUANT TO NEVADA REVISED STATUTES 349.580(2) RELATING TO THE FINANCING OF AN INDUSTRIAL DEVELOPMENT PROJECT TO BE LOCATED IN STOREY COUNTY, NEVADA

WHEREAS, Fulcrum Sierra BioFuels, LLC, a Delaware limited liability company validly authorized to do business under the laws of the State of Nevada ("Fulcrum") has submitted its application dated November 15, 2017, as amended (the "Application"), to the Director of the State of Nevada Department of Business and Industry (the "Director") for the issuance of industrial development revenue bonds in an amount not to exceed $25,000,000 (excluding any original issue premium or discount) (the "Bonds"); and

WHEREAS, proceeds from the sale of the Bonds will be used for the purpose of assisting in the financing or refinancing of a portion of the costs of (i) constructing and equipping a facility owned by Fulcrum and operated by Fulcrum BioEnergy, Inc. (the "Operator") to be used for converting municipal solid waste into renewable fuel products located on an approximately 19.4-acre site located at 3600 Peru Drive in the Tahoe-Reno Industrial Center, Storey County, Nevada (the "Biorefinery") and/or (ii) the improvements to and equipping of the facility owned by Fulcrum and operated by the Operator used for preliminary sorting and processing of municipal solid waste located on an approximately 10.0-acre site located at 350 Saddle Court in Mustang, Storey County, Nevada (the "Feedstock Processing Facility" and, together with the Biorefinery, the "Project"). Bonds in the aggregate principal amount of up to $25,000,000 (excluding any original issue premium or discount) may be issued with respect to either component of the Project identified herein; however, the aggregate amount of Bonds to be issued for the Project will not be greater than $25,000,000; and

WHEREAS, the Director has authority to issue the Bonds pursuant to the Nevada Revised Statues, including Sections 349.400 through 349.670, inclusive, thereof (the "Act"); and

WHEREAS, Fulcrum, the Operator, and other interested parties have prepared and submitted to the Director certain reports, records and other information related to the Project, and the Director has reviewed such reports, records and other information and has otherwise investigated the facts concerning the Project to enable the Director to make the following findings in accordance with the Act;

NOW, THEREFORE, pursuant to Section 349.580(2) of the Act, the Director hereby finds and determines as follows (the "Findings"):

1. Pursuant to Section 349.580(2)(a) of the Act, based on the Application and other documents on file with the Director, the Project consists of land, buildings and other improvements and all real and personal property necessary in connection therewith (excluding inventories, raw materials, and working capital) which is suitable for construction, improvement, preservation, restoration, rehabilitation or redevelopment of an industrial or other commercial enterprise.

2. Pursuant to Section 349.580(2)(b) of the Act, based on the Application, and other documents on file with the Director, the Project will provide significant public benefits. The public benefits include an approximately $352 million investment in the Project located in Storey County, Nevada (the "County") which is expected to add (a) 500 construction jobs; (b) 120 permanent, direct jobs; and (c) more than 1,000 indirect jobs and provide other economic benefits to the County. See Exhibit A for a summary of estimated economic benefits.

3. Pursuant to Section 349.580(2)(c) of the Act, based on the Application, financial statements of Fulcrum and the Operator, a technology performance insurance policy to be entered into by Indian Harbor Insurance Company, The Bank of New York Mellon Trust Company, N.A., as collateral agent, and the Borrower in connection with the issuance of the Bonds, and other documents on file with the Director, Fulcrum and the Operator have sufficient financial resources to place the Project in operation, continue or cause the operations conducted at the Project to be continued, and meet the obligations of (a) Fulcrum under the Financing Agreement, dated as of October 1, 2017, which was entered into in connection with the issuance of the Initial Bonds, as amended by a First Amendment to Financing Agreement to be entered into in connection with the issuance of the Bonds (together, the "Financing Agreement"), and (b) the Operator under the Guaranty Agreement to be entered into in connection with the issuance of the Bonds (the "Guaranty").

4. Pursuant to Section 349.580(2)(d) of the Act, based on the Financing Agreement, the Trust Indenture, dated as of October 1, 2017, as supplemented by a First Supplement to Trust Indenture to be entered into in connection with the issuance of the Bonds (together, the "Indenture"), and other financing documents on file with the Director, there are sufficient safeguards to assure that all money provided by or through the State of Nevada Department of Business and Industry will be expended solely for the purposes of the Project, including (a) certain provisions in the Financing Agreement and other financing documents that have been or will be entered into in connection with the issuance of the Bonds which set forth procedures ensuring that such moneys shall only be used to pay for certain costs relating to the acquisition, construction, improvement and equipping of the Project, and (b) the appointment of The Bank of New York Mellon Trust Company, N.A., as trustee and collateral agent with respect to the Bonds to ensure such procedures are correctly followed. See Exhibit F hereto for related document extracts.

5. Pursuant to Section 349.580(2)(e) of the Act, based on the Application, a special use permit issued by the County and other documents on file with the Director, the Project will be compatible with the existing facilities in the area adjacent to the location of the Project.

6. Pursuant to Section 349.580(2)(f) of the Act, based upon the Application, including the table of governmental approvals and opinions of counsel to Fulcrum attached thereto, the certificate of Fulcrum attached hereto as Exhibit G and other documents on file with the Director, the Project has received all approvals by local, state and federal governments which may be necessary at this time to proceed with the construction, improvement, rehabilitation or redevelopment of the Project.

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7. Pursuant to Section 349.580(2)(g) of the Act, by submission of the Application for financing, Fulcrum has requested the Director to issue the Bonds to assist in the financing or refinancing of the Project.

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ADDITIONAL CONSIDERATIONS OF THE DIRECTOR OF THE STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY PURSUANT TO NEVADA REVISED STATUTES 349.590 RELATING TO THE FINANCING OF AN INDUSTRIAL DEVELOPMENT PROJECT TO BE LOCATED IN STOREY COUNTY, NEVADA

Pursuant to NRS 349.590, as additional considerations required for the approval and issuance of the Bonds, the Director has determined the following (the "Additional Considerations"). The Director hereby requests the Board of Finance to make the same determinations.

1. Pursuant to Section 349.590(1) of the Act, based upon the Application, and other documents on file with the Director, the total amount of funds necessary to be provided by the Director through the issuance of the Bonds shall not exceed $25,000,000 (exclusive of any original issuance premium or discount).

2. Pursuant to Section 349.590(2)(a) of the Act, the Director has received a 5-year operating history from each of Fulcrum and the Operator. Further the Director has received assurances based on covenants in the Indenture that all the Bonds will be sold only to qualified institutional buyers as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act") and/or accredited investors as defined in Rule 501(a)(1), (2), (3) or (7) promulgated under the Securities Act in minimum denominations of $100,000.

3. Pursuant to Section 349.590(3) of the Act, based upon the Application and other documents on file with the Director, Fulcrum and the Operator are not currently rated by Moody's Investors Service, S&P Global Ratings, or Fitch Ratings, Inc.

4. Pursuant to Section 349.590(4) of the Act, based upon the Application and other documents on file with the Director, there are no existing facilities of a like nature within the County. The Director is not prohibited from financing the Project as provided in NRS 349.565.

5. Pursuant to Section 349.590(5) of the Act, the Director has considered the extent to which the Project is affected by various federal, state and local governmental action, activities, programs and development and has determined to issue the Bonds, including the consideration that the U.S. Department of Defense is providing a grant of up to $67.5 million for the Project and that the Project is deemed a National Security Program.

6. Pursuant to Section 349.590(6) of the Act, neither Fulcrum nor the Operator have maintained facilities appropriate to the community in Nevada for longer than ten years, but have maintained facilities since 2016.

These Findings and Additional Considerations are made only for the purposes of Sections 349.580 and 349.590, respectively, of the Act and do not constitute a guarantee of financial results with respect to the Project or otherwise with respect to the business prospects of Fulcrum or the

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Operator. These Findings are not intended as an analysis of the Bonds as investments or intended to be relied upon by investors.

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NOW, THEREFORE, the Director hereby requests, pursuant to Sections 349.580 and 349.590 of the Act, that the Nevada State Board of Finance and the Board of County Commissioners of Storey County, Nevada approve the Findings as set forth above and evidence such approval by execution of the certificate and adoption of the resolution, respectively, each in the respective form attached hereto as Exhibit H.

Dated this 27th day of November, 2017

DIRECTOR OF THE STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY

By: C. J. Manthe

CJ Manthe
Director

Carson City: 1830 E. College Parkway, Suite 100 Carson City, Nevada 89706 - Telephone (775) 684-2999 - Fax (775) 684-2998

Las Vegas: 3300 W. Sahara Avenue, Suite 425 Las Vegas, Nevada 89101 - Telephone (702) 486-2750 - Fax (702) 486-2758
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LIST OF EXHIBITS

EXHIBIT A	Financial Advisor Memorandum
EXHIBIT B	Office of Economic Development Approval
EXHIBIT C	County Support Resolution
EXHIBIT D	Reserved
EXHIBIT E	Form of Governor's Certificate regarding the issuance of the Bonds for TEFRA Hearing Purposes
EXHIBIT F	Document Extracts Regarding Use of Funds
EXHIBIT G	Certificate of Fulcrum Regarding Federal, State & Local Approvals
EXHIBIT H	Form of Certificate of Approval by the State Board of Finance and Resolution of Approval by the County Commissioners

ADDITIONAL DOCUMENTS ON FILE

1. Revenue Bonds for Industrial Development Act (NRS 349.400 – 349.670)
2. Regulations Pertaining to the Act (NAC 349.010-349.080)
3. Fulcrum Application
4. Trust Indenture, dated as of October 1, 2017, between the Director and the Trustee
5. First Supplement to Trust Indenture (draft), between the Director and the Trustee
6. Financing Agreement, dated as of October 1, 2017, between the Director and Fulcrum
7. First Amendment to Financing Agreement (draft), between the Director and Fulcrum
8. Preliminary Limited Offering Memorandum (draft) relating to the Bonds
9. Bond Purchase Agreement (draft) among the Director, Fulcrum and the underwriters named therein
10. Guaranty Agreement (draft) of the Operator

EXHIBIT A

FINANCIAL ADVISOR MEMORANDUM

(Attached)

Carson City: 1830 E. College Parkway, Suite 100 Carson City, Nevada 89706 - Telephone (775) 684-2999 - Fax (775) 684-2998

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LEWIS YOUNG
ROBERTSON & BURNINGHAM, INC.
AN INDEPENDENT MUNICIPAL FINANCIAL ADVISORY
AND CONSULTING FIRM

November 27, 2017

C. J. Manthe
Director
Nevada Department of Business & Industry
1830 College Pkwy Ste# 100
Carson City, NV 89706

Re: Fulcrum Sierra BioFuels, LLC
Environmental Improvement Revenue Bonds

Director Manthe:

Acting in its capacity as Financial Advisor (FA) to the Nevada Department of Business & Industry (B&I), Lewis Young Robertson & Burningham, Inc. (LYRB) provides this letter to complement your Findings to be submitted to the Board of Finance addressing the Fulcrum Sierra BioFuels, LLC (Fulcrum) financing application and the proposed issuance of approximately $25,000,000 Environmental Improvement Revenue Bonds (industrial development revenue bonds) to finance the Fulcrum Project, as more fully described below.

The proposed financing is in concert with the initial financing recently completed in October 2017 of $150,000,000 Environmental Improvement Revenue Bonds (Fulcrum Sierra BioFuels, LLC Project), Series 2017 (Green Bonds). As a part of the overall Fulcrum financing plan, its intent is to issue $175,000,000 in bonds. Wherein the bonds mentioned above had an extremely high level of success with overwhelming market reception, rather than exploring other avenues to issue bonds, Fulcrum is approaching the B&I to issue the balance of the bonds for the project.

In responding to proposed federal legislation that could potentially impact the federal tax code that would eliminate the issuance of certain private activity bonds, Fulcrum is requesting the bonds be issued prior to December 31, 2017. The issuance of these bonds will provide a lower cost of borrowing than could otherwise be obtained, thus providing cash flow flexibility to the Project.

Whereas the first series of bonds were solely utilized to acquire, construct, improve, develop, equip and furnish the Biorefinery, this series of bonds will also reimburse Fulcrum for certain expenses related to the Feedstock Processing Facility component of the Fulcrum Project, in addition to proper reserves, potential capitalized interest, costs of issuance and related items.

Introduction

Fulcrum originally approached the B&I, after meeting with Storey County, for an allocation of private activity bonds to access tax-exempt financing for its Project summarized below. The first financing was completed successfully in October 2017. LYRB is now tasked, along with Gilmore & Bell, P.C., to review Fulcrum's second application and supplemental materials on the validity of the application in concert with you Findings. This letter highlights segments of the review process.

GATEWAY PLAZA BUILDING
41 NORTH RIO GRANDE, SUITE 101
SALT LAKE CITY, UTAH 84101
TELEPHONE 801.596.0700
TOLL FREE 800.581.1100
FAX 801.596.2800
WWW.LEWISYOUNG.COM

Summary of Proposed Project:

The Fulcrum Project will annually convert approximately 175,000 tons of municipal solid waste (MSW) diverted from the local landfill, into approximately 10.5 million gallons of low-carbon transportation fuel to be utilized primarily for airline fuel, but also potentially for military purposes.

The entire Fulcrum Project is located in Storey County, Nevada and is being constructed in two phases. ***Phase 1***, located at 350 Saddle Court, Mustang, Storey County, is the Feedstock Processing Facility where the MSW is sized, sorted and processed to meet the specifications of the Biorefinery. The Feedstock Processing Facility is approximately 65,000 square feet with a capacity to process more than 1,500 tons of MSW per day and is strategically located on 10-acres adjacent to the Lockwood Regional Landfill. The Feedstock Processing Facility utilizes conventional MSW processing equipment, including shredders, waster screens, density separators, magnets, eddy currents and other equipment to process and remove high value recyclable products (metal and plastics) and inorganic material not suitable for the feedstock.

The Feedstock Processing Facility was completed in 2016 and has been operational since that time. Construction of Phase 1 was 100% financed through equity contributions. Proceeds from the second issuance of bonds will finance approximately $8.5 million of equipment upgrades for the Feedstock Processing Facility.

Phase 2 of the Project, located at 3600 Peru Drive, in the Tahoe Reno Industrial Center, Storey County, is the Biorefinery where the feedstock is converted into a low-carbon, renewable synthetic crude oil, or "syncrude." This Biorefinery is located on 19.4 acres, about 20 miles east of Reno, Nevada and 10 miles east of the Feedstock Processing facility. The Biorefinery employs commercially proven equipment deployed in a proprietary and innovative process utilizing a steam-reforming gasifier that converts the MSW-derived feedstock into syncrude. This syncrude product will be transported to Andeavor (formerly known as Tesoro Corporation) refinery to be further processed into transportation fuel.

Processing System

Fulcrum has entered into a fixed-priced, guaranteed Engineering, Procurement, and Construction (EPC) contract with an EPC Contractor for the construction of the Biorefinery. The Bonds will fund a portion of the construction of Phase 2 of the Fulcrum Project which is expected to begin operations in early 2020.

Additional site and facility photos are in Appendix A.

Biorefinery site w/ rendering overlay

Process and Product:

Fulcrum has developed and perfected the process of gasification and FT technologies, in connection with other standard refining processes at a commercial level of operation to process waste diverted from local landfills into jet fuel of a quality to be purchased directly by a major airline and for potential military uses at competitive market pricing. Fulcrum has already demonstrated its process at a fully-integrated plant with over 2-years of successful operations.

Fulcrum expects to deliver approximately 10.5 million gallons of syncrude per year at full capacity. Fulcrum entered into agreements with its strategic partners to provide the MSW (Waste Management of Nevada), refine the syncrude (Andeavor Offtaker) and take delivery of the final transportation product (United Airlines and potential military clients).

Economic Impact to Nevada

Fulcrum anticipates that this Project will have a significant economic impact in creating significant jobs from the initial construction phase into full-time permanent jobs, generating both new property and sales tax revenues in addition to spurring economic value within the community with its employees utilizing local services. In summary, Fulcrum anticipates the following benefits to the local economy:

- Construction
    - $280 million to fund construction of the Feedstock and Biorefinery projects

- Subsequently, Fulcrum expects to spend approximately $20-30 million to install a jet fuel upgrading system
- Future plans include a 30 million gallon a year expansion totaling $450 million

- Job Creation
    - Anticipated $9.4MM in expected payroll increase for the first 3-yrs
    - Anticipated $4.0MM annual salary budget with the following likely positions and salary ranges
        - Management / Supervisor (7): $22.77/hour to $64.42/hour
        - Operators (28): $24.88/hour to $32.82/hour
        - Maintenance (24): $29.11/hour to $29.34/hour
        - Equipment Operators (10): $17.25/hour
        - Other (21): $11.61/hour
    - Trucking - $1.0MM annually for 20 drivers at $24.04/hour
    - Maintenance - $600,00 annually for a third-party employer for 10 personnel at $28.85/hour
    - Wastewater Treatment & ASU - $750,000 annually for a third-party for 10 personnel at $36.06/hour
    - Construction Jobs (500)
        - Construction labor will be hired by Fulcrum's construction contractor under a fixed-price EPC agreement.
        - Although the detailed hourly wage information is not available to Fulcrum, the budgeted construction costs include an estimate of $60 million for the labor portion of the fixed-price contract, which includes the various construction, engineering & design subcontractors.
        - Various jobs will include construction, engineering & design subcontractors
    - Indirect jobs (1,000)
        - Jobs generated within the community
- Taxes
    - Property taxes are estimated at $13 million over a 10-year tax abatement period

($ In Millions)	Amount Paid 10-Yr Total	Amount Abated 10-Yr Total	Amount Paid Annual Average	Amount Abated Annual Average
Biorefinery	$11.50	$11.50	$1.15	$1.15
Feedstock Facility	1.50	1.50	0.15	0.15
Total	$13.00	$13.00	$1.30	$1.30

- Sales taxes of approximately $11 million generated during construction and over the 10-year tax abatement period
    - Additional sales tax will be generated through normal operations of the Project and from employees living within the community

($ In Millions)	Amount Paid	Amount Abated
During Construction		
Biorefinery	$3.90	$10.90
Feedstock Facility	0.34	0.95
10-Yrs of Operations		
Biorefinery	$6.20	$0.00
Feedstock Facility	0.60	0.00
Total	$11.04	$11.85

Appraisal and Market Study

Fulcrum engaged Duff & Phelps, LLC (D&P) to provide an estimation of the fair market value of the Project, a plant located in the Tahoe-Reno Industrial Center, Storey County, Nevada, as if complete, as of May 31, 2017 (Valuation Date). Based on D&P's analysis as detailed in its report and exhibits, the Fair Market Value of the Plant is reasonably estimated at $340 million, as of the Valuation Date.

Fulcrum engaged Argus Consulting Services and Nexant, Inc. to prepare market study reports. The reports' findings are as follows:

- Quality:
  - "In summary, the Project's FT Syncrude's primary qualities overall are superior for the production of transportation fuels compared to conventional crude oils being processed at Tesoro's Martinez refinery. A number of secondary characteristics, including poor cold flow properties, a highly paraffinic naphtha fraction, and its oxygen content, make the FT Syncrude somewhat more challenging to refine to finished products. However, the plan to blend Fulcrum's FT Syncrude in small percentages with conventional crude oils will mitigate these issues, and based on Nexant's review of the FT Syncrude's characteristics, Nexant concludes that the Project's FT Syncrude overall is an easier and less costly refinery feedstock to process than the types of conventional crude oils typically processed at Tesoro's Martinez refinery, and in the quantities being considered will not require any modifications to the existing Martinez refinery."
- Competition:
  - "The Project is a one-of-a-kind, processing municipal solid waste into a FT syncrude product that will be sold to Tesoro's Martinez refinery located in the San Francisco Bay area. Nexant evaluated the competitiveness of the Project against U.S. competitive facilities and international imports."
  - "National: Nexant reviewed the potential competitiveness of the Project versus the ongoing U.S. projects and concluded that there is almost no competition to the Project. California refiners, especially in the targeted San Francisco area, are an attractive market for the Project's FT syncrude since the Project will have advantages due to superior logistics, attractive costs for refiners, and limited competition from other FT-based facilities."
  - "International: All the worldwide FT syncrudes produced today are captively processed into intermediate or finished products on site. None of the synthesis activities suggest that there is a potential for them to supply FT syncrude to the United States. As such, Nexant does not foresee any international competition for the Project's FT syncrude."
- Price Sensitivity:

  Wherein the Cellulosic Waiver Credit ("CWC") price is inversely correlated to gasoline prices, the CWC creates an effective hedge against gasoline and oil prices. Even in a low oil price environment of $35 per barrel, the effective floor for Fulcrum's Cellulosic RIN will exceed $3.50 per gallon. This Renewable Fuel Standard mechanism that is established under law provides Fulcrum with price stability in any oil price environment. Because the CWC is inversely correlated to gasoline prices, the CWC creates an effective hedge against gasoline and oil prices (see the "Market Overview—Renewable Fuel Standard" section in the Preliminary Limited Offering Memorandum). As oil prices go down, cellulosic RIN prices go up.

Revenues & Expenditures Summary

Fulcrum anticipates generation of meaningful revenues from the Project in 2020 with full operations commencing in 2022. Fulcrum will increase gallons produced over a 3-year period beginning with 6 million gallons in 2020 to approximately 10.5 million gallons in 2022. Approximately 90% of the revenues are derived from generating the syncrude with the balance realized from tipping fees, portfolio energy credits and recyclables being the largest component. As for expenditures, approximately 80% are comprised of plant labor & maintenance, purchased natural gas & power and other operating and General & Administrative. Other expenditures include catalyst and chemicals, operating cost contingency, property tax and insurance and transportation. Fulcrum has engaged third party consultants to measure the feasibility and integrity of the model by stressing the variables and inputs to the model. Conservative inflators were incorporated accordingly.

In servicing the debt, Fulcrum projects 1.7x, 1.9x and 2.0x coverage in the first 3 years of operations with an average of 2.6x coverage for the next 5-yrs. This is conservative in nature with contingencies incorporated into the model allows flexibility in managing future cash-flows.

Financing Summary

In addition to the original $150,000,000 in bonds allocated to finance the Project supplemented with significant equity and federal grants, Fulcrum is seeking the balance of $25,000,000 to fulfil its finance plan of issuing total of $175,000,000 in tax-exempt bonds. At this time, the bond structure considers the following key components:

- Sources:
  - Bonds Issued: $175,000,000
  - Fulcrum Equity Contribution: $91,100,000
  - Department of Defense Grant: $67,500,000
  - EPC Contractor Equity Contribution: $15,000,000
  - Interest Income: $3,400,000
  - Total Sources of Funds: $352,000,000
- Uses:
  - Project costs: $236,000,000
    - Fixed-priced Biorefinery EPC Contract: $203,500,000
    - Feedstock Processing Facility EPC Cost: $32,500,000
  - Non-EPC Costs: $57,600,000
    - Development, Technology Performance Insurance Premium, Preliminary Engineering, Commission, Start-up and Taxes, TRI License Fee, and Other Costs
  - Financing Costs:
    - Capitalized Interest (through 2020): $28,900,000
    - Debt Service Reserve Fund: $11,800,000
    - Costs of Issuance: $5,700,000
    - Working Capital: $2,000,000
  - Contingency: $10,000,000
- Payments
  - First interest payment will be in 2017
  - First principal payment will be in 2021
    - The final principal payment is anticipated to occur in 2037
    - There will be level debt service payments on the bonds

Financing Credit Enhancements:

The Fulcrum Project will use commercially proven equipment and systems that are supported by several layers of financial guarantees, including (i) an Engineering, Procurement and Construction ("EPC") Contract that guarantees cost, schedule and performance in the EPC Contract; (ii) $10 million of contingent capital provided by the Fulcrum; and (iii) a technology performance insurance policy that guarantees $175 million up to 100% of the principal amount of the Bonds for technology performance.

- Pursuant to the EPC Contract, the EPC Contractor guarantees the cost, schedule and performance of the Biorefinery, including responsibility for 100% of any cost overruns through Mechanical Completion and $18.2 million of liability should additional costs be incurred during performance testing of the Biorefinery. In order to align the EPC Contractor's incentives with those of Fulcrum, Fulcrum has the option to pay the final $15 million to the EPC Contractor in the form of equity in Fulcrum. Abeinsa Abner Teyma General Partnership is the EPC Contractor
- In addition to the EPC Contractor's guarantees, Fulcrum has committed $10 million in equity capital as contingency to cover costs incurred in excess of the EPC Contractor's $18.2 million liability during performance testing of the Biorefinery.
- Additionally, Fulcrum has secured a technology performance insurance policy from New Energy Risk, Inc., Indian Harbor Insurance Company that will guarantee the performance of the Biorefinery at Substantial Completion by paying down all or a portion of the Bonds of providing funds for the mandatory redemption of up to 100% of the principal amount of the Bonds should projected cash flows from Sierra not meet the Minimum LLCR prior to the Substantial Completion Date. The Technology Policy does not guarantee payment on the Bonds and is NOT a municipal bond insurance policy.
    - The technology insurance is to guarantee production of a certain amount of syncrude annually to meet a minimum debt service coverage ratio of 1.20x

Series 2017 Bond Sale Summary

The Bonds that were sold and closed in October 2017 received an overwhelming amount of interest. For the $150,000,000 final bond amount, the underwriters received approximately $600,000,000 in total orders from 30 different accounts. The final interest rate on the bonds was 6.41% with an average life of 13.31 years.

Estimated Draw Schedule

Fulcrum issued the full notice to proceed to the ECP contractor on October 31, 2017. Construction is expected to begin in May of 2018 with final construction completed in December 2019. Fulcrum has three main sources of funds for the Project being Investor Equity ($106.1MM), Department of Defense Grant ($67.50MM) and the Tax-Exempt Bonds issued through the B&I ($175.00MM). It should be noted that Fulcrum has already expended approximately $57.4MM for development and of Phase 1 of the Project. Fulcrum anticipates spending down the balance of the funds for Phase 2 accordingly:

- Construction:
    - May 2018 thru December 2019
    - Total: $352.0MM
        - This amount includes equity funds expended to date along with new energy risk insurance

- Use of Funds
  - Investor Equity ($106.1MM)
    - $57.4MM expended to date
    - Balance to be expended November 2017 thru February 2018 and final payments
  - Department of Defense Grant ($67.50MM)
    - Will be expended November 2017 thru August 2019
  - Tax-Exempt Bonds issued through the B&I ($175.00MM)
    - Will be used to reimburse approximately $17MM of investor equity expended to date (after capitalized interest, debt service reserve and COI is paid at closing)
    - The remaining will be expended February 2018 thru November 2019 (including payment of capitalized interest through 2020)

Fulcrum will begin utilizing its Equity and Grants before expending bond proceeds.

Conclusion

In considering the various aspects of the transaction such as project scope, economic impact, environmental benefit, lack of competition, comprehensive management, exhaustive planning and overall value to the industry, County and State, the Fulcrum Project is very beneficial and should be considered a positive asset to Storey County and the State of Nevada. The Fulcrum Project, as proposed, would provide a meaningful economic benefit in job creation and revenue generation to both the State and County. Further, the Fulcrum Project is a productive use of the private activity volume cap.

Wherein the first financing realized a high level of success and market reception, it is anticipated investors will receive this next financing similarly.

LYRB concurs with the B&I Bond Counsel that the Fulcrum Project meets the requisite Nevada Revised Statutes and should be presented to the Board of Finance for its approval.

We welcome the opportunity to discuss the Fulcrum financing application. Please contact me at (801) 456-3903 or by cell (801) 647-4823 or by e-mail david@lewisyoung.com.

Sincerely,

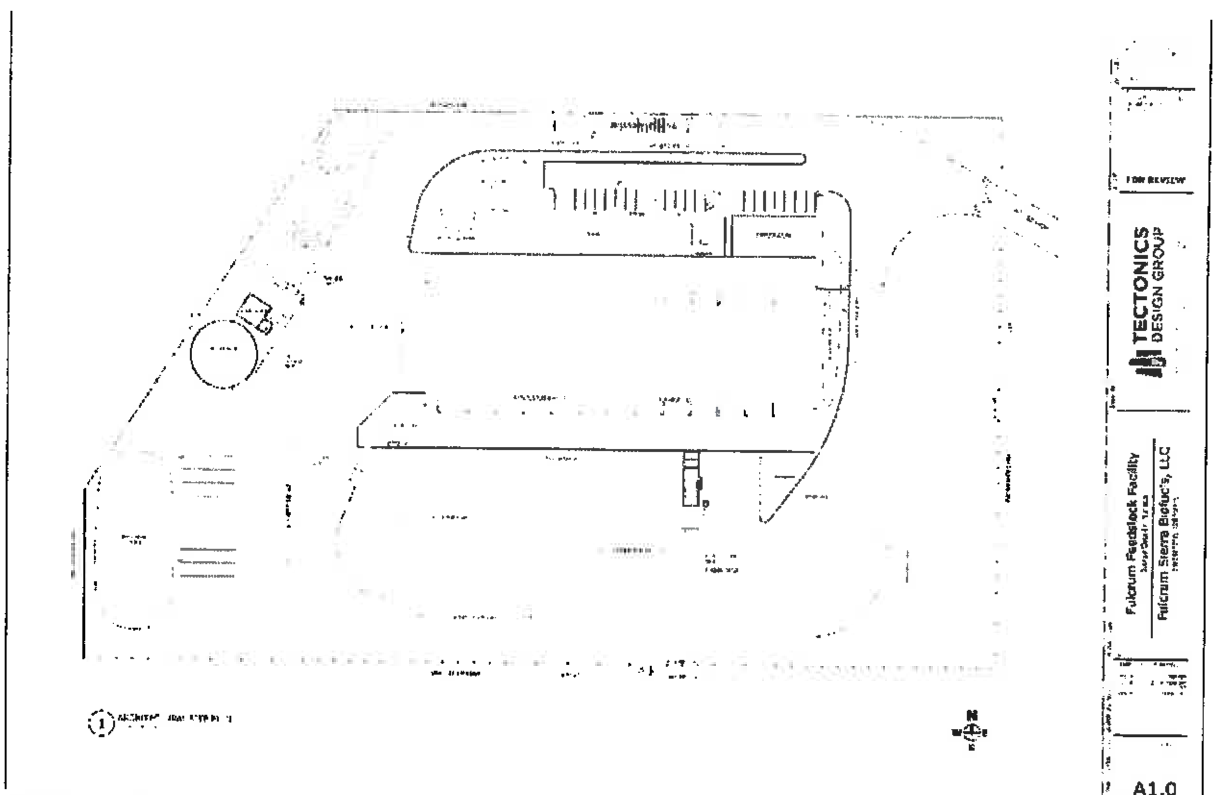
D X Rob

David Robertson
Vice President

APPENDIX A

FEEDSTOCK AND BIOREFINERY PHOTOS

Biorefinery site (current)



FFS Site Layout

Tipping floor

Post-Shredded MSW Moving Into the Processing System

MSW Shredder and Conveyor Moving MSW into the Processing System

Waste tipper

<u>EXHIBIT B</u>

OFFICE OF ECONOMIC DEVELOPMENT APPROVAL

(Attached)

Carson City: 1830 E. College Parkway, Suite 100 Carson City, Nevada 89706 - Telephone (775) 684-2999 - Fax (775) 684-2998

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DETERMINATION AND APPROVAL OF THE STATE OF NEVADA OFFICE OF ECONOMIC DEVELOPMENT PURSUANT TO NEVADA REVISED STATUTES 349.585 RELATING TO THE FINANCING OR REFINANCING OF A PROJECT LOCATED IN STOREY COUNTY, NEVADA

WHEREAS, Fulcrum Sierra BioFuels, LLC, a Delaware limited liability company ("Fulcrum"), a wholly owned subsidiary of Fulcrum Bioenergy, Inc. (the "Operator") has submitted the attached application dated November 15, 2017 (the "Application") to the Director of the State of Nevada Department of Business and Industry (the "Director") for the issuance of industrial development revenue bonds in an amount not to exceed $25,000,000 (the "Bonds") for the purpose of assisting in the financing or refinancing of a portion of the costs of (i) constructing and equipping a facility owned by Fulcrum and operated by the Operator to be used for converting municipal solid waste into renewable fuel products located on an approximately 19.4-acre site at 3600 Peru Drive in the Tahoe-Reno Industrial Center, Storey County, Nevada and (ii) the improvements to and equipping of the facility owned by Fulcrum and operated by the Operator used for preliminary sorting and processing of municipal solid waste located on an approximately 10.0-acre site at 350 Saddle Court in Mustang, Storey County, Nevada (collectively, the "Project"); and

WHEREAS, the Director has authority to issue the Bonds pursuant to the Nevada Revised Statues, including Sections 349.400 through 349.670, inclusive, thereof (the "Act"); and

WHEREAS, Fulcrum, the Operator, and other interested parties have prepared and submitted to the Director certain reports, records and other information related to the Project, and the Director has reviewed such reports, records and other information and has otherwise investigated the facts concerning the Project so as to enable the Director to make certain findings in accordance with the Act; and

WHEREAS, pursuant to Section 349.585 of the Act, the State of Nevada Office of Economic Development (the "Office") must, prior to the issuance of the Bonds, determine that the Project is consistent with the State Plan for Economic Development and must approve the financing of the Project;

NOW, THEREFORE, pursuant to Section 349.585 of the Act, the Office hereby determines and approves as follows:

The Project is consistent with the State Plan for Economic Development developed by the Executive Director of the Office pursuant to Subsection 2 of Section 231.053 Nevada Revised Statutes.

Based upon the foregoing, the Project is hereby approved by the Office.

This determination and approval is made only for the purposes of Section 349.585 of the Act and does not constitute a guarantee of financial results with respect to the Project or otherwise with respect to the business prospects of Fulcrum or the Operator. This determination and approval is not intended as an analysis of the Bonds as investments or intended to be relied upon by investors.

IN WITNESS WHEREOF, the STATE OF NEVADA OFFICE OF ECONOMIC DEVELOPMENT has caused this determination and approval to be made this 21st day of November, 2017

THE STATE OF NEVADA OFFICE OF ECONOMIC DEVELOPMENT

By:________________________________

Executive Director

EXHIBIT C

COUNTY SUPPORT RESOLUTION

(Attached)

Carson City: 1830 E. College Parkway, Suite 100 Carson City, Nevada 89706 - Telephone (775) 684-2999 - Fax (775) 684-2998

Las Vegas: 3300 W. Sahara Avenue, Suite 425 Las Vegas, Nevada 89101 - Telephone (702) 486-2750 - Fax (702) 486-2758
www.business.nv.gov

RESOLUTION #17-463

A RESOLUTION OF SUPPORT FOR FULCRUM BIO-ENERGY

WHEREAS, on May 14, 2008, Fulcrum BioEnergy (then Fulcrum Sierra Biofuels, LLC/IMS Nevada, LLC) was granted No. 2007-062 by the Storey County Commissioners; and

WHEREAS, in 2009 the company was granted an amendment to the Special Use Permit allowing relocation to a larger parcel; and

WHEREAS, in 2014 the company was granted a subsequent amendment to the Special Use Permit for modified processing and other considerations; and

WHEREAS, Fulcrum Bio-Energy is in compliance with the conditions of its special use permit and is in good standing with Storey County. Fulcrum Bio-Energy and Storey County have maintained continuous communication about the company's proposed design, future plans of construction and permitting; and

WHEREAS, Fulcrum Bio-Energy will undoubtedly serve as an economic development engine for Storey County and the region.

THEREFORE LET IT BE KNOWN to all present that the Board of County Commissioners of Storey County do hereby endorse and support Fulcrum Sierra Biofuels, LLC/IMS Nevada LLC's efforts to obtain bonding and funding support thru the Nevada Department of Business & Industry.

PASSED and ADOPTED the 30th day of June 2017, by the following:

AYES: McBride, McGuffey and Gilman

NAYS: None

And Signed: ______________________
Marshall McBride, Chairman

____
Jack McGuffey, Vice-Chairman

____
Lance Gilman, Commissioner

Attested: ______________________
Vanessa A. Stephens, Clerk-Treasurer

EXHIBIT D

RESERVED

Carson City: 1830 E. College Parkway, Suite 100 Carson City, Nevada 89706 - Telephone (775) 684-2999 - Fax (775) 684-2998

Las Vegas: 3300 W. Sahara Avenue, Suite 425 Las Vegas, Nevada 89101 - Telephone (702) 486-2750 - Fax (702) 486-2758

www.business.nv.gov

EXHIBIT E

FORM OF GOVERNOR'S CERTIFICATE REGARDING THE ISSUANCE OF THE BONDS FOR TEFRA HEARING PURPOSES

(Attached)

Carson City: 1830 E. College Parkway, Suite 100 Carson City, Nevada 89706 - Telephone (775) 684-2999 - Fax (775) 684-2998

Las Vegas: 3300 W. Sahara Avenue, Suite 425 Las Vegas, Nevada 89101 - Telephone (702) 486-2750 - Fax (702) 486-2758

www.business.nv.gov

CERTIFICATE BY THE GOVERNOR
REGARDING THE DEPARTMENT OF BUSINESS AND INDUSTRY'S ISSUANCE OF
SOLID WASTE DISPOSAL REVENUE BONDS

I, Brian Sandoval, Governor of the State of Nevada, DO HEREBY CERTIFY:

A public hearing was held on December 4, 2017, at the principal office of the Nevada Department of Business and Industry Director's office located at 1830 E. College Parkway, Suite 200, Carson City, Nevada 89706 to hear public comment on plans for the issuance and sale of up to $25,000,000 Environmental Improvement Revenue Bonds (Fulcrum Sierra BioFuels, LLC Project) (Green Bonds) in one or more series or issues (the "Bonds") to assist in the financing or refinancing of a portion of the costs of constructing and equipping a facility to be used for converting municipal solid waste into renewable fuel products and/or the improvements to and equipping of the facility used for preliminary sorting and processing of municipal solid waste, each located in Storey County, Nevada.

Notice for the hearing was given and the hearing was conducted in accordance with the Report of Hearing. Such Notice and Report of Hearing are attached hereto as Exhibit A. Solely for the purpose of satisfying the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, and for no other purpose, I hereby approve the plan of financing for the issuance of the Bonds. This approval is not to be construed as a pledge of the faith and credit of or by the State of Nevada, or of any agency, instrumentality, municipality, or subdivision of the State of Nevada.

IN WITNESS WHEREOF, I have set my hand

This _____ day of __________, 2017.

____

BRIAN SANDOVAL

Governor, State of Nevada

Carson City: 1830 E. College Parkway, Suite 100 Carson City, Nevada 89706 - Telephone (775) 684-2999 - Fax (775) 684-2998

Las Vegas: 3300 W. Sahara Avenue, Suite 425 Las Vegas, Nevada 89101 - Telephone (702) 486-2750 - Fax (702) 486-2758
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EXHIBIT F

DOCUMENT EXTRACTS REGARDING USE OF FUNDS

(Attached)

Carson City: 1830 E. College Parkway, Suite 100 Carson City, Nevada 89706 - Telephone (775) 684-2999 - Fax (775) 684-2998

Las Vegas: 3300 W. Sahara Avenue, Suite 425 Las Vegas, Nevada 89101 - Telephone (702) 486-2750 - Fax (702) 486-2758

www.business.nv.gov

Extracts from the Indenture

Section 5.02 Delivery of Series 2017 Bonds and Other Moneys.

(a) On the Closing Date, the Trustee shall deposit the proceeds of the Series 2017 Bonds, in the aggregate amount of $147,009,765.23 (representing $150,000,000.00 of proceeds of the Series 2017 Bonds less the underwriting fee and expenses of $2,990,234.77), as follows:

(i) $24,251,666.90, allocable to the proceeds of the Series 2017 Bonds, to the Series 2017 Capitalized Interest Account held by the Trustee;

(ii) $9,765.23, allocable to the proceeds of the Series 2017 Bonds, to the Series 2017 Costs of Issuance Account held by the Trustee;

(iii) $112,748,333.10, allocable to the proceeds of the Series 2017 Bonds, to the Construction Collateral Account within the Construction Collateral Fund held by the Collateral Agent; and

(iv) $10,000,000.00, allocable to the proceeds of the Series 2017 Bonds, to the Series 2017 Debt Service Reserve Account of the Debt Service Reserve Fund held by the Trustee.

(b) On the Closing Date, the Trustee shall deposit $67,000.00 received from the Director as a return of an application deposit, to the 2017 Costs of Issuance Account held by the Trustee.

(c) On the Closing Date, the Trustee shall deposit $1,031,564.02 received from the Company as an equity contribution, to the 2017 Costs of Issuance Account held by the Trustee.

Section 5.03 Project Fund.

(a) Subaccounts. The Trustee, upon direction from the Company on behalf of the Director, shall open new subaccounts of the Project Fund as specified by the Company for the purpose of (i) depositing the proceeds of any Bond (other than proceeds to be applied to a refunding of the Series 2017 Bonds) permitted to be incurred by the Bond Documents, (ii) accounting for and payment of the capitalized interest or costs of issuance thereof, or (iii) for any other purpose permitted by the Bond Documents. To the extent that a subaccount of the Project Fund is established, such proceeds may be used for the purposes for which such Bonds are issued and applied or requisitioned solely as set forth in any related Supplemental Indenture; provided, that the Company may, at any time, (x) open such subaccounts, (y) direct the Trustee to retain any necessary amounts therein and (z) transfer any remaining funds therein to the Revenue Fund; provided, further, that, for the avoidance of doubt, amounts on deposit in the other accounts pursuant to this Indenture or any Project Accounts pursuant to the Collateral Agency Agreement may not be transferred to such new subaccounts unless expressly permitted herein or therein.

(b) Series 2017 Capitalized Interest Account. Amounts on deposit in the Series 2017 Capitalized Interest Account shall be used to pay capitalized interest related to the Series 2017

Bonds or to reimburse any affiliate of the Company for capitalized interest actually paid by or on behalf of the Company and eligible for reimbursement pursuant to the Tax Certificate. On any date upon which capitalized interest is due and payable, and prior to any payments under Section 5.05(a) hereto, in accordance with schedule attached as Exhibit C hereto, the Trustee shall, without further authorization, instruction or delivery by the Company of a Requisition, withdraw sufficient funds to make such payments from the Series 2017 Capitalized Interest Account. Upon receipt of interest earnings, the Trustee shall, without further authorization, instruction or delivery by the Company of a Requisition, transfer any interest earned on the Series 2017 Capitalized Interest Account to the applicable subaccount of the Construction Collateral Account held by the Collateral Agent for the payment or reimbursement of Tax-Exempt Project Costs pursuant to the Collateral Agency Agreement. Upon the acceleration of the Series 2017 Bonds pursuant to Section 7.03 hereof, the amounts on deposit in the Series 2017 Capitalized Interest Account shall be applied in accordance with Section 7.06 hereof, provided that if such acceleration shall be rescinded before such application date, any unapplied amounts on deposit in such Series 2017 Capitalized Interest Account shall continue to be applied as provided herein.

Notwithstanding the foregoing, if proceeds of the Series 2017 Bonds remain in the Series 2017 Capitalized Interest Account on the earlier of (i) the date on which the Company reasonably determines that the Biorefinery will not be completed, or (ii) the date on which the Biorefinery is placed in service for federal income tax purposes, then to the extent the Company does not reasonably expect those proceeds of the Series 2017 Bonds will be allocated to costs of the Project consistent with the Tax Certificate, unless the Company obtains an opinion of Bond Counsel to the effect that a failure to redeem Tax-Exempt Bonds as contemplated by Section 7.3(c) of the Financing Agreement will not adversely affect the tax-exempt status of the Tax-Exempt Bonds, then proceeds of Series 2017 Bonds in the Series 2017 Capitalized Interest Account may be used to redeem Series 2017 Bonds or other Tax-Exempt Obligations.

Subject to the requirements set forth in the Tax Certificate, any amount remaining in the Series 2017 Capitalized Interest Account upon the final scheduled payment of capitalized interest on the Series 2017 Bonds, shall, without further authorization, instruction or delivery by the Company of a Requisition, be transferred by the Trustee to the Collateral Agent for deposit as follows: (i) if such transfer occurs prior to Trustee's receipt of written notice from the Company confirming the occurrence of the Final Completion Date, to the applicable subaccount of the Construction Collateral Account of the Construction Collateral Fund, and (ii) if such final disbursement occurs on or after the Trustee's receipt of a certification from the Company that the Final Completion Date has occurred, to the Revenue Fund.

(c) Series 2017 Costs of Issuance Account. Amounts on deposit in the Series 2017 Costs of Issuance Account shall be used to pay the costs of issuance of the Series 2017 Bonds or to reimburse the Company or any affiliate of the Company for costs of issuance of the Series 2017 Bonds actually paid by or on behalf of the Company and eligible for reimbursement, all in compliance with the Tax Certificate, upon receipt of an executed COI Requisition, in substantially the form attached to this Indenture as Exhibit D. The Trustee shall from time to time withdraw sufficient funds from the Series 2017 Costs of Issuance Account to fund disbursements made with respect to the Series 2017 Bonds on the date of issuance of such Series 2017 Bonds. Any amounts remaining in the Series 2017 Costs of Issuance Account on the 90th day after the Closing Date shall be transferred by the Trustee to the applicable subaccount of the Construction Collateral Account held by the Collateral Agent.

Section 5.04 [Reserved].

Section 5.05 Debt Service Fund. Pursuant to the Financing Agreement, the Company shall pay or cause moneys to be paid by the Collateral Agent to the Trustee for deposit in the accounts within the Debt Service Fund described below at the times and in the amounts necessary for the Trustee to make the transfers described below. Such amounts shall be paid by the Company in accordance with Exhibit C hereto; provided, however, that the Company shall, from time to time, prepare and provide to the Trustee an amended Exhibit C as may be required in connection with any prepayments, optional redemptions or mandatory redemptions that result in a change in Debt Service hereunder. The Trustee shall create, and shall apply money contained, in the accounts described below at the following respective times in the manner hereinafter provided, which accounts the Trustee hereby agrees to establish and maintain within the Debt Service Fund so long as this Indenture is not discharged in accordance with Article IX and each such account shall constitute a trust fund for the benefit of the Bondholders, and the money in each such account shall be disbursed only for the purposes and uses hereinafter authorized. Funds will be applied pro rata across all Outstanding Series of Bonds.

(a) *Bond Interest Account*. The Trustee, on each Interest Payment Date, shall withdraw and apply from moneys on deposit in the Bond Interest Account, an amount which shall be sufficient to pay interest payable on the Outstanding Bonds on such Interest Payment Date.

(b) *Bond Principal Account*. The Trustee, on each Principal Payment Date, shall withdraw and apply from moneys on deposit in the Bond Principal Account, an amount equal to the principal due on Bonds on each date on which principal is due (other than a Redemption Date). Money in the Bond Principal Account shall be used and withdrawn by the Trustee on each date on which principal is due solely for the payment of the principal of Outstanding Bonds.

(c) *Bond Redemption Account*. The Trustee, on each Redemption Date, shall withdraw and apply moneys on deposit in the Bond Redemption Account, amounts required to pay the redemption price on Bonds to be redeemed prior to their stated maturity. Money in the Bond Redemption Account shall be used and withdrawn by the Trustee on each Redemption Date solely for the payment of the redemption price other than in the case of a Sinking Fund Installment, which payments shall be made from the Bond Sinking Fund Installment Payment Subaccount.

(d) *Bond Sinking Fund Installment Payment Subaccount*. The Trustee shall deposit to the credit of the Bond Sinking Fund Installment Payment Subaccount within the Bond Principal Account moneys deposited by the Company or the Collateral Agent to pay each Sinking Fund Installment when due.

Extracts from the Collateral Agency Agreement

Section 5.05 Construction Collateral Fund.

(a) Construction Collateral Account. On the Closing Date, the proceeds of the Series 2017 Bonds, net of all costs and expenses incurred in connection with the issuance thereof and the costs and expenses of the borrowing of Loans related to the issuance of the Series 2017 Bonds under the Financing Agreement, amounts for the payment of which shall be deposited into the Series 2017 Costs of Issuance Account under the Indenture, and net of the amounts to be deposited into the Series 2017 Capitalized Interest Account and the Series 2017 Debt Service Reserve Account, shall be deposited into a segregated subaccount of the Construction Collateral Account and thereafter, any interest earned on such proceeds shall be deposited into the Construction Collateral Account. Amounts on deposit in the Construction Collateral Account shall be used to pay Tax-Exempt Project Costs or to reimburse the Company or any affiliate of the Company for any Tax-Exempt Project Costs actually paid by the Company or on behalf of the Company and eligible for reimbursement, allocation or reallocation pursuant to the Tax Certificate. The Collateral Agent shall from time to time withdraw funds from the Construction Collateral Account in accordance with a Requisition delivered by the Company pursuant to Section 5.06. The Construction Collateral Account is created solely for the benefit of the Trustee on behalf of the owners of the Series 2017 Bonds and shall not be subject to any Lien in favor of any Person other than the Collateral Agent solely for the benefit of the Trustee on behalf of the owners of the Series 2017 Bonds and shall be held by the Collateral Agent for the exclusive benefit of only such parties.

(b) Disbursements from Construction Collateral Account. The Collateral Agent shall make withdrawals, transfers and payments from the Construction Collateral Account in accordance with Section 5.05(a) and in the amounts, at the times and only for the purposes specified in this Section 5.05, but only after first withdrawing and applying all funds in the Equity Construction Account, in accordance with Section 5.05(d), and the Restricted Equity Construction Account, in accordance with Sections 5.05(e) (it being agreed that certain expenditures to pay Tax-Exempt Project Costs or to reimburse the Company or any affiliate of the Company or to allocate or reallocate for the benefit of the Company or any affiliate of the Company for any Tax-Exempt Project Costs actually paid by the Company or on behalf of the Company and eligible for reimbursement, allocation or reallocation pursuant to the Tax Certificate shall be withdrawn first from the Construction Collateral Account to the extent necessary to be able to fully expend amounts in such Construction Collateral Account on Tax-Exempt Projects Costs); provided, however, that in the first instance where funds are withdrawn from the Construction Collateral Account, such drawing shall be accompanied by a certificate from the Engineer certifying that, based on its reasonable belief, all amounts deposited in the Equity Construction Account and the Restricted Equity Construction Account on the Closing Date have been used for the purposes set forth in this Section 5.05(b) and Sections 5.05(d) and (e), respectively.

(c) [Reserved]

(d) Equity Construction Account. On the Closing Date, the Company shall make an equity contribution into the Equity Construction Account in an amount equal to $18,222,322.48. From time to time, the proceeds of any subsequent equity contributions may be deposited into the Equity Construction Account or into a new sub-account of the Construction Collateral Fund pursuant to the terms hereof at the sole option of the Company. From time to time, on not less than ten (10) Business Days' notice to the Collateral Agent, the Company may deposit Additional Equity Letters of Credit with the Collateral Agent for deposit into the Equity Construction Account, and at the direction of the Company at the time of deposit of any such Additional Equity Letter of Credit, the Collateral Agent shall release an amount of cash from the Equity Construction Account equal to the stated amount of the Additional Equity Letter of Credit and transfer such released amount to such accounts or payees as set forth in such direction. For all purposes of this Section 5.05(d), each Additional Equity Letter of Credit shall be deemed to be an Equity Construction Letter of Credit. The Company hereby agrees and directs the Collateral Agent to execute and deliver to the issuer of the applicable Equity Construction Letter of Credit (i) promptly, upon five (5) Business Days prior written notice from the Company, a fully completed drawing certificate in the amount set forth in such written notice, and (ii) thirty (30) days prior to the expiration date of the Equity Construction Letter of Credit, a fully completed drawing certificate in an amount equal to the Equity Construction Letter of Credit's then-current stated amount (as determined in accordance with the terms thereof), only to the extent that the Company has not provided to the Collateral Agent prior to such date a substantially similar (in all material respects) letter of credit, or other letter of credit in form reasonably acceptable to the Collateral Agent acting at the direction of the Required Agent (acting in accordance with the Intercreditor Agreement), issued by an Acceptable Letter of Credit Bank with a stated amount equal to the undrawn amount of the Equity Construction Letter of Credit that such letter of credit replaces. The Collateral Agent shall promptly execute and deliver a fully completed drawing certificate under the Equity Construction Letter of Credit to the issuer thereof, when so instructed by the Required Agent (acting in accordance with Section 6.06 hereof and the Intercreditor Agreement) pursuant to a Direction Notice. All amounts drawn on any Equity Construction Letter of Credit shall be deposited in the Equity Construction Account and all amounts available under any such Equity Construction Letter of Credit shall be deemed to be on deposit in the Equity Construction Account for all purposes hereunder. Amounts on deposit in the Equity Construction Account shall be used to pay (i) Project Costs or to reimburse the Company or any affiliate of the Company for any Project Costs actually paid by the Company or on behalf of the Company and (ii) Other Project Costs or to reimburse the Company or any affiliate of the Company for any Other Project Costs actually paid by the Company or on behalf of the Company. The Collateral Agent shall from time to time withdraw funds from the Equity Construction Account in accordance with a Requisition delivered by the Company pursuant to Section 5.06. In the event that, on the Closing Date, the Company has not deposited an Equity Construction Letter of Credit, then any Additional Equity Letter of Credit thereafter delivered, in substitution for cash as provided in Section 5.05(d) above or otherwise, shall be a direct pay letter of credit and provide that the Collateral Agent shall make drawings thereunder for the purposes set forth in this Agreement and in the form of the Additional Equity Letter of Credit by sending a sight draft and drawing certificate in the form attached to such Additional Equity Letter of Credit signed by an authorized officer of the Collateral Agent under the circumstances described in this Section 5.05(d), within the time period specified in the Additional Equity Letter of Credit, and there shall be no other preconditions to any such drawing.

(e) Restricted Equity Construction Account. On or prior to the Closing Date, TriLinc Global Impact Fund - Latin America III, Ltd. and TriLinc Global Sustainable Income Fund Master, Ltd. shall make equity contributions in the amounts of $11,315,000 and $4,685,000, respectively, into the Restricted Equity Construction Account; provided, however, that if such entities make equity contributions into the Restricted Equity Construction Account prior to the Closing Date and the Series 2017 Bond closing does not occur by 5 PM PST on October 30, 2017 (the "Deadline Date"), such equity contributions shall be disbursed to such entities no later than 1 PM PST on October 31, 2017, without any further condition or restriction. TriLinc Global Impact Fund - Latin America III, Ltd. and TriLinc Global Sustainable Income Fund Master, Ltd. shall be considered third parties beneficiaries to this Agreement solely for the purposes of enforcing the provision referenced in the immediately preceding proviso. The Collateral Agent shall from time to time withdraw funds from the Restricted Equity Construction Account in accordance with a Requisition delivered by the Company pursuant to Section 5.06.

(f) Early Revenues. To the extent the Company receives Early Revenues, the Company has the option of either (1) opening a new sub-account of the Construction Collateral Fund in accordance with Section 5.05(k) created specifically for the deposit of Early Revenues and the payment of Project Costs or Other Project Costs or (2) depositing such Early Revenues in the Revenue Fund for use in accordance with Section 5.02(c), and the Company shall exercise such option by providing to the Collateral Agent instructions in respect of the same; provided, however, that if a Funding Shortfall then exists, Early Revenues shall first be deposited in the Construction Collateral Fund to the extent necessary to cure such Funding Shortfall. Such new sub-account shall be one of the Project Accounts hereunder and amounts on deposit therein shall be used to pay Project Costs or Other Project Costs or to reimburse the Company or any affiliate of the Company for any Project Costs or Other Project Costs actually paid by the Company or on behalf of the Company. The Collateral Agent shall from time to time withdraw funds from such new sub-account in accordance with a Requisition delivered by the Company pursuant to Section 5.06.

(g) Final Project Costs. Subject to Section 5.05(l), pursuant to instructions of the Company, at any time on or prior to the Mechanical Completion Date, the Company shall direct the Collateral Agent in writing to retain in the Construction Collateral Fund or its sub-accounts amounts necessary for the payment or reimbursement of all remaining Project Costs and Other Project Costs reasonably expected to become due and payable on or prior to the Final Completion Date. On the Operations Date, the Collateral Agent shall pursuant to instructions of the Company transfer any remaining amounts in the Construction Collateral Fund (except for amounts to be retained therein or in any sub-account thereof pursuant to the first sentence of this Section 5.05(g)) to the Revenue Fund; provided, however, that Collateral Agent shall retain in the Construction Collateral Fund an amount equal to all remaining Project Costs and Other Project Costs certified in writing by the Company as reasonably expected to be due and payable in order to achieve the Final Completion Date with such funds to be transferred in accordance with Section 5.05(h).

(h) Fund Transfer After Final Completion Date. Provided no Event of Default then exists, not more than sixty (60) days from the date of receipt by the Collateral Agent of (i) the Final Completion Certificate signed by an Authorized Company Representative in the form of

Exhibit L attached hereto, (ii) a certification by the Engineer that Final Completion has been achieved, and that all Project Costs and Other Project Costs have been paid in full, (iii) final unconditional lien waivers from EPC Contractor and all Subcontractors (as defined in the EPC Contract) in accordance with the requirements of the EPC Contract, or for any Subcontractor lien waivers not received, a bond or other security is provided by the EPC Contractor in an amount equal to at least 150% of the payment amount that would have been covered by such lien waiver, and (iv) a Disbursement Endorsement sufficient to cover all previous disbursements of Series 2017 Bond proceeds, any balance remaining in the Construction Collateral Fund shall without further authorization, instruction or delivery by the Company of a Requisition to the Collateral Agent be transferred by the Collateral Agent to the Revenue Fund.

(i) Closing Date Costs. Notwithstanding anything herein to the contrary, any disbursements requested to be made from the Equity Construction Account of the Construction Collateral Fund for payments to be made on or in connection with the Closing Date shall be made pursuant to a Requisition delivered on or within ninety (90) days after the Closing Date.

(j) Proceeds of Additional Obligations. Net proceeds of Additional Obligations issued to finance Project Costs or Other Project Costs prior to the Final Completion Date (but not refinancing proceeds which may be deposited under the Indenture to facilitate such refinancing) shall be remitted to the Collateral Agent, for deposit into additional sub-accounts of the Construction Collateral Fund as provided in Section 5.01(a) and Section 5.05(k).

(k) Sub-Accounts. In accordance with the terms of Section 5.01(a), the Collateral Agent, upon direction from the Company, shall open new sub-accounts of the Construction Collateral Fund as specified by the Company (including the name of any such sub-account) for the purpose of (i) depositing the proceeds of any Additional Obligations (but not refinancing proceeds which may be deposited under the Indenture or as provided in Section 5.05(j) to facilitate such refinancing) permitted to be incurred by the Financing Documents in accordance with Section 5.05(j), (ii) accounting for and payment of the capitalized interest, costs of issuance or otherwise thereof, or (iii) any other purpose permitted by the Financing Documents, including for the deposit of any proceeds of draws on the Construction Contract Additional Security, which for the avoidance of doubt, may be deposited into the Construction Collateral Fund prior to transfer to such new sub-account. For avoidance of doubt, any proceeds of draws on the Construction Contract Additional Security shall be deposited in the Construction Collateral Fund or a subaccount thereof. To the extent that such a sub-account of the Construction Collateral Fund is established for (A) Debt pursuant to this Section 5.05(k), such proceeds may be used for the purposes for which such Debt is incurred and requisitioned solely as set forth in any related Additional Financing Document or other agreement evidencing such Debt and (B) proceeds of draws on the Construction Contract Additional Security pursuant to this Section 5.05(k), such proceeds may be used solely to pay Project Costs or Other Project Costs, as applicable, or to reimburse the Company or any affiliate of the Company for any Project Costs or Other Project Costs, as applicable, actually paid by the Company or on behalf of the Company and requisitioned from time to time in accordance with a Requisition delivered by the Company pursuant to Section 5.06. Promptly upon the transfer of the Construction Contract Additional Security from the Company as transferor beneficiary to the Collateral Agent as transferee beneficiary, the Collateral

Agent shall at the direction of the Company hold the Construction Contract Additional Security for the benefit of a new sub-account of the Construction Collateral Fund established by the Company, in accordance with the terms of Section 5.01(a) and this Section 5.05(k). The Company and the Collateral Agent hereby agree that the Collateral Agent shall, and the Secured Parties hereby instruct that the Collateral Agent shall, upon one (1) Business Day's prior written notice from the Company, execute and deliver to the issuer of the Construction Contract Additional Security a fully completed drawing certificate in the form and amount set forth in such written notice and shall deposit any proceeds of draws into the sub-account established for such purpose; and the Collateral Agent hereby agrees to comply with such written notice from the Company, and the Secured Parties hereby instruct that the Collateral Agent shall comply with such written notice from the Company, unless and until an Enforcement Action has occurred and is continuing. In addition to the foregoing, if the Collateral Agent has not received from the Company a replacement Construction Contract Additional Security at least ten days prior to the expiration date of the Construction Contract Additional Security certified by the Company as satisfying the requirements of Section 39.2 of the EPC Contract, the Collateral Agent shall automatically (and without honoring any other notice to draw amounts available under the Construction Contract Additional Security which it has received but not yet submitted to the issuer thereof) execute and deliver to the issuer of the Construction Contract Additional Security a fully complete drawing certificate in an amount equal to the Construction Contract Additional Security's then-current undrawn stated amount (as determined in accordance with the terms thereof), unless the Collateral Agent shall have received from the Company a fully completed copy of the Notice of Final Completion (as defined in the EPC Contract).

(l) Funds Transfer Required Pursuant to the Financing Agreement. Notwithstanding anything in this Section 5.05 to the contrary, on or after the earlier of the third anniversary of the issuance date of the Series 2017 Bonds or the Final Completion Date, the Collateral Agent shall transfer all amounts on deposit in the Construction Collateral Fund representing the proceeds of Tax-Exempt Bonds to the Trustee for the purpose of redeeming Tax-Exempt Bonds in accordance with Section 7.3(c) of the Financing Agreement.

Section 5.06 Construction Collateral Fund Requisition Procedures.

(a) Withdrawals from all sub-accounts of the Construction Collateral Fund, collectively, may be made from time to time, subject to the terms and conditions of Section 5.05 and this Section 5.06 (to the extent applicable).

(b) Subject to the last sentence of this clause (b) and other than as expressly provided in Sections 5.05(g), 5.05(h) and 5.05(k), the Company shall request disbursements of monies on deposit in the Construction Collateral Fund (and any sub-account thereof) by delivering to the Collateral Agent (with a copy to each Agent), not later than the tenth (10^{th}) Business Day prior to the proposed date of disbursement (unless such disbursement is requested on the Closing Date, in which case no prior notice shall be required), a withdrawal certificate (the "Company Withdrawal Certificate") signed by an Authorized Company Representative in the form of Exhibit I attached hereto (together with a certificate of the Engineer in the form of Exhibit J attached hereto (the "Engineer Withdrawal Certificate"), in each case, to the extent necessary for compliance with

Section 5.06(c) and Section 5.06(d)) (collectively, a "Requisition"); provided, that an Engineer Withdrawal Certificate shall only be required to the extent a Requisition includes a disbursement for payment of Project Costs or Other Project Costs. Company may make Requisitions no more frequently than twice per month. Upon receipt of each Requisition, the Collateral Agent shall make the payments set forth in such Requisition out of money in the Construction Collateral Fund (and each sub-account thereof) as set forth in such Requisition. For the avoidance of doubt, the Collateral Agent is not prevented by the two (2) Business Day notice requirement from paying the obligations set forth in the Requisition prior to the date of disbursement proposed in the Requisition. In making such payments the Collateral Agent may conclusively rely upon the Requisition without further inquiry. However, notwithstanding anything to the contrary contained herein, Collateral Agent may decline to disburse funds pursuant to a Requisition if Collateral Agent determines that any such Requisition is incomplete in any material respect, or does not include the attachments required by this Section 5.06 and provides notice thereof and the basis for such assertion to the Company. Except as provided in Sections 5.05(g), 5.05(h), 5.05(k) and 5.05(l), any payments from the Construction Collateral Fund shall be made by the Collateral Agent solely based on Requisitions received from time to time pursuant to this Section 5.06. The opening of or requisitioning of amounts on deposit in any new sub-accounts pursuant to Section 5.05(k) shall be made by the Collateral Agent solely based on instructions received by the Collateral Agent from the Company.

(c) Each Company Withdrawal Certificate shall set forth the funds requested to be withdrawn and the applicable accounts and payees to which such funds shall be transferred (with a description of the purpose therefor), referencing customary invoices, to the extent required, and attaching (x) a Disbursement Endorsement (with respect to disbursements of bond proceeds), and (y) a lien waiver from the EPC Contractor in accordance with the requirements of the EPC Contract, and lien waivers in accordance with the requirements of the EPC Contract from all Major Subcontractors with respect to which work has been performed and for which disbursement is requested, conditioned solely upon payment of such requisitioned funds. Such Company Withdrawal Certificate shall also include a statement from the EPC Contractor representing that the EPC Contractor has made all payments or arranged for payment of all payments due and payable to all of its Subcontractors (as defined in the EPC Contract) with respect to work which has previously been reimbursed by a Requisition. Each Company Withdrawal Certificate shall include the following certifications of the Company as of the date of proposed requisition:

(i) All amounts previously requisitioned pursuant to prior Requisitions for the payment or reimbursement of Project Costs or Other Project Costs, as applicable, have been applied solely to pay or reimburse Project Costs or Other Project Costs, as applicable;

(ii) All amounts requisitioned in such Company Withdrawal Certificate relate to Project Costs or Other Project Costs, as applicable, that have been or are reasonably projected to be incurred in connection with the Project within thirty (30) days and none have been the basis for a prior Requisition that has been paid;

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(iii) Solely to the extent funds are being requisitioned pursuant to such Requisition to pay the EPC Contractor, no Act of Bankruptcy in respect of the EPC Contractor has occurred and is continuing;

(iv) Solely to the extent funds are being requisitioned pursuant to such Requisition to pay Project Costs or Other Project Costs, no Funding Shortfall exists; and

(v) No Event of Default has occurred and is continuing.

(d) Subject to Section 5.06(e) and Section 5.06(f) hereof, each Engineer Withdrawal Certificate shall include the following certifications of the Engineer, in its reasonable belief, as of the date of proposed requisition:

(i) Based on its reasonable belief, no Funding Shortfall exists; and

(ii) Solely to the extent funds are being requisitioned pursuant to such Requisition to pay the EPC Contractor, (A) the work performed by the EPC Contractor pursuant to the EPC Contract to date has been performed in accordance with the terms of the EPC Contract; (B) the amount being paid to the EPC Contractor pursuant to the applicable Requisition does not exceed the amount then due and payable to the EPC Contractor under the EPC Contract, and (C) in its reasonable belief, Substantial Completion can be achieved by the Outside Operations Date.

(e) No funds shall be requisitioned under this Section 5.06 from any sub-account of the Construction Collateral Fund with respect to the payment of interest on the Series 2017 Bonds unless no more funds are available in the Series 2017 Capitalized Interest Account under the Indenture, and the only certification required to be made to requisition for due payment of interest shall be a certification by the Company that as of the date of the proposed requisition, no Financing Default Event has occurred and is continuing with respect to the applicable Bonds (each such requisition solely of interest in accordance with this Section 5.06(e), an "Interest Requisition"); provided that, following the funding by the Collateral Agent of any Interest Requisition, the Collateral Agent shall request a certificate from the Engineer certifying that, based on its reasonable belief, no Funding Shortfall then exists or would directly result from such requisition. If the Engineer cannot deliver such certificate, the Collateral Agent shall withhold funding future Interest Requisitions unless and until (i) the Engineer is able to deliver a certificate to the Collateral Agent certifying that, based on its reasonable belief, no Funding Shortfall then exists or would directly result from such requisition, or (ii) the Collateral Agent is instructed by the Trustee (at the direction of the Holders or Beneficial Owners of at least a majority of the aggregate principal amount of Series 2017 Bonds outstanding) to resume funding of such Interest Requisitions without the delivery of such certificate; provided further that, notwithstanding any instructions of the Holders or Beneficial Owners of Series 2017 Bonds, the Collateral Agent shall not withhold funding of any requisitions that satisfy all the conditions that would otherwise apply to requisitions of such amounts pursuant to this Section 5.06 (other than this clause (e)).

(f) Notwithstanding the foregoing, the Company shall not be able to requisition for the payment of Project Costs or Other Project Costs from any sub-account of the Construction

Collateral Fund subject to the requisition procedures of Section 5.06 to the extent any of the following events shall have occurred and are continuing:

(i) an Event of Default has occurred and is continuing;

(ii) solely to the extent funds are being requisitioned pursuant to such requisition to pay the EPC Contractor and solely with respect to payments to the EPC Contractor, an Act of Bankruptcy in respect of the EPC Contractor has occurred and is continuing;

(iii) a Disbursement Endorsement to the extent required to be delivered with respect to a requisition has not been delivered with such requisition (until and unless such Disbursement Endorsement is provided);

(iv) lien waivers from the EPC Contractor and from all other Major Subcontractors, in each case, as and to the extent required by the EPC Contract and conditioned solely upon payment of such requisitioned funds, have not been delivered with such requisition (until and unless such lien waiver is provided); provided that the requirement for delivery of any lien waiver shall be deemed to be satisfied to the extent that a bond or other security is provided by the EPC Contractor in an amount equal to at least the payment amount that would have been covered by such lien waiver; or

(v) a lien (other than a Permitted Lien) previously filed by the EPC Contractor or any Subcontractor (as defined in the EPC Contract) has not been bonded over or discharged;

in each case, as evidenced by the failure of the Company or the Engineer, as applicable, to provide the applicable certification or accompanying attachments as part of the Requisition.

EXHIBIT G

CERTIFICATE OF FULCRUM REGARDING FEDERAL, STATE & LOCAL APPROVALS

(Attached)

Carson City: 1830 E. College Parkway, Suite 100 Carson City, Nevada 89706 - Telephone (775) 684-2999 - Fax (775) 684-2998

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CERTIFICATE OF FULCRUM SIERRA BIOFUELS, LLC REGARDING FEDERAL, STATE, AND LOCAL APPROVALS OF THE PROJECT

This certification is made by Fulcrum Sierra BioFuels, LLC, a Delaware limited liability company validly authorized to do business under the laws of the State of Nevada ("Fulcrum"), in connection with the findings made by the Director of the State of Nevada Department of Business and Industry (the "Director") pursuant to Nevada Revised Statutes 349.580(2)(b) relating to the issuance by the Director of the State of Nevada Department of Business and Industry Environmental Improvement Revenue Bonds (Fulcrum Sierra BioFuels, LLC Project), (Green Bonds), in one or more issues, for the purpose of assisting in the financing or refinancing of a portion of the costs of (i) constructing and equipping a facility owned by Fulcrum and operated by Fulcrum BioEnergy, Inc. (the "Operator") to be used for converting municipal solid waste into renewable fuel products located on an approximately 19.4-acre site to be located at 3600 Peru Drive in the Tahoe-Reno Industrial Center, Storey County, Nevada (the "Biorefinery") and/or (ii) the improvements to and equipping of the facility owned by Fulcrum and operated by the Operator used for preliminary sorting and processing of municipal solid waste located on an approximately 10.0-acre site at 350 Saddle Court in Mustang, Storey County, Nevada (the "Feedstock Processing Facility" and, together with the Biorefinery, the "Project").

THE UNDERSIGNED, DOES HEREBY CERTIFY THAT the Project has received all approvals by local, state and federal governments which may be necessary at this time to proceed with the construction, improvement, rehabilitation or redevelopment of the Project.

IN WITNESS WHEREOF, I have hereunto set my signature as an authorized officer of Fulcrum this 20 day of November, 2017.

FULCRUM SIERRA BIOFUELS, LLC, a
Delaware limited liability company

By: ______________________________
Jeanne Benedetti

Its: Vice President

EXHIBIT H

FORM OF CERTIFICATE OF APPROVAL BY THE STATE BOARD OF FINANCE AND RESOLUTION OF APPROVAL BY THE COUNTY COMMISSIONERS

(Attached)

Carson City: 1830 E. College Parkway, Suite 100 Carson City, Nevada 89706 - Telephone (775) 684-2999 - Fax (775) 684-2998

Las Vegas: 3300 W. Sahara Avenue, Suite 425 Las Vegas, Nevada 89101 - Telephone (702) 486-2750 - Fax (702) 486-2758

www.business.nv.gov

CERTIFICATE OF APPROVAL BY THE STATE BOARD OF FINANCE

The undersigned duly qualified Chief Deputy Treasurer and Ex-Officio Secretary of the State Board of Finance of the State of Nevada (the "Board of Finance"), does hereby certify as follows:

1. The Board of Finance met on December 4, 2017, in a duly noticed open meeting at which a quorum of the members of the Board of Finance were in attendance.

2. At such meeting the Board of Finance approved the Findings of the Director of the Department of Business and Industry of the State of Nevada (the "Director") dated as of November 27, 2017, relating to its Environmental Improvement Revenue Bonds (Fulcrum Sierra BioFuels, LLC Project) (Green Bonds) to be issued in one or more series or issues (the "Bonds") and reviewed the Additional Considerations contained therein.

3. The foregoing actions have not been amended, modified, rescinded and are now in full force and effect.

IN WITNESS WHEREOF, I have executed and delivered this Certificate on the date set forth below.

Dated this 4th day of December, 2017.

STATE BOARD OF FINANCE

By:______________________________

Tara Hagan
Chief Deputy Treasurer
Ex-Officio Secretary

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RESOLUTION NO. ____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF STOREY APPROVING CERTAIN FINDINGS MADE BY THE DIRECTOR OF THE DEPARTMENT OF BUSINESS AND INDUSTRY OF THE STATE OF NEVADA PURSUANT TO NEVADA REVISED STATUTES SECTION 349.580 RELATING TO THE FINANCING OF A SOLID WASTE DISPOSAL FACILITY PROJECT LOCATED IN THE COUNTY OF STOREY; AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO.

WHEREAS, Fulcrum Sierra BioFuels, LLC, a Delaware limited liability company ("Fulcrum"), a wholly owned subsidiary of Fulcrum BioEnergy, Inc. (the "Operator"), has applied to the Director of the State of Nevada Department of Business and Industry (the "Director") for the issuance of industrial development revenue bonds (the "Bonds") pursuant to Nevada Revised Statutes ("NRS") Sections 349.400 to 349.670, inclusive, for the purpose of assisting in the financing or a refinancing of a portion of the costs of (i) constructing and equipping a facility owned by Fulcrum and operated by the Operator to be used for converting municipal solid waste into renewable fuel products located on an approximately 19.4-acre site located at 3600 Peru Drive in the Tahoe-Reno Industrial Center, Storey County, Nevada (the "Biorefinery") and/or (ii) the improvements to and equipping of the facility owned by Fulcrum and operated by the Operator used for preliminary sorting and processing of municipal solid waste located on an approximately 10.0-acre site located at 350 Saddle Court in Mustang, Storey County, Nevada (the "Feedstock Processing Facility" and, together with the Biorefinery, the "Project"); and

WHEREAS, pursuant to NRS Section 349.580, the Director, after reviewing the application and other materials submitted to the Director, has made certain findings with respect to the financing of the Project as are provided in the "Findings of the Director of the State of Nevada Department of Business and Industry Pursuant to Nevada Revised Statutes 349.580(2) Relating to the Financing of an Industrial Project to be Located in Storey County, Nevada" (the "Director's Findings"), contained in a Memorandum of Findings, dated November 27, 2017, addressed to the Nevada State Board of Finance and the Storey County (the "County") Board of County Commissioners (the "Board of County Commissioners"); and

WHEREAS, the Director requests in the Director's Findings that the Board of County Commissioners approve the Director's Findings pursuant to NRS Section 349.580(2); and

WHEREAS, the Board of County Commissioners has reviewed the Director's documents and heard testimony before the Board of County Commissioners concerning the Director's Findings;

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Storey County, Nevada the following:

1. The Director's Findings be and the same hereby are approved pursuant to NRS Section 349.580(2), based upon the materials submitted by the Director and other material

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submitted to the Board of County Commissioners, the existence of all discretionary approvals necessary for the construction, improvement, rehabilitation or redevelopment of the project and testimony described above in the final preamble hereto. This approval is made for the purposes of NRS Section 349.580(2). It is not (i) an analysis of the Bonds or the appropriateness or risks of the Bonds as investments, (ii) a guarantee, or (iii) a finding that there is no risk in the Project, the Bonds or both.

2. The approval in Paragraph 1 is based upon the satisfaction of the requirements of the Director.

3. The Clerk-Treasurer of the Board of County Commissioners is hereby authorized and directed to mail a certified copy of this Resolution to the Director.

4. Nothing in this Resolution obligates the County in any way with respect to the Project or the Bonds.

5. If any action taken herein is found to be unenforceable, the remaining actions and provisions of this Resolution shall remain valid and enforceable unless and until the Board of County Commissioners determines otherwise.

6. The County Manager and County Attorney are authorized to take all steps necessary to carry out the actions taken herein and to carry out the purpose and intent of this Resolution.

7. This Resolution shall be effective upon its passage and approval.

PASSED AND ADOPTED THIS ____ day of ____________, 2017.

AYES:

NAYS:

____

Marshall McBride
Chairman

ATTEST:

____

Vanessa A. Stephens
County Clerk-Treasurer

Carson City: 1830 E. College Parkway, Suite 100 Carson City, Nevada 89706 - Telephone (775) 684-2999 - Fax (775) 684-2998

Las Vegas: 3300 W. Sahara Avenue, Suite 425 Las Vegas, Nevada 89101 - Telephone (702) 486-2750 - Fax (702) 486-2758
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FENNEMORE CRAIG
ATTORNEYS

Richard F. Jost
rjost@fclaw.com

300 South Fourth Street, Suite 1400
Las Vegas, NV 89101
PH (702) 692-8008 | **FX** (702) 692-8068
fennemorecraig.com

November 22, 2017

VIA EMAIL (trhagan@nevadatreasurer.gov)

Nevada State Board of Finance
c/o Tara R. Hagan, Chief Deputy Treasurer
Nevada State Treasurer's Office
101 N. Carson Street, Suite 4
Carson City, Nevada 89701

Re: Henderson Public Improvement Trust
Issuance of Tax Exempt Private Activity Bonds
for Touro University Nevada, a 501c3 Educational Institution

Dear Ms. Hagan:

Please accept this letter as a formal request that the Nevada State Board of Finance consider at its special meeting in December of 2017 approving the proposed method of financing and the financial responsibility of the underwriter of the bonds pursuant to the requirements of Section 7A.080 of the Henderson City Charter, the Nevada law under which the Henderson Public Improvement Trust issues tax exempt private activity bonds. For your convenience a copy of Section 7A.080 is enclosed with this letter. The trustees of the Henderson Public Improvement Trust have met and adopted a resolution to move forward on this financing. Last night, November 21, 2017, the Henderson City Council adopted an ordinance to approve that resolution pursuant to Section 7A.070 of the City Charter. The remaining requirement to authorize this transaction is the approval of the method of financing proposed by the Trust and the financial responsibility of the underwriter of the bonds. The bond documents describing this transaction are available in draft form and I will forward them to you. Because we are rushing to complete this transaction before the end of the year as a result of the tax reform act introduced in the House of Representatives we are only able to supply draft documents at this time. As more final documents become available, we will supplement your backup materials for this request with more complete documents.

Thank you again for your assistance in processing this request.

Very truly yours,

FENNEMORE CRAIG, P.C.

Richard F. Jost

Enc.

cc: Lori Grossman, Secretary, Henderson Public Improvement Trust
Wade Gochnour, Assistant Henderson City Attorney

Sec. 7A.080 Approval of financing method, underwriters by State Board of Finance. The State Board of Finance shall first review and approve the method of finance proposed by any trust created pursuant to the former provisions of NRS 242B.010 to 242B.100, inclusive, or the provisions of this article, and must approve the underwriter or financial institution preparing and offering the proposed issue for sale, as to the financial responsibility of such underwriter or financial institution, before such issue may be offered or sold.

RESOLUTION NUMBER 157

RESOLUTION OF THE BOARD OF TRUSTEES OF THE CITY OF HENDERSON, NEVADA PUBLIC IMPROVEMENT TRUST PRELIMINARILY PROVIDING FOR THE ISSUANCE AND SALE OF UP TO $15,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF PRIVATE ACTIVITY BONDS FOR THE TOURO UNIVERSITY EDUCATIONAL FACILITY PROJECT; APPROVING THE FORMS AND AUTHORIZING THE EXECUTION OF A TERMS LETTER AND A CERTIFICATE OF THE CHAIRMAN OF THE CITY OF HENDERSON, NEVADA PUBLIC IMPROVEMENT TRUST.

WHEREAS, the City of Henderson, Nevada Public Improvement Trust (the "Trust") is a trust for the furtherance of public functions formed for and on behalf of the City of Henderson, Nevada (the "City") pursuant to that certain Declaration of Trust dated as of August 23, 1973 and Article VIIA of the Charter of the City; and

WHEREAS, the Trust proposes to issue and sell its private activity bonds (the "Bonds **"**) in one or more series totaling in the aggregate principal amount of up to $15,000,000 to fund the acquisition, construction, renovation, improvement, and equipping of additions to an educational facility for Touro University Nevada (the "Borrower") a Nevada non-profit corporation; and

WHEREAS, the proceeds of the Bonds will be used to acquire, construct, renovate, improve, and equip additions to an educational facility for use by the Borrower to be located at 874 & 882 American Pacific Drive, Henderson, Nevada (the "Project"); and

WHEREAS, the Bonds will be private activity bonds pursuant to Section 141 of the Internal Revenue Code of 1986, as amended (the "**Code"); and**

WHEREAS, the Trust proposes to issue the Bonds on the terms and conditions as set forth in a terms letter (the **"Terms Letter"),** and a Certificate of the Chairman of the City of Henderson, Nevada Public Improvement Trust (the **"Certificate")** in substantially the forms attached hereto as Exhibits A and B, respectively; and

WHEREAS, the Trust has received a bond financing deposit of $12,500 which will be used to pay in part the professional legal consultants being hired by the Trust and other expenses of the Trust related to the Project; and

WHEREAS, Section 147(f) of the Code requires public approval of private activity bonds by the Applicable Elected Representative of the governmental unit issuing the bonds following a public hearing; and

WHEREAS, the Regulations pursuant to which such a public hearing is to be held, 26 C.F.R. Section 5f.103-2(g)(2), provide that the issuer, rather than the Applicable Elected Representative, may appoint an individual as its hearing officer to conduct such public hearing; and

WHEREAS, the Trustees propose to appoint Assistant City Attorney Wade Gochnour as the Hearing Officer of the Trust, and to recommend to the City Council of the City of Henderson that it confirm such appointment, for purposes of satisfying the public approval requirements of Section 147(f) of the Code.

NOW, THEREFORE, the Board of Trustees of the Trust does hereby find, resolve, determine and order as follows:

Section I. Recitals. The recitals set forth hereinabove are true and correct in all respects.

Section 2. Declaration of Intent. The Trust hereby declares its intent to pursue the Project, and hereby authorizes and adopts a plan to proceed with the Project, subject to approval of the City and the State of Nevada Board of Finance as required by Article VIIA of the City Charter.

Section 3. Financing of Project. The Trust hereby declares its intent to finance the Project according to the requirements set forth in Article VIIA of the City Charter.

Section 4. Approval of Financial Institution. The Trust hereby approves Stifel, Nicolaus & Company, Incorporated as initial purchaser of the Bonds for the Project.

Section 5. Bond Authorization and Terms. The issuance of the Bonds in one or more series in an aggregate principal amount not to exceed $15,000,000 is hereby authorized and approved. The Bonds shall be issued in the form and pursuant to the terms and conditions set forth in the Terms Letter, subject to the changes, if any, to be made to the Terms Letter as authorized by Section 6 hereof.

Section 6. Acceptance and Execution of the Terms Letter. A Terms Letter in substantially the form attached hereto as Exhibit A is hereby approved. The Chairman and Secretary of the Trust are hereby authorized and directed for and in the name of the Trust to execute, acknowledge, and deliver a Terms Letter which conforms substantially to Exhibit A, with such changes as the Chairman, with the advice of Bond Counsel and Trust Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. Acceptance and Execution of the Certificate of Chairman. A Certificate in substantially the form attached hereto as Exhibit B is hereby approved. The Chairman and Secretary of the Trust are hereby authorized and directed for and in the name of the Trust to execute, acknowledge, and deliver a Certificate which conforms substantially to Exhibit B, with such changes as the Chairman, with the advice of Bond Counsel and Trust Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. Appointment of Hearing Officer for Applicable Elected Representative. The Trust hereby appoints Assistant City Attorney Wade Gochnour as its Hearing Officer for purposes of holding public hearings needed to satisfy the public approval requirements for private activity bonds set forth in Section 147(f) of the Code.

Section 9. City Council Confirmation. Pursuant to Article VIIA of the Henderson City Charter, the Trust hereby requests that the Henderson City Council confirm the appointment of Assistant City Attorney Wade Gochnour as Hearing Officer for purposes of holding public hearings needed to satisfy the public approval requirements for private activity bonds set forth in Section 147(f) of the Code.

Section 10. Public Hearing. Pending the Henderson City Council's confirmation, the Trust's appointed hearing officer shall hold a public hearing on Tuesday, November 28, 2017, at 9:00 A.M., at Henderson City Hall, 4th floor, City Attorney's Office, Seven Hills Conference Room, 240 Water Street, Henderson, Nevada 89015, concerning these Bonds and this Project, in compliance with Section 147(f) of the Code.

Section 11. Additional Action. The trustees of the Trust are hereby authorized and directed to take all actions as necessary to effectuate the issuance of the Bonds and carry out the duties of the Trust hereunder and under and pursuant to the Terms Letter and Certificate including the execution of all closing documents and certificates pertaining to the Bonds as deemed appropriate by Bond Counsel and Trust Counsel.

Section 12. Enforceability. If any section, paragraph, clause, or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution. This resolution shall go into effect immediately upon its passage.

ADOPTED, SIGNED AND APPROVED this 16th day of November, 2017.

By: Steven D. Grierson

Steve Grierson, Chairman,
Board of Trustees, City of Henderson,
Nevada Public Improvement Trust

ATTEST:

By: Lori D. Grossman

Lori D. Grossman, Secretary
City of Henderson, Nevada
Public Improvement Trust

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

I, LORI D. GROSSMAN, the duly appointed and qualified Secretary of the City of Henderson, Nevada Public Improvement Trust (the "**Trust**") do hereby certify that:

The foregoing is a true and correct copy of Resolution No. 157 passed by the Trust at a regular meeting thereof held at the Mayor and Council Boardroom, City Hall, Henderson, Nevada, the regular meeting place of the Trust, on Thursday, the 16th day of November, 2017.

A true copy of the Resolution has been duly entered into the records of that meeting and signed by the Chairman and myself, as Secretary;

The foregoing pages, numbered 1 through 4 inclusive, constitute a true and correct copy of the record of proceedings of the Trust at said meeting insofar as the proceedings relate to the Resolution;

The proceedings were duly had and taken;

All members of the Trust were given due and proper notice of the meeting including, but not limited to, the notice required by NRS 241.020; and

The Resolution was passed by the following vote:

Those voting aye: Steven Grierson
Ken Herman
Aaron Richardson
Cecilia Schaffer
Derek Muaina

Those voting nay: none

Those abstaining or absent: none

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of November, 2017.

Lori D. Grossman
LORI D. GROSSMAN, Secretary
City of Henderson, Nevada
Public Improvement Trust

CERTIFICATE OF THE CHAIRMAN OF THE CITY OF HENDERSON, NEVADA PUBLIC IMPROVEMENT TRUST PROVIDING FOR THE FINANCING OF THE TOURO UNIVERSITY EDUCATIONAL FACILITY PROJECT IN THE CITY OF HENDERSON, NEVADA

WHEREAS, Touro University, a Nevada non-profit corporation (herein called the "Borrower") has submitted an application to the Chairman of the City of Henderson, Nevada Public Improvement Trust (herein called the "Chairman" and the "Trust," respectively) for the issuance of bonds (herein called the "Bonds") to provide for the financing of the acquisition, construction, renovation, improvement, and equipping of an educational facility to be located at 874 & 882 American Pacific Drive in the City of Henderson, Nevada (herein called the "Project"); and

WHEREAS, the Chairman has full legal right, power, and authority under the Henderson City Charter including Article VIIA, Sections 7A.010 through 7A.110 thereof (herein called the "Act"), to issue Bonds to finance the Project; and

WHEREAS, the Borrower now requires evidence of a present intent on the part of the Trust to issue such Bonds for such purposes;

NOW, THEREFORE, the Chairman hereby certifies as follows:

1. It is the present intent of the Trust to issue Bonds in an amount not to exceed $15,000,000 in one or more series to provide financing for the Project.

2. The Bonds shall be issued subject to the Chairman by appropriate official action agrees to acceptable terms and conditions for the Bonds (and for the sale and delivery thereof) and to all other documents and agreements to be executed by the Chairman in connection with such Bonds.

3. It is the purpose and intent of the Chairman that this certificate constitutes official action towards the issuance of Bonds by the Chairman for the Project in accordance with 26 C.F.R. Section 1.150-2(e).

4. This certificate shall take effect immediately upon its execution.

I, STEVE GRIERSON, Chairman of the City of Henderson, Nevada Public Improvement Trust, have executed this certificate this 16th day of November, 2017.

By: Steve D. Grierson

Steve Grierson, Chairman
City of Henderson, Nevada Public Improvement Trust

CITY OF HENDERSON, NEVADA
PUBLIC IMPROVEMENT TRUST
240 Water Street, PO Box 95050
Henderson, Nevada 89009-5050
(702) 267-2066
FAX: (702) 267-2081

November 16, 2017

Melvin M. Ness, SVP, CFO
Touro College and University System
500 Seventh Avenue, 4th Floor
New York, NY 10018

Re: City of Henderson, Nevada Public Improvement Trust Tax Exempt Bond Financing

Dear Mr. Ness:

The purpose of this letter is to set forth certain terms and conditions under which the Chairman of the City of Henderson, Nevada Public Improvement Trust (the "Chairman" and the "Trust," respectively) will assist in financing the acquisition, construction, renovation, improvement, and equipping of additions to an educational facility to be located at 874 & 882 American Pacific Drive in Henderson, Nevada (the "Project") to be owned and operated by Touro University, Nevada.

The Chairman has engaged the law firm of Fennemore Craig, as Trust Bond Counsel, to advise and assist the Trust with respect to the issuance of private activity bonds (the "Bonds") to provide financing for the Project.

By signing and returning the enclosed copy of this letter, you agree to the following on behalf of the undersigned (the "Borrower"):

1. The Borrower agrees to pay all costs involved in the issuance of the Bonds, including by way of example and not limitation, administrative costs incurred by the Trust (the "Administrative Costs") as well as fees and disbursements of bond counsel, and of any other experts engaged by the Chairman or by the Trust or by the Borrower in connection with the Bonds. In this connection, the Chairman expressly notes that bond counsel must complete a preliminary review of the ability of Borrower to comply with all legal requirements pertaining to the proposed Project. In addition to paying the Administrative Costs and other costs as noted above, the Borrower agrees to pay the costs of bond printing and other printing costs, publication costs, and costs incurred, if appropriate, in order to obtain ratings for the Bonds. The Borrower agrees to assume the Trust's obligation for payment of all such costs, including fees and disbursements of advisors and counsel. If the financing is completed, up to 2% of the principal amount of bonds issued may be used to pay the fees for advisors and counsel.

The Borrower hereby agrees to deposit, if it has not already done so, $12,500 with the Trust with the return of this letter. The deposit will be used partially to defray the Trust's Administrative Costs in preparing for the issuance of the bonds and other costs in the event this financing is not completed on or prior to the initial one-year anniversary date noted on the inducement certificate of the Chairman relating to the Project (the "Certificate") or within any extension thereof. The Borrower shall also be responsible for all costs incurred by the Trust, including the full cost of fees and disbursements of the Trust's advisors and counsel, which are not satisfied by such application of the deposit in the event this financing is not completed.

2. The Borrower agrees to pay the costs of preparation of any studies, reports, or other documents necessary to be prepared by or for the Trust to comply with (i) the National Environmental Protection Act and any other applicable environmental law and (ii) any other local, state, or federal law.

3. The Borrower agrees to pay all costs incurred by the Trust in connection with any legal action challenging or affecting the issuance or validity of the Bonds or the use of the proceeds thereof.

4. The Borrower agrees to provide the Trust with any additional information or studies which the Trustees shall determine are necessary to enable the Trust to reach a final determination on the Project and to pay any costs in connection therewith.

5. The Trust hereby approves Stifel, Nicolaus & Company, Incorporated as the initial purchaser of the Bonds for the Project and directs such financial institution to proceed in cooperation with bond counsel with the planning and preparation of the necessary proceedings for such initial purchase.

Subject to: (i) the deposit and a copy of this letter executed by the Borrower being received and (ii) the terms of this letter and the Certificate, the Chairman agrees to proceed, and directs bond counsel to proceed, with the planning and preparation of the necessary proceedings for the financing of the Project.

The Borrower understands that this letter agreement does not exempt it from any requirements of the City of Henderson or the State of Nevada, or any department, agency, or political subdivision of either, that would apply in the absence of the proposed financing, and compliance with such requirements is an express pre-condition to the financing by the City of Henderson, Nevada Public Improvement Trust.

The Borrower further understands and agrees that the obligation of the Trust to issue the Bonds is subject to the following additional contingencies: (i) the Trust being satisfied with all of the terms and conditions of the financing agreement and the other documents and agreements related to the transaction; (ii) that the Bonds are in the best interests of the Trust, the City of Henderson, and State of Nevada; (iii) that neither the Trust nor the State of Nevada will be liable to the

Borrower or to any other party if the Trust shall determine for any reason not to consummate the issuance, sale, or delivery of the Bonds; and (iv) that all of the conditions, limitations, and other provisions contained in the Certificate (a copy of which is enclosed herewith) are expressly incorporated herein and made a part of this letter agreement.

If the foregoing is satisfactory, kindly execute the enclosed copy of this letter and return it, with the deposit, to the Chairman of the City of Henderson, Nevada Public Improvement Trust in which case it will constitute an agreement between us effective as of the date first written above.

Should you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

City of Henderson, Nevada
Public Improvement Trust

By:____________________________
Steve Grierson
Its: Chairman

CONFIRMED AND ACCEPTED:
Touro College and University System

By:____________________________

Its: CEO & Sr Provost

ORDINANCE NO. 3455
(Public Improvement Trust Private Activity Bonds – Touro University Nevada Educational Facility)

AN EMERGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HENDERSON, NEVADA, APPROVING CITY OF HENDERSON, NEVADA PUBLIC IMPROVEMENT TRUST RESOLUTION NO. 157, WHICH PROVIDES FOR THE ISSUANCE BY THE TRUST OF UP TO $15,000,000.00 AGGREGATE PRINCIPAL AMOUNT OF QUALIFIED PRIVATE ACTIVITY BONDS TO FINANCE CERTAIN CAPITAL EXPENDITURES FOR THE TOURO UNIVERSITY EDUCATIONAL FACILITY PROJECT.

WHEREAS, the City of Henderson, Nevada Public Improvement Trust (the "Trust") is a trust for the furtherance of public functions formed for and on behalf of the City of Henderson, Nevada (the "City") pursuant to that certain Declaration of Trust dated as of August 23, 1973 and Article VIIA of the Charter of the City; and

WHEREAS, pursuant to Trust Resolution No. 157, the Trust proposes to issue and sell its private activity bonds (the "Bonds") in one or more series in the aggregate principal amount of up to $15,000,000.00; and

WHEREAS, Trust Resolution No. 157 states that the proceeds of the Bonds will be used to finance certain capital expenditures for the Touro University educational facility of Touro University Nevada, a Nevada non-profit corporation, and to pay certain costs of issuing such bonds (the "Project"); and

WHEREAS, the Bonds will be private activity bonds pursuant to Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, pursuant to Trust Resolution No. 157, the Trust has appointed a Hearing Officer for the Trust for the purpose of holding the public hearing required by Section 147(f) of the Code (the "TEFRA Hearing") and ordered that the TEFRA Hearing be held in compliance with the Code; and

WHEREAS, pursuant to Trust Resolution No. 157, the Bonds shall be issued subject to the conditions that (i) the State Board of Finance and the City Council approve the matters required under Article VIIA of the Henderson City Charter, (ii) the Trust Chairman by appropriate official action agrees to acceptable terms and conditions for the Bonds (and for the sale and delivery thereof) and to all other documents and agreements to be executed by the Chairman in connection with such Bonds, (iii) all requisite government approvals for the Project shall have first been met, (iv) the Bonds shall be payable solely from revenues derived from the financing, leasing, or sale of the Project or other investments made with the proceeds of such Bonds, (v) the Bonds shall not constitute or give rise to any pecuniary liability of the Trust Chairman, the Trust, the City of Henderson, or the State of Nevada, or constitute a charge against the general credit or taxing powers of any of them, and (vi) all other statutory requirements for issuance of the Bonds be met; and

SECTION 3. Approval of Trust Resolution. The City hereby approves the actions of the Trust as described in Trust Resolution No. 157 and approves the issuance of the Bonds on the terms and conditions set forth in such resolution, and those additional terms and conditions specifically relating to the Bonds set forth in the preliminary term sheet attached hereto, provided that any such additional terms and conditions may be modified or amended with the approval of the Chief Financial Officer of the City.

SECTION 4. Further Action. The officers of the City are hereby authorized and directed to take all actions as necessary to carry out the duties of the City hereunder and under Section 147(f) of the Code, and pursuant to Trust Resolution No. 157. The Mayor, or designee, is hereby specifically authorized to take all actions necessary to accept and approve the report of the TEFRA Hearing. The Chairman of the Trust is hereby specifically authorized and directed to take all actions necessary for the City to comply with Section 149 of the Code including, but not limited to, filing IRS form 8038 and any required certificates therewith.

SECTION 5. Final Action Upon the Ordinance. In accordance with Section 2.100(3) and Section 7.040(3) of the City Charter, the City Council may, by unanimous consent, take final action immediately on an ordinance of this kind without filing notice or publishing prior to its adoption. Following approval thereof, this ordinance shall be published at least once by title (or in full if the Council by majority vote so orders), together with the names of the Council Members voting for or against passage, before the Ordinance shall become effective.

SECTION 6. If any section, subsection, sentence, clause, phrase, provision or portion of this Ordinance, or the application thereof to any person or circumstances, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or provisions of this Ordinance or their applicability to distinguishable situations or circumstances.

SECTION 7. All ordinances, or parts of ordinances, sections, subsections, phrases, sentences, clauses or paragraphs contained in the Municipal Code of the City of Henderson, Nevada, in conflict herewith are repealed and replaced as appropriate.

Editor's Note: Pursuant to City Charter Section 2.090(3), language to be omitted is red and enclosed in [brackets], and language proposed to be added is in *blue italics and underlined*.

PASSED, ADOPTED, AND APPROVED THIS 21ST DAY OF NOVEMBER, 2017.

Debra March, Mayor

ATTEST:

Sabrina Mercadante, MMC, City Clerk

The above and foregoing Ordinance was proposed and read in title to the City Council on November 21, 2017, which was a Regular Meeting. In accordance with Henderson City Charter Section 2.100(3) and Section 7.040(3), this ordinance was adopted under emergency procedure without filing notice or publishing prior to its adoption. The City Council voted unanimously to immediately adopt the ordinance by the following roll call vote:

Those voting aye:	Debra March, Mayor Councilmembers: John F. Marz Gerri Schroder Dan K. Shaw Dan H. Stewart
Those voting nay:	None
Those abstaining:	None
Those absent:	None

Debra March, Mayor

ATTEST:

Sabrina Mercadante, MMC, City Clerk

Editor's Note: Pursuant to City Charter Section 2.090(3), language to be omitted is red and enclosed in [brackets], and language proposed to be added is in *blue italics and underlined*.

STIFEL

DRAFT: 11/8/17

Higher Educational Facilities Revenue Bonds, Series 2017

EXAMPLE TERM SHEET v5

Purpose: Provide funds for the purchase of a new building for student housing for the Lander College for Women and the expansion of academic space in Nevada to accommodate increasing demand and enrollment.

Issuers: Dormitory Authority of the State of New York ("DASNY")
City of Henderson, Nevada Public Improvement Trust ("HPIT")

Par Value:
DASNY: $63,825,000
HPIT: $10,965,000
$74,790,000

Sale Date: [December 20, 2017]

Closing Date: [December 28, 2017]

Form of Sale: Negotiated Public Sale

Interest Payments: July 1 and January 1, beginning July 1, 2018

Amortization: Annual Principal –
DASNY: January 1, 2030 thru January 1, 2047
HPIT: January 1, 2020 thru January 1, 2038

Structure: Serial and Term Bonds

Bond Ratings: BBB- Fitch (expected)

Covenants: MTI Provisions regarding both Touro as a consolidated entity and the Obligated Group; see Official Statement

Issuer	Dormitory Authority of the State of New York (DASNY)	Henderson Public Improvement Trust
Name of Series	2017A	2017B
Borrower	Touro	Touro University
Par Components ($ thousand)	$63,825	$10,965
Federal Tax Status	Tax-Exempt	Tax-Exempt
State Tax Status	Tax-Exempt	Tax-Exempt
Local Tax Status	Tax-Exempt	Tax-Exempt
Purpose	New Money	New Money
Final Maturity - January 1	2047	2038
Debt Service Reserve Fund	$6,169,815	$908,250
Average Life (years)	24.867	12.399

STIFEL

DRAFT: 10/19/17-1

Net Proceeds to New Money Projects:	DASNY: $57.5 million for purchase of 625 West 59th Street building and building improvements HPIT: $10 million for academic space build out
Collateral:	MTI Collateral Pledge – 1. Gross revenue pledge on TU, TUN, NYMC and with respect to Touro College only the Health Care and Other Designated Enterprises (Touro College of Osteopathic Medicine, Touro College of Pharmacy and Touro College School of Health Sciences) 2. Cross-collateralization across Obligated Group – cross default, joint and several 3. First mortgage on the 59th Street project will be added to the list of mortgaged property.
Debt Service Reserve Fund:	Least of 3 normal tests for each issue
Capitalized Interest Fund:	DASNY: Through July 1, 2019 HPIT: Through January 1, 2019
Optional Call:	**[**TBD]
Extraordinary Mandatory Call:	1. Normal calamity provisions 2. Unexpended bond proceeds
Maximum Parameters:	**DASNY** Bond Size: **$75,000,000** Term: 30 years **HPIT** Bond Size: $15,000,000 Term: 25 years

$74,790,000.00

Dormitory Authority of the State of New York & Henderson Public Improvement Trust
Higher Education Facilities Revenue Bonds
Touro College and University System Obligated Group, Series 2017

Total Issue Sources And Uses

Dated 12/28/2017 | Delivered 12/28/2017

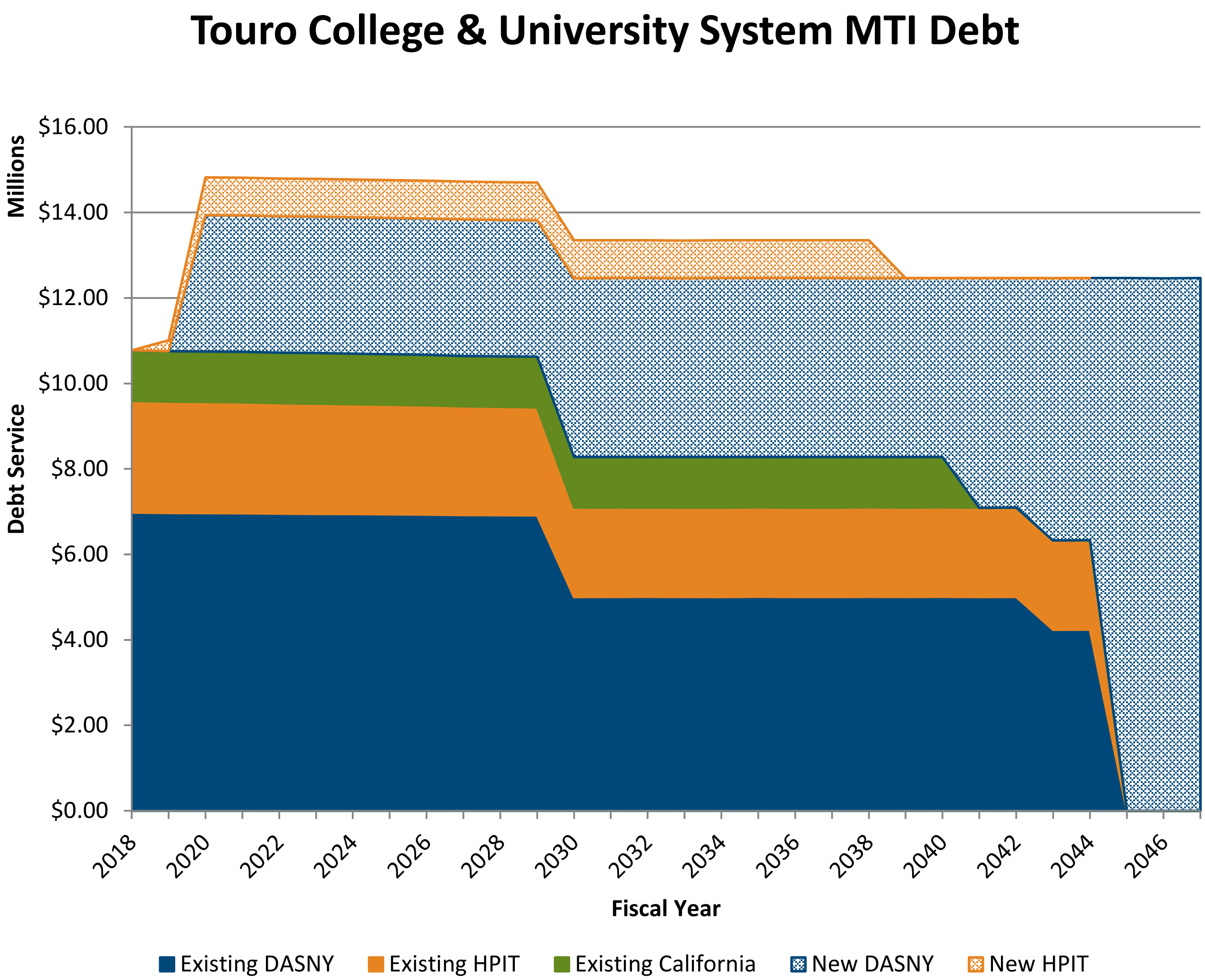
	DASNY	HPIT	Total
Sources Of Funds			
Par Amount of Bonds	$63,825,000.00	$10,965,000.00	$74,790,000.00
Reoffering Premium	5,876,887.35	877,788.10	6,754,675.45
Total Sources	**$69,701,887.35**	**$11,842,788.10**	**$81,544,675.45**
Uses Of Funds			
Lander College Student Housing Project	57,500,000.00	-	57,500,000.00
Touro University Nevada Project	-	10,000,000.00	10,000,000.00
Deposit to Debt Service Reserve Fund (DSRF)	6,169,815.16	908,250.00	7,078,065.16
Deposit to Capitalized Interest (CIF) Fund	4,813,468.75	510,872.08	5,324,340.83
Total Underwriter's Discount (1.125%)	718,031.25	123,356.25	841,387.50
Costs of Issuance	500,000.00	300,000.00	800,000.00
Rounding Amount	572.19	309.77	881.96
Total Uses	**$69,701,887.35**	**$11,842,788.10**	**$81,544,675.45**

Aggregate Net Debt Service (Excluding DSRFs)

Period Ending	DASNY Series 2014A	DASNY Series 2014B	HPIT Series 2014A	HPIT Series 2014B	CMFA Series 2014A	HPIT Series 2017	DASNY Series 2017	Total
07/01/2018	3,319,668.76	3,658,260.00	1,462,575.00	1,150,417.50	1,183,506.26			10,774,427.52
07/01/2019	3,312,593.76	3,654,958.75	1,456,575.00	1,150,248.75	1,180,156.26	253,325.00		11,007,857.52
07/01/2020	3,310,293.76	3,654,242.50	1,450,575.00	1,151,172.50	1,181,431.26	885,875.00	3,191,250.00	14,824,840.02
07/01/2021	3,305,568.76	3,654,825.00	1,443,575.00	1,152,755.00	1,182,256.26	884,175.00	3,191,250.00	14,814,405.02
07/01/2022	3,298,368.76	3,654,117.50	1,435,575.00	1,149,275.00	1,180,156.26	882,175.00	3,191,250.00	14,790,917.52
07/01/2023	3,290,768.76	3,654,777.50	1,427,575.00	1,151,525.00	1,184,856.26	882,700.00	3,191,250.00	14,783,452.52
07/01/2024	3,287,668.76	3,655,550.00	1,419,575.00	1,149,987.50	1,183,656.26	885,500.00	3,191,250.00	14,773,187.52
07/01/2025	3,279,068.76	3,657,456.25	1,411,575.00	1,151,800.00	1,181,656.26	882,600.00	3,191,250.00	14,755,406.27
07/01/2026	3,274,968.76	3,655,275.00	1,403,575.00	1,152,350.00	1,183,756.26	884,000.00	3,191,250.00	14,745,175.02
07/01/2027	3,265,368.76	3,653,318.75	1,395,575.00	1,149,600.00	1,179,956.26	887,000.00	3,191,250.00	14,722,068.77
07/01/2028	3,260,268.76	3,655,868.75	1,387,450.00	1,148,400.00	1,180,256.26	886,375.00	3,191,250.00	14,709,868.77
07/01/2029	3,254,240.63	3,657,206.25	1,379,200.00	1,148,450.00	1,184,456.26	884,500.00	3,191,250.00	14,699,303.14
07/01/2030	5,000,356.25	-	2,094,087.50	-	1,182,128.13	886,250.00	4,185,750.00	13,348,571.88
07/01/2031	5,003,118.75	-	2,090,737.50	-	1,184,100.00	886,500.00	4,188,375.00	13,352,831.25
07/01/2032	5,006,212.50	-	2,089,500.00	-	1,180,381.25	885,250.00	4,188,250.00	13,349,593.75
07/01/2033	5,002,218.75	-	2,090,100.00	-	1,184,562.50	882,500.00	4,185,375.00	13,344,756.25
07/01/2034	5,000,875.00	-	2,092,262.50	-	1,181,512.50	883,125.00	4,189,500.00	13,347,275.00
07/01/2035	5,007,612.50	-	2,090,850.00	-	1,181,231.25	886,875.00	4,185,500.00	13,352,068.75
07/01/2036	5,001,700.00	-	2,090,725.00	-	1,183,456.25	883,750.00	4,188,250.00	13,347,881.25
07/01/2037	5,001,300.00	-	2,091,612.50	-	1,183,056.25	883,750.00	4,187,500.00	13,347,218.75
07/01/2038	5,005,587.50	-	2,093,237.50	-	1,180,031.25	886,625.00	4,183,250.00	13,348,731.25
07/01/2039	5,004,012.50	-	2,090,462.50	-	1,184,118.75	-	4,185,250.00	12,463,843.75
07/01/2040	5,006,025.00	-	2,093,012.50	-	1,180,187.50	-	4,183,250.00	12,462,475.00
07/01/2041	5,001,075.00	-	2,090,612.50	-	-	-	5,371,625.00	12,463,312.50
07/01/2042	5,003,475.00	-	2,092,987.50	-	-	-	5,368,625.00	12,465,087.50
07/01/2043	4,234,125.00	-	2,089,862.50	-	-	-	6,138,125.00	12,462,112.50
07/01/2044	4,238,437.50	-	2,090,962.50	-	-	-	6,133,750.00	12,463,150.00
07/01/2045	-	-	-	-	-	-	12,466,375.00	12,466,375.00
07/01/2046	-	-	-	-	-	-	12,462,125.00	12,462,125.00
07/01/2047	-	-	-	-	-	-	12,464,000.00	12,464,000.00
Total	**$112,974,978.24**	**$43,865,856.25**	**$48,444,412.50**	**$13,805,981.25**	**$27,190,865.75**	**$17,062,850.00**	**$138,367,375.00**	**$401,712,318.99**

Par Amounts Of Selected Issues

-DASNY Series 2014A (Tax-Exemp	55,960,000.00
-DASNY Series 2014B (Taxable)	38,325,000.00
-HPIT Series 2014A (Tax-Exempt	24,365,000.00
M-HPIT Series 2014B (Taxable)	11,905,000.00
-CMFA Series 2014A (Tax-Exempt	17,545,000.00
MTI 2017 HPIT	10,965,000.00
MTI 2017 DASNY	63,825,000.00
TOTAL	**222,890,000.00**



Touro College & University System MTI Debt
Millions
Debt Service
$16.00
$14.00
$12.00
$10.00
$8.00
$6.00
$4.00
$2.00
$0.00
2018
2020
2022
2024
2026
2028
2030
2032
2034
2036
2038
2040
2042
2044
2046
Fiscal Year
Existing DASNY
Existing HPIT
Existing California
New DASNY
New HPIT

STIFEL

Dormitory Authority of the State of New York

Higher Education Facilities Revenue Bonds

Touro College and University System Obligated Group

Series 2017

$63,825,000

Dormitory Authority of the State of New York
Higher Education Facilities Revenue Bonds
Touro College and University System Obligated Group, Series 2017

Sources & Uses

Dated 12/28/2017 | Delivered 12/28/2017

Sources Of Funds

Par Amount of Bonds	$63,825,000.00
Reoffering Premium	5,876,887.35
Total Sources	**$69,701,887.35**

Uses Of Funds

Deposit to Project Construction Fund	57,500,000.00
Deposit to Debt Service Reserve Fund (DSRF)	6,169,815.16
Deposit to Capitalized Interest (CIF) Fund	4,813,468.75
Total Underwriter's Discount (1.125%)	718,031.25
Costs of Issuance	500,000.00
Rounding Amount	572.19
Total Uses	**$69,701,887.35**

$63,825,000

Dormitory Authority of the State of New York

Higher Education Facilities Revenue Bonds

Touro College and University System Obligated Group, Series 2017

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price		YTM	Call Date	Call Price	Dollar Price
01/01/2030	Serial Coupon	5.000%	3.350%	1,020,000.00	111.505%	c	3.798%	01/01/2026	100.000%	1,137,351.00
01/01/2031	Serial Coupon	5.000%	3.400%	1,075,000.00	111.134%	c	3.900%	01/01/2026	100.000%	1,194,690.50
01/01/2032	Serial Coupon	5.000%	3.450%	1,130,000.00	110.765%	c	3.989%	01/01/2026	100.000%	1,251,644.50
01/01/2037	Term 1 Coupon	5.000%	3.570%	6,575,000.00	109.883%	c	4.238%	01/01/2026	100.000%	7,224,807.25
01/01/2042	Term 2 Coupon	5.000%	3.650%	10,920,000.00	109.301%	c	4.371%	01/01/2026	100.000%	11,935,669.20
01/01/2047	Term 3 Coupon	5.000%	3.700%	43,105,000.00	108.938%	c	4.448%	01/01/2026	100.000%	46,957,724.90
Total	-	-	-	**$63,825,000.00**	-	-	-	-	-	**$69,701,887.35**

Bid Information

Par Amount of Bonds	$63,825,000.00
Reoffering Premium or (Discount)	5,876,887.35
Gross Production	$69,701,887.35
Total Underwriter's Discount (1.125%)	$(718,031.25)
Bid (108.083%)	68,983,856.10
Total Purchase Price	$68,983,856.10
Bond Year Dollars	$1,587,116.88
Average Life	24.867 Years
Average Coupon	5.0000000%
Net Interest Cost (NIC)	4.6749542%
True Interest Cost (TIC)	4.4530490%

$63,825,000

Dormitory Authority of the State of New York
Higher Education Facilities Revenue Bonds
Touro College and University System Obligated Group, Series 2017

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S	Fiscal Total
12/28/2017	-	-	-	-	-	-	-	-
07/01/2018	-	-	1,622,218.75	1,622,218.75	-	(1,622,218.75)	-	-
01/01/2019	-	-	1,595,625.00	1,595,625.00	-	(1,595,625.00)	-	-
07/01/2019	-	-	1,595,625.00	1,595,625.00	-	(1,595,625.00)	-	-
01/01/2020	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	-
07/01/2020	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	3,191,250.00
01/01/2021	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	-
07/01/2021	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	3,191,250.00
01/01/2022	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	-
07/01/2022	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	3,191,250.00
01/01/2023	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	-
07/01/2023	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	3,191,250.00
01/01/2024	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	-
07/01/2024	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	3,191,250.00
01/01/2025	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	-
07/01/2025	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	3,191,250.00
01/01/2026	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	-
07/01/2026	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	3,191,250.00
01/01/2027	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	-
07/01/2027	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	3,191,250.00
01/01/2028	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	-
07/01/2028	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	3,191,250.00
01/01/2029	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	-
07/01/2029	-	-	1,595,625.00	1,595,625.00	-	-	1,595,625.00	3,191,250.00
01/01/2030	1,020,000.00	5.000%	1,595,625.00	2,615,625.00	-	-	2,615,625.00	-
07/01/2030	-	-	1,570,125.00	1,570,125.00	-	-	1,570,125.00	4,185,750.00
01/01/2031	1,075,000.00	5.000%	1,570,125.00	2,645,125.00	-	-	2,645,125.00	-
07/01/2031	-	-	1,543,250.00	1,543,250.00	-	-	1,543,250.00	4,188,375.00
01/01/2032	1,130,000.00	5.000%	1,543,250.00	2,673,250.00	-	-	2,673,250.00	-
07/01/2032	-	-	1,515,000.00	1,515,000.00	-	-	1,515,000.00	4,188,250.00
01/01/2033	1,185,000.00	5.000%	1,515,000.00	2,700,000.00	-	-	2,700,000.00	-
07/01/2033	-	-	1,485,375.00	1,485,375.00	-	-	1,485,375.00	4,185,375.00
01/01/2034	1,250,000.00	5.000%	1,485,375.00	2,735,375.00	-	-	2,735,375.00	-
07/01/2034	-	-	1,454,125.00	1,454,125.00	-	-	1,454,125.00	4,189,500.00
01/01/2035	1,310,000.00	5.000%	1,454,125.00	2,764,125.00	-	-	2,764,125.00	-
07/01/2035	-	-	1,421,375.00	1,421,375.00	-	-	1,421,375.00	4,185,500.00
01/01/2036	1,380,000.00	5.000%	1,421,375.00	2,801,375.00	-	-	2,801,375.00	-
07/01/2036	-	-	1,386,875.00	1,386,875.00	-	-	1,386,875.00	4,188,250.00
01/01/2037	1,450,000.00	5.000%	1,386,875.00	2,836,875.00	-	-	2,836,875.00	-
07/01/2037	-	-	1,350,625.00	1,350,625.00	-	-	1,350,625.00	4,187,500.00
01/01/2038	1,520,000.00	5.000%	1,350,625.00	2,870,625.00	-	-	2,870,625.00	-
07/01/2038	-	-	1,312,625.00	1,312,625.00	-	-	1,312,625.00	4,183,250.00
01/01/2039	1,600,000.00	5.000%	1,312,625.00	2,912,625.00	-	-	2,912,625.00	-
07/01/2039	-	-	1,272,625.00	1,272,625.00	-	-	1,272,625.00	4,185,250.00
01/01/2040	1,680,000.00	5.000%	1,272,625.00	2,952,625.00	-	-	2,952,625.00	-
07/01/2040	-	-	1,230,625.00	1,230,625.00	-	-	1,230,625.00	4,183,250.00
01/01/2041	2,985,000.00	5.000%	1,230,625.00	4,215,625.00	-	-	4,215,625.00	-
07/01/2041	-	-	1,156,000.00	1,156,000.00	-	-	1,156,000.00	5,371,625.00
01/01/2042	3,135,000.00	5.000%	1,156,000.00	4,291,000.00	-	-	4,291,000.00	-
07/01/2042	-	-	1,077,625.00	1,077,625.00	-	-	1,077,625.00	5,368,625.00
01/01/2043	4,085,000.00	5.000%	1,077,625.00	5,162,625.00	-	-	5,162,625.00	-
07/01/2043	-	-	975,500.00	975,500.00	-	-	975,500.00	6,138,125.00
01/01/2044	4,290,000.00	5.000%	975,500.00	5,265,500.00	-	-	5,265,500.00	-
07/01/2044	-	-	868,250.00	868,250.00	-	-	868,250.00	6,133,750.00
01/01/2045	11,005,000.00	5.000%	868,250.00	11,873,250.00	-	-	11,873,250.00	-
07/01/2045	-	-	593,125.00	593,125.00	-	-	593,125.00	12,466,375.00
01/01/2046	11,565,000.00	5.000%	593,125.00	12,158,125.00	-	-	12,158,125.00	-
07/01/2046	-	-	304,000.00	304,000.00	-	-	304,000.00	12,462,125.00
01/01/2047	12,160,000.00	5.000%	304,000.00	12,464,000.00	(6,169,815.16)	-	6,294,184.84	-
07/01/2047	-	-	-	-	-	-	-	6,294,184.84
Total	**$63,825,000.00**	**-**	**$79,355,843.75**	**$143,180,843.75**	**(6,169,815.16)**	**(4,813,468.75)**	**$132,197,559.84**	**-**

MTI 2018 DASNY 11.8.17 | SINGLE PURPOSE | 11/ 8/2017 | 12:31 PM

Stifel
Public Finance

STIFEL

Henderson Public Improvement Trust

Higher Education Facilities Revenue Bonds

Touro College and University System Obligated Group

Series 2017

$10,965,000

Henderson Public Improvement Trust

Higher Education Facilities Revenue Bonds

Touro College and University System Obligated Group, Series 2017

Sources & Uses

Dated 12/28/2017 | Delivered 12/28/2017

Sources Of Funds

Par Amount of Bonds	$10,965,000.00
Reoffering Premium	877,788.10
Total Sources	**$11,842,788.10**

Uses Of Funds

Deposit to Project Construction Fund	10,000,000.00
Deposit to Debt Service Reserve Fund (DSRF)	908,250.00
Deposit to Capitalized Interest (CIF) Fund	510,872.08
Costs of Issuance	300,000.00
Total Underwriter's Discount (1.125%)	123,356.25
Rounding Amount	309.77
Total Uses	**$11,842,788.10**

$10,965,000

Henderson Public Improvement Trust
Higher Education Facilities Revenue Bonds
Touro College and University System Obligated Group, Series 2017

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price		YTM	Call Date	Call Price	Dollar Price
01/01/2020	Serial Coupon	3.000%	2.470%	385,000.00	101.032%		-	-	-	388,973.20
01/01/2021	Serial Coupon	3.000%	2.560%	395,000.00	101.266%		-	-	-	400,000.70
01/01/2022	Serial Coupon	3.000%	2.720%	405,000.00	101.056%		-	-	-	409,276.80
01/01/2023	Serial Coupon	4.000%	2.830%	420,000.00	105.427%		-	-	-	442,793.40
01/01/2024	Serial Coupon	4.000%	2.920%	440,000.00	105.912%		-	-	-	466,012.80
01/01/2025	Serial Coupon	4.000%	3.020%	455,000.00	106.148%		-	-	-	482,973.40
01/01/2026	Serial Coupon	4.000%	3.170%	475,000.00	105.829%		-	-	-	502,687.75
01/01/2027	Serial Coupon	5.000%	3.270%	500,000.00	112.102%	c	3.427%	01/01/2026	100.000%	560,510.00
01/01/2028	Serial Coupon	5.000%	3.360%	525,000.00	111.431%	c	3.628%	01/01/2026	100.000%	585,012.75
01/01/2029	Serial Coupon	5.000%	3.440%	550,000.00	110.838%	c	3.787%	01/01/2026	100.000%	609,609.00
01/01/2030	Serial Coupon	5.000%	3.500%	580,000.00	110.396%	c	3.907%	01/01/2026	100.000%	640,296.80
01/01/2031	Serial Coupon	5.000%	3.550%	610,000.00	110.030%	c	4.003%	01/01/2026	100.000%	671,183.00
01/01/2032	Serial Coupon	5.000%	3.600%	640,000.00	109.665%	c	4.087%	01/01/2026	100.000%	701,856.00
01/01/2038	Term 1 Coupon	5.000%	3.740%	4,585,000.00	108.650%	c	4.348%	01/01/2026	100.000%	4,981,602.50
Total	-	-	-	**$10,965,000.00**	-	-	-	-	-	**$11,842,788.10**

Bid Information

Par Amount of Bonds	$10,965,000.00
Reoffering Premium or (Discount)	877,788.10
Gross Production	$11,842,788.10
Total Underwriter's Discount (1.125%)	$(123,356.25)
Bid (106.880%)	11,719,431.85
Total Purchase Price	$11,719,431.85
Bond Year Dollars	$135,956.38
Average Life	12.399 Years
Average Coupon	4.8609137%
Net Interest Cost (NIC)	4.3060064%
True Interest Cost (TIC)	4.0935027%

$10,965,000

Henderson Public Improvement Trust
Higher Education Facilities Revenue Bonds
Touro College and University System Obligated Group, Series 2017

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	CIF	Net New D/S	Fiscal Total
12/28/2017	-	-	-	-	-	-	-	-
07/01/2018	-	-	257,547.08	257,547.08	-	(257,547.08)	-	-
01/01/2019	-	-	253,325.00	253,325.00	-	(253,325.00)	-	-
07/01/2019	-	-	253,325.00	253,325.00	-	-	253,325.00	253,325.00
01/01/2020	385,000.00	3.000%	253,325.00	638,325.00	-	-	638,325.00	-
07/01/2020	-	-	247,550.00	247,550.00	-	-	247,550.00	885,875.00
01/01/2021	395,000.00	3.000%	247,550.00	642,550.00	-	-	642,550.00	-
07/01/2021	-	-	241,625.00	241,625.00	-	-	241,625.00	884,175.00
01/01/2022	405,000.00	3.000%	241,625.00	646,625.00	-	-	646,625.00	-
07/01/2022	-	-	235,550.00	235,550.00	-	-	235,550.00	882,175.00
01/01/2023	420,000.00	4.000%	235,550.00	655,550.00	-	-	655,550.00	-
07/01/2023	-	-	227,150.00	227,150.00	-	-	227,150.00	882,700.00
01/01/2024	440,000.00	4.000%	227,150.00	667,150.00	-	-	667,150.00	-
07/01/2024	-	-	218,350.00	218,350.00	-	-	218,350.00	885,500.00
01/01/2025	455,000.00	4.000%	218,350.00	673,350.00	-	-	673,350.00	-
07/01/2025	-	-	209,250.00	209,250.00	-	-	209,250.00	882,600.00
01/01/2026	475,000.00	4.000%	209,250.00	684,250.00	-	-	684,250.00	-
07/01/2026	-	-	199,750.00	199,750.00	-	-	199,750.00	884,000.00
01/01/2027	500,000.00	5.000%	199,750.00	699,750.00	-	-	699,750.00	-
07/01/2027	-	-	187,250.00	187,250.00	-	-	187,250.00	887,000.00
01/01/2028	525,000.00	5.000%	187,250.00	712,250.00	-	-	712,250.00	-
07/01/2028	-	-	174,125.00	174,125.00	-	-	174,125.00	886,375.00
01/01/2029	550,000.00	5.000%	174,125.00	724,125.00	-	-	724,125.00	-
07/01/2029	-	-	160,375.00	160,375.00	-	-	160,375.00	884,500.00
01/01/2030	580,000.00	5.000%	160,375.00	740,375.00	-	-	740,375.00	-
07/01/2030	-	-	145,875.00	145,875.00	-	-	145,875.00	886,250.00
01/01/2031	610,000.00	5.000%	145,875.00	755,875.00	-	-	755,875.00	-
07/01/2031	-	-	130,625.00	130,625.00	-	-	130,625.00	886,500.00
01/01/2032	640,000.00	5.000%	130,625.00	770,625.00	-	-	770,625.00	-
07/01/2032	-	-	114,625.00	114,625.00	-	-	114,625.00	885,250.00
01/01/2033	670,000.00	5.000%	114,625.00	784,625.00	-	-	784,625.00	-
07/01/2033	-	-	97,875.00	97,875.00	-	-	97,875.00	882,500.00
01/01/2034	705,000.00	5.000%	97,875.00	802,875.00	-	-	802,875.00	-
07/01/2034	-	-	80,250.00	80,250.00	-	-	80,250.00	883,125.00
01/01/2035	745,000.00	5.000%	80,250.00	825,250.00	-	-	825,250.00	-
07/01/2035	-	-	61,625.00	61,625.00	-	-	61,625.00	886,875.00
01/01/2036	780,000.00	5.000%	61,625.00	841,625.00	-	-	841,625.00	-
07/01/2036	-	-	42,125.00	42,125.00	-	-	42,125.00	883,750.00
01/01/2037	820,000.00	5.000%	42,125.00	862,125.00	-	-	862,125.00	-
07/01/2037	-	-	21,625.00	21,625.00	-	-	21,625.00	883,750.00
01/01/2038	865,000.00	5.000%	21,625.00	886,625.00	(908,250.00)	-	(21,625.00)	-
07/01/2038	-	-	-	-	-	-	-	(21,625.00)
Total	**$10,965,000.00**	-	**$6,608,722.08**	**$17,573,722.08**	**(908,250.00)**	**(510,872.08)**	**$16,154,600.00**	-

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BOND INDENTURE

CITY OF HENDERSON, NEVADA PUBLIC IMPROVEMENT TRUST

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Bond Trustee

Dated as of December 1, 2017

$10,965,000
City of Henderson, Nevada Public Improvement Trust
Touro College and University System Obligated Group
Revenue Bonds, Series 2017B

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MISCELLANEOUS

THIS BOND INDENTURE, made and entered into as of December 1, 2017, by and between the CITY OF HENDERSON, NEVADA PUBLIC IMPROVEMENT TRUST (the "Issuer") of 240 Water Street, Henderson, Nevada, a trust for the furtherance of public functions formed for and on behalf of the City of Henderson, Nevada, duly organized and validly existing under the laws of the State of Nevada (the "State"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., 525 William Penn Place, 38th Floor, Pittsburgh, Pennsylvania, 15259, a national banking association organized and existing under and by virtue of the laws of the United States and being duly qualified to accept and administer the trusts created hereby (the "Bond Trustee"),

W I T N E S S E T H:

WHEREAS, the Issuer is authorized and empowered under the Henderson City Charter, including Article VIIA, Sections 7A.010 through 7A.110 thereof (the "Act"), and the laws of the State to issue revenue bonds and to enter into loan agreements, contracts and other instruments and documents necessary or convenient to obtain loans for the purpose of facilitating the financing of certain projects as described in the Act; and

WHEREAS, Touro University Nevada (the "Institution"), a Nevada not-for-profit corporation, owns and operates educational facilities located in Henderson, Nevada (the "Municipality") and intends to obtain financing and refinancing with respect thereto through the issuance by the Issuer of the Series 2017 Bonds and the loan by the Issuer of the proceeds thereof to the Institution; and

WHEREAS, the Institution has requested the Issuer to finance and refinance the acquisition, construction, renovation and installation of certain educational facilities, including the refunding of prior obligations (the "Project") and other related facilities, through the issuance under the Act of revenue bonds of the Issuer; and

WHEREAS, the Institution and the Issuer have entered into a Loan Agreement (the "Agreement"), of even date herewith, and the Institution has entered into a Master Indenture and a Supplemental Master Indenture (as both terms are defined in the Agreement), pursuant to which the Institution proposes to issue its Series 2017 Note to the Bond Trustee, as assignee of the Issuer, to evidence the joint and several obligations of the Institution and the other Members of the Obligated Group arising from the Issuer loaning to the Institution the proceeds of the Issuer's Series 2017 Bonds, which Series 2017 Note will secure the Issuer's obligations represented by such Series 2017 Bonds; and

WHEREAS, this Bond Indenture and the Series 2017 Bonds issued hereunder shall not be deemed to constitute a debt or liability or moral obligation of the Municipality, the State or any political subdivision thereof, or a pledge of the faith and credit or taxing power of the Municipality, the State or any political subdivision thereof, but shall be a special obligation of the Issuer payable solely from the loan payments payable under the Agreement by the Institution to the Bond Trustee as assignee of the Issuer; and

WHEREAS, the Bond Trustee agrees to accept and administer the trusts created hereby;

GRANTING CLAUSES

NOW, THEREFORE, THIS BOND INDENTURE FURTHER WITNESSETH: That in consideration of the premises, of the acceptance by the Bond Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the holders thereof, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all Persons who shall from time to time be or become holders thereof, and in order to secure the payment of all of the Bonds at any time issued and outstanding hereunder and the interest and premium, if any, thereon according to their tenor, purport and effect, and in order to secure the performance and observance of all of the covenants and conditions therein and herein contained, the Issuer has executed this Bond Indenture and does hereby grant a security interest in, release, assign, transfer, pledge and grant and convey unto the Bond Trustee and its successors and assigns forever with the following described property:

A. All rights and interests of the Issuer in, under and pursuant to the Agreement, including, but not limited to, the Note (as defined in the Agreement) and the present and continuing right (i) to make claim for, collect or cause to be collected, receive or cause to be received all revenues, receipts and other sums of money payable or receivable thereunder, (ii) to bring acts and proceedings thereunder or for the enforcement thereof and (iii) to do any and all things which the Issuer is or may become entitled to do under the Agreement; provided that the assignment made by this clause shall not include any assignment of any obligation of the Issuer under the Agreement or any right of the Issuer thereunder to grant approvals, consents or waivers, to receive notices, or for indemnification or reimbursement of costs and expenses.

B. Pledged Revenues and amounts on deposit from time to time in the Funds and Accounts created pursuant hereto, including the earnings thereon, including any of the foregoing that are “deposit accounts” and “investment property” as such terms are defined in Nevada Uniform Commercial Code, subject to the provisions of this Bond Indenture permitting the application therefor for the purpose and on the terms and conditions set forth herein; provided, however, that there is expressly excluded from any pledge, assignment, lien or security interest credited by this Bond Indenture any amount set apart and transferred to the Rebate Fund.

C. Any and all other real or personal property of any kind from time to time hereafter by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security hereunder for the Bonds, by the Issuer or by anyone in its behalf or with its written consent, or by the Institution, in favor of the Bond Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all said properties pledged, assigned and conveyed by the Issuer hereunder, including all additional property which by the terms hereof has or may become subject to the encumbrance hereof, unto the Bond Trustee and its successors in trust and its assigns forever, subject, however, to permitted encumbrances and to the rights reserved hereunder.

IN TRUST NEVERTHELESS, for the equal and proportionate benefit and security of the holders from time to time of the Bonds issued, authenticated, delivered and Outstanding hereunder, without preference, priority or distinction as to lien or otherwise of any of said Bonds over any other or others of said Bonds to the end that each holder of such Bonds has the same rights, privileges and lien under and by virtue hereof; and conditioned, however, that if the Issuer shall well and truly pay or cause to be paid fully and promptly when due all liabilities, obligations and sums at any time secured hereby, and shall promptly, faithfully and strictly keep, perform or observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, then and in such event, this Bond Indenture shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trusts and subject to the covenants and conditions hereafter set forth.

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1. Definitions. The words and terms used in this Bond Indenture shall have the same meanings as set forth in the Agreement and in the Master Indenture unless otherwise defined herein.

Section 1.2. Interpretation. (a) Any reference herein to the Issuer, the Board or any officer thereof shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine and feminine gender.

(c) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(d) Words importing the redemption of a Bond or the calling of a Bond for redemption do not mean or include the payment of a Bond at its stated maturity or the purchase of a Bond.

Section 1.3. All Bonds Equally and Ratably Secured; Bonds Not General Obligations of the Issuer. All Bonds issued hereunder and at any time Outstanding shall in all respects be equally and ratably secured hereby, without preference, priority, or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds, so that all Bonds at any time issued and Outstanding hereunder shall have the same right, lien, preference hereunder, and shall all be equally and ratably secured hereby except as may otherwise be provided herein. The Bonds are special obligations of the Issuer payable solely from and secured by a pledge of Pledged Revenues and funds provided therefor under this Bond Indenture. Neither the State nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Bonds, other than from Pledged Revenues, and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS

Section 2.1. Authorization. The Issuer hereby authorizes the issuance of a series of Bonds in the aggregate principal amount of $10,965,000 pursuant to the Act for the purpose of providing funds to lend to the Institution to aid in financing and refinancing the cost of the Project. The series of Bonds so authorized shall be designated City of Henderson, Nevada Public Improvement Trust, Touro College and University System Obligated Group Revenue Bonds, Series 2017B and shall be issued and sold as directed by the Board in accordance herewith.

Section 2.2. Terms. The Bonds shall be issued in fully registered form as herein provided, and shall be payable as to interest on each applicable Bond Payment Date during the term of the Bonds. Interest payments on the Bonds shall commence July 1, 2018 and semiannually thereafter on July 1 and January 1. Interest on the Bonds shall be calculated based on a 360-day year of twelve thirty-day months. The Bonds shall be dated their date of delivery, except with respect to Bonds authenticated and delivered on and after the first Bond Payment Date, which Bonds shall be dated (i) as of the Bond Payment Date next preceding the date of their authentication or as of the date of their authentication if authenticated on a Bond Payment Date, or (ii) if on the date of their authentication payment of interest thereon is in default, as of the date to which interest has been paid. Interest on all Bonds initially delivered shall accrue from their date of delivery.

The Bonds shall mature on January 1 in the years and amounts and bear interest from their date, as aforesaid, as follows:

Year	Amount	Interest Rate	Year	Amount	Interest Rate

The Series 2017 Bonds maturing in _____ through _____ are hereby designated as Serial Bonds. The Bonds maturing in _____ and _____ are hereby designated as Term Bonds.

The Series 2017 Bonds shall be lettered R and numbered consecutively from 1 upwards in order of issuance. The Bonds shall be issuable in the denomination of $5,000 or any integral multiple thereof.

The principal or Redemption Price of the Bonds shall be payable in lawful money of the United States of America at the designated Corporate Trust Office of the Bond Trustee upon surrender of the Bonds to the Bond Trustee for cancellation.

The Bond Trustee shall maintain a record of each such partial payment made in accordance with the foregoing agreement and such record of the Bond Trustee shall be conclusive. Such partial payment shall be valid upon payment of the amount thereof to the Holder of such Bond, and the Issuer and the Bond Trustee shall be fully released and discharged from all liability to the extent of such payment regardless of whether such endorsement shall or shall not have been made upon such Bond by the Holder thereof and regardless of any error or omission in such endorsement.

The Series 2017 Bonds shall be subject to redemption as provided in Article III.

The Bond Trustee shall identify all payments (whether made by check or by electronic transfer) of interest, principal, and premium by CUSIP number of the Bonds.

Section 2.3. Medium and Place of Payment. (a) Both principal of, premium, if any, Sinking Fund Account Requirements, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, on the respective dates of payment, is tender for the payment of public and private debts.

(b) Except for Book-Entry Bonds held by DTC in accordance with the terms and provisions of Section 2.13 hereof, interest on the Bonds shall be payable by check drawn upon the Paying Agent and mailed to the registered Holders of such Bonds at the addresses of such Holders as they appear on the books of the Bond Trustee on the Record Date, provided, however, that interest may be paid by electronic transfer to the Holder of at least $1,000,000 aggregate principal amount of Bonds to the address (which shall be in the continental United States) and account number designated by such Holder to the Paying Agent at or prior to the Record Date for such payment. Principal of and premium, if any, on the Bonds shall be paid when due upon presentation and surrender of such Bonds at the Corporate Trust Office of the Paying Agent.

(c) In the event of a default by the Issuer in the payment of interest due on a Bond on a Bond Payment Date, such defaulted interest will be payable to the Person in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Bond Trustee to the registered owners of Bonds not less than ten (10) days preceding such special record date.

Section 2.4. Mutilated, Destroyed, Lost and Stolen Bonds. If (a) any mutilated Bond is surrendered to the Bond Trustee or if the Issuer, the Paying Agent or the Bond Trustee receives evidence to their satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer, the Paying Agent and the Bond Trustee such security or indemnity as may be required by the Bond Trustee to hold them harmless, then, in the absence of notice to the Issuer, the Paying Agent or the Bond Trustee that such Bond has been acquired by a bona fide purchaser and upon the Holder paying the reasonable expenses of the Issuer, the Paying Agent and the Bond Trustee, the Issuer shall cause to be executed and the Bond Trustee shall authenticate and deliver, in exchange for such mutilated Bond or in lieu of such destroyed, lost or stolen Bond, a new Bond of like principal amount, date and tenor. If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable (either by redemption or maturity), then the Bond Trustee and any Paying Agent may, in their discretion, pay such Bond when due instead of delivering a new Bond.

Section 2.5. Execution and Authentication of Bonds. All Bonds shall be executed for and on behalf of the Issuer by its Executive Director or any other officer or officers of the Issuer duly authorized pursuant to the Bond Resolution, and attested by any officers or employees of the Issuer duly authorized pursuant to the Bond Resolution. The signatures of such officers may be mechanically or photographically reproduced on the Bonds. If any officer of the Issuer whose signature appears on any Bond ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. Each Bond shall be manually authenticated by an authorized signatory of the Bond Trustee, without which authentication no Bond shall be entitled to the benefits hereof.

Section 2.6. Exchange of Bonds. Bonds, upon presentation and surrender thereof to the Bond Trustee together with written instructions satisfactory to the Bond Trustee, duly executed by the registered Holder or his attorney duly authorized in writing, may be exchanged for an equal aggregate face amount of fully registered Bonds with the same interest rate and maturity of any other authorized denominations.

Section 2.7. Negotiability and Transfer of Bonds. (a) All Bonds issued hereunder shall be negotiable, subject to the provisions for registration and transfer thereof contained herein or in the Bonds.

(b) So long as any Bonds are Outstanding, the Issuer shall cause to be maintained at the offices of the Bond Trustee books for the registration and transfer of Bonds, and shall provide for the registration and transfer of any Bond under such reasonable regulations as the Issuer or the Bond Trustee may prescribe. The Bond Trustee shall act as bond registrar for purposes of exchanging and registering Bonds in accordance with the provisions hereof.

(c) Each Bond shall be transferable only upon the registration books maintained by the Bond Trustee, by the Holder thereof in person or by his attorney duly authorized in writing, upon presentation and surrender thereof together with a written instrument of transfer satisfactory to the Bond Trustee duly executed by the registered Holder or his duly authorized attorney. Upon surrender for transfer of any such Bond, the Issuer shall cause to be executed and the Bond Trustee shall authenticate and deliver, in the name of the transferee, one or more new Bonds of the same aggregate face amount, maturity and rate of interest as the surrendered Bond, as fully registered Bonds only.

Section 2.8. Persons Deemed Owners. As to any Bond, the Person in whose name such Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal or interest on any Bond shall be made only to or upon the written order of the registered Holder thereof. Such payment shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the amount so paid.

Section 2.9. Provisions with Respect to Transfers and Exchanges. (a) All Bonds surrendered in any exchange or transfer of Bonds shall forthwith be cancelled by the Bond Trustee.

(b) In connection with any such exchange or transfer of Bonds, the Holder requesting such exchange or transfer shall as a condition precedent to the exercise of the privilege of making such exchange or transfer remit to the Bond Trustee an amount sufficient to pay any tax, or other governmental charge required to be paid with respect to such exchange or transfer, as well as any expenses of the Bond Trustee.

(c) Neither the Issuer nor the Bond Trustee shall be obligated to (i) issue, exchange or transfer any Bond during the period of fifteen days preceding any Bond Payment Date, or (ii) transfer or exchange any Bond which has been or is being called for redemption in whole or in part.

Section 2.10. Conditions for Delivery of Bonds. Upon the execution and delivery hereof, the Issuer shall execute and deliver to the Bond Trustee, and the Bond Trustee shall authenticate, the Series 2017 Bonds and deliver them to or for the account of the Original Purchaser as directed by the Issuer; provided, however, that prior to delivery by the Bond Trustee of the Series 2017 Bonds there shall be delivered to the Bond Trustee the following:

(a) A certified copy of the Bond Resolution of the Issuer authorizing the execution and delivery on behalf of the Issuer of this Bond Indenture, the Agreement, the Tax Regulatory Agreement, the Series 2017 Bonds and the Bond Purchase Contract.

(b) A certified copy of a resolution of the Governing Body of the Institution authorizing the execution and delivery on behalf of the Institution of the Note, the Tax Regulatory Agreement, the Master Indenture, the Supplemental Master Indenture, the Disclosure Agreement and the Agreement, and approving the Bond Purchase Contract and this Bond Indenture and the issuance of the Bonds.

(c) Executed original counterparts of this Bond Indenture, the Bond Purchase Contract, the Master Indenture, the Supplemental Master Indenture, the Agreement, the Disclosure Agreement and the Tax Regulatory Agreement.

(d) The Series 2017 Note, executed, registered in the name of the Bond Trustee and otherwise conforming to the provisions of the Master Indenture, the Supplemental Master Indenture, and the Agreement.

(e) A request and authorization by the Issuer to the Bond Trustee to authenticate and deliver the Series 2017 Bonds describing such Series 2017 Bonds, designating the Original Purchaser to whom such Bonds are to be delivered upon payment therefor and stating the amount to be paid therefor to the Bond Trustee for the account of the Issuer.

(f) The amounts specified in Section 5.2 hereof for deposit to the credit of certain of the funds and accounts created hereunder.

(g) The approving opinion of Bond Counsel.

(h) An executed original counterpart of the Mortgage.

(i) Such other closing documents as the Issuer or the Bond Trustee may reasonably specify.

Section 2.11. Form of Bonds. The definitive Bonds shall be in substantially the form set forth as Exhibit A to this Bond Indenture, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing such Bonds on behalf of the Issuer. Execution thereof by such officers shall constitute conclusive evidence of such approval.

Section 2.12. Temporary Bonds. (a) Until definitive Bonds are prepared, the Issuer may execute and, upon request by the Issuer, the Bond Trustee shall authenticate and deliver temporary Bonds which may be typewritten, printed or otherwise reproduced in lieu of definitive Bonds subject to the same provisions, limitations and conditions as definitive Bonds. The temporary Bonds shall be dated as of the initial date of the definitive Bonds, shall be in such denomination or denominations and shall be numbered as prepared and executed by the Issuer, shall be substantially of the tenor of the definitive Bonds, but with such omissions, insertions and variations as the officer or officers of the Issuer executing the same may determine, may only be issued in fully registered form, and may be issued in the form of a single Bond.

(b) Without unreasonable delay after the issuance of temporary Bonds, if any, the Issuer shall cause the definitive Bonds to be prepared, executed and delivered to the Bond Trustee. The definitive Bonds shall be lithographed or printed on steel engraved borders or prepared in such other fashion as is acceptable to the Original Purchaser. Any temporary Bonds issued shall be exchangeable for definitive Bonds upon surrender to the Bond Trustee at its Corporate Trust Office (or such other location as may be designated by it) of any such temporary Bond or Bonds, and, upon such surrender, the Issuer shall execute and, upon a certificate of an Issuer Representative, the Bond Trustee shall authenticate and deliver to the Holder of the temporary Bond or Bonds, in exchange therefor, a like face amount of definitive Bonds in authorized denominations. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefits as definitive Bonds authenticated and issued pursuant hereto.

(c) Interest on temporary Bonds, when and as payable, shall be paid to the registered owner thereof.

Section 2.13. Book-Entry Bonds. (a) Except as provided in paragraph (c) of this Section 2.13, the registered owner of all of the Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest for any Bond registered as of each Record Date in the name of Cede & Co. shall be made by electronic transfer of New York clearing house or equivalent next day funds to the account of Cede & Co. on the Bond Payment Date for the Bonds at the address indicated on the regular Record Date or Special Record Date for Cede & Co. in the registration books of the Issuer kept by the Bond Trustee.

(b) The Bonds shall be initially issued in the form of single fully registered Bonds, authenticated by the Bond Trustee, in the respective principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registry books of the Issuer kept by the Bond Trustee in the name of Cede & Co., as nominee of DTC. The Bond Trustee, the Paying Agent and the Issuer may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, Sinking Fund Account Requirements or purchase price of the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Bond Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Bond Trustee, the Paying Agent nor the Issuer shall be affected by any notice to the contrary. Neither the Bond Trustee, the Paying Agent nor the Issuer shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the Bond Trustee as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any DTC participant; the payment of DTC or any DTC participant of any amount in respect of the principal or redemption price of or interest on the Bonds, Sinking Fund Account Requirements or purchase price of the Bonds; any notice which is permitted or required to be given to Bondholders under the Bond Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption or purchase of the Bonds; or any consent given or other action taken by DTC as Bondholder. The

Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds, Sinking Fund Account Requirements or purchase price of the Bonds only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State of Nevada), and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal of and premium, if any, and interest on the Bonds, Sinking Fund Account Requirements or purchase price of the Bonds to the extent of the sum or sums so paid. No Person other than DTC or the Bond Trustee as DTC's agent shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the Issuer to make payments of principal of and premium, if any, and interest, Sinking Fund Account Requirements or purchase price of the Bonds pursuant to the Bond Indenture. Upon delivery by DTC to the Bond Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Bond Indenture shall refer to such new nominee of DTC.

(c) In the event the DTC Participants holding a majority position in the Bonds, determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates, such party may notify DTC and the Bond Trustee, whereupon DTC will notify the DTC participants, of the availability through DTC of Bond certificates. In such event, the Bond Trustee shall issue, transfer and exchange Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Issuer and the Bond Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Issuer and the Bond Trustee shall be obligated to deliver Bond certificates as described in the Bond Indenture. In the event Bond certificates are issued, the provisions of the Bond Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Issuer and the Bond Trustee to do so, the Bond Trustee and the Issuer will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Bonds to any DTC participant having Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

(d) Notwithstanding any other provision of this Bond Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, Sinking Fund Account Requirements, purchase price and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Bond Indenture by the Issuer or the Bond Trustee with respect to any consent or other action to be taken by Bondholders, the Issuer or the Bond Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

ARTICLE III

REDEMPTION OF BONDS

Section 3.1. Right to Redeem. The Bonds shall be subject to redemption prior to maturity at such times, to the extent and in the manner provided herein.

Section 3.2. Optional Redemption. The Series 2017 Bonds maturing after ____________ are subject to redemption at the option of the Institution prior to maturity on and after July 1, ____, in whole or in part at any time by payment of a Redemption Price of the principal amount thereof plus interest accrued to the date fixed for redemption.

Section 3.3. Sinking Fund Account Redemption. The Series 2017 Bonds maturing in the years ___ and ____ are subject to mandatory redemption and shall be redeemed on January 1 in the years set forth below (the "Sinking Fund Account Retirement Dates"), in the amount of the unsatisfied portion of the corresponding Sinking Fund Account Requirement for Term Bonds of the same maturity by payment from the Sinking Fund Account of a Redemption Price of the principal amount of such Series 2017 Bonds called for redemption plus payment from the Interest Account of the interest accrued to the date fixed for redemption but without premium, as follows:

Term Bonds Due January 1, ____		Term Bonds Due January 1, ___	
Year	Principal Amount	Year	Principal Amount

____
† Final Maturity

Section 3.4. Special Redemptions. (a) The Series 2017B Bonds are subject to redemption prior to maturity at the option of the Institution, as a whole or in part at any time, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 2017B Bonds to be redeemed, plus accrued interest to the redemption date, (i) from proceeds of a condemnation or insurance award, that are not used to repair, restore or replace the portion of the Facility, and which proceeds are not otherwise applied as permitted under the Master Indenture and the Loan Agreement, and (ii) from unexpended proceeds of the Series 2017B Bonds upon the abandonment of all or a portion of the Facility due to a legal or regulatory impediment.

(b) DISCUSS UNEXPENDED PROCEEDS CALL

Section 3.5. Selection of Bonds to be Redeemed. In the event of any redemption of less than all Outstanding Bonds, any maturity or amounts within maturities of Bonds to be redeemed shall be selected by the Bond Trustee at the direction of the Institution. If less than all of the Bonds of a maturity are to be redeemed, the Bond Trustee shall select the Bonds to be redeemed in such manner as the Institution may determine. For so long as the Bonds are Book - Entry Bonds, the particular Bonds or portions thereof to be redeemed shall be selected in such manner as DTC and the participants may determine. In making such selection, each Bond shall be treated as representing that number of Bonds of the lowest authorized denomination as is obtained by dividing the principal amount of such Bond by such denomination.

Section 3.6. Partial Redemption of Bonds. Upon the selection and call for redemption of, and the surrender of, any Bond for redemption in part only, the Issuer shall cause to be executed and the Bond Trustee shall authenticate and deliver to or upon the written order of the Holder thereof, at the expense of the Institution, a new Bond or Bonds of authorized denominations in an aggregate face amount equal to the unredeemed portion of the

Bond surrendered, which new Bond or Bonds shall be a fully registered Bond or Bonds without coupons, in authorized denominations.

The Issuer and the Bond Trustee may agree with any Holder of any such Bond that such Holder may, in lieu of surrendering the same for a new Bond, endorse on such Bond a notice of such partial redemption, which notice shall set forth, over the signature of such Holder, the redemption date, the principal amount redeemed and the principal amount remaining unpaid. Such partial redemption shall be valid upon payment of the amount thereof to the registered owner of any such Bond and the Issuer and the Bond Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of such Bond by the owner thereof and irrespective of any error or omission in such endorsement.

Section 3.7. Effect of Call for Redemption. Except as otherwise provided in Section 3.8, on the date designated for redemption by notice given as herein provided, the Bonds so called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Bonds on such date. If on the date fixed for redemption moneys for payment of the Redemption Price and accrued interest are held by the Bond Trustee or paying agents as provided herein, interest on such Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security hereunder except the right to receive payment from the moneys held by the Bond Trustee or the Paying Agents and the amount of such Bonds so called for redemption shall be deemed paid and no longer Outstanding.

Any optional redemption of the Series 2017 Bonds shall be credited against mandatory sinking fund redemption requirements, if applicable, in such manner and order as may be directed by the Institution.

Section 3.8. Notice of Redemption. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the issue and series designation, date of issue, serial numbers and maturity date. Notice of redemption of any Bonds shall be mailed by the Bond Trustee, provided, except in the case of Sinking Fund Account Requirements, the Bond Trustee has received seven (7) days prior written instructions from the Issuer or the Institution (unless a shorter period is agreed to by the Bond Trustee), and the Holders will receive the notice not less than thirty (30) nor more than sixty (60) days prior to the date set for redemption, to each registered Holder of a Bond to be so redeemed at the address shown on the books of the Bond Trustee but failure to so mail or any defect in any such notice with respect to any Bond shall not affect the validity of the proceedings for the redemption of any other Bond with respect to which notice was so mailed or with respect to which no such defect occurred, respectively. Such notice shall state that any redemption under Section 3.2 or 3.4 hereof is conditional and shall be made only from and to the extent that funds shall be on deposit with the Bond Trustee and available for such purpose on the redemption date.

Section 3.9. Purchase in Lieu of Redemption. Whenever Bonds are subject to optional redemption hereunder, they may instead be purchased at the election of the Institution at a purchase price equal to the Redemption Price. The Institution shall give written notice thereof and of the Bonds to be so purchased to the Issuer and the Bond Trustee. The Bond Trustee shall select the particular Bonds to be so purchased in the same manner as provided in Section 3.6 hereof for the selection of Bonds to be redeemed in part. Promptly thereafter, the Bond Trustee shall give notice of the purchase of the Bonds at the times and in the manner provided in Section 3.8 hereof for notice of redemption. All such purchases may be subject to conditions to the Institution's obligation to purchase such Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. Notice of purchase having been given in the manner required above, then, if sufficient money to pay the purchase price of such Bonds is held by the Bond Trustee, the purchase price of the Bonds or portions thereof so called for purchase shall become due and payable on the date set for purchase, upon presentation and surrender of such Bonds (other than Book Entry Bonds) to be purchased at the office or offices specified in such notice, and, in the case of Bonds presented by other than the registered owner, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney. Purchased Bonds shall be considered Outstanding and not discharged hereunder by virtue of its purchase and each such purchased Bond that is not a Bond Entry Bond shall be registered in the name or at the direction of the Institution.

Section 3.10. CUSIP Numbers. The Issuer in issuing Bonds may use "CUSIP" numbers (if then generally in use), and, if so, the Bond Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers.

ARTICLE IV

CONSTRUCTION FUND

Section 4.1. Construction Fund. A special fund is hereby established with the Bond Trustee and designated "City of Henderson, Nevada Public Improvement Trust, Touro University Nevada Construction Fund" (herein sometimes called the "Construction Fund"), to the credit of which such deposits shall be made as are required by the provisions of Section 5.2(a) of this Bond Indenture.

The money in the Construction Fund shall be held by the Bond Trustee in trust and shall be applied to the payment of the cost of or relating to the Project, or the financing and refinancing thereof, and the issuance of the Bonds, including necessary incidental expenses and reimbursement to the Institution for such costs and expenses paid by the Institution in connection therewith, and, pending such application, shall be subject to a lien and charge in favor of the holders of the Bonds issued and outstanding under this Bond Indenture and for the further security of such holders until paid out in accordance with Section 4.2 hereof.

The Issuer hereby directs the Bond Trustee to recognize and treat as components of the Project any amendments or additions to the Project made by the Institution in accordance with Section 5.4 of the Agreement.

After the Project, as it may or may not be amended or added to at the option of the Institution in accordance with Section 5.4 of the Agreement, is completed, as certified by the Institution and, to the extent applicable, the Architect for the Project, to the Issuer and the Bond Trustee, and after payment of costs of issuance of the Bonds and approval by the Issuer, surplus money in the Construction Fund shall be applied first, to replenish any shortfall in the Reserve Fund below a Reserve Fund Value equal to the Reserve Fund Requirement; second, to the Interest Account for the purpose of providing for payment of interest on the Bonds for a period of not greater than one year; third, to the Principal Account or Sinking Fund Account, as the case may be for the purpose of providing for payment of principal or Sinking Fund Account Requirements on the Bonds for a period of not greater than one year; and fourth, to the Redemption Account for the redemption of Bonds in accordance with Section 3.2 hereof.

Section 4.2. Requisition from the Construction Fund. Payments from the Construction Fund shall be made in accordance with the provisions of this Section. Following payments made pursuant to the flow of funds memorandum prepared in connection with the original issuance of the Bonds (for which no requisition is required), the Institution shall file with the Bond Trustee a requisition in the form of Exhibit B hereto signed by an Institution Representative stating:

(a) the name of the Person to whom each such payment is due,

(b) the respective amounts to be paid,

(c) the purpose by general classification for which each obligation to be paid was incurred,

(d) that obligations in the stated amounts have been incurred by the Institution, and are presently due and payable, or are properly reimbursable to the Institution, and that each item thereof is a necessary cost of the Project or of issuing the Bonds and is not prohibited by the Act and is a proper charge against the Construction Fund and has not been paid.

Upon receipt of each requisition, the Bond Trustee shall pay the obligation set forth in such requisition out of money in the Construction Fund, and each such obligation shall be paid by check signed by one or more officers or employees of the Bond Trustee designated for such purpose by the Bond Trustee or by electronic transfer if requested. In making such payments the Bond Trustee may conclusively rely upon such requisitions and accompanying certificates. The Bond Trustee shall retain all documentation, including supporting materials related to requisitions from the Construction Fund, for a period of not less than three (3) years following final maturity of the Bonds.

The Bond Trustee shall disburse moneys from the Construction Fund, as directed, to the payee, to the Institution or to its designee, as the case may be, to pay, or to reimburse the Institution for, any and all costs and expenses relating to the issuance, sale and delivery of the Bonds and the Notes, including, but not limited to, all fees and expenses of legal counsel, bond counsel, financial consultants, feasibility consultants, and accountants, rating agency fees, bond printing costs, and costs related to the preparation and printing of this Bond Indenture, the Agreement, the official statement relating to the Bonds and the Note and the Bonds pursuant to the requisition of the Institution as provided in this Section 4.2.

ARTICLE V

REVENUES AND FUNDS

Section 5.1. Creation of Funds and Accounts. Upon the issuance of the Bonds, the Bond Trustee shall create the following funds and accounts to be held in trust for the Holders:

(a) The Bond Fund which shall contain the following accounts:

(i) The Interest Account;

(ii) The Principal Account;

(iii) The Sinking Fund Account; and

(iv) The Redemption Account.

(b) Construction Fund.

(c) Reserve Fund.

(d) Rebate Fund.

(e) Renewal Fund.

Section 5.2. Application of Bond Proceeds and Other Moneys. (a) All proceeds of the sale of the Bonds, and all moneys provided by the Institution, shall be paid to the Bond Trustee against receipt therefor, at or prior to the delivery of the Bonds. Such funds shall be deposited by the Bond Trustee as directed by the Issuer in its General Certificate delivered at or prior to the issuance of the Bonds.

(b) Any moneys provided by the Institution subsequent to the delivery of the Bonds in accordance with Section 5.3 of the Agreement shall be deposited by the Bond Trustee into the Construction Fund.

(c) Money in the Construction Fund shall be applied as provided in Sections 4.1 and 4.2 hereof.

Section 5.3. Flow of Funds. So long as any Bonds are Outstanding, in each Bond Year, Note Payments received by the Bond Trustee shall be applied in the following manner and order of priority:

(a) Interest Account. The Bond Trustee shall deposit to the Interest Account monthly upon receipt of the amount, if any, necessary to cause the amount then being credited to the Interest Account, together with investment earnings on investments then on deposit in the Interest Account, if such earnings will be received before the next Bond Payment Date (but only to the extent that such amount or investment earnings have not previously been credited for purposes of such calculation), to be not less than one-sixth of the amount of interest to be paid on Outstanding Bonds on such Bond Payment Date subject to appropriate adjustment for accrued and capitalized interest on deposit therein and for the initial Bond Payment Date if the period prior to such Bond Payment Date is other than six full months. Moneys in the Interest Account shall be used to pay interest on Bonds as it becomes due.

(b) Principal Account. The Bond Trustee shall deposit to the Principal Account monthly upon receipt commencing on such date during each Bond Year ending on a date on which Bonds mature, the amount necessary to cause the amount then being credited to the Principal Account, together with the investment earnings on investments then on deposit in the Principal Account, if such earnings will be received before the last day of the Bond Year (but only to the extent that such amount or investment earnings have not previously been credited for purposes of such calculation), to be not less than one-twelfth of the principal amount of Serial Bonds Outstanding which will mature on the last day of such Bond Year, subject to appropriate adjustment for the initial Bond maturity if the period prior to such date is other than twelve full months. Moneys in the Principal Account shall be used to retire Bonds by payment at their scheduled maturity.

(c) Sinking Fund Account. The Bond Trustee shall deposit to the Sinking Fund Account monthly upon receipt commencing on such date during each Bond Year ending on a date which is a Sinking Fund Account Retirement Date, the amount necessary to cause the amount credited to the Sinking Fund Account, together with investment earnings on investments then on deposit in the Sinking Fund Account, if such earnings will be received before the last day of the Bond Year (but only to the extent that such amount or investment earnings have not previously been credited for purposes of such calculation), to be not less than one-twelfth of the unsatisfied Sinking Fund Account Requirements to be satisfied on or before the last day of such Bond Year, subject to appropriate adjustment for the initial Sinking Fund Account Retirement Date if the period prior to such date is other than twelve full months. Moneys in the Sinking Fund Account shall be used to retire Bonds by purchase, by mandatory redemption or by payment at their scheduled maturity.

The Bond Trustee may, and upon written direction of the Institution shall use its best efforts to, apply moneys credited to the Sinking Fund Account to purchase Bonds in satisfaction of Sinking Fund Account Requirements for such Bonds for a Sinking Fund Account Retirement Date. The Bond Trustee shall not so purchase any Bond at a price or cost (including any brokerage fees or commissions or other charges) which exceeds the principal amount thereof plus interest accrued to the date of purchase. Such accrued interest shall be paid from the Interest Account. The principal amount of Bonds of each maturity so purchased shall be credited against the unsatisfied balance of Sinking Fund Account Requirements for such maturity in order of Sinking Fund Account Retirement Dates as the Institution may direct. All Bonds so purchased shall be cancelled.

(d) Redemption Account. If the Institution makes an optional prepayment of any principal installment on the Note, the amount so paid shall be credited to the Redemption Account and applied promptly by the Bond Trustee, first, to cause the amounts credited to the Interest Account, the Principal Account or the Sinking Fund Account of the Bond Fund, in that order, to be not less than the amounts then required to be credited thereto and, then to retire Bonds by purchase, redemption or both purchase and redemption in accordance with the Institution's directions. Any such purchase shall be made at the best price obtainable with reasonable diligence and no Bond shall be so purchased at a cost or price (including brokerage fees or commissions or other charges) which exceeds the Redemption Price at which such Bond could be redeemed on the date of purchase or on the next succeeding date upon which such Bond is subject to optional redemption plus accrued interest to the date of purchase. Any such redemption shall be of Bonds then subject to optional redemption at the Redemption Price then applicable for optional redemption of such Bonds.

The principal amount of any Bonds so purchased or redeemed shall be credited against the unsatisfied balance of Sinking Fund Account Requirements for such maturity in order of Sinking Fund Account Retirement Dates.

Upon receipt by the Bond Trustee of moneys accompanied by a certificate of an Institution Representative stating that such moneys are insurance proceeds with respect to casualty losses or condemnation awards, that the amount of such proceeds or awards with respect to such casualty loss or taking exceeds 10% of the Value of the Facility and that such moneys are to be applied to redeem Bonds in accordance with Section 3.4 hereof and specifying the amount and maturities of Bonds to be redeemed, the Bond Trustee shall credit such moneys to the Redemption Account and shall apply such moneys to redeem Bonds in accordance with Section 3.4 hereof.

Any balance remaining in the Redemption Account after the purchase or redemption of Bonds in accordance with the Institution's directions, or in any event on the day following the Bond Payment Date next succeeding the prepayment by the Institution, shall be transferred to the Interest Account.

(e) Reserve Fund. Upon issuance of the Series 2017 Bonds, moneys shall be deposited in the Reserve Fund which shall support and shall be available to the Series 2017 Bonds only. When moneys in the Bond Fund are insufficient to pay principal of, Sinking Fund Account Requirement or interest on the Series 2017 Bonds when due, moneys in the Reserve Fund shall be applied first to cure any deficiency in the Bond Fund. When the Reserve Fund is so used, the Bond Trustee shall forthwith give notice to the Issuer.

If at any time the Reserve Fund Value exceeds one hundred percent (100%) of the Reserve Fund Requirement, the cash portion of such excess may be transferred, at the written direction of the Institution and applied as set forth in Section 5.7 hereof. The Bond Trustee is hereby directed to make such deposits into the Reserve Fund as are required to be made hereunder or under the Agreement, including, but not limited to any payments received by the Bond Trustee from the Institution pursuant to Section 4.2 of the Agreement.

Section 5.4. Application of Funds and Accounts to Redeem all Bonds Outstanding. Notwithstanding the provisions of Section 5.3 hereof, if on any date the Series 2017 Bonds are subject to optional redemption pursuant to Section 3.2 hereof, the aggregate of moneys and Permitted Investments (valued at their market value, taking into account straight line amortizations and accretions of premiums and discounts, for purposes of this Section) held by the Bond Trustee (other than in the Rebate Fund) hereunder are sufficient to redeem all Bonds Outstanding, and to pay or discharge all other obligations, if any, of the Issuer hereunder, then the Bond Trustee shall, at the direction of the Institution, sell all Permitted Investments held by it (other than in the Rebate Fund) and the proceeds and all other moneys held by the Bond Trustee hereunder shall be applied to redeem all Bonds Outstanding in accordance with the terms of Section 3.2 hereof and to pay or discharge such other obligations.

Section 5.5. Investment of Moneys Held by the Bond Trustee. (a) (i) Moneys in all Funds and Accounts held by the Bond Trustee shall be invested by the Bond Trustee, as soon as possible upon receipt in Permitted Investments as directed by the Institution, in writing (including facsimile or electronic mail) or other means (promptly confirmed in writing, including facsimile or electronic mail), or, in the absence of specific direction by the Institution, in money market funds previously selected by the Institution constituting Permitted Investments subject to the following. The maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates in which moneys in the Funds or Accounts for which the investments were made will be required for the purposes thereof.

(ii) For purposes of and subject to paragraph (a)(i) above, moneys in the Funds or Accounts held by the Bond Trustee shall be invested as directed by the Institution in Permitted Investments maturing or redeemable not later or no less frequently than the respective following dates or periods of time: (A) Principal Account and Sinking Fund Account, the day preceding the last day of each Bond Year; (B) Interest Account, the day preceding the next Bond Payment Date; and (C) Redemption Account, the day preceding the next date on which Bonds are to be redeemed or are expected to be purchased.

(b) Amounts credited to a Fund or Account may be invested by the Bond Trustee, at the written direction of the Institution, together with amounts credited to one or more other Funds or Accounts, in the same Permitted Investment, provided that (i) each such investment complies in all respects with the provisions of paragraph (a) of this Section as they apply to each Fund or Account for which the joint investment is made and (ii) the Bond Trustee maintains separate records for each Fund and Account and such investments are accurately reflected therein.

(c) The Bond Trustee may make any investment permitted by this Section, through or with its own commercial banking or investment departments unless otherwise directed in writing by the Institution.

(d) Except as otherwise specifically provided herein or in the Agreement, in computing the amount in any Fund or Account, Permitted Investments purchased as an investment of moneys therein (taking into account straight line amortizations and accretions of premiums and discounts) shall be valued at the face value or the current market value thereof, whichever is the lower, or at the redemption price thereof, if then redeemable at the option of the holder, in either event inclusive of accrued interest.

(e) The Bond Trustee shall sell at the best price reasonably obtainable, or present for redemption, any Permitted Investment purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account for which such investment was made.

(f) Neither the Bond Trustee, the Institution nor the Issuer shall knowingly use or direct or permit the use of any moneys of the Issuer in its possession or control in any manner which would cause any Bond to be an "arbitrage bond" within the meaning ascribed to such term in Section 148 of the Code, or any successor section of the Code. Nothing herein shall obligate the Issuer or the Bond Trustee to monitor or evaluate any investment made in accordance with the provisions of this Section or compliance with such requirement, and such parties shall be entitled to rely on the investment directions of the Institution as to suitability and legality.

(g) Notwithstanding any provision of this Bond Indenture and recognizing that the Institution is providing investment directions hereunder, the Issuer and the Bond Trustee shall observe their covenants and agreements contained in the Tax Regulatory Agreement, to the extent that and for so long as such covenants and agreements are required by law.

(h) The Bond Trustee is not required to provide brokerage confirmations so long as the Bond Trustee provides periodic statements that include investment activity to the Issuer and the Institution.

Section 5.6. Liability of Bond Trustee for Investments. The Bond Trustee shall not be liable for the making of any investment authorized by the provisions of this Article in the manner provided in this Article or for any loss resulting from any such investment so made, except for its own negligence or willful misconduct. Notwithstanding anything herein to the contrary, the Bond Trustee may rely conclusively upon any investment direction received from the Institution, and shall have no duty to monitor the compliance of such direction with the terms hereof.

Section 5.7. Investment Income. Except as otherwise provided herein, interest income and gain received, or loss realized, from investments of moneys in any Fund or Account shall be credited, or charged, as the case may be, to such respective Fund or Account. All income and gain from investment of the Interest Account of the Bond Fund, so long as the Institution is current in all such payments to the Interest Account and no Bond Indenture Event of Default has occurred and is continuing, shall be transferred to the Construction Fund prior to completion of the Project, and thereafter shall be retained in such Account. All income and gain from investment of the Reserve Fund and amounts available as a result of a valuation showing excess moneys in the Reserve Fund, so long as the Reserve Fund Value equals or exceeds the Reserve Fund Requirement, shall be transferred to the Construction Fund prior to completion of the Project, and thereafter shall be transferred to the Interest Account. The Bond Trustee shall compute the Reserve Fund Value at least semiannually, on or prior to each Record Date, and more often as may be requested by the Institution. Income and gain from Redemption Account investments may be transferred to any other Fund or Account upon direction of the Institution. Investment income credited to either the Interest Account, the Principal Account or the Sinking Fund Account shall be transferred thereto and shall be a credit against the next forthcoming Note Payment to be deposited to such respective Account.

Section 5.8. Rebate Fund. (a) The amounts deposited in the Rebate Fund shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Bond Trustee or any owner of a Bond, but shall be held by the Bond Trustee as trustee for the benefit of the United States. For purposes of this Section only, the term Bond Year shall have the meaning set forth in the Tax Regulatory Agreement. As is set forth as the Rebate Amount (as defined in the Tax Regulatory Agreement with respect to the Series 2017 Bonds), the Institution shall pay the Rebate Amount in a written certificate delivered by the Institution to the Bond Trustee pursuant to the Tax Regulatory Agreement, and actually deposit such amount in the Rebate Fund as described in the Tax Regulatory Agreement. Such certificate shall be delivered by the Institution not less frequently than every Computation Date (as defined in the Tax Regulatory Agreement); provided, that the Institution, at its option, may file such certificate more frequently.

(b) The Bond Trustee, upon the receipt of a certification of the Rebate Amount from an Institution Representative, shall deposit moneys received by the Institution in the Rebate Fund in an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount for the Series 2017 Bonds calculated as of the Computation Date (as defined in the Tax Regulatory Agreement) in accordance with the Tax Regulatory Agreement or more frequently than any Computation Date at the written direction of the Institution. If there has been delivered to the Bond Trustee a certification of the Rebate Amount in conjunction with the completion of the Project or the restoration of the Project from the Renewal Fund, at any time during a Bond Year the Bond Trustee shall deposit in the Rebate Fund at that time an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated at the completion of the Project or of the restoration of the Project as aforesaid. At the direction of the Institution, the amount deposited in the Rebate Fund pursuant to the previous sentences shall be withdrawn from the Earnings Fund to the extent moneys are available.

(c) In the event that on the first day of any Bond Year the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Bond Trustee, upon the receipt of written instructions from an Institution Representative specifying the amount of the excess, shall withdraw such excess amount and deposit it in the Construction Fund prior to the completion of the Project, or, after the completion of the Project, deposit it in the Redemption Account of the Bond Fund.

(d) The Bond Trustee, upon the receipt of written instructions from an Institution Representative with respect to each payment to be made to the United States pursuant to such instructions in accordance with the Tax Regulatory Agreement setting forth the amount of such payment, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) Bond Years, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to at least ninety percent (90%) of the Rebate Amount with respect to the Series 2017 Bonds as of the date of such payment and (ii) notwithstanding the provisions of the Bond Indenture, not later than sixty (60) days after the date on which all Bonds have been paid in full, all of the Rebate Amount as of the date of payment.

(e) Notwithstanding any provisions of this Bond Indenture, the obligation to remit the Rebate Amount to the United States and to comply with all other requirements of this section and of the Tax Regulatory Agreement shall survive the defeasance or payment in full of the Series 2017 Bonds, to the extent that and for so long as such covenants and agreements are required by law.

Section 5.9. Renewal Fund. The net proceeds of insurance with respect to casualty losses or of condemnation awards related to the Project shall be deposited into the Renewal Fund or into the Redemption Account of the Bond Fund, at the option of the Institution. The Bond Trustee shall promptly notify the Issuer of any deposit into the Renewal Fund. Amounts on deposit in the Renewal Fund shall be subject to the Tax Regulatory Agreement, but otherwise may be spent by the Institution for any of its corporate purposes, after making any transfer to the Rebate Fund as required by the Tax Regulatory Agreement with respect to the Series 2017 Bonds.

Section 5.10. Reserve Fund Facility. (a) In lieu of or in substitution for moneys or Permitted Investments, the Institution may deposit or cause to be deposited with the Bond Trustee a Reserve Fund Facility for the benefit of the Holders of the Bonds for all or any part of the Reserve Fund Requirement; provided (i) that any such surety bond or insurance policy shall be issued by an insurance company or association duly authorized to do business in the State and (ii) that any letter of credit shall be issued by a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

(b) In addition to the conditions and requirements set forth above, no Reserve Fund Facility shall be deposited in full or partial satisfaction of a Reserve Fund Requirement unless the Bond Trustee shall have received prior to such deposit (i) an Opinion of Counsel to the effect that such Reserve Fund Facility has been duly authorized, executed and delivered by the provider thereof and is valid, binding and enforceable in accordance with its terms, (ii) a confirmation from each Rating Agency then maintaining a rating on the Bonds that the deposit of the Reserve Fund Facility in lieu of moneys or Permitted Investments in the Reserve Fund will not cause a reduction or withdrawal of any rating then in effect on the Bonds and (iii) in the event such Reserve Fund Facility is a letter of credit, an Opinion of Counsel substantially to the effect that payments under such letter of credit will not constitute avoidable preferences under Section 547 of the United States Bankruptcy Code in a case commenced by or against the Issuer or the Institution thereunder or under any applicable provisions of the debtor and creditor laws of the State.

(c) For the purposes of this Section, in computing the amount on deposit in the Reserve Fund, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation.

(d) Moneys held for the credit of the Reserve Fund shall be withdrawn by the Bond Trustee and deposited to the credit of the Bond Fund at the times and in the amounts required to comply with the provisions of Section 5.3 hereof; provided that no payment under a Reserve Fund Facility shall be sought unless and until moneys are not available in the Reserve Fund; provided further, that, if more than one Reserve Fund Facility is held for the credit of the Reserve Fund at the time moneys are to be withdrawn therefrom, the Bond Trustee shall obtain payment under each such Reserve Fund Facility, *pro rata*, based upon the respective amounts then available to be paid thereunder. The Bond Trustee shall provide notification as set forth in Section 5.3(e) hereof of any withdrawal of moneys from the Reserve Fund or payment of a Reserve Fund Facility immediately upon such withdrawal or payment.

(e) With respect to any demand for payment under any Reserve Fund Facility, the Bond Trustee shall make such demand for payment in accordance with the terms of such Reserve Fund Facility at the earliest time provided therein to assure the availability of moneys on the interest payment date for which such moneys are required.

ARTICLE VI

GENERAL COVENANTS OF THE ISSUER

Section 6.1. Payment of Principal and Interest. Subject to the limited sources of payment specified herein, the Issuer covenants that it will promptly pay or cause to be paid the principal of, premium, if any, and interest on each Bond issued hereunder at the place, on the dates and in the manner provided herein and in said Bonds according to the terms thereof. The principal of, premium, if any, and interest on the Bonds are payable solely from the Pledged Revenues and moneys held by the Bond Trustee hereunder (excluding amounts held in the Rebate Fund), all of which are hereby specifically assigned and pledged to such payment in the manner and to the extent specified herein and nothing herein or in the Bonds shall be construed as assigning or pledging any other funds or assets of the Issuer.

Section 6.2. Performance of Covenants. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions on its part to be performed as provided herein in each and every bond executed, authenticated and delivered hereunder and in all proceedings of the Issuer pertaining thereto.

Section 6.3. Instruments of Further Assurance. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such instruments supplemental hereto and such further acts, instruments and transfers (including any financing or continuation statements) as the Bond Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Bond Trustee the Issuer's interest in and to the Note Payments, the Pledged Revenues, and all other interests, revenues and receipts pledged hereby to the payment of the principal hereof, premium, if any, and interest on the Bonds in the manner and to the extent contemplated herein.

Section 6.4. Protection of Lien. The Issuer hereby agrees not to make or create or suffer to be made or created any assignment or lien having priority or preference over the assignment and lien hereof upon the interests granted hereby or any part thereof except as otherwise specifically provided herein. The Issuer agrees that no obligations the payment of which is secured by Pledged Revenues will be issued by it except Bonds in lieu of, or upon transfer of registration or exchange of, any Bond as provided herein.

Section 6.5. Uniform Commercial Code Filings. The Issuer hereby authorizes all filings under the Nevada Uniform Commercial Code as shall be required in connection with the issuance of the Bonds; provided, however, the Bond Trustee shall not be responsible for filing the initial UCC financing statements delivered in conjunction with the original issuance of the Bonds.

ARTICLE VII

DEFAULT AND REMEDIES

Section 7.1. Bond Indenture Events of Default. Each of the following is hereby declared a "Bond Indenture Event of Default" hereunder:

(a) If payment by the Issuer in respect of any installment of interest on any Bond shall not be made in full when the same becomes due and payable;

(b) If payment by the Issuer in respect of the principal of, Sinking Fund Account Requirement or redemption premium, if any, on any Bond shall not be made in full when the same becomes due and payable, whether at maturity or by proceedings for redemption or by declaration of acceleration or otherwise;

(c) The Issuer shall fail duly to observe or perform any covenant or agreement on its part under this Bond Indenture for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Issuer and the Institution by the Bond Trustee, or the Issuer, the Institution and the Bond Trustee by the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding. If the breach of covenant or agreement is one which is capable of cure but cannot be completely remedied within the thirty (30) days after written notice has been given, it shall not be a Bond Indenture Event of Default as long as the Issuer or the Institution has taken active steps within the thirty (30) days after written notice has been given to remedy the failure and is diligently pursuing such remedy provided it shall be cured within sixty (60) days after such written notice;

(d) The entry of a decree or order by a court having jurisdiction in the premises adjudging the Issuer a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Issuer under the Federal Bankruptcy Code or any other applicable Federal or state law, or appointing a receiver, liquidator, assignee, or sequestrator (or other similar official) of the Issuer or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days;

(e) The institution by the Issuer of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other similar applicable Federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Issuer or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due; or

(f) Receipt by the Bond Trustee of written notice from the Issuer that an Agreement Event of Default has occurred and is continuing and has not been waived by the Issuer, accompanied by written request by the Issuer to accelerate the payment of all Bonds Outstanding.

Section 7.2. Acceleration; Annulment of Acceleration. (a) Upon the occurrence of a Bond Indenture Event of Default, and if the Note has been declared by the Bond Trustee or the Master Trustee to be immediately due and payable, then, without any further action, all Bonds Outstanding shall become and be immediately due and payable, anything in the Bonds or herein to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which accrues to the earlier of the date of payment or five days following the date of the declaration of acceleration. The Bond Trustee shall give written notice of such acceleration to the Issuer, the Master Trustee, and the Institution, and shall also give notice to the Bondholders in the same manner as for a notice of redemption under Article III hereof stating the accelerated date on which the Note and the Bonds shall be due and payable.

(b) At any time after the principal of the Note and the Bonds shall have been so declared to be due and payable, if the declaration that the Note is immediately due and payable is annulled in accordance with the provisions of the Master Indenture, the declaration that the Bonds are immediately due and payable shall also, without further action, be annulled and the Bond Trustee shall promptly give notice of such annulment in the same manner as provided in paragraph (a) of this Section for giving notice of acceleration. No such annulment shall extend to or affect any subsequent Bond Indenture Event of Default or impair any right consequent thereon.

Section 7.3. Rights of Bond Trustee Concerning the Note. The Bond Trustee, as pledgee and assignee for security purposes of all the right, title and interest of the Issuer in and to the Agreement, the Master Indenture, the Supplemental Master Indenture and the Note delivered thereunder, shall, upon compliance with applicable requirements of law and except as otherwise set forth in this Article, be the sole real party in interest in respect of, and shall have standing to enforce each and every right granted to the Issuer under the Agreement, the Master Indenture, the Supplemental Master Indenture and under the Note delivered thereunder. The Issuer and the Bond Trustee hereby agree without in any way limiting the effect and scope thereof, that the pledge and assignment hereunder to the Bond Trustee of any and all rights of the Issuer in and to the Note, the Master Indenture, the Supplemental Master Indenture and the Agreement shall constitute an agency appointment coupled with an interest on the part of the Bond Trustee which, for all purposes of this Bond Indenture, shall be irrevocable and shall survive and continue in full force and effect notwithstanding the bankruptcy or insolvency of the Issuer or its default hereunder or on the Bonds. In exercising such rights and the rights given the Bond Trustee under this Article, the Bond Trustee shall exercise such of the rights and powers vested in it by this Bond Indenture, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs, taking into account the provisions of the Agreement, the Master Indenture, the Supplemental Master Indenture and the Note, together with the security and remedies afforded to all holders of Notes thereunder.

Section 7.4. Additional Remedies and Enforcement of Remedies. (a) Upon the occurrence and continuance of any Bond Indenture Event of Default, the Bond Trustee may, or upon the written request of the Holders of not less than a majority in an aggregate principal amount of the Bonds Outstanding, together with indemnification of the Bond Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondholders hereunder and under the Master Indenture and the Note and under the Act and the Bonds by such suits, actions or proceedings as the Bond Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(i) Civil action to recover money or damages due and owing;

(ii) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders of Bonds;

(iii) Enforcement of any other right of the Bondholders conferred by law or hereby and under the Master Indenture and the Note; and

(iv) Enforcement of any other right conferred by the Agreement, the Note or the Master Indenture.

(b) Regardless of the happening of a Bond Indenture Event of Default, the Bond Trustee, if requested in writing by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders, provided that such request is in accordance with law and the provisions hereof and, in the sole judgment of the Bond Trustee, is not unduly prejudicial to the interest of the Holders of Bonds not making such request.

Section 7.5. Application of Revenues and Other Moneys After Default. During the continuance of a Bond Indenture Event of Default all moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings which result in the collection of such moneys and of the fees, expenses and advances incurred or made by (i) the Bond Trustee and (ii) the Issuer with respect thereto, be deposited in the Bond Fund, and all amounts held by the Bond Trustee hereunder shall be applied as follows:

(a) Unless the principal of all Outstanding Bonds shall have become or have been declared due and payable:

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

Second: To the payment to the Persons entitled thereto of the unpaid principal amounts or Redemption Price of any Bonds which shall have become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions hereof), whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the principal amounts or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference.

(b) If the principal amounts of all Outstanding Bonds shall have become or have been declared due and payable, to the payment of the principal amounts and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal amounts and interest, to the Persons entitled thereto without any discrimination or preference.

(c) If the principal amounts of all Outstanding Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal amounts of all Outstanding Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied by the Bond Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Bond Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such moneys, it shall fix the date (which shall be a Bond Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the principal amounts to be paid on such dates shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Bond Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Bonds and interest thereon have been paid under the provisions of this Section and all amounts owing to the federal government as rebate payments have been paid, and all expenses and charges of the Bond Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the Institution or as a court of competent jurisdiction may direct.

Section 7.6. Remedies Not Exclusive. No remedy by the terms hereof conferred upon or reserved to the Bond Trustee or the Bondholders is intended to be exclusive of any other remedy but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or existing at law or in equity or by statute (including the Act) on or after the date hereof.

Section 7.7. Remedies Vested in the Bond Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Bonds may be enforced by the Bond Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Bond Trustee may be brought in its name as the Bond Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of Section 7.5 hereof, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Bonds.

Section 7.8. Bondholders' Control of Proceedings. If a Bond Indenture Event of Default shall have occurred and be continuing, notwithstanding anything herein to the contrary, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by any instrument in writing executed and delivered to the Bond Trustee to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions hereof, provided that such direction is in accordance with law and the provisions hereof (including satisfactory indemnity to the Bond Trustee as provided herein) and, in the sole judgment of the Bond Trustee, is not unduly prejudicial to the interest of Bondholders not joining in such direction and provided further that nothing in this Section shall impair the right of the Bond Trustee in its discretion to take any other action hereunder which it may deem proper and which is not inconsistent with such direction by Bondholders.

Section 7.9. Individual Bondholder Action Restricted. (a) No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof or for the execution of any trust hereunder or for any remedy hereunder unless:

(i) a Bond Indenture Event of Default has occurred (A) under paragraph (a), (b) or (f) of Section 7.1 hereof of which the Bond Trustee is deemed to have notice, or (B) under paragraph (c), (d) or (e) of Section 7.1 hereof as to which the Bond Trustee has actual knowledge or as to which the Bond Trustee has been notified in writing;

(ii) the Holders of not less than a majority in aggregate principal amount of Bonds Outstanding shall have made written request to the Bond Trustee to proceed to exercise the powers granted herein or to institute such action, suit or proceeding in its own name;

(iii) such Bondholders shall have offered the Bond Trustee satisfactory indemnity as provided in Section 8.2 hereof;

(iv) the Bond Trustee shall have failed or refused to exercise the powers herein granted or to institute such action, suit or proceedings in its own name for a period of sixty (60) days after receipt by it of such request and offer of indemnity; and

(v) during such sixty (60) day period no direction inconsistent with such written request has been delivered to the Bond Trustee by the Holders of a majority in aggregate principal amount of Bonds then Outstanding in accordance with Section 7.8 hereof.

(b) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security hereof or to enforce any right hereunder except in the manner herein provided and for the equal benefit of the Holders of all Bonds Outstanding.

(c) Nothing contained herein shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond (i) to receive payment of the principal of or interest on such Bond on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Bond may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien hereof on the moneys, funds and properties pledged hereunder for the equal and ratable benefit of all Holders of Bonds.

Section 7.10. Termination of Proceedings. In case any proceeding taken by the Bond Trustee on account of a Bond Indenture Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Bond Trustee or to the Bondholders, then the Issuer, the Bond Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Bond Trustee and the Bondholders shall continue as if no such proceeding had been taken.

Section 7.11. Waiver of Bond Indenture Event of Default. (a) No delay or omission of the Bond Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Bond Indenture Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Bond Indenture Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Bond Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Bond Trustee may waive, upon the written request of the Holders of a majority in aggregate principal amount of Bonds then Outstanding, any Bond Indenture Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Notwithstanding anything contained herein to the contrary, the Bond Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of Bonds then Outstanding, shall waive any Bond Indenture Event of Default hereunder and its consequences; provided, however, that, except under the circumstances set forth in paragraph (b) of Section 7.2 hereof, a default in the payment of the principal amount of, premium, if any, or interest on any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding; and provided, further, that the default in payment of any amount owing to the Bond Trustee or the Issuer may not be waived without the consent of the Bond Trustee or the Issuer, respectively.

(d) In case of any waiver by the Bond Trustee of a Bond Indenture Event of Default hereunder, the Issuer, the Bond Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Bond Indenture Event of Default or impair any right consequent thereon. The Bond Trustee shall not be responsible to any one for waiving or refraining from waiving any Bond Indenture Event of Default in accordance with this Section.

Section 7.12. Notice of Default. (a) Promptly, but in any event within thirty (30) days after receipt, in writing or otherwise, by the Bond Trustee of actual knowledge or notice of a Bond Indenture Event of Default, the Bond Trustee shall, unless such Bond Indenture Event of Default shall have theretofore been cured, give written notice thereof by first-class mail to each Holder of a Bond then Outstanding, provided that, except in the case of a default in the payment of principal amounts, Sinking Fund Account Requirements, or the Redemption Price of or interest on any of the Bonds, the Bond Trustee may withhold such notice to such Holders if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondholders.

(b) The Bond Trustee shall promptly within one Business Day notify the Master Trustee and the Issuer of (i) the occurrence of a Bond Indenture Event of Default under Section 7.1(a) or (b) hereof and (ii) when the Bond Trustee has received actual knowledge or notice, in writing or otherwise, of a Bond Indenture Event of Default under Section 7.1(c), (d), (e) or (f) hereof.

Section 7.13. Limitation of the Issuer's Liability. No agreements or provisions contained herein nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way, except with respect to the Pledged Revenues and their application as provided herein. No failure of the Issuer to comply with any term, covenant or agreement herein or in any document executed by the Issuer in connection with the Project, shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the Pledged Revenues. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement herein; provided, that no costs, expenses or other monetary relief shall be recoverable from the Issuer except as may be payable from the Pledged Revenues.

Section 7.14. Limitations on Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Bond Trustee and Bondholders which may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Bond Trustee and the Bondholders shall be entitled as above set forth, to every other right and remedy provided in this Bond Indenture and by law.

ARTICLE VIII

THE BOND TRUSTEE

Section 8.1. Acceptance of Trust; General. By execution hereof, the Bond Trustee shall evidence the acceptance of the powers, duties and obligations of the Bond Trustee as set forth herein and in the Agreement. All Bonds shall be authenticated by the Bond Trustee before delivery in the manner and form provided herein. The Bond Trustee shall have no duty, responsibility or obligation for the issuance of Bonds or for the validity or exactness hereof, or of any other document relating to such issuance. The Bond Trustee shall have no duty, responsibility or obligation for the payment of Bonds except for payment in accordance with the terms and provisions hereof from, and to the extent of, funds which are held in trust by the Bond Trustee for the purpose of such payment. The Bond Trustee hereby agrees to the provisions of the Agreement relating to it.

The Bond Trustee shall have no liability for any act or omission to act hereunder, or under any other instrument or document executed pursuant hereto except for the Bond Trustee's own negligence or willful misconduct. The duties and obligations of the Bond Trustee shall be determined solely by the express provisions hereof and of the Agreement and no implied covenants or obligations against the Bond Trustee shall be read into this Bond Indenture or the Agreement.

The Bond Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bond Trustee, except as may result from its own negligence or willful misconduct.

Section 8.2. The Bond Trustee Not Required to Take Action Unless Indemnified. Except as expressly required herein or in the Agreement, the Bond Trustee shall neither be required to institute any suit or action or other proceeding hereunder or appear in any suit or action or other proceeding in which it may be a defendant, or to take any steps to enforce its rights and expose it to liability, nor shall the Bond Trustee be deemed liable for failure to take any such action, unless and until it shall have been indemnified, to its satisfaction, against any and all reasonable costs, expenses, outlays, counsel and other fees, other disbursements including its own reasonable fees and against all liability and damages. The Bond Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else which in its judgment is proper to be done by it as the Bond Trustee, without prior assurance of indemnity, and in such case the Institution shall reimburse the Bond Trustee for all reasonable costs, expenses, outlays, counsel and other fees, and other reasonable disbursements including its own fees, and for all liability and damages suffered by the Bond Trustee in connection therewith, except for the Bond Trustee's negligence or willful misconduct. If the Bond Trustee begins, appears in or defends such a suit, the Bond Trustee shall give reasonably prompt notice of such action to the Issuer and the Institution, and shall give such notice prior to taking such action if possible. If the Institution shall fail to make such reimbursement, the Bond Trustee may reimburse itself from any surplus money created hereby; provided, however, that if the Bond Trustee shall collect any amounts or obtain a judgment, decree or recovery, by exercising the remedies available to it hereunder, the Bond Trustee shall have a first claim upon the amount recovered for payment of its reasonable costs, expenses and fees incurred. The Bond Trustee shall have no responsibility for offering documents, nor shall it have any responsibility for the use of bond proceeds paid out in accordance with the Bond Indenture. To the extent that the Bond Trustee is required to receive financial statements it has no duty to review such statements, is not considered to have notice of the content of such statements or a default based on such content, and does not have a duty to verify the accuracy of such statements. Permissive rights vested in the Bond Trustee are not to be construed as duties.

Section 8.3. Employment of Experts. The Bond Trustee is hereby authorized to employ as its agents such attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Bond Trustee), as it may deem necessary to carry out any of its obligations hereunder, and shall be reimbursed by the Institution for all reasonable expenses and charges in so doing. The Bond Trustee shall have the right to act through such agents and attorneys. The Bond Trustee shall not be responsible for any willful misconduct or negligence of any such agent appointed with due care by the Bond Trustee.

The Bond Trustee may consult with counsel and the written advice of such counsel with respect to any Opinion of Counsel shall be full and complete authorization and protection in respect to any action taken or not taken by the Bond Trustee hereunder in good faith and in reliance thereon.

Section 8.4. Enforcement of Performance by Others. It shall not be the duty of the Bond Trustee, except as herein provided, to see that any duties and obligations herein imposed upon the Issuer or the Institution are performed.

Section 8.5. Right to Deal in Bonds and Notes and Take Other Actions. The Bond Trustee may in good faith buy, sell or hold and deal in any Bonds or any Note with like effect as if it were not such Bond Trustee and may commence or join in any action which a Holder is entitled to take with like effect as if the Bond Trustee were not the Bond Trustee. It is understood and agreed that the Bond Trustee engages in a general banking business and no provision hereof or of the Agreement is to be construed to limit or restrict the right of the Bond Trustee to engage in such business with the Issuer, the Master Trustee, the Institution or any Holder. So engaging in such business shall not, in and of itself, and so long as the Bond Trustee duly performs all of its duties as required hereby and by the Agreement, constitute a breach of trust on the part of the Bond Trustee.

Section 8.6. Removal and Resignation of the Bond Trustee. The Bond Trustee may resign or may be removed at any time by an instrument or instruments in writing signed by the Holders of not less than a majority of the principal amount of Bonds then Outstanding. Written notice of such resignation or removal shall be given to the Issuer and the Institution and such resignation or removal shall take effect upon the appointment and qualification of a successor Bond Trustee. In the event a successor Bond Trustee has not been appointed and qualified within thirty (30) days of the date notice of resignation is given, the Bond Trustee, the Issuer or the Institution in all cases at the Institution's expense may apply to any court of competent jurisdiction for the appointment of a successor Bond Trustee to act until such time as a successor is appointed as provided in this Section.

In addition, the Bond Trustee may be removed at any time with or without cause, by Supplement hereto signed by the Issuer and approved by the Institution so long as (i) no Agreement Event of Default or Indenture Event of Default shall have occurred and be continuing and (ii) the Issuer determines, in such Supplement, that the removal of the Bond Trustee shall not have an adverse effect upon the rights or interests of the Bondholders. In the event a successor Bond Trustee has not been appointed and qualified within thirty (30) days after the removal, the Bond Trustee, the Issuer or the Institution in all cases at the Institution's expense may apply to any court of competent jurisdiction for the appointment of a successor Bond Trustee to act until such time as a successor is appointed as provided in this Section.

In the event of the resignation or removal of the Bond Trustee or in the event the Bond Trustee is dissolved or otherwise becomes incapable to act as the Bond Trustee, the Issuer shall be entitled to appoint a successor Bond Trustee. In such event, the successor Bond Trustee shall cause notice to be mailed to the Holders of all Bonds then Outstanding in such manner deemed appropriate by the Issuer. If the Bond Trustee resigns, the resigning Bond Trustee shall pay for such notice. If the Bond Trustee is removed, is dissolved, or otherwise becomes incapable of acting as Bond Trustee, the Institution shall pay for such notice.

If the Holders of a majority of the principal amount of Bonds then Outstanding object to the successor Bond Trustee so appointed by the Issuer and if such Holders designate another Person qualified to act as the Bond Trustee, the Issuer shall then appoint as the Bond Trustee the Person so designated by the Holders.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Bond Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do trust business in the State and having an officially reported combined capital, surplus, undivided profits and reserves aggregating at least $75,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Every successor Bond Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer and the Institution an instrument in writing, accepting such appointment hereunder, and thereupon such successor Bond Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor shall execute and deliver an instrument transferring to such successor Bond Trustee all the rights, powers and trusts of such predecessor. The predecessor Bond Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Bond Trustee. The predecessor Bond Trustee shall promptly deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Bond Trustee.

Each successor Bond Trustee, not later than ten (10) days after its assumption of the duties hereunder, shall mail a notice of such assumption to each Holder of a registered Bond.

Notwithstanding the provisions of this Section 8.6, any corporation or association into which the Bond Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole as related to municipal securities and/or public finance, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Bond Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto.

Section 8.7. Proof of Claim. The Bond Trustee shall have the right and power to act in its name or in the name and place of the Issuer or Holders to make proof of claim in any proceeding, bankruptcy, reorganization or otherwise where proof of claim may be required. Any amount recovered by the Bond Trustee as a result of any such claim, after payment of all fees (including reasonable attorneys' fees and expenses), costs, expenses and advances incurred by the Bond Trustee or its agents in pursuing such claim, shall be for the equal benefit of all of the Holders of Bonds Outstanding.

Section 8.8. Bond Trustee's Fees and Expenses. Any provision hereof to the contrary notwithstanding, if the Institution fails to make any payment properly due the Bond Trustee for its reasonable fees, costs, expenses and fees of attorneys, certified public accountants, recognized authorities in their field and agents (who are not employees of the Bond Trustee) incurred in performance of its duties, the Bond Trustee may reimburse itself from any surplus moneys on hand in any Fund or Account created pursuant hereto which are not otherwise pledged or required for any payments to Bondholders. Any amounts payable to the Bond Trustee hereunder for its fees and expenses (including counsel fees), if not paid when due, shall be subject to interest at the base rate of the Bond Trustee. When the Bond Trustee incurs expenses or renders services after the occurrence of a Bond Indenture Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

The Institution shall indemnify the Bond Trustee and hold it harmless, as provided in Section 5.6(b) of the Agreement, against any loss or liability incurred without negligence or willful misconduct on the part of the Bond Trustee, arising out of or in connection with the acceptance or administration of the trusts created by this Bond Indenture, and the Institution's obligations hereunder shall survive the termination of this Bond Indenture, and shall be secured by a lien upon all property and funds held or collected by the Bond Trustee, as such, except for funds held in trust for the benefit of the Holders or the Issuer.

Section 8.9. Reliance Upon Documents. The Bond Trustee may rely upon and shall be protected in acting or refraining from acting in reliance upon any document, including but not limited to any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper officials of the Issuer, the Institution, the Holders or agents or attorneys of the Holders; provided, in the case of any such document specifically required to be furnished to the Bond Trustee hereby or by the Agreement, the Bond Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements hereof or of the Agreement. The Bond Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond or other paper or document submitted to the Bond Trustee. Whenever in the administration hereof, the Bond Trustee shall deem it desirable that a matter be provided or established prior to taking or not taking any action hereunder, the Bond Trustee (unless other evidence be specifically prescribed herein or in the Agreement) may request and rely upon a certificate executed by an Institution Representative or any document provided for in this Section.

Except where other evidence is required hereby, any request or direction of the Issuer or the Institution mentioned herein shall be sufficiently evidenced by a certified copy of such request executed by an Issuer Representative or an Institution Representative, as the case may be.

Section 8.10. Recitals and Representations. The recitals, statements and representations contained herein, in the Agreement or in any Bond (excluding the Bond Trustee's authentication on the Bonds) shall be taken and construed as made by and on the part of either the Issuer or the Institution, as the case may be, and not by the Bond Trustee, and the Bond Trustee neither assumes nor shall be under any responsibility for the correctness of the same.

The Bond Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof, of the Agreement or, except as herein required, the filing or recording or registering of any document. The Bond Trustee shall be deemed not to have made representations as to the security afforded hereby or hereunder or by or under the Agreement or as to the validity or sufficiency of such document. The Bond Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof or the Agreement. The Bond Trustee shall not be responsible or liable for any loss suffered in connection with the investment of any funds made by it in accordance with the provisions hereof. Except with respect to defaults and Bond Indenture Events of Default described in Section 7.1(a) and (b) hereof, the Bond Trustee shall have no duty of inquiry with respect to any default or Bond Indenture Events of Default described herein or in the Agreement without actual knowledge of or receipt by the Bond Trustee of written notice of a default or a Bond Indenture Event of Default from the Issuer, the Institution, or any Holder.

Section 8.11. Destruction of Bonds. Upon payment of or surrender to the Bond Trustee for cancellation of any Bond, the Bond Trustee shall destroy such Bond. At least annually the Bond Trustee shall deliver a certificate of such destruction to the Institution and the Issuer. Upon surrender of any Bond to a Paying Agent for payment, such Bond shall be cancelled by the Paying Agent and delivered to the Bond Trustee for destruction.

Section 8.12. Statements. The Bond Trustee shall monthly prepare and submit to the Institution statements covering all moneys received and all payments, expenditures and investments made as the Bond Trustee hereunder since the last previous such statement.

Section 8.13. Rights, Immunities and Duties of Paying Agent. The Paying Agent undertakes to perform only such duties as are expressly set forth herein. The rights and immunities (including, without limitation, the right to indemnity) set forth in this Article VIII shall extend to and govern the duties and obligations of any Paying Agent or Bond Trustee, and such parties shall be entitled to be reimbursed by the Institution for its reasonable fees, costs and expenses (including counsel fees and expenses) incurred in connection with its duties hereunder. Any Paying Agent or Bond Trustee, shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in the State, and shall signify its acceptance of its duties hereunder by written instrument delivered to the Issuer. Any Paying Agent or Bond Trustee, may at any time resign and be discharged of the duties and obligations created by this Bond Indenture by giving at least sixty (60) days written notice to the Issuer, the Bond Trustee and the other Paying Agent. Any Paying Agent or Bond Trustee, may be removed at any time by an instrument filed with such party and the Bond Trustee and signed by the Issuer. In the event of the resignation or removal of any Paying Agent or Bond Trustee, such party shall pay over, assign and deliver any moneys held by it to its successor, or if there be no successor, to the Bond Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Bond Trustee shall act as such.

ARTICLE IX

SUPPLEMENTS

Section 9.1. Supplements Not Requiring Consent of Bondholders. The Issuer and the Bond Trustee may, without the consent of or notice to any of the Holders, enter into one or more Supplements for one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission herein;

(b) to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder which shall not materially adversely affect the interests of the Holders;

(c) to grant or confer upon the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;

(d) to secure additional revenues or provide additional security or reserves for payment of the Bonds;

(e) to preserve the exemption of the interest income borne on the Bonds from federal income taxes; or

(f) to remove the Bond Trustee in accordance with the second paragraph of Section 8.6 hereof.

Section 9.2. Supplements Requiring Consent of Bondholders. (a) Other than Supplements referred to in Section 9.1 hereof and subject to the terms and provisions and limitations contained in this Article and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Bond Trustee of such Supplements as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, nothing in this Section shall permit or be construed as permitting a Supplement which would:

(i) extend the stated maturity of or time for paying interest on any Bond or reduce the principal amount of or the redemption premium or redemption dates, or rate of interest payable on any Bond without the consent of the Holder of such Bond;

(ii) prefer or give a priority to any Bond over any other Bond without the consent of the Holder of each Bond then Outstanding not receiving such preference or priority; or

(iii) reduce the aggregate principal amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Bonds then Outstanding.

(b) If at any time the Issuer shall request the Bond Trustee to enter into a Supplement pursuant to this Section, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplement to be mailed by first class mail, postage prepaid, to all Holders of Bonds then Outstanding at their addresses as they appear on the registration books herein provided for. The Bond Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail, or the failure of such Bondholder to receive, the notice required by this Section, and any such failure shall not affect the validity of such Supplement when consented to and approved as provided in this Section. Such notice shall be prepared by or on behalf of the Issuer briefly set forth the nature of the proposed Supplement and shall state that copies thereof are on file at the office of the Bond Trustee for inspection by all Bondholders.

(c) If within such period, not exceeding three years, as shall be prescribed by the Institution, following the first mailing of such notice, the Bond Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate principal amount or number of Bonds specified in Section 9.2(a) for the Supplement in question which instrument or instruments shall refer to the proposed Supplement described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Bond Trustee, thereupon, but not otherwise, the Bond Trustee may execute such Supplement in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

(d) Any such consent shall be binding upon the Holder of the Bond giving such consent and upon any subsequent Holder of such Bond and of any Bond issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bond giving such consent or by a subsequent Holder thereof by filing with the Bond Trustee, prior to the execution by the Bond Trustee of such Supplement, such revocation. At any time after the Holders of the required principal amount or number of Bonds shall have filed their consents to the Supplement, the Bond Trustee shall make and file with the Issuer a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(e) If the Holders of the required principal amount or number of the Bonds Outstanding shall have consented to and approved the execution of such Supplement as herein provided, no Holder of any Bond shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

Section 9.3. Execution and Effect of Supplements. (a) In executing any Supplement permitted by this Article, the Bond Trustee may conclusively rely upon an Opinion of Counsel stating that the execution of such Supplement is authorized or permitted hereby and that all conditions precedent to the execution and delivery of such Supplement set forth herein have been satisfied. The Bond Trustee may but shall not be obligated to enter into any such Supplement which adversely affects the Bond Trustee's own rights, duties or immunities.

(b) So long as no Bond Indenture Event of Default exists and the Institution is not in default under the Agreement, the Master Indenture, the Supplemental Master Indenture or the Note, any Supplement under this Article which adversely affects the rights of the Institution under the Agreement shall not become effective unless and until the Institution shall have consented in writing to the execution and delivery of such Supplement. In this regard the Bond Trustee shall cause notice of the proposed execution and delivery of any such Supplement together with a copy of the proposed Supplement to be delivered to the Institution at least ten (10) days prior to the date of its proposed execution and delivery in the case of a Supplement referred to in Section 9.1 hereof and not later than the date of first mailing of the notice of the proposed execution and delivery in the case of a Supplement referred to in Section 9.2.

(c) Upon the execution and delivery of any Supplement in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplement shall form a part hereof for all purposes and every Holder of a Bond theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(d) Any Bond authenticated and delivered after the execution and delivery of any Supplement in accordance with this Article may, and if required by the Issuer or the Bond Trustee shall, bear a notation in form approved by the Issuer and Bond Trustee as to any matter provided for in such Supplement. If the Issuer shall so determine, new Bonds so modified as to conform in the opinion of the Bond Trustee and the Issuer to any such Supplement may be prepared and executed by the Issuer and authenticated and delivered by the Bond Trustee in exchange for and upon surrender of Bonds then Outstanding.

Section 9.4. Amendments to Agreement not Requiring Consent of Bondholders. The Issuer and the Bond Trustee may without the consent of or notice to any of the Holders, consent to and join in the execution and delivery of any amendment, change or modification of the Agreement as may be required (a) by the provisions hereof or of the Agreement; (b) to cure any ambiguity or formal defect or omission therein; (c) to preserve the exemption of the interest borne on the Bonds from federal income taxes; (d) in the event there is a change to generally accepted accounting principles which has the effect of changing accounting related definitions and covenants contained in the Agreement, provided there is delivered to the Issuer and the Bond Trustee an opinion of an Accountant which provides that after giving effect to such changes in generally accepted accounting principles, the definitions and covenants, as modified, are substantially similar to intent of application as the definitions and covenants which have been superseded were on the date of the Agreement or (e) in connection with any other change therein as to which there is filed with the Bond Trustee and the Issuer an Opinion of Counsel stating that the proposed change will not adversely affect the interests of the Holders, and which in the opinion of the Bond Trustee will not adversely affect the interests of the Holders or the Bond Trustee.

Section 9.5. Amendments to Agreement Requiring Consent of Bondholders. (a) Except for amendments, changes or modifications to the Agreement referred to in Section 9.4 hereof, the Issuer and the Bond Trustee may consent to and join in the execution and delivery of any amendment, change or modification to the Agreement only upon the consent of not less than a majority in aggregate principal amount of Bonds then Outstanding given as provided in this Section, provided, however, no such amendment, change or modification may affect the obligation of the Institution to make payments under the Note or reduce the amount of or extend the time for making such payments without the consent of the Holders of all Bonds affected thereby.

(b) If at any time the Issuer and the Institution shall request the consent of the Bond Trustee to any such amendment, change or modification to the Agreement the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed amendment, change or modification to be given in the same manner as provided in Section 9.2 hereof with respect to Supplements hereto. Such notice shall be prepared by or on behalf of the Issuer and briefly set forth the nature of the proposed amendment, change or modification and shall state that copies thereof are on file at the office of the Bond Trustee for inspection by all Bondholders.

(c) If the consent to and approval of the execution of such amendment, change or modification is given by the Holders of not less than the aggregate principal amount or number of Bonds specified in paragraph (a) within the time and in the manner as provided by Section 9.2 hereof with respect to Supplements hereto, but not otherwise, such amendment, change or modification may be consented to, executed and delivered upon the terms and conditions and with like binding effect upon the Holders as provided in Sections 9.2 and 9.3 hereof with respect to Supplements hereto.

Section 9.6. Amendments to Master Indenture and Supplemental Master Indenture. The Institution may enter into amendments to the Master Indenture or the Supplemental Master Indenture or both in accordance with the terms and provisions of such documents without the consent of the Issuer and the Bond Trustee, other than any consent as may be required of a Noteholder under the Master Indenture, in which case the Bond Trustee shall be deemed a Noteholder, unless otherwise provided in the Master Indenture or in a Supplemental Master Indenture.

ARTICLE X

SATISFACTION AND DISCHARGE

Section 10.1. Discharge. If payment of all principal of, premium, if any, and interest on the Bonds in accordance with their terms and as provided herein is made, or is provided for in accordance with this Article, and if all other sums payable by the Issuer hereunder shall be paid or provided for, then the liens, estates and security interests granted hereby shall cease. Thereupon, upon the request of the Issuer, and upon receipt by the Bond Trustee of an Opinion of Counsel stating that all conditions precedent to the satisfaction and discharge of the lien hereof have been satisfied, the Bond Trustee shall execute and deliver proper instruments acknowledging such satisfaction and discharging the lien hereof and the Bond Trustee shall transfer all property held by it hereunder, other than moneys or obligations held by the Bond Trustee for payment of amounts due or to become due on the Bonds, to the Issuer, the Institution or such other Person as may be entitled thereto as their respective interests may appear. Such satisfaction and discharge shall be without prejudice to the rights of the Bond Trustee thereafter to charge and be compensated or reimbursed for services rendered and expenditures incurred in connection herewith.

The Issuer or the Institution may at any time surrender to the Bond Trustee for cancellation any Bonds previously authenticated and delivered which the Issuer or the Institution may have acquired in any manner whatsoever and such Bond upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.2. Providing for Payment of Bonds. Payment of all or any portion of the Bonds may be provided for by the deposit with the Bond Trustee of moneys or non-callable Government Obligations or Advance-Refunded Municipal Bonds, or any combination thereof. The moneys and the maturing principal and interest income on such non-callable Government Obligations or Advance-Refunded Municipal Bonds, if any, shall be sufficient to pay when due the principal or Redemption Price of and interest on such Bonds. The moneys, non-callable Government Obligations and Advance-Refunded Municipal Bonds shall be held by the Bond Trustee irrevocably in trust for the Holders of such Bonds solely for the purpose of paying the principal or Redemption Price of and interest on such Bonds as the same shall mature, come due or become payable upon prior redemption, and, if applicable, upon simultaneous direction, expressed to be irrevocable, to the Bond Trustee as to the dates upon which any such Bonds are to be redeemed prior to their respective maturities.

If payment of the Bonds is so provided for, the Bond Trustee shall mail a notice so stating to each Holder of a Bond.

Bonds the payment of which has been provided for in accordance with this Section shall no longer be deemed Outstanding hereunder or secured hereby. The obligation of the Issuer in respect of such Bonds shall nevertheless continue but the Holders thereof shall thereafter be entitled to payment only from the moneys, Government Obligations or Advance-Refunded Municipal Bonds deposited with the Bond Trustee to provide for the payment of such Bonds.

No Bond may be so provided for if, as a result thereof or of any other action in connection with which the provision for payment of such Bond is made, the interest payable on any Bond is made subject to federal income taxes. The Bond Trustee may rely upon an Opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any Bonds.

Section 10.3. Payment of Bonds After Discharge. Notwithstanding the discharge of the lien hereof as in this Article provided, the Bond Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, exchange and replacement of Bonds as provided herein. Nevertheless, any moneys held by the Bond Trustee or any Paying Agent for the payment of the principal of, premium, if any, or interest on any Bond remaining unclaimed for one year after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Institution and the Holders of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the Institution for payment thereof as unsecured creditors and all liability of the Bond Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Evidence of Acts of Bondholders. Any request, direction, consent or other instrument provided hereby to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such request, direction or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Bond Trustee and the Issuer, with regard to any action taken by them, or either of them, under such request or other instrument, namely:

(a) The fact and date of the execution by any Person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the Person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution; and

(b) The ownership of all Bonds shall be proved by the registration books of such Bonds maintained by the Bond Trustee.

Nothing in this Section shall be construed as limiting the Bond Trustee to the proof herein specified, it being intended that the Bond Trustee may accept any other evidence of the matters herein stated which it may deem sufficient.

Any action taken or suffered by the Bond Trustee pursuant to any provision hereof, upon the request or with the assent of any Person who at the time is the Holder of any Bond or Bonds shall be conclusive and binding upon all future Holders of the same Bond or Bonds.

Section 11.2. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Bond Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect to this Bond Indenture or any covenants, conditions and provisions herein contained; this Bond Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds as herein provided.

Section 11.3. Unrelated Bonds. Prior to the issuance of the Bonds the Issuer has issued, and subsequent to the issuance of the Bonds the Issuer may issue, bonds in connection with the financing or refinancing of other projects (said bonds together with any bonds issued by the Issuer between the date hereof and the issuance of the Bonds shall be referred to herein as the "Other Bonds"). Any pledge, mortgage or assignment made in connection with any Other Bonds shall be protected and any funds pledged or assigned for the payment of the Other Bonds will not be used for the payment of principal, premium, if any, or interest on the Bonds. Any pledge, mortgage or assignment made in connection with the Bonds shall be protected and no funds pledged or assigned for the payment of the Bonds shall be used for the payment of principal, premium or interest on the Other Bonds or any other present or future bonds or obligations of the Issuer.

Section 11.4. Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the Bonds issued pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

Section 11.5. Holidays. When the date on which principal of or interest or premium on any Bond is due and payable is not a Business Day, payment may be made on Bonds presented at such place of payment on the next ensuing Business Day, and, if such payment is made, no interest shall accrue from and after such due date. When any other action is provided herein to be done on a day named or within a time period named, and the day or the last day of the period falls on a day other than a Business Day, it may be performed on the next ensuing Business Day with effect as though performed on the appointed day or within the specified period.

Section 11.6. Governing Law. This Bond Indenture and the Bonds are contracts made under the laws of the State and shall be governed and construed in accordance with such laws.

Section 11.7. Notices. (a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first-class mail, postage prepaid (return receipt requested), overnight courier, facsimile transmission or electronic mail (where receipt of such facsimile transmission or electronic mail is confirmed by the recipient thereof and where a copy of such facsimile transmission is provided to the recipient *via* first-class mail) and addressed as provided below; notices shall be deemed effective upon receipt:

(i) If to the Issuer, addressed to:

City of Henderson, Nevada Public Improvement Trust
240 Water Street
Henderson, Nevada 89015
Telephone: (702) 267-2066
Attention: Chairman

(ii) If to the Bond Trustee, addressed to:

The Bank of New York Mellon Trust Company, N.A.
525 William Penn Place, 38th Floor
Pittsburgh, Pennsylvania 15259
Attention: Corporate Trust Services

(iii) If to the registered Holder of a Bond, addressed to such Holder at the address shown on the registration books of the Bond Trustee kept pursuant hereto.

(iv) If to the Institution, addressed to:

Touro University
874 American Pacific Drive
Henderson, Nevada 89014
Telephone: (702) 777-1776
Attention: Dr. Michael Harter

and

Touro College
500 Seventh Avenue, 4th Floor
New York, New York 10018
Telephone: (646) 565-6000, ext. 55715
Attention: Melvin M. Ness

(v) If to the Paying Agent, addressed to:

The Bank of New York Mellon Trust Company, N.A.
525 William Penn Place, 38th Floor
Pittsburgh, Pennsylvania 15259
Attention: Corporate Trust Services

(b) The Issuer, the Bond Trustee, the Institution or the Paying Agent may from time to time by notice in writing to the others designate a different address or addresses for notice hereunder.

(c) The Bond Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Bond Indenture and delivered using Electronic Means; provided, however, that the Institution shall provide to the Bond Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Institution whenever a person is to be added or deleted from the listing. If the Institution elects to give the Bond Trustee Instructions using Electronic Means and the Bond Trustee in its discretion elects to act upon such Instructions, the Bond Trustee's understanding of such Instructions shall be deemed controlling. The Institution understands and agrees that the Bond Trustee cannot determine the identity of the actual sender of such Instructions and that the Bond Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Bond Trustee have been sent by such Authorized Officer. The Institution shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Bond Trustee and that the Institution and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords, and/or authentication keys upon receipt by the Institution. The Bond Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bond Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Institution agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Bond Trustee, including without limitation the risk of the Bond Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Bond Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Institution; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Bond Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 11.8. Counterparts. This Bond Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 11.9. Immunity of Individuals. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future director, officer, employee, agent or consultant of the Issuer, whether directly or indirectly and all such liability of any such individual as such is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of the Bonds.

Section 11.10. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns subject to the limitations contained herein.

IN WITNESS WHEREOF, the Issuer has caused these presents to be signed in its name and on its behalf by its duly authorized officer, and to evidence its acceptance of the trusts hereby created the Bond Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officer, all as of the day and year first above written.

CITY OF HENDERSON, NEVADA PUBLIC IMPROVEMENT TRUST

By ____
Name: Steven Grierson
Title: Chairman

(SEAL)

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Bond Trustee

By ____
Name:
Title:

Exhibit A

(Form of Series 2014 Bond)

United States of America

State of Nevada

City of Henderson, Nevada Public Improvement Trust
Touro College and University System Obligated Group Revenue Bonds, Series 2017B

No. R-__ $_______________

BOND DATE: December ___, 2017

MATURITY DATE: ____________ __, ____

REGISTERED OWNER: Cede & Co.

PRINCIPAL SUM: $__________________

INTEREST RATE: ____%

CUSIP: 42521R___

KNOW ALL PEOPLE BY THESE PRESENTS that the City of Henderson, Nevada Public Improvement Trust (the "Issuer"), a trust for the furtherance of public functions formed for and on behalf of the City of Henderson, Nevada, duly organized and validly existing under the laws of the State of Nevada, including Article VIIA, Sections 7A.101 through 7A.110 of the Henderson City Charter, as amended (the "Act"), for value received hereby acknowledges itself obligated to, and promises to pay, but only out of the sources pledged for that purpose as hereinafter provided, and not otherwise, to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Sum stated above, and to pay interest on the unpaid balance of said Principal Sum from the Bond Date stated above at the Interest Rate stated above per annum, payable on each Bond Payment Date in each year until maturity or until the date fixed for redemption if this bond is called for prior redemption and payment on such date is provided for.

Interest accruing on this bond on and prior to the Maturity Date hereof shall be payable by check or wire drawn upon The Bank of New York Mellon Trust Company, N.A., as Paying Agent (the "Paying Agent") as provided in the Bond Indenture. Principal shall be paid when due upon presentation and surrender of this bond for payment at the Corporate Trust Office of the Paying Agent.

This bond is one of an issue of bonds in the aggregate principal amount of $10,965,000 authorized and issued to provide funds to aid in the financing and refinancing of the cost of educational facilities owned and operated by Touro University Nevada (the "Institution"), a Nevada not-for-profit corporation, and for other authorized purposes, all pursuant to a bond resolution adopted by the Issuer on November __, 2017 and the Bond Indenture, dated as of December 1, 2017 (the "Bond Indenture"), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Bond Trustee (the "Bond Trustee"). This bond and all bonds of this issue are payable solely from the Pledged Revenues, as defined in the Bond Indenture. The Institution's Obligation No. 3 (the "Series 2017 Note") has been issued to the Issuer to evidence and secure the obligation of the Institution to the Issuer arising from the Issuer loaning to the Institution the proceeds of the bonds under the Loan Agreement, dated as of December 1, 2017 (the "Agreement"), between the Issuer and the Institution. The Series 2017 Note has been issued pursuant to the Agreement, a Master Trust Indenture, dated as of May 1, 2014 (the "Master Indenture"), by and among the Institution (and the other members of the Obligated Group) and The Bank of New York Mellon as Master Trustee (the "Master Trustee"), and a Supplemental Master Trust Indenture for Obligation No. 7, dated as of December 1, 2017 (the "Supplemental Master Indenture"), by and among the Institution (and the other members of the Obligated Group) and the Master Trustee. By the Bond Indenture the Issuer has assigned and pledged to the Bond Trustee, for the ratable benefit of the holders of the bonds, the Issuer's interest in the Agreement and the Series 2017 Note. Reference is hereby made to the Bond Indenture, the Agreement, the Master Indenture, the Supplemental Master Indenture, and the Series 2017 Note, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Institution, the Bond Trustee, and the holders of the bonds. Executed counterparts or certified copies of such instruments are on file at the Corporate Trust Office of the Bond Trustee in Pittsburgh, Pennsylvania.

All bonds of the issue of which this bond is a part are and shall enjoy a co-equal lien on and claim to the Pledged Revenues and share ratably therein without any preference, priority or distinction as to the source or method of payment and security.

Bonds of this series are subject to redemption prior to their stated maturity dates, as provided in the Bond Indenture.

In the event of any redemption of less than all outstanding bonds, any maturity or maturities and amounts within maturities of bonds to be redeemed shall be selected by the Bond Trustee at the direction of the Institution. If less than all the bonds are to be redeemed, the bonds to be redeemed shall be identified by reference to the issue designation, date of issue, serial numbers and maturity dates. Notice of redemption of any bond of the issue of which this bond is a part shall be mailed by the Bond Trustee, provided, except in the case of Sinking Fund Account Requirements, the Bond Trustee has received seven (7) days prior written instructions from the Issuer or the Institution (unless a shorter period is agreed to by the Bond Trustee), and the Holders will receive the notice not less than thirty (30) nor more than sixty (60) days prior to the date set for redemption to each Holder of a registered bond to be so redeemed at the address shown on the books of the Bond Trustee provided that failure to so mail or any defect in any such notice shall not affect the validity of the proceedings for the redemption of any bond with respect to which notice was so mailed or with respect to which no such defect occurred, respectively.

This bond is a special obligation of the Issuer payable solely from and secured by a pledge of Pledged Revenues and funds provided therefor under the Bond Indenture and the Act. Neither the State of Nevada nor any political subdivision thereof shall be obligated to pay the principal of or interest on this bond, other than from Pledged Revenues, and neither the faith and credit nor the taxing power of the State of Nevada or of any political subdivision thereof is pledged to the payment of the principal of or interest on this bond.

The holder of this bond shall have no right to enforce the provisions of the Bond Indenture or to institute an action in equity or at law to enforce the covenants thereof, or to take any action with respect to a default hereof, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Indenture.

Modifications or amendments of the Bond Indenture or the Agreement may be made only to the extent and in the circumstances permitted by the Bond Indenture.

This bond must be registered in accordance with the provisions hereof, and may, singly or with other bonds of this series, be surrendered to the Bond Trustee and exchanged for other fully registered bonds, upon the terms set forth in the Bond Indenture. Neither the Issuer nor the Bond Trustee shall be required to register or transfer this bond or exchange other bonds for this bond within fifteen (15) days immediately preceding any Bond Payment Date or if this bond has been or is being called for redemption in whole or in part.

It is hereby further certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this bond have existed, have happened and have been performed in due form, time and manner as required by law.

IN TESTIMONY WHEREOF, the Issuer has caused this bond to be executed by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be hereunto affixed, impressed, imprinted, engraved or otherwise reproduced, and this bond to be authenticated by the manual signature of an authorized officer of the Bond Trustee, without which authentication this bond shall not be valid nor entitled to the benefits of the Bond Indenture, all as of the Bond Date stated above.

CITY OF HENDERSON, NEVADA PUBLIC IMPROVEMENT TRUST

By ____________________________________
Name: Steven Grierson
Title: Chairman

(SEAL)

CERTIFICATE OF AUTHENTICATION

The undersigned hereby certifies that this is one of the bonds described in the within-mentioned Bond Indenture.

Date of Authentication: December __, 2017

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Bond Trustee

By ________________________________
Authorized Officer

Assignment

For value received the undersigned sells, assigns and transfers this bond to

____
(Name, Address and Social Security Number or other Identifying Number of Assignee)

____
and irrevocably appoints ___________________________ attorney-in-fact to transfer it on the books kept for registration of the bond, with full power of substitution.

____
NOTE: The signature to this assignment must correspond with the name written on the face of the bond without alteration, enlargement or other change.

Dated:

Signature Guaranteed:

____
Participant in a Recognized Signature
Guarantee Medallion Program

By: __________________________________
Authorized Signature

(End of Form of Series 2017 Bond)

EXHIBIT B

FORM OF REQUISITION

To: The Bank of New York Mellon Trust Company, N.A.
Attn: Global Corporate Trust Services

Re: City of Henderson, Nevada Public Improvement Trust
Touro College and University System Obligated Group Revenue Bonds, Series 2017B

Requisition No. _______________

Touro University Nevada (the "University") hereby requests The Bank of New York Mellon Trust Company, N.A., as trustee (the "Bond Trustee"), pursuant to that certain Bond Indenture dated as of December 1, 2017 (the "Indenture") between the City of Henderson, Nevada Public Improvement Trust (the "Issuer") and the Bond Trustee, under the terms of which the Issuer has issued its Touro College and University System Obligated Group Revenue Bonds, Series 2017B, the proceeds of which are being loaned to the University pursuant to that certain loan agreement dated as of December 1, 2017 (the "Loan Agreement") between the Issuer and the University, to pay from the moneys in the Construction Fund constituting costs of issuance or project costs established pursuant to Section 4.2 of the Indenture (the "Construction Fund"), the amounts shown on Schedule I attached hereto to the parties indicated in Schedule I.

The payees, the purpose for which the costs have been incurred and the amount of the disbursement requested are itemized on Schedule I hereto.

Each obligation set forth in Schedule I hereto has been properly incurred and is a proper charge against the Construction Fund. None of the items for which payment is requested has been reimbursed previously from the Construction Fund.

The undersigned hereby certifies that: (i) each obligation mentioned herein has been properly incurred and is a proper charge against the Construction Fund, (ii) none of the items for which payment is requested has been reimbursed previously from the Construction Fund, and (iii) none of the payments herein requested will result in a breach of the representations and agreements in Section 2.2 of the Loan Agreement or a breach of the Tax Regulatory Agreement.

Date: ___________, 2017

TOURO UNIVERSITY NEVADA

By: ____
Authorized University Representative

LOAN AGREEMENT

TOURO UNIVERSITY NEVADA

and

CITY OF HENDERSON, NEVADA PUBLIC IMPROVEMENT TRUST

Dated as of December 1, 2017

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MISCELLANEOUS

THIS LOAN AGREEMENT, made and entered into as of December 1, 2017 (the "Agreement"), by and between TOURO UNIVERSITY NEVADA, a not-for-profit corporation located at 874 American Pacific Drive, Henderson, Nevada and incorporated under the laws of the State of Nevada (the "Institution"), and CITY OF HENDERSON, NEVADA PUBLIC IMPROVEMENT TRUST (the "Issuer"), of 240 Water Street, Henderson, Nevada, a trust for the furtherance of public functions formed for and on behalf of the City of Henderson, Nevada, duly organized and validly existing under the laws of the State of Nevada, including Article VIIA, Sections 7A.101 through 7A.110 of the Henderson City Charter (the "Act"),

W I T N E S S E T H:

WHEREAS, the Issuer is authorized and empowered under the Act to issue revenue bonds, enter into loan agreements, contracts and other instruments necessary or convenient to obtain loans for the purpose of facilitating the financing of certain projects under the Act; and

WHEREAS, the Institution is a private, not-for-profit and charitable corporation existing under the laws of the State, has been formed for the purpose of operating educational facilities and has been engaged in operating Touro University Nevada, located in Henderson, Nevada; and

WHEREAS, the Institution is authorized to construct, establish, maintain and operate educational facilities, including the Facility (as defined herein); and

WHEREAS, the Institution has requested the Issuer to finance and refinance the construction of certain educational facilities constituting a portion of the Facility, through the issuance under the Act of revenue bonds of the Issuer; and

WHEREAS, the Issuer is authorized under the Constitution and laws of the State, including particularly the Act, to issue its bonds and notes for the purpose of financing and refinancing the Project (as defined herein) for the Institution, and to pay the costs of issuing such bonds or notes; and

WHEREAS, for the purpose of providing sufficient funds to pay the costs of financing and refinancing the Project, the Issuer proposes to issue bonds in the aggregate principal amount of $10,965,000 designated City of Henderson, Nevada Public Improvement Trust, Touro College and University System Obligated Group Revenue Bonds, Series 2017A, dated their date of issuance, and all as further described in the Bond Resolution of the Issuer, adopted November ___, 2017, and in the Bond Indenture (hereinafter defined); and

WHEREAS, the Issuer has determined that it is desirable and in the public interest to enter into this Agreement with the Institution in order to provide the financing and refinancing of the Project for the Institution; and

WHEREAS, the execution and delivery of this Agreement have been duly authorized by the Bond Resolution adopted by the Issuer and a resolution adopted by the Governing Body (as defined herein) of the Institution; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State, the by laws, rules and regulations of the Issuer and the Institution and the Institution's Governing Body to happen, exist and be performed precedent to and in the execution and delivery of this Agreement have happened, exist and have been performed as so required, in order to make this Agreement a valid and binding agreement enforceable in accordance with its terms;

PROVIDED, NEVERTHELESS, except as otherwise specifically stated in this Agreement, if the Institution, or its successors or assigns, shall make the payments provided by this Agreement and shall satisfy and perform all other covenants and obligations made or undertaken by the Institution under this Agreement, then this Agreement shall terminate and be void.

CITY OF HENDERSON, NEVADA PUBLIC IMPROVEMENT TRUST and TOURO UNIVERSITY NEVADA hereby further mutually covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. The words and terms used in this Agreement shall have the same meanings as set forth in the Bond Indenture and in the Master Indenture unless otherwise defined herein, and unless the context shall otherwise require, the following words and terms as used in this Agreement shall have the following meanings:

"Accountant" shall mean any firm of recognized independent certified public accountants appointed by the Obligated Group Agent to whom the Master Trustee makes no reasonable objection.

"Accounts Receivable" shall mean any and all rights of the Institution to payment for services rendered or for goods sold or leased which is not evidenced by an instrument or chattel paper, whether or not it has been earned by performance, including, but without limiting the generality of the foregoing, all "accounts" as defined in the Nevada Uniform Commercial Code and the proceeds thereof.

"Act" shall mean the Henderson City Charter, including Article VIIA, Sections 7A.010 through 7A.110.

"Advance-Refunded Municipal Bonds" shall mean obligations that are exempt from Federal income taxation, that have been advance-refunded prior to their maturity, that are fully and irrevocably secured as to principal and interest by Government Obligations held in trust solely for the payment thereof, and that are serial bonds or term bonds not callable prior to maturity except at the option of the holder thereof.

"Agreement" shall mean the Loan Agreement, dated as of December 1, 2017, by and between the Issuer and the Institution, and when amended or supplemented, the Agreement, as amended or supplemented.

"Agreement Event of Default" shall mean any one or more of those events set forth in Section 6.1 of the Agreement.

"Annual Administrative Fee" shall mean the annual fee for the general administrative services of the Issuer which for each Bond Year shall be an amount equal to that shown on the prevailing fee schedule of the Issuer.

"Architect" shall mean any firm of recognized independent architects appointed by the Institution.

"Beneficial Owner" shall mean the Person in whose name a Bond is recorded as the beneficial owner of such Bond by a participant on the records of such participant or such Person's subrogee.

"Board" shall mean the directors of the Issuer.

"Bond Counsel" shall mean an attorney or firm of attorneys of national recognition experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds selected or employed by the Issuer and reasonably acceptable to the Bond Trustee.

"Bonds" shall mean the Series 2017 Bonds issued under the Bond Indenture.

"Bond Fund" shall mean the fund created pursuant to Section 5.1(a) of the Bond Indenture.

"Bond Indenture" shall mean the Bond Indenture, dated as of December 1, 2017, by and between the Issuer and the Bond Trustee, and when amended or supplemented, such Bond Indenture, as amended or supplemented.

"Bond Indenture Event of Default" shall mean any one or more of those events set forth in Section 7.1 of the Bond Indenture.

"Bond Payment Date" shall mean each date on which principal or interest or both shall be payable on any of the Bonds according to their respective terms so long as any Bonds are Outstanding.

"Bond Purchase Contract" shall mean the Purchase Contract between the Issuer and the Original Purchaser pertaining to the sale of the Bonds.

"Bond Resolution" shall mean the Bond Resolution relating to the financing and refinancing of the Project which is the subject of the Agreement, adopted by the Issuer on November ___, 2017.

"Bond Trustee" shall mean The Bank of New York Mellon Trust Company, N.A., of Pittsburgh, Pennsylvania and any successor to its duties under the Bond Indenture.

"Bond Year" shall mean the period commencing January 2 of each year and ending January 1 of the next year.

"Book-Entry Bonds" shall mean the Bonds held by DTC as the registered owner thereof pursuant to the terms and provisions of Section 2.13 of the Bond Indenture.

"Buildings" shall mean the buildings, structures, fixtures and improvements now or hereafter located on the Land.

"Business Day" shall mean any day of the year other than (i) a Saturday or Sunday, (ii) any day on which banks located in any city in which the principal corporate trust office of the Bond Trustee is located are required or authorized to remain closed, (iii) any day on which banks located in Nevada are required or authorized to remain closed, or (iv) any day on which the New York Stock Exchange or DTC is closed.

"Clean-Up" shall mean the removal, remediation of, monitoring of and all other response to, any Contamination to the satisfaction of all applicable governmental agencies, in compliance with Environmental Laws and otherwise in compliance with good commercial practice.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Construction Fund" shall mean the fund created pursuant to Section 4.1 and Section 5.1(b) of the Bond Indenture.

"Contamination" shall mean the presence of any Hazardous Materials or the Release of any Hazardous Materials.

"Corporate Trust Office" shall mean the office of the Bond Trustee and the Paying Agent at which its corporate trust business is conducted, which at the date hereof is located at 525 William Penn Place, 38th Floor, Pittsburgh, Pennsylvania 15259, Attention: Corporate Trust Services.

"Determination of Taxability" shall mean the delivery of written notice (the "Taxability Notice") by a Bondholder to the Issuer or the Institution declaring that the IRS has issued to such Bondholder a proposed deficiency letter, the effect of which (in the opinion of the Bondholder) is to assert that the interest on such series of Bonds is included in the gross income of Bondholders, such Taxability Notice to be effective 30 days after the giving of the same, subject to a stay of such 30-day period for the period of litigation if prior thereto the Institution agrees in writing to participate in and defend a final judicial determination (including, at the discretion of the Institution, any or all appeals) to affirm that the interest on such series of Bonds is excluded from gross income. In the event the final judicial determination is adverse, the Taxability Notice will be effective 30 days after the entry of such final determination.

"Disclosure Agreement" shall mean the Continuing Disclosure Agreement, dated the date of delivery of the Bonds, by and among the Obligated Group Representative, the Bond Trustee and the dissemination agent named therein.

"DTC" shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"Electronic Means" shall mean the transmission of a notice by email, facsimile transmission or by telephone (promptly confirmed in writing by email or by facsimile transmission).

"Environmental Law" shall mean any and all federal, State and local laws, ordinances, rules, regulations and administrative orders relating to Hazardous Materials.

"Equipment" shall mean the equipment, machinery, furnishings, fixtures (to the extent not a part of the Buildings), and other similar items of tangible personal property necessary or convenient for the operation of the Buildings, whether now owned or held or hereafter acquired, less any equipment, machinery, furnishings, fixtures to the extent not a part of the Buildings, and other similar items which may actually be disposed of or removed pursuant to the Agreement and the Master Indenture.

"Facility" shall mean the Land, the Buildings and the Equipment.

"Fitch" shall mean Fitch, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Institution by notice to the Issuer and the Bond Trustee.

"Governing Body" shall mean the Institution's board of trustees.

"Government Obligations" shall mean direct general obligations of the United States of America.

"Gross Revenues" shall have the meaning set forth in the Master Indenture.

"Hazardous Materials" shall mean, without limitation, asbestos, gasoline, petroleum products, explosives, radioactive materials, polychlorinated biphenyls, chemical liquids, or any other solid, liquid or gaseous materials, or related or similar materials, or any other substance or material defined as a hazardous or toxic substance, material or waste by any applicable federal, State or local law, ordinance, rule, regulation or administrative order.

"Holder" or "Bondholder" shall mean the registered owner of any Bond, including DTC as the sole registered owner of Book-Entry Bonds.

"Initial Administrative Fee" shall mean the fee, payable from the Construction Fund to the Issuer, for its initial services in regard to the financing and refinancing of the Project in an amount specified in the Issuer's prevailing fee schedule.

"Institution" shall mean the private, not for profit and charitable corporation organized and existing under the laws of the State of Nevada, operating educational facilities located in Henderson, Nevada, the corporate name of which is Touro University Nevada, and its successors.

"Institution Representative" shall mean the Person or Persons at the time designated to act on behalf of the Institution by written certificate furnished to the Issuer and the Bond Trustee, containing the specimen signature of such Person and signed on behalf of the Institution by its chairman, its president or chief executive officer, or its chief financial officer. Such certificate may designate an alternate or alternates who shall have the same authority, duties and powers as such Institution Representative.

"Insurance Consultant" shall mean a Person appointed by the Obligated Group Agent and not reasonably objected to by the Master Trustee, qualified to survey risks and to recommend insurance coverage for educational facilities and organizations engaged in like operations, who may be a broker or agent with whom a member of the Obligated Group transacts business, but who shall have no interest, direct or indirect, in any member of the Obligated Group and shall not be a member, director or employee of any member of the Obligated Group.

"Interest Account" shall mean the account of the Bond Fund created pursuant to Section 5.1(a)(i) of the Bond Indenture.

"Issuer" shall mean the City of Henderson, Nevada Public Improvement Trust, a public body corporate and politic of the State of Nevada.

"Issuer Documents" means, collectively, the Bond Indenture, the Agreement, the Tax Regulatory Agreement and any other agreements, documents or certificates executed by the Issuer in connection with the issuance of the Series 2017 Bonds.

"Issuer Representative" shall mean the Chairman, Vice Chairman, Executive Director or Secretary of the Issuer or such other Person as the Issuer may designate to act on its behalf by written certificate furnished to the Institution and the Bond Trustee containing the specimen signature of such Person and signed on behalf of the Issuer by the Chairman, Vice Chairman, Executive Director or Secretary.

"Land" shall mean the real property, interests in real property, rights-of-way, easements, licenses, and other rights in real property described in Schedule A to the Agreement.

"Master Indenture" shall mean the Master Trust Indenture, dated as of May 1, 2014 by and among the Institution and the other Members of the Obligated Group and the Master Trustee, as amended or supplemented.

"Master Indenture Event of Default" shall mean any one or more of those events of default set forth in the Master Indenture.

"Master Trustee" shall mean The Bank of New York Mellon of Pittsburgh, Pennsylvania, and any successor to its duties under the Master Indenture.

"Member" shall mean a Member of the Obligated Group as defined in the Master Indenture.

"Moody's" shall mean Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Institution by notice to the Issuer and the Bond Trustee.

"Mortgage" shall mean the Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents from the Institution, as trustor, to Commonwealth Title Insurance Company, as trustee, for the benefit of the Issuer and the Master Trustee dated December __, 2017.

"Notes" shall mean the Series 2017 Note and any additional notes or other obligations issued under the Master Indenture.

"Note Payments" shall mean all payments to be made by or on behalf of the Institution under the Note issued to or for the account of the Issuer.

"Obligated Group" shall mean the Obligated Group as defined in the Master Indenture.

"Obligated Group Representative" shall mean Touro College, a New York not-for-profit education corporation, or its successors or assigns in such capacity under the terms of the Master Indenture.

"Opinion of Bond Counsel" shall mean an opinion in writing signed by Bond Counsel.

"Opinion of Counsel" shall mean a written opinion of an attorney or firm of attorneys acceptable to the Bond Trustee and the Institution and, to the extent the Issuer is asked to take action in reliance thereon, the Issuer, and who (except as otherwise expressly provided herein or in the Bond Indenture) may be either counsel for the Institution or for the Bond Trustee.

"Original Purchaser" shall mean the Person designated in the Bond Purchase Contract as the initial purchaser or purchasers of the Bonds or, if so designated in such Bond Purchase Contract, the representatives or lead or managing underwriters of such initial purchasers.

"Outstanding," when used with reference to the Bonds, shall mean, as of any date of determination, all Bonds theretofore authenticated and delivered except: (i) Bonds theretofore cancelled by the Bond Trustee or delivered to the Bond Trustee for cancellation; (ii) Bonds which are deemed paid and no longer Outstanding as provided in the Bond Indenture; (iii) Bonds in lieu of which other Bonds have been issued pursuant to the provisions of the Bond Indenture relating to Bonds destroyed, stolen or lost, unless evidence satisfactory to the Bond Trustee has been received that any such Bond is held by a bona fide purchaser; and (iv) for purposes of any consent or other action to be taken under the Agreement or under the Bond Indenture by the Holders of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the Issuer, the Institution, or any Person controlling, controlled by, or under common control with, either of them.

"Paying Agent" shall mean the Bond Trustee and any other banks or trust companies and their successors designated as the paying agencies or places of payment for the Bonds.

"Permitted Investments" shall mean and include any of the following, if and to the extent the same are at the time legal investments of the Issuer's money:

(a) Government Obligations;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, instrumentalities or other entities, established by an Act of Congress or otherwise, including but not limited to the entities listed below, provided such obligations are backed by the full faith and credit of the United States of America:

(i) U.S. Export-Import Bank,

(ii) Farmers Home Administration,

(iii) Federal Financing Bank,

(iv) Federal Housing Administration Debentures,

(v) General Services Administration,

(vi) Aid for International Development,

(vii) Government National Mortgage Association,

(viii) U.S. Maritime Administration,

(ix) U.S. Department of Housing and Urban Development,

(x) Resolution Funding Corporation, and

(xi) Small Business Administration;

(c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies, instrumentalities, corporations or other entities, established by an Act of Congress or otherwise:

(i) Federal Home Loan Bank System,

(ii) Federal Home Loan Mortgage Corporation,

(iii) Federal National Mortgage Association (Fannie Mae),

(iv) Student Loan Marketing Association,

(v) Financing Corporation,

(vi) Federal Farm Credit Banks,

(vii) Private Export Funding Corp,

(viii) Resolution Funding Corporation,

(ix) Tennessee Valley Authority, and

(x) Inter-American Development Bank.

(d) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G, AAAm, or AAm or ratings by Moody's of Aaa, Aa1 or Aa2;

(e) certificates of deposit issued by commercial banks, savings and loan associations or mutual savings banks that are secured at all times by collateral described in (a), (b), or (c) above, provided that the Bond Trustee has a perfected security interest in the collateral;

(f) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the FDIC, including the DIF (Deposit Insurance Fund);

(g) commercial paper issued under Section 3(a)(3) of the Securities Act of 1933 that have original maturities no longer than 270 days, rated, at the time of purchase, "Prime - 1" by Moody's or "A-1" or better by S&P;

(h) direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated in one of the three highest rating categories by at least one Rating Agency, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated, or revenue bonds of any state of the United States, state agency or political subdivision or entity thereof rated in one of the two highest rating categories by at least one Rating Agency (any such securities are without regard to exemption of interest from federal taxation);

(i) Advance-Refunded Municipal Bonds;

(j) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P;

(k) repurchase agreements that provide for the transfer of securities from a dealer or bank or financial institution (seller/borrower) to the Bond Trustee, or the Master Trustee on its behalf (buyer/lender), and the transfer of cash from the Bond Trustee, or the Master Trustee on its behalf, to the dealer, bank or financial institution with an agreement that the dealer or bank will repay the cash plus the yield to the Bond Trustee, or the Master Trustee on its behalf, in exchange for the securities at a specified date provided that such repurchase agreements satisfy the following criteria:

(i) the repurchase agreement must be between the Bond Trustee, or the Master Trustee on its behalf, and a primary dealer listed on the Federal Reserve reporting dealer list that falls under the jurisdiction of the SIPC, a bank, or financial institution and that is rated "A" or better (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) by at least one of S&P, Moody's, or Fitch;

(ii) the repurchase agreement must be in writing and include the following (1) the securities that are acceptable for transfer are of the type listed in (a), (b) or (c) above, (2) the term of the repurchase agreement may not exceed the term of the Bonds, (3) the collateral must be delivered to the Bond Trustee, the Master Trustee (if the Master Trustee is not supplying the collateral) or a third party acting as agent for the Master Trustee (if the Master Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of securities), and (4) the securities must be valued no less than weekly, marked-to-market at current market price, of the amount of cash transferred by the Bond Trustee, or the Master Trustee on its behalf, to the dealer, bank or financial institution under the repurchase agreement plus accrued interest. If the value of the collateral drops below the minimum defined percentage of the value of the cash transferred by the Bond Trustee, or the Master Trustee on its behalf, then additional cash and/or acceptable securities must be transferred to adjust the minimum requirement. The value of the collateral, in the case of securities of the type described in section (a) above are pledged, must be equal to 102%, and in the case where securities of the type described in sections (b) and (c) above are pledged, collateral must be equal to 103%;

(l) Forward purchase agreements by a financial institution rated at the time of execution by any Rating Agency in one of three highest rating categories assigned by such Rating Agency. Securities eligible for delivery under the agreement will include those described in sections (a), (b) or (c) above. Any forward purchase agreement must be accompanied by a bankruptcy opinion that the securities delivered will not be considered part of the bankruptcy estate in the event of a declaration of bankruptcy or insolvency by the provider;

(m) investment agreements with (i) banks or non-bank financial institutions or vehicles whose unsecured, direct long-term debt is rated, or if such investment agreement is guaranteed, by an entity rated by any Rating Agency at the time such agreement is executed in one of the three highest rating categories or (ii) such non-bank financial institution, vehicle, or the related guarantor has a claims paying ability rated by any Rating Agency in one of the three highest rating categories assigned by such Rating Agency, provided that if at any time after purchase the provider of the investment agreement drops below the three highest rating categories assigned by such Rating Agency, the investment agreement must, within 30 days, either (1) be assigned to a provider rated in one of the three highest rating categories, or (2) be secured by the provider with collateral securities described in clause (a), (b) and (c) above, the fair market value of which, in relation to the amount of the investment agreement including principal and interest, is equal to at least 102%; or

(n) time deposits of any bank domiciled in the United States or of a foreign bank with a branch in the United States which has combined capital, surplus and undivided profits of at least $500 million, so long as the long-term unsecured debt rating of the issuing bank is within one of the three highest rating categories by a Rating Agency.

For the purpose of this definition, references to rating categories refers to such categories without regard to numerical or symbol modifiers (*i.e*. "AA+", "AA" and "AA-" constitute a single category).

"Person" shall include an individual, association, unincorporated organization, corporation, partnership, limited liability company, joint venture, or government or agency or political subdivision thereof.

"Pledged Revenues" shall mean all revenues, proceeds and receipts of the Issuer derived from the Note Payments, and the proceeds of the Bonds pending their application in accordance with the Bond Indenture.

"Principal Account" shall mean the account of the Bond Fund created pursuant to Section 5.1(a)(ii) of the Bond Indenture.

"Project" shall mean the improvements of the Facility described in Schedule B to the Agreement, to be financed and refinanced with the proceeds of the Bonds.

"Rating Agency" shall mean Fitch, Moody's, Standard & Poor's or any other nationally recognized securities rating agency.

"Rating Category" shall mean a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

"Record Date" shall mean, as the case may be, the applicable Regular or Special Record Date.

"Redemption Account" shall mean the account of the Bond Fund created pursuant to Section 5.1(a)(iv) of the Bond Indenture.

"Redemption Price" shall mean, when used with respect to a Bond or portion thereof to be redeemed, the principal amount of such Bond or portion thereof plus the applicable premium, if any, payable upon redemption thereof.

"Regular Record Date" shall mean the 15th day (whether or not a Business Day) of the calendar month immediately preceding each Bond Payment Date.

"Release" shall mean the intentional or unintentional presence, seepage, spilling, leaking, disposing, discharging, emitting, depositing, injecting, leaching, escaping or any other release or threatened release, however defined, of any Hazardous Materials.

"Representation Letter" shall mean the Representation Letter from the Issuer and the Bond Trustee to DTC with respect to the Bonds.

"Reserve Fund" shall mean the fund created pursuant to the Bond Indenture.

"Reserve Fund Facility" shall mean the surety bond, insurance policy, letter of credit or other instrument on deposit for credit of the Reserve Fund pursuant to Section 5.10 of the Bond Indenture.

"Reserve Fund Requirement" shall mean with respect to the Series 2017 Bonds the least of (a) the maximum annual debt service due in the current or any future Bond Year, (b) one hundred twenty five percent (125%) of the average annual debt service in the Series 2017 Bonds, and (c) ten percent (10%) of the stated original principal amount of the Series 2017 Bonds. The Reserve Fund Requirement for Additional Bonds shall be as set forth in the Supplement authorizing such Additional Bonds.

"Reserve Fund Value" shall mean the current market value of moneys and investments credited to the Reserve Fund (taking into account straight line amortizations and accretions of premiums and discounts).

"S&P" shall mean Standard & Poor's, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Institution by notice to the Issuer and the Bond Trustee.

"Serial Bonds" shall mean the Bonds which are so designated in the Bond Indenture and are stated to mature in annual installments.

"Series 2017 Bonds" shall mean the Issuer's $10,965,000 aggregate principal amount of Touro College and University System Obligated Group Revenue Bonds, Series 2017A, dated their date of issuance.

"Series 2017 Note" shall mean the Note created and issued pursuant to the Master Indenture and the Supplemental Master Indenture in substantially the form set forth in Schedule C to the Agreement.

"Sinking Fund Account" shall mean the account of the Bond Fund created pursuant to Section 5.1(a)(iii) of the Bond Indenture.

"Sinking Fund Account Requirement" shall mean the aggregate principal amount of the Bonds required to be retired on or before the corresponding Sinking Fund Account Retirement Date.

"Sinking Fund Account Retirement Date" shall mean the date on or before which the Bonds are required to be retired in an amount equal to the Sinking Fund Account Requirement for such date.

"Special Record Date" shall mean the date established by the Bond Trustee pursuant to Section 2.2(d) of the Bond Indenture as the record date for the payment of defaulted interest on the Bonds.

"State" shall mean the State of Nevada.

"Supplement" shall mean an indenture supplementing or modifying the provisions of the Bond Indenture entered into by the Issuer and the Bond Trustee in accordance with Article IX of the Bond Indenture.

"Supplemental Master Indenture" shall mean the Supplemental Master Trust Indenture for Obligation No. 7 to the Master Indenture, dated as of December 1, 2017, by and among the Institution (and the other members of the Obligated Group) and the Master Trustee, and when amended or supplemented, such Supplemental Master Indenture, as amended or supplemented.

"Tax-Exempt Organization" shall mean a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) and exempt from federal income taxes under Section 501(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

"Tax Regulatory Agreement" shall mean the Tax Regulatory Agreement, dated the date of delivery of the Bonds, by and among the Issuer, the Institution and the Obligated Group Representative.

"Term Bonds" shall mean the Bonds designated as Term Bonds in the Bond Indenture.

"Value" when used in connection with the Facility of the Institution, shall mean (i) at the option of the Institution (a) the cost basis, net of accumulated depreciation, as it is carried on the books of the Institution and in conformity with generally accepted accounting principles consistently applied, or (b) the appraised value as determined by an appraiser who is a Member of the Appraisal Institute (MAI), such appraisal taking place within two (2) years of the date such value is used.

Section 1.2. Interpretation. (a) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(b) Any terms not defined herein, but defined in the Bond Indenture or the Master Indenture, shall have the same meaning herein.

(c) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations of the Issuer. The Issuer makes the following representations as the basis for its covenants and agreements herein:

(a) The Issuer is a trust for the furtherance of public functions formed for and on behalf of the City of Henderson, Nevada duly created and validly existing under the Constitution and laws of the State.

(b) The Issuer will exercise its best efforts to preserve and keep in full force and effect its existence as a trust.

(c) The Issuer is authorized under the Constitution and laws of the State, including the Act, to issue the Series 2017 Bonds and to enter into the Issuer Documents and the transactions contemplated hereby and to perform all of its obligations hereunder and thereunder.

(d) The Issuer has duly authorized the issuance of the Series 2017 Bonds and the execution and delivery of the Issuer Documents under the terms and provisions of the resolution of its governing body or by other appropriate official approval, and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability of the Series 2017 Bonds and the Issuer Documents against the Issuer, and the Issuer has complied with such public bidding requirements as may be applicable to the Series 2017 Bonds, the Issuer Documents and the Project. The Issuer has taken all necessary action and has complied with all provisions of the Act, including but not limited to the making of the findings required by the Act, required to make the Series 2017 Bonds and the Issuer Documents the valid and binding obligation of Issuer.

(e) The officer of the Issuer executing the Series 2017 Bonds, the Issuer Documents and any related documents has been duly authorized to execute and deliver the Series 2017 Bonds and the Issuer Documents and such related documents under the terms and provisions of a resolution of Issuer's governing body, or by other appropriate official action.

(f) The Series 2017 Bonds and the Issuer Documents are legal, valid and binding obligations of Issuer, enforceable in accordance with their respective terms, except to the extent limited by bankruptcy, reorganization or other laws of general application relating to or affecting the enforcement of creditors' rights.

(g) The Issuer has assigned to the Bond Trustee all of the Issuer's rights in the Facility and this Agreement (except any indemnification payable to the Issuer and notices to the Issuer).

(h) The Issuer will not pledge, mortgage or assign this Agreement or its duties and obligations hereunder to any Person, except as provided under the terms hereof.

(i) None of the issuance of the Series 2017 Bonds or the execution and delivery of the Issuer Documents, the consummation of the transactions contemplated hereby or the fulfillment of or compliance with the terms and conditions of the Series 2017 Bonds or any of the Issuer Documents violates any law, rule, regulation or order, conflicts with or results in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Issuer is now a party or by which it is bound or constitutes a default under any of the foregoing or results in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer under the terms of any instrument or agreement.

(j) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of the Issuer's knowledge, threatened against or affecting the Issuer, challenging the Issuer's authority to issue the Series 2017 Bonds or to enter into any of the Issuer Documents or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of the Series 2017 Bonds or any of the Issuer Documents or any other transaction of Issuer which is similar hereto, or the exclusion of the Interest from gross income for federal tax purposes under the Code, or would materially and adversely affect any of the transactions contemplated by this Agreement.

(k) The Issuer will submit or cause to be submitted to the Internal Revenue Service a Form 8038 (or other information reporting statement) at the time and in the form required by the Code.

(l) The issuance of the Series 2017 Bonds for the purpose of financing the Project has been approved by the "applicable elected representative" (as defined in Section 147(f) of the Code) after a public hearing held upon reasonable notice.

(m) The issuance of the Series 2017 Bonds for the purpose of financing the Project has been approved by the State Board of Finance after a public hearing held upon reasonable notice.

(n) The Issuer will comply fully at all times with the Tax Regulatory Agreement, and the Issuer will not take any action, or omit to take any action, which, if taken or omitted, respectively, would violate the Tax Regulatory Agreement.

(o) The Issuer will take no action that would cause the interest to become includable in gross income for federal income tax purposes under the Code (including, without limitation, intentional acts under Treas. Reg. §1.148-2(c) or consenting to a deliberate action within the meaning of Treas. Reg. §1.141-2(d), unless the Institution has taken appropriate remedial action under Treas. Reg. §1.141-12), and the Issuer will take and will cause its officers, employees and agents to take all affirmative actions legally within its power necessary to ensure that the interest does not become includable in gross income of the holder of the Bond for federal income tax purposes under the Code (including, without limitation, the calculation and payment of any rebate required to preserve such exclusion).

Section 2.2. <u>Representations of the Institution</u>. The Institution makes the following representations as the basis for its covenants and agreements herein and to induce the Issuer to make the loan provided by this Agreement:

(a) The Institution has been duly incorporated and is validly existing as a not-for-profit corporation under the laws of the jurisdiction in which it was formed and there is no other jurisdiction where its ownership or lease of property or conduct of its business requires such qualification. The Institution has full legal right, power and authority to enter into this Agreement, the Tax Regulatory Agreement, the Master Indenture, the Supplemental Master Indenture, the Disclosure Agreement, and the Series 2017 Note and to carry out and consummate all transactions contemplated hereby and thereby and it has, by proper action, duly authorized the execution and delivery of this Agreement, the Tax Regulatory Agreement, the Disclosure Agreement, the Master Indenture, the Supplemental Master Indenture and the Series 2017 Note and has approved the Bond Indenture, the Bond Purchase Contract and the issuance of the Bonds.

(b) The execution and delivery of the Agreement, the Tax Regulatory Agreement, the Master Indenture, the Supplemental Master Indenture, the Disclosure Agreement, and the Series 2017 Note, and the consummation of the transactions herein and therein contemplated, including the application of the proceeds of the Series 2017 Bonds as so contemplated, will not conflict with, or constitute a breach of, or default by it under its articles of incorporation, its by-laws, or any statute, indenture, mortgage, deed of trust, lease, note, loan agreement or other agreement or instrument to which it is a party or by which it or its properties are bound, and will not constitute a violation of any order, rule or regulation of any court or governmental agency or body having jurisdiction over it or any of its activities or properties. Additionally, to the best of the Institution's knowledge, no Member of the Obligated Group is in breach, default or violation of any statute, indenture, mortgage, deed of trust, note, loan agreement or other agreement or instrument which would allow the obligee or obligees thereof to take any action which would preclude performance of the Agreement, the Tax Regulatory Agreement, the Master Indenture, the Supplemental Master Indenture, the Disclosure Agreement, or the Series 2017 Note by the Institution or result in the acceleration or termination of any such agreement. The Note is a joint and several obligation of the Members of the Obligated Group.

(c) To the best of the Institution's knowledge, there are no actions, suits or proceedings of any type whatsoever pending or, to its knowledge, threatened against or affecting it or its assets, properties or operations which, if determined adversely to it or its interests, could have a material adverse effect upon its financial condition, assets, properties or operations and it is not in default with respect to any order or decree of any court or any order, regulation or decree of any federal, state, municipal or governmental agency, which default would materially and adversely affect its financial condition, assets, properties or operations, or the completion of the construction and equipping of the Project to be financed and refinanced from the proceeds of the Series 2017 Bonds.

(d) It is a Tax-Exempt Organization and a not-for-profit corporation organized and operated exclusively for not-for-profit purposes and no part of its earnings inures to the benefit of any Person (other than a Tax-Exempt Organization), private shareholder or individual.

(e) Neither any information, exhibit or report furnished to the Issuer or the Original Purchaser by the Institution, or to the Institution's knowledge, by any Member of the Obligated Group, in connection with the negotiation of the Agreement, the Tax Regulatory Agreement, the Master Indenture, the Supplemental Master Indenture, the Disclosure Agreement or the Series 2017 Note nor any of the foregoing representations contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(f) The Institution represents and warrants that, to the best of the Institution's knowledge, after due inquiry and investigation and except as described in Schedule 2.2(f), (i) there are no Hazardous Materials on the Facility, except those in compliance with all applicable federal, State and local laws, ordinances, rules and regulations, (ii) no owner or occupant nor any prior owner or occupant of the Facility has received any notice or advice from any governmental agency or any source whatsoever with respect to Hazardous Materials on, from or affecting the Facility and (iii) there are no claims, litigation, administrative or other proceedings, whether actual or threatened, or judgments or orders relating to the location of Hazardous Material on the Facility or on the surrounding areas. The Institution covenants that the Facility shall be kept free of Hazardous Materials except such Hazardous Materials as are in compliance with all applicable federal, State and local laws, ordinances, rules and regulations, and neither the Institution nor any occupant of the Facility shall use, transport, store, dispose of or in any manner deal with Hazardous Materials on the Facility, except in compliance with all applicable federal, State and local laws, ordinances, rules and regulations. The Institution shall comply with, and ensure compliance by all occupants of the Facility with, all applicable federal, State and local laws, ordinances, rules and regulations, and shall keep the Facility free and clear of any liens imposed pursuant to such laws, ordinances, rules and regulations. In the event that the Institution receives any notice or advice from any governmental agency or any source whatsoever with respect to Hazardous Materials on, from or affecting the Facility, the Institution (at its own expense) shall immediately notify the Issuer and the Bond Trustee. The Institution shall conduct and complete all investigations, studies, sampling, and testing, and all remedial actions necessary to clean up and remove all Hazardous Materials from the Facility in accordance with all applicable federal, State and local laws, ordinances, rules and regulations. The obligations and liabilities of the Institution under this paragraph shall survive any entry of a judgment of foreclosure or the delivery of a deed in lieu of foreclosure of this Agreement. For purposes of this section, due inquiry and investigation shall mean a reasonable review of the records of the Institution but shall not be deemed to require a formal site assessment or environmental testing.

All representations contained herein and in any certificate or other instrument delivered by the Institution pursuant to the Agreement, the Bond Purchase Contract, the Bond Indenture, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Bonds.

ARTICLE III

LOAN AGREEMENT;
ISSUANCE OF SERIES 2017 BONDS AND SERIES 2017 NOTE

Section 3.1. Loan Agreement; Issuance of Series 2017 Bonds and Application of Proceeds. The Issuer hereby agrees to loan, and hereby loans, to the Institution, the amount of $10,965,000 to provide funds to finance and refinance the Project, upon the terms and conditions set forth or referred to in this Agreement. The Institution agrees to borrow and hereby borrows, and agrees to repay, the amount of $10,965,000, upon the terms and conditions set forth or referred to in this Agreement. This Agreement shall constitute a general obligation of the Institution. To provide funds to finance and refinance the Project, the Issuer agrees to use its best efforts to issue the Bonds in accordance with the Bond Indenture and to cause the proceeds thereof to be paid to the Bond Trustee as provided in the Bond Indenture. The Institution agrees that the proceeds of the Bonds being loaned to the Institution, to be made available to finance and refinance the Project, shall be deposited with the Bond Trustee and applied as provided in the Bond Indenture. The Institution acknowledges and agrees that it shall have no interest in the proceeds of the Bonds equal to or greater than that of the Holders who shall have a first and prior beneficial interest in such money until applied in accordance herewith and with the Bond Indenture.

Section 3.2. Issuance of Series 2017 Note. In consideration of the issuance by the Issuer of the Bonds and the application of the proceeds thereof as provided in the Bond Indenture, and as security for the loan referred to in Section 3.1 hereof, the Institution agrees to issue and to cause to be authenticated and delivered to the Bond Trustee as assignee of the Issuer, pursuant to the Agreement, the Master Indenture and the Supplemental Master Indenture, concurrently with the delivery of the Series 2017 Bonds to the Original Purchaser thereof in accordance with the Bond Purchase Contract, the Series 2017 Note in substantially the form attached hereto as Schedule C with such necessary and appropriate omissions, insertions and variations as are permitted or required by the Bond Indenture, the Master Indenture or the Supplemental Master Indenture. The Issuer agrees that the Series 2017 Note shall be registered in the name of the Bond Trustee as assignee of the Issuer. The Institution agrees that the principal amount of the Series 2017 Note shall be limited to $10,965,000, except for any Series 2017 Note authenticated and delivered in lieu of another Series 2017 Note as provided in the Master Indenture with respect to Notes mutilated, destroyed, lost or stolen or, subject to the provisions of Section 3.3 hereof, upon transfer or registration or exchange of the Note.

Section 3.3. Restrictions on Number and Transfer of Note. (a) The Institution agrees that, except as provided in paragraph (b) of this Section or as may be provided in a supplement to this Agreement, so long as any Bond remains Outstanding, the Note shall be issuable only as a single Note securing the Bonds registered as to principal and interest in the name of the Bond Trustee and no transfer of the Note shall be recognized by the Institution except for transfers to a successor Bond Trustee.

(b) Upon the principal of the Note being declared immediately due and payable (after the expiration of any cure period provided in this Agreement), the Note may be transferred and may be exchanged for other Notes of the same series, as provided in the Master Indenture and the Supplemental Master Indenture, if and to the extent that the Bond Trustee requests that the restrictions of paragraph (a) of this Section on transfers and exchanges be terminated.

Section 3.4. Notice of Redemption or Prepayment of Note. The Issuer hereby waives all notice of redemption of the Note or of prepayment or credit for payment on the Note except such notice as is expressly required by the provisions hereof or of the Bond Indenture, the Master Indenture or the Supplemental Master Indenture.

Section 3.5. Security for Bonds. (a) The Institution agrees that the principal and Redemption Price of and the interest on the Bonds shall be payable in accordance with the Bond Indenture and the right, title and interest of the Issuer hereunder and in and to the Note, the Note Payments and other amounts paid or payable by the Institution hereunder, other than fees and expenses payable or reimbursable to the Issuer, shall be assigned and pledged by the Issuer to the Bond Trustee pursuant to the Bond Indenture to secure the payment of the Bonds. The Institution agrees that all of the rights accruing to or vested in the Issuer with respect to the Note or hereunder may be exercised, protected and enforced by the Bond Trustee for or on behalf of the Holders in accordance with the provisions hereof and of the Bond Indenture.

(b) This Agreement is executed in part to induce the purchase by others of the Bonds, and, accordingly, all covenants and agreements on the part of the Institution (on its own behalf and as a Member of the Obligated Group) and the Issuer, as set forth in this Agreement, are hereby declared to be for the benefit of the holders and owners from time to time of the Bonds.

(c) The Institution agrees to do all things within its power in order to comply with and to enable the Issuer to comply with all requirements, and to fulfill and to enable the Issuer to fulfill all covenants, of the Bond Resolution, the Tax Regulatory Agreement and the Bond Indenture.

(d) As security for its obligation to make the Note Payments required under this Agreement and as provided in the Master Indenture (including as amended and supplemented through the Supplemental Master Indenture), the Institution and the other members of the Obligated Group pursuant to the Master Indenture have granted to the Master Trustee a security interest in Gross Revenues and created in favor of the Master Trustee a lien on certain real property of the Institution pursuant to the Mortgage, all upon the conditions set forth in the Master Indenture.

ARTICLE IV

PAYMENTS

Section 4.1. Payments of Principal, Premium and Interest. The Institution, on behalf of itself and as a Member of the Obligated Group, covenants that it will duly and punctually pay the principal of and interest and any premium on the Note at the dates and in the places and manner mentioned therein and herein. Notwithstanding any schedule of payments to be made on the Note set forth therein or herein, the Institution agrees to make payments upon the Note and be liable therefor at the times and in the amounts equal to the amounts to be paid as the principal or Redemption Price of or interest on the Bonds from time to time Outstanding under the Bond Indenture as the same shall become due whether at maturity, upon redemption, by declaration of acceleration or otherwise. This provision shall not be read or interpreted to abrogate the joint and several liability of the Institution and the other Members of the Obligated Group for all Notes issued under the Master Indenture.

All amounts payable with respect to the Note or hereunder by the Institution to the Issuer, except as otherwise expressly provided herein, shall be paid to the Bond Trustee for the account of the Issuer so long as any Bonds remain Outstanding.

The Institution agrees and represents that it has received fair consideration in return for the obligations undertaken and to be undertaken by the Institution resulting from the Note issued on behalf of the Obligated Group.

Section 4.2. Note Payments. (a) The Note Payments shall be made not later than the 20th day of each month, commencing January, 2018. Any scheduled payment which shall not be paid when due shall bear interest at the highest rate of interest borne on any Bonds from the date the Note Payment is due until the same shall be paid.

(b) The Note Payments with respect to interest due on the Bonds shall include the amount, if any, necessary to cause the amount credited to the Interest Account together with available moneys and investment earnings on investments then on deposit in the Interest Account, if such earnings will be received before the next Bond Payment Date as determined by the Bond Trustee (but only to the extent that such moneys or investment earnings have not previously been credited for purposes of such calculation), to be not less than one-sixth of the amount of interest to be paid on the Outstanding Bonds on the next Bond Payment Date. The Note Payments to be made pursuant to this paragraph (b) shall be appropriately adjusted to reflect the date of issuance of the Bonds and accrued or capitalized interest, if any, deposited in the Interest Account.

(c) The Note Payments with respect to principal of the Bonds shall include (after credit for any investment earnings in such Account that have not previously been credited), during each Bond Year ending on a date on which Bonds mature, the amount necessary to cause the amount credited to the Principal Account, together with the available moneys and investment earnings on investments then on deposit in the Principal Account, if such earnings will be received before the last day of the Bond Year (but only to the extent that such moneys or investment earnings have not previously been credited for purposes of such calculation), to be not less than one-twelfth of the principal amount of the Bonds Outstanding which will mature on the last day of the Bond Year, and shall be appropriately adjusted to reflect the date of issuance of the Bonds.

(d) The Note Payments with respect to Sinking Fund Account Requirements of the Bonds shall include (after credit for any investment earnings in such Account that have not previously been credited), during each Bond Year ending on a date which is a Sinking Fund Account Retirement Date, the amount necessary to cause the amount credited to the Sinking Fund Account, together with available moneys and investment earnings on investments then on deposit in the Sinking Fund Account, if such earnings will be received before the last day of the Bond Year as determined by the Bond Trustee (but only to the extent that such moneys or investment earnings have not previously been credited for purposes of such calculation), to be not less than one-twelfth of the unsatisfied Sinking Fund Account Requirements to be satisfied on or before the last day of the Bond Year.

(e) The Note Payments shall include, in addition to the amounts referred to in paragraphs (b), (c) and (d) of this Section, twelve equal monthly installments of amounts to be deposited to the Reserve Fund sufficient to cause the Reserve Fund Value to be not less than the Reserve Fund Requirement within a period of twelve (12) months from any transfer of funds by the Bond Trustee from the Debt Service Reserve Fund in accordance with the Bond Indenture.

(f) The Note Payments shall include, in addition to the amounts referred to in paragraphs (b), (c), (d), and (e) of this Section, an amount or amounts to be deposited to the Reserve Fund sufficient to cause the Reserve Fund Value to be not less than ninety percent (90%) of the Reserve Fund Requirement within 120 days after a computation of the Reserve Fund Value by the Bond Trustee indicates that the Reserve Fund Value is below such ninety percent (90%) level, in the event that such deficiency results from a decline in the market value of obligations held in the Reserve Fund.

(g) The Note Payments shall include all amounts due with respect to any rebate due to the United States pursuant to the Code and the Tax Regulatory Agreement.

Section 4.3. Credits for Payments on Note. The Institution shall receive credit for payment on the Note, in addition to any credits resulting from payment or prepayment from other sources, as follows:

(a) On installments of interest on the Note in an amount equal to moneys deposited in the Interest Account which amounts are available (as determined by the Issuer) to pay interest on the Bonds, to the extent such amounts have not previously been credited against payments on the Note.

(b) On installments of principal on the Note in an amount equal to moneys deposited in the Principal Account or Sinking Fund Account of the Bond Fund created under the Bond Indenture which amounts are available (as determined by the Issuer) to pay principal of the Bonds, to the extent such amounts have not previously been credited on the Note.

(c) On installments of principal and interest, respectively, on the Note in an amount equal to the principal and interest of the Bonds which have been called by the Bond Trustee for redemption prior to maturity and for the redemption of which sufficient amounts are on deposit in the Redemption Account of the Bond Fund created under the Bond Indenture, to the extent such amounts have not previously been credited against payments on the Note. Such credits shall be made against the installments of principal and interest on the Note which would be used, but for such call for redemption, to pay principal and interest on the Bonds when due at maturity or by the Sinking Fund Account Requirements for Term Bonds so called for redemption.

(d) On installments of principal and interest, respectively, on the Note in an amount equal to the principal amount of the Bonds acquired by the Institution and delivered to the Bond Trustee for cancellation or purchased by the Bond Trustee and cancelled. Such credits shall be made against the installments of principal and interest on the Note which would be used, but for such cancellation, to pay principal and interest on such Bonds when due at maturity or by Sinking Fund Account Requirements for Term Bonds so cancelled.

Section 4.4. Prepayment. (a) So long as all amounts which have become due under the Note have been paid, the Institution may at any time and from time to time, and without a prepayment penalty other than any applicable redemption premium as shall be set forth in the Bond Indenture, pay in advance and in any order of due dates all or part of the amounts to become due under the Note if, not less than thirty-seven (37) days prior to such prepayment, the Institution gives notice to the Issuer and the Bond Trustee of its intention to make a prepayment and of the amount thereof and if, not later than the date of the prepayment, the Institution directs the Bond Trustee as to the application of the amounts prepaid to retire Bonds by purchase, redemption or both purchase and redemption prior to or on the next succeeding Bond Payment Date in accordance with Section 5.3(d) of the Bond Indenture.

(b) The Institution may pay all or part of the amounts to become due under the Note in advance and in any order of due dates at the times, in the manner, in the amounts, at the prices, and from the sources set forth with respect to the Bonds in Article III of the Bond Indenture.

(c) Prepayments made under paragraphs (a) and (b) of this Section shall be credited against amounts to become due on the Note as provided in Section 4.3 hereof.

(d) The Institution may also prepay all of its obligations under the Note and this Agreement by providing for the payment of the Bonds in accordance with Article X of the Bond Indenture.

(e) The provisions of this Section 4.4 are subject to the notice provisions of Section 3.8 of the Bond Indenture.

Section 4.5. Payment of Expenses of the Bond Trustee and the Issuer. In addition to all other payments hereunder and under the Note, the Institution agrees to pay the following items to the following Persons in the order presented below, which payments shall not be credited against the Note Payments:

> (a) To the Bond Trustee, when due, all reasonable costs, fees and expenses of the Bond Trustee (including, but not limited to, any fees or expenses related to the removal of the Bond Trustee or the appointment of a successor Bond Trustee) for services rendered under the Bond Indenture and the Tax Regulatory Agreement and all reasonable fees and charges of any Paying Agent, counsel, accountant or other Person incurred in the performance of services under the Bond Indenture on request of the Bond Trustee for which the Bond Trustee and such other Person are entitled to payment or reimbursement.
>
> (b) To the Issuer, upon demand, all reasonable fees and charges of its counsel, agents or consultants and all reasonable costs, fees and expenses incurred by it relating to the Bonds not otherwise specifically required hereunder or under the Note to be paid by the Institution (including, but not limited to, any fees or expenses related to the removal of the Bond Trustee or the appointment of a successor Bond Trustee).
>
> (c) To the Issuer, the Annual Administrative Fee. The Annual Administrative Fee shall be billed by the Bond Trustee to the Institution at the same time as the Bond Trustee bills the Institution for Note Payments, and shall be paid by the Institution to the Bond Trustee (but free and clear of the lien of the Bond Indenture) at the same time and on the same basis as the Institution is required to make Note Payments.
>
> (d) To the Issuer, the Initial Administrative Fee, which may be paid out of amounts in the Construction Fund.

Section 4.6. Obligations Unconditional. This Agreement is a general obligation of the Institution and the obligations of the Institution and the other Members of the Obligated Group under the Master Indenture to make payments pursuant hereto and pursuant to the Note and to perform and observe all agreements on its part contained herein shall be absolute and unconditional. Until this Agreement is terminated or payment in full of all Bonds is made or is provided for in accordance with the Bond Indenture, the Institution (i) will not suspend or discontinue any payments hereunder or neglect to perform any of its duties required hereunder or under the Tax Regulatory Agreement; (ii) will perform and observe all of its obligations set forth in this Agreement and in the Tax Regulatory Agreement; and (iii) except as provided herein, will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration; commercial frustration of purpose; any change in the tax or other laws or administrative rulings of, or administrative actions by or under authority of, the United States of America or of the State; or any failure of the Issuer to perform and observe any obligation set forth in this Agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, the Tax Regulatory Agreement or the Bond Indenture.

Nothing contained in this Section shall be construed to release the Issuer from the performance of any of its obligations contained herein. In the event the Issuer fails to perform any such obligation, the Institution may institute such action against the Issuer as the Institution may deem necessary and to the extent permitted by law to compel performance so long as such action shall not violate the terms or conditions of this Agreement, and provided that no costs, expenses or other monetary relief shall be recovered from the Issuer except as may be payable from the Pledged Revenues. The Institution may, however, at its own cost and expense and in its own name or, to the extent lawful and upon written notice to, and prior receipt of written consent of the Issuer, in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third Persons which the Institution deems reasonably necessary in order to secure or protect its rights hereunder. In such event the Issuer hereby agrees, to the extent reasonable, to cooperate fully with the Institution, but at the Institution's expense, and to take all action necessary to effect the substitution of the Institution for the Issuer in any such action or proceeding if the Institution shall so request.

Notwithstanding any other provisions contained in this Agreement, the rights of the Bond Trustee or any party or parties on behalf of whom the Bond Trustee is acting (including, specifically, but without limitation, the right to receive the Note Payments) shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever, whether arising out of any breach of any duty or obligation of the Issuer or the Bond Trustee owing to the Institution, or by reason of any other indebtedness or liability at any time owing by the Issuer or the Bond Trustee to the Institution, except to the extent such claims are based upon negligence or willful misconduct of such Person.

Section 4.7. Note Payments to be Net Return to the Issuer. The Institution, on behalf of itself and as a Member of the Obligated Group, agrees that the Note Payments shall be a net return to the Issuer over and above any taxes or charges of any nature whatsoever which may now or hereafter be imposed on the Issuer hereunder.

ARTICLE V

PARTICULAR COVENANTS

Section 5.1. Covenants as to Corporate Existence, Maintenance of Property, Etc. The Institution hereby covenants:

(a) Except as otherwise expressly provided herein, or as permitted under the Master Indenture, to preserve its corporate or other separate legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and to be qualified to do business in each jurisdiction where its ownership of the Facility or the conduct of its business requires such qualifications; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or useful in the conduct of its business.

(b) At all times to cause its business to be carried on and conducted and the Facility to be maintained, preserved and kept in good repair, working order and condition and all needful and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing herein contained shall be construed (i) to prevent it from ceasing to operate any portion of the Facility, if in its judgment (evidenced, in the case of such a cessation other than in the ordinary course of business, by a determination by its Governing Body delivered to the Issuer and the Bond Trustee) it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same in accordance with the provisions of this Agreement and within a reasonable time endeavors to effect such sale or other disposition, or (ii) to obligate it to retain, preserve, repair, renew or replace any property, leases, rights, privileges or licenses no longer used or useful in the conduct of its business.

(c) To do all things reasonably necessary to conduct its affairs and carry on its business and operations in such manner as to comply in all material respects with any and all applicable laws of the United States and the several states thereof and to duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of the Facility; provided, nevertheless, that nothing herein contained shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it shall be contested in good faith; provided, however, that no such contest shall subject the Bond Trustee or the Issuer to the risk of any liability, and, in any event, that the Institution shall indemnify the Bond Trustee and the Issuer to their satisfaction against any liability resulting from such contest.

(d) Promptly to pay all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or the Facility; provided, however, that it shall have the right to contest in good faith any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof; provided, however, that no such contest shall subject the Bond Trustee or, the Issuer to the risk of any liability, and, in any event, that the Institution shall indemnify the Bond Trustee and the Issuer against any liability resulting from such contest. Liability and indemnification of the Master Trustee in this regard shall be governed by the terms of the Master Indenture.

(e) Promptly to pay or otherwise satisfy and discharge all of its material obligations and indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Note issued and Outstanding hereunder and under the Master Indenture) whose validity, amount or collectability is being contested in good faith; provided, however, that no such contest shall subject any of its property to risk of forfeiture or foreclosure or the Bond Trustee or the Issuer to the risk of any liability, and, in any event, that the Institution shall indemnify the Bond Trustee and the Issuer against any liability resulting from such contest.

(f) At all times to comply with all terms, covenants and provisions of any liens at such time existing upon its property or any part thereof or securing any of its indebtedness; provided, however, that it shall have the right to contest in good faith any such terms, covenants or provisions and pending such contest may delay or defer compliance therewith; provided, however, that no such contest shall subject any of its property to risk of forfeiture or foreclosure or the Bond Trustee or the Issuer to the risk of any liability, and, in any event, that the Institution shall indemnify the Bond Trustee and the Issuer against any liability resulting from such contest.

(g) To procure and maintain all necessary licenses and permits and maintain accreditation of its educational facilities (other than those of a type for which accreditation is not then available) as long as, in the opinion of the Institution, such eligibility or accreditation is in the best interests of the Institution.

(h) To maintain its status as a Tax-Exempt Organization and to take no action or suffer any action to be taken by others under their control which would result in the interest on any Bond becoming subject to federal income taxes.

(i) To consent to the jurisdiction of the courts of the State for causes of action arising solely under the terms of this Agreement.

(j) That all action heretofore and hereafter taken by the Institution to operate and maintain the Facility and to maintain the Project, and all actions hereafter taken by the Issuer to maintain the Project upon the recommendation or request of any officer, employee or agent of the Institution have been and will be in full compliance with the Bond Resolution, the Bond Indenture, the Tax Regulatory Agreement, the Agreement and will comply in all material respects with all pertinent laws, ordinances, rules, regulations and orders applicable to the Institution, or the Issuer; and in connection with the operation, maintenance, repair and replacement of the Facility of the Institution, that the Institution shall comply in all material respects with all applicable ordinances, laws, rules, regulations and orders of the United States of America, the State, or the municipality or municipalities in which the Project is located.

(k) That the Institution's Facility have been and will be in compliance in all material respects with all applicable zoning, subdivision, building, land use and similar laws and ordinances and in compliance with all Environmental Laws; and that it shall not take any action or request the Issuer to take any action which would cause such property or any part thereof to be in violation of such laws, ordinances or Environmental Laws. The Institution acknowledges that any review by the staff or counsel of the Issuer of any such actions heretofore or hereafter taken has been or will be solely for the protection of the Issuer.

(l) To hold and use the Facility for educational purposes so long as the principal of and interest on the Bonds have not been fully paid and retired and all other conditions of the Bond Indenture, the Tax Regulatory Agreement and this Agreement have not been satisfied and the lien and security interests created under the Bond Indenture and this Agreement have not been released in accordance with the provisions hereof.

(m) The Project shall be used only for the purposes described in the Act and no part of the Project shall be used for any purpose which would cause the Issuer's financing and refinancing of the Project to constitute a violation of the First Amendment of the United States Constitution; and, in particular, that no part of the Project, so long as it is owned or controlled by the Institution, shall be used for any sectarian instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; and any proceeds of any sale, lease, taking by eminent domain of the Project or other disposition thereof shall not be used for, or to provide a place for, such instruction, worship or program. The provisions of the foregoing sentence shall, to the extent permitted and required by law, survive termination of this Agreement.

(n) To provide parking for the Facility at a site or sites convenient for its operation in compliance with applicable zoning requirements to the extent required by law.

(o) To comply with all covenants on its part set forth in the Master Indenture and the Supplemental Master Indenture, and to concurrently provide the Issuer and the Bond Trustee with copies of all certificates, opinions or reports required to be submitted to the Master Trustee.

(p) The Institution owns or will own the Project and intends to operate the Project, or cause the Project to be operated, as a "project," within the meaning of the Act, until the date on which all of the loan payments have been fully paid or the applicable prepayment amounts have been fully paid.

Section 5.2. Preservation of Exempt Status. (a) The Institution, on behalf of itself and as a Member of the Obligated Group, represents and warrants that as of the date of the issuance of the Bonds: (i) each Member is a Tax-Exempt Organization described in Section 501(c)(3) of the Code; (ii) it has received a letter or determination from the Internal Revenue Service to that effect; (iii) such letter or determination has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of such letter or determination; (v) the facts and circumstances which form the basis of such letter or determination continue substantially to exist as represented to the Internal Revenue Service; (vi) it is not a "private foundation" as defined in Section 509 of the Code; and (vii) it is exempt from Federal income taxes under Section 501(a) of the Code and it is in compliance with the provisions of said Code and any applicable regulations thereunder necessary to maintain such status.

(b) The Institution, on behalf of itself and as a Member of the Obligated Group, agrees that (i) no Member of the Obligated Group shall perform any acts, enter into any agreements, carry on or permit to be carried on at its facilities, or permit its facilities to be used in or for any trade or business, which shall adversely affect the basis for the exemption under Section 501 of such Code; (ii) it shall not use more than three percent (3%) of the net proceeds of the Series 2017 Bonds or permit the same to be used, directly or indirectly, in any trade or business that constitutes an unrelated trade or business as defined in Section 513(a) of the Code or in any trade or business carried on by any Person or Persons who are not governmental units or Tax Exempt Organizations; (iii) it shall not directly or indirectly use the proceeds of the Series 2017 Bonds to make or finance loans to Persons other than governmental units or Tax Exempt Organizations; (iv) it shall not take any action or permit any action to be taken on its behalf, or cause or permit any circumstances within its control to arise or continue, if such action or circumstances, or its expectation on the date of issuance of the Series 2017 Bonds, would cause the Series 2017 Bonds to be "arbitrage bonds" under the Code or cause the interest paid by the Issuer on the Series 2017 Bonds to be subject to Federal income tax in the hands of the holders thereof; and (v) it shall use its best efforts to maintain the tax-exempt status of the Series 2017 Bonds.

(c) The Institution (or any related person, as defined in Section 147(a)(2) of the Code) shall not, pursuant to an arrangement existing at the time of the issuance of the Bonds, formal or informal, purchase the Series 2017 Bonds in an amount related to the amount of the payments due from the Institution under the Agreement.

(d) For each Computation Date (as defined in the Tax Regulatory Agreement) the Institution shall furnish the Issuer and the Bond Trustee with a computation of the Rebate Amount (as defined in the Tax Regulatory Agreement) and hereby covenants to pay such Rebate Amount when due. The Institution covenants to engage at its own expense, an entity that is expert in such computations.

Section 5.3. Institution to Provide Project. The Institution agrees that it will provide or cause to be provided the Project in accordance with Schedule B hereto and that it shall, promptly upon delivery of the Bonds, deliver to the Issuer a written estimated draw schedule indicating the times, amounts and purposes of draw requests from the Construction Fund, and it shall requisition moneys from the Construction Fund for purposes of completing the Project. The Institution agrees that it shall provide the Project with such additional structures, furnishings and equipment as may be required or necessary to keep the Project in operation. The Institution agrees that it shall, within fifteen (15) days of receipt of written notice from the Issuer, pay to the Bond Trustee for deposit in the Construction Fund any money required to complete the financing and refinancing of the Project or any part thereof in the event that sufficient money therefor is not on deposit in the Construction Fund or the Institution has not otherwise provided funds for such costs. The Institution shall apply moneys from all available sources including, but not limited to, unrestricted funds, bond restricted funds, third-party borrowing and philanthropy to satisfy the requirements of the preceding sentence.

Section 5.4. Amendment of Project. The Project may be amended or added to upon satisfaction of the requirements of the Tax Regulatory Agreement and the prior written approval of the Issuer, which approval may not be unreasonably withheld, if such amendment or addition is in accordance with the Act.

Section 5.5. Securities Law Status. The Institution affirmatively represents, warrants and covenants that, as of the date of the issuance of the Bonds, it is an organization organized and operated: (A) exclusively for charitable purposes; (B) not for pecuniary profit; and (C) no part of the net earnings of which inure to the benefit of any Person (other than a Tax-Exempt Organization), private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended.

The Institution agrees that it shall not perform any act nor enter into any agreement which shall change such status as set forth in this Section.

Section 5.6. Immunity and Indemnity. (a) In the exercise of the powers of the Issuer and its members, directors, officers, employees, agents and consultants under the Bond Resolution, the Bond Indenture, the Tax Regulatory Agreement and the Agreement including, without limiting the foregoing, the application of moneys and the investment of funds, the Issuer shall not be accountable to the Institution for any action taken or omitted by it or its members, directors, officers, employees, agents and consultants in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred. The Issuer and its members, directors, officers, employees, agents and consultants shall be protected in its or their acting upon any paper or documents believed by it or them to be genuine, and it or they may conclusively rely upon the advice of counsel and may (but need not) require further evidence of any fact or matter before taking any action. No recourse shall be had by the Institution for any claims based on the Bond Resolution, the Tax Regulatory Agreement, the Bond Indenture or the Agreement or any instruments or documents related thereto against any member, director, officer, employee, agent or consultant of the Issuer alleging personal liability on the part of such Person unless such claims are based upon the bad faith, fraud or deceit of such Person.

(b) The Institution will pay and will indemnify, defend and hold the Issuer (including any Person at any time serving as a member, director, officer, employee, agent or consultant of the Issuer in their capacity as such) harmless from and against all claims, liabilities, losses, damages, costs, expenses (including attorneys' fees), suits and judgments of any kind brought, claimed or rendered against the Issuer, as a direct or indirect result of the Issuer's relationship with the Institution or the financing or refinancing of the Project and arising out of (i) injury to or death of any Person or damage to property in or upon any property of the Institution financed or refinanced, directly or indirectly, out of Bond proceeds or the occupation, use, possession or condition of such property or any part thereof or relating to the foregoing, (ii) any violation of any law, ordinance or regulation affecting such property or any part thereof or the ownership, occupation, use, possession or condition thereof, (iii) the issuance and sale of the Bonds or any of them, (iv) the execution and delivery hereof or of the Bond Indenture or of any document required hereby or thereby or in furtherance of the transactions contemplated hereby or thereby, (v) the performance of any act required of any indemnitee under this Section under any provision hereof or of the Bond Indenture or in furtherance of the transactions contemplated hereby or thereby or (vi) the presence, disposal, escape, seepage, leakage, spillage, discharge, emission, release, or threatened release of any Hazardous Materials on, from, or affecting the property or any other property, or any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, or any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials in connection with the property, or any violation of laws, orders, regulations, requirements, or demands of government authorities, which are based upon or in any way related to such Hazardous Materials including, without limitation, the costs and expenses of any remedial action, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. The Institution will also indemnify, defend and hold harmless the Bond Trustee, and Paying Agent, and any Person serving as a director, officer, employee, agent or consultant of any of them in such Person's capacity as such from and against all claims, liabilities, losses, damages, costs, expenses (including attorneys' fees), suits and judgments arising out of events described in the foregoing clauses (a) and (b) (i),(ii), (iv), (v), (vi) and clause (iii) with respect to the initial issuance and sale of the Series 2017 Bonds by the Issuer to the Original Purchaser and arising out of actions taken by the Bond Trustee and Paying Agent pursuant to its duties and responsibilities under the Bond Indenture. Notwithstanding the foregoing, the Institution shall not be obligated to indemnify any Person with respect to any claims based upon the negligence or willful misconduct of such Person.

(c) The Issuer shall promptly, upon receipt of notice of the existence of a claim or the commencement of a proceeding regarding which indemnity under this Section may be sought, notify the Institution in writing thereof. If such a proceeding is commenced against the Issuer, the Institution may participate in the proceeding and, to the extent it elects to do so, may assume the defense thereof with counsel satisfactory to the Issuer. If, however, the Issuer is advised in an Opinion of Counsel that there may be legal defenses available to it which are different from or in addition to those available to the Institution, or if the Institution fails to assume the defense of such proceeding or to employ such counsel for that purpose within a reasonable time after notice of commencement of the proceeding, the Institution shall not be entitled to assume the defense of the proceeding on behalf of the Issuer, but shall be responsible for the reasonable fees, costs and expenses of the Issuer in conducting its defense.

Section 5.7. Limitation of Issuer's Liability. No obligation of the Issuer under or arising out of this Agreement, or any document executed by the Issuer in connection with any property of the Institution financed or refinanced, directly or indirectly, out of Bond proceeds or the issuance, sale or delivery of any Bonds shall impose, give rise to or be construed to authorize or permit a debt or pecuniary liability of, or a charge against the general credit of, the Issuer, the State or any political subdivision of the State, but each such obligation shall be a limited obligation of the Issuer payable solely from the Pledged Revenues.

Section 5.8. Issue of Bonds. The Issuer will use its best efforts to issue, sell and deliver its Bonds, in accordance with the terms of the Bond Resolution and the Bond Indenture, in an aggregate principal amount initially not to exceed $10,965,000. The proceeds of the Bonds shall be applied as provided in Section 5.2 of the Bond Indenture.

Section 5.9. Source of Payments. The Institution agrees to make or cause to be made the payments required by this Agreement from the general funds or any other moneys legally available to the Institution in the manner and at the times provided by this Agreement. The Institution further agrees, to the extent permitted by law or regulation, to charge Persons using any facilities of the Institution fees, rentals, tuition or other charges which, together with its general funds and other moneys legally available to it, shall provide moneys sufficient at all times (i) to make such payments as are required by this Agreement, and (ii) to pay all other obligations of the Institution as the same become due and payable.

Section 5.10. Continuing Disclosure. The Obligated Group Representative hereby covenants and agrees that it will comply with and carry out all of the provisions of the Disclosure Agreement. The Issuer shall have no liability to the Holders of the Series 2017 Bonds or any other Person with respect to such disclosure matters. Notwithstanding any other provision of this Agreement, failure of the Obligated Group Representative to comply with the Disclosure Agreement shall not be considered an Agreement Event of Default; however the following parties may seek specific performance of the Obligated Group Representative's obligations to comply with the Disclosure Agreement or this Section and not money damages in any amount: (i) the Bond Trustee, (ii) any Holder (including a beneficial owner) of Series 2017 Bonds, or (iii) the Issuer. In addition to the rights to such specific performance and the rights of the Bond Trustee under the Disclosure Agreement, the Issuer shall have the right to file notice of a material event if, in its sole judgment, the Obligated Group Representative has failed to do so.

Section 5.11. Financial Statements. As soon as practicable but in no event later than six months after the end of each Fiscal Year, the Institution covenants that it will file its annual financial statements with the Issuer, audited by KPMG LLP or such other firm of independent auditors designated by the Institution. The Institution shall also provide with such materials copies of any report or management letter submitted to the Institution by such Accountant.

The Institution covenants that it will provide the Issuer with documents the Obligated Group Representative provides under the Disclosure Agreement in accordance with the timing provided in the Disclosure Agreement.

As soon as practicable but in no event later than six months after the end of each Fiscal Year, the Institution covenants that it will file with the Issuer and the Bond Trustee an Officer's Certificate which shows the computations necessary to ascertain whether or not the covenants set forth in Section 3.07 of the Master Indenture (or applicable successor provision) have been achieved for such Fiscal Year and stating whether or not to the best knowledge of the signer any Member of the Obligated Group is in default in the performance of any covenant contained in the Master Indenture or in this Agreement, and, if so, specifying each such default of which the signer may have knowledge.

The Bond Trustee shall have no obligation or duty to review any financial statements (audited or otherwise) filed with it, and shall not be deemed to have notice of the content of such statements or a default based on such content and shall have no obligation or duty to verify the accuracy of such statements.

If an Agreement Event of Default shall have occurred and be continuing (after expiration of any cure period provided in this Agreement), the Institution covenants that it will (i) promptly notify the Issuer and the Bond Trustee thereof, (ii) take prompt remedial action to cure such Agreement Event of Default, whether or not the Institution has notified the Issuer and the Bond Trustee of the occurrence thereof, (iii) file with the Issuer and the Bond Trustee such other financial statements and information concerning its operations and financial affairs as the Issuer and the Bond Trustee may from time to time reasonably request, excluding specifically donor records, student records and personnel records and (iv) provide access to its facilities for the purpose of inspection by the Issuer, its agents or consultants and the Bond Trustee, its agents or consultants during regular business hours or at such other times as the Issuer, its agents or consultants or the Bond Trustee, its agents or consultants may reasonably request.

Section 5.12. Information. The Institution agrees, whenever requested by the Issuer, to provide and certify or cause to be provided and certified such information concerning the Institution, its finances and operations, and other topics as the Issuer considers necessary to (i) accomplish the sale of the Bonds at the time when such securities are to be offered for sale, to enable counsel to the Original Purchasers of the Bonds, counsel to the Issuer and Bond Counsel to issue their opinions and otherwise advise the Issuer as to the transaction or the capacity of the parties to enter into the same, (ii) provide adequate information to prospective purchasers of Bonds necessary to satisfy, in the Issuer's discretion, then existing disclosure requirements for the resale of the Bonds in the secondary market or (iii) enable the Issuer to make any reports required by law, governmental regulation or the Bond Indenture.

Section 5.13. Inspection. The Issuer and the Bond Trustee and any of their agents or consultants shall have the right to enter upon, inspect and examine the Institution's Facility at any time and from time to time during reasonable hours upon reasonable advance notice. The Institution will keep proper books, records and accounts, in which complete and accurate entries shall be made of all transactions relating to the Institution, which books, records and accounts shall, to the extent permitted by law and regulation, also be made available for inspection and examination by the Issuer and the Bond Trustee and any of their agents or consultants at any time and from time to time during reasonable hours upon reasonable advance notice.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.1. Agreement Events of Default. Each of the following events shall constitute and be referred to herein as an "Agreement Event of Default":

(a) The Institution and the Members of the Obligated Group shall fail to make any payment of the principal of, Sinking Fund Installments, the premium, if any, and interest on any Note Payment when and as the same shall become due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise, in accordance with the terms thereof, and such default is not cured within ten (10) days of the Obligated Group Representative's receipt of written notice from the Issuer or the Bond Trustee; provided, however, such cure period shall in no case extend beyond the next succeeding Bond Payment Date.

(b) The Institution shall fail duly to observe or perform any other covenant or agreement on its part under this Agreement or under the Tax Regulatory Agreement for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Institution by the Issuer or the Bond Trustee, or to the Institution, the Issuer and the Bond Trustee by the holders of at least a majority in aggregate principal amount of the Note then Outstanding. If the breach of covenant or agreement is one which is capable of cure but cannot be completely remedied within the thirty (30) days after written notice has been given to the Institution, it shall not be an Agreement Event of Default as long as (i) the Institution has taken active steps within the thirty (30) days after written notice has been given to remedy the failure and is diligently pursuing such remedy and (ii) such failure is remedied within sixty (60) days after written notice has been given or, if such failure cannot reasonably be remedied within such sixty (60) days, the Institution continues thereafter to diligently pursue and obtain such remedy.

(c) The entry of a decree or order by a court having jurisdiction in the premises adjudging any Member of the Obligated Group as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Institution under the Federal Bankruptcy Code or any other applicable federal or State law, or appointing a receiver, liquidator, assignee, or sequestrator (or other similar official) of the Institution or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days.

(d) The institution by any Member of the Obligated Group of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other similar applicable federal or State law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of any Member of the Obligated Group or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due.

(e) If there occurs any Bond Indenture Event of Default.

(f) If there occurs any Master Indenture Event of Default.

An Agreement Event of Default shall be deemed to be in effect upon the actual occurrence of such event, provided notice thereof has been given or received. Upon having actual notice of the existence of an Agreement Event of Default, the Bond Trustee shall serve written notice thereof upon the Institution unless the Institution has expressly acknowledged the existence of such Agreement Event of Default in a writing delivered by the Institution to the Bond Trustee or filed by the Institution in any court.

Section 6.2. Remedies in General. Upon the occurrence and during the continuance of any Agreement Event of Default, the Bond Trustee on behalf of the Issuer, at its option, then, if such default is not cured within ten (10) days of the Obligated Group Representative's receipt of notice from the Bond Trustee; provided, however, such ten (10) day period shall not apply in the case of an Agreement Event of Default under Section 6.1(a) above, the Bond Trustee may take such action as it deems necessary or appropriate to collect amounts due hereunder, to enforce performance and observance of any obligation or agreement of the Institution hereunder or to protect the interests securing the same, and may, without limiting the generality of the foregoing:

(a) Exercise any or all rights and remedies given hereby or available hereunder or given by or available under any other instrument of any kind securing the Institution's performance hereunder.

(b) Take any action at law or in equity to collect the Note Payments then due, whether on the stated due date or by declaration of acceleration or otherwise, for damages or for specific performance or otherwise to enforce performance and observance of any obligation, agreement or covenant of the Institution hereunder.

(c) Apply to a court of competent jurisdiction for the appointment of a receiver (but only in the case of an Agreement Event of Default not described in Section 6.1(d) or (e) hereof) of any or all of the property of the Institution, such receiver to have such powers as the court making such appointment may confer. The Institution hereby consents and agrees, and will if requested by the Bond Trustee consent and agree at the time of application by the Bond Trustee for appointment of a receiver, to the appointment of such receiver and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such property and the revenues, profits and proceeds therefrom, with like effect as the Institution could do so, and to borrow money and issue evidences of indebtedness as such receiver.

In the event of any Agreement Event of Default, the Issuer, in addition to any other right or remedies it may have at law or in equity, shall have the right to direct a receiver to lease the Facility or any part thereof to another party for a term which may extend beyond the term hereof, and receive the rent therefor, upon such terms as shall be satisfactory to the Issuer. Such entry by the receiver shall not operate to release the Institution from any sums to be paid or covenants to be performed under the Agreement during the full term hereof.

All rights and remedies herein given or granted to the Issuer are cumulative, non-exclusive and in addition to any and all rights and remedies that the Issuer may have or be given by reason of any law, statute, ordinance or otherwise. Notice in accordance with Section 7.10 hereof, mailed to the Institution at least fifteen (15) days before any proposed realization shall constitute reasonable notification of such event under said Uniform Commercial Code.

Section 6.3. Discontinuance or Abandonment of Default Proceedings. If any proceedings taken by the Issuer or the Bond Trustee on account of any Agreement Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Issuer or the Bond Trustee, then and in every case the Issuer, the Bond Trustee and the Institution shall be restored to their former position and rights hereunder, respectively, and all rights, remedies and powers of the Issuer and the Bond Trustee shall continue as though no such proceeding had taken place.

Section 6.4. Remedies Cumulative. No remedy conferred upon or reserved to the Issuer or the Bond Trustee hereby or now or hereafter existing at law or in equity or by statute, shall be exclusive but shall be cumulative with all others. Such remedies are not mutually exclusive and no election need be made among them, but any such remedy or any combination of such remedies may be pursued at the same time or from time to time so long as all amounts realized are properly applied and credited as provided herein. No delay or omission to exercise any right or power accruing upon any Agreement Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient by the Issuer or the Bond Trustee. No consent or waiver, express or implied, by the Issuer or the Bond Trustee to or of any Agreement Event of Default shall be construed as a consent or waiver to or of any other Agreement Event of Default. No waiver of any Agreement Event of Default or other indulgence shall be effective unless expressed in writing by the Issuer or the Bond Trustee. Any failure by the Issuer or Bond Trustee to insist upon strict performance by the Institution or any Person of any of the terms or provisions of this

Agreement shall not be deemed to be a waiver of any terms or provisions of this Agreement and the Issuer or Bond Trustee shall have the right thereafter to insist upon strict performance of any and all of such terms and provisions. In the event of any waiver of an Agreement Event of Default hereunder, the parties shall be restored to their former positions and rights hereunder, but no such waiver shall extend to any other or subsequent Agreement Event of Default or impair any right arising as a result thereof. In order to entitle the Bond Trustee to exercise any remedy reserved to it, it shall not be necessary to give notice other than as expressly required herein. Except with respect to an Agreement Event of Default under Section 6.1(a) hereof, the Issuer or the Bond Trustee may also waive prospectively an Agreement Event of Default, provided the Obligated Group Representative demonstrates good cause.

Section 6.5. Application of Moneys Collected. Any amounts collected pursuant to action taken under this Article VI shall be applied in accordance with the provisions of Article VII of the Bond Indenture, and to the extent applied to the payment of amounts due on the Bonds shall be credited against amounts due on the Note.

Section 6.6. Attorneys' Fees and Other Expenses. If, as a result of the occurrence of an Agreement Event of Default, the Issuer or the Bond Trustee employs attorneys or incurs other expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Institution, the Institution will, on demand, reimburse the Issuer or the Bond Trustee, as the case may be, for the reasonable fees of such attorneys and such other reasonable expenses so incurred.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Amendments and Supplements. This Agreement may be amended, changed or modified only as provided in Article IX of the Bond Indenture.

Section 7.2. Applicable Law; Entire Understanding. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State. This Agreement, together with the other accompanying documents, express the entire understanding and all agreements of the parties hereto with each other, and neither party hereto has made or shall be bound by any agreement or any representation to the other party which is not expressly set forth herein or incorporated herein by reference.

Section 7.3. Execution in Counterparts; One Instrument. This Agreement may be executed in several counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

Section 7.4. Severability. In the event any clause or provision hereof shall be held to be invalid by any court of competent jurisdiction, the invalidity of any such clause or provision shall not affect any of the remaining provisions hereof.

Section 7.5. Non-Business Days. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 7.6. Approval of Bond Indenture and Series 2017 Bonds. The Institution hereby approves the Bond Indenture and accepts all provisions contained therein. The Institution hereby approves the issuance of the Series 2017 Bonds as prescribed in the Bond Indenture and agrees to perform all obligations imposed upon it thereunder or stated to be performed by it thereunder.

Section 7.7. Duplicate Copies. The Institution agrees that it shall send to the Issuer a duplicate copy or executed copy of all certificates, notices, correspondence or other data and materials sent to or received from the Bond Trustee as may be required by the Issuer.

Section 7.8. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Agreement is intended or shall be construed to give to any Person other than the parties hereto and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Agreement or any covenants, conditions or provisions herein contained; this Agreement and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Bonds as herein provided.

Section 7.9. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the Issuer and the Institution and their respective successors and assigns subject to the limitations contained herein; provided, however, that the Bond Trustee shall have only such duties and obligations as are expressly given to it hereunder.

Section 7.10. Notices. (a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid (return receipt requested), overnight courier or facsimile transmission (where receipt of such facsimile transmission is confirmed by the recipient thereof and where a copy of such facsimile transmission is provided to the recipient *via* first-class mail) and addressed as provided in Section 11.7 of the Bond Indenture.

(b) The Issuer, the Bond Trustee or the Institution may from time to time by notice in writing to the others designate a different address or addresses for notice hereunder.

(c) The Bond Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means; provided, however, that the Institution shall provide to the Bond Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Institution whenever a person is to be added or deleted from the listing. If the Institution elects to give the Bond Trustee Instructions using Electronic Means and the Bond Trustee in its discretion elects to act upon such Instructions, the Bond Trustee's understanding of such Instructions shall be deemed controlling. The Institution understands and agrees that the Bond Trustee cannot determine the identity of the actual sender of such Instructions and that the Bond Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Bond Trustee have been sent by such Authorized Officer. The Institution shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Bond Trustee and that the Institution and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords, and/or authentication keys upon receipt by the Institution. The Bond Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bond Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Institution agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Bond Trustee, including without limitation the risk of the Bond Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Bond Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Institution; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Bond Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(d) Whenever in this Agreement an item is stated to be subject to the consent, approval or acceptance of any person (whether or not such consent, approval or acceptance is required to be reasonable), such consent, approval or acceptance shall be deemed given unless denied by such person within fourteen (14) days following notice to such person in accordance with this Section specifying in reasonable detail the item as to which such consent, approval or acceptance is sought; provided, however, that the Issuer's response within such fourteen (14) day period may be to approve or disapprove such request or to respond that the Issuer will respond within sixty (60) days thereafter (or such lesser period as determined by the Issuer) if the Issuer in good faith believes that such additional time period is necessary.

Section 7.11. Third-Party Beneficiaries. Each of the Bond Trustee and the Paying Agent is a third party beneficiary under this Loan Agreement, including but not limited to Sections 4.05(a) and 5.06(b), and shall have the power to enforce any right, remedy or claim conferred, given or granted hereunder.

Section 7.12. Master Indenture Obligations. The obligations of the Institution hereunder shall be in addition to its obligations under the Master Indenture and nothing hereunder shall be deemed to limit the obligations of the Institution or any other Member of the Obligated Group under the Master Indenture. In this respect, the payment obligations under the Note shall be joint and several obligations of each Member of the Obligated Group.

IN WITNESS WHEREOF, the Institution has caused these presents to be signed in its name and on its behalf by its duly authorized officer and the Issuer has caused these presents to be signed in its name and on its behalf by its duly authorized officer, all as of the day and year first above written.

TOURO UNIVERSITY NEVADA

By ____
Name: Melvin M. Ness
Title: Senior Vice President and Chief Financial Offer

(SEAL)

CITY OF HENDERSON NEVADA PUBLIC IMPROVEMENT TRUST

By ____
Name: Steven Grierson
Title: Chairman

(SEAL)

SCHEDULE A

LAND

SCHEDULE B

PROJECT

(1) finance the construction, renovation, and equipping of primarily interior improvements to the facility located at 874 American Pacific Drive, Henderson, Nevada (the "Main Facility") for the purpose of expanding its educational programmatic offerings; (2) finance approximately three years of routine capital expenditures at the Main Facility; (3) fund capitalized interest, if any, with respect to the Bonds; (4) fund a debt service reserve fund, if any, with respect to the Bonds; and (5) pay certain costs of issuing the Bonds. The public hearing will be held at Henderson City Hall, City Attorney's Office, 4th Floor, Seven Hills Conference Room, 240 Water Street, Henderson, Nevada, 89015.

SCHEDULE C

FORM OF SERIES 2017 NOTE

[SEE SUPPLEMENTAL MASTER INDENTURE]

SCHEDULE 2.2(f)

TO

LOAN AGREEMENT

NONE

INTRODUCTION AND OVERVIEW

Touro College ("Touro," "Touro College," or the "College") began its operations more than 46 years ago as a liberal arts college with a class of 35 men in one location in New York City. Since then, it has expanded both geographically and programmatically. In addition to adding facilities at several locations throughout the New York City metropolitan area, Touro established affiliated corporations that opened facilities in California and Nevada and acquired New York Medical College with facilities in Westchester County, New York, and Hebrew Theological College with facilities in Skokie and Chicago, Illinois. The System (as defined below) now offers undergraduate, graduate and professional degrees at multiple locations in New York, California, Nevada and elsewhere and provides a wide variety of courses with a particular emphasis on medicine and other health sciences disciplines.

- Touro College, a New York corporation established in 1970, with facilities primarily located in the New York City metropolitan area, has undergraduate programs offering bachelor and associate degrees; graduate programs offering masters degrees; and professional schools, including a Law School (the "Law School"), a School of Health Sciences ("SHS"), a College of Osteopathic Medicine ("TouroCOM"), a College of Pharmacy ("TouroRx") and a College of Dental Medicine ("TCDM").

- Touro University ("TU"), a California corporation founded in 1995, has two divisions: Touro University California ("TUC") and Touro University Worldwide ("TUW"). TUC, with facilities located in Vallejo, California, includes a College of Osteopathic Medicine ("TUCOM"), a College of Pharmacy ("TURx") and a College of Education and Health Sciences. TUW operates a distance-learning unit offering bachelor, masters and doctorate degrees, and offers traditional undergraduate programs through Touro College Los Angeles ("TCLA") including bachelor degrees in business management and administration and psychology.

- Touro University Nevada ("TUN"), a Nevada corporation founded in 2004 with facilities in Henderson, Nevada, includes a College of Osteopathic Medicine and a College of Health and Human Services offering various programs in the health professions and education.

- New York Medical College ("NYMC"), a New York corporation founded in 1860 and acquired by Touro in 2011, includes three schools located in Westchester County, New York: a School of Medicine, which confers the MD degree, the Graduate School of Basic Medical Sciences and the School of Health Sciences and Practice, which offer masters and doctoral degrees.

- The Hebrew Theological College ("HTC"), an Illinois corporation founded in [___] and acquired by Touro in 2015, includes a men's college and boys high school in Skokie, Illinois and a women's college in Chicago, Illinois. HTC offers bachelor degrees.

- Other related entities include various foundations, yeshivas, and special purpose entities.

Touro, TU, TUN, NYMC, HTC and the above-mentioned related entities are sometimes referred to herein collectively as the "System." The Obligated Group Members currently are Touro, TU, TUN and NYMC. HTC is not a Member of the Obligated Group.

Touro, TU, TUN, NYMC and HTC are separate not-for-profit 501(c)(3) organizations. Touro is the sole member of TU and TUN and the Boards of Touro, TU, TUN and HTC are identical. Touro's wholly-owned subsidiary, NYMC, LLC (also a 501(c)(3) organization), is the sole member of NYMC and certain members of the Board of Touro are also members of the Board of NYMC. See "GOVERNANCE" herein. The consolidated financial statements include the accounts and activities of all entities that comprise the System. All transactions between the entities are eliminated in the consolidated presentation.

Touro was established by Dr. Bernard Lander, who served as President and directed its mission and growth through 2009. In early 2010, Dr. Alan Kadish became President of the College after serving as senior provost and chief operating officer since late 2009. In less than 47 years, the System has grown into an organization with locations throughout the world; a combined enrollment of more than [_______] full-time and part-time students and over [________] alumni; over [_______] full and part-time personnel, including over [_______] full-time faculty and [______] part-time faculty; and an operating budget for the current fiscal year 2017-2018 of over $525 million. Fall semester enrollment in the System's programs for the academic years commencing in 2013-2017 is as follows: [**2017 enrollment data to come]**

	2017	2016	2015	2014	2013
		Total Fall Semester Enrollment (Total Headcount)			
Touro College					
TouroCOM*		1,126	961	763	624
TouroRx*		347	371	379	390
School of Health Sciences*		1,313	1,109	1,178	1,157
Graduate Education		2,923	3,048	2,745	3,297
Dental School		112	-	-	-
Graduate Psychology**		-	180	182	216
Other Graduate Programs		757	698	640	654
Law School		467	549	608	684
Lander Colleges – Undergraduate		2,892	2,667	2,552	2,752
NY School of Career & Applied Sciences		3,322	3,529	3,784	3,635
Foreign Programs & Other		182	388	409	393
Subtotal Touro College		13,441	13,500	13,240	13,802
TU*		2,253	2,305	1,946	1,741
TUN*		1,265	1,164	1,249	1,129
NYMC*		1,488	1,453	1,490	1,527
Yeshivas		159	180	180	181
HTC		446	180	-	-
System total		19,052	18,782	18,105	18,380
Obligated Group Enrollment		7,904	7,363	7,005	6,568

*Gross Revenues of the Obligated Group (as defined in the Master Indenture) are derived in part from the tuition and fees generated by these programs.

**For academic years commencing in 2016 and 2017, Graduate Psychology enrollment is included in the School of Health Sciences enrollment.

	Total Fall Semester Enrollment (Full-Time Equivalents)				
	2017	**2016**	**2015**	**2014**	**2013**
Touro College					
TouroCOM*		1,125	893	763	624
TouroRx*		346	371	377	390
School of Health Sciences*		1,241	1,109	1,122	847
Graduate Education		1,858	1,952	1,744	2,201
Dental School		112	-	-	-
Graduate Psychology**		-	148	152	186
Other Graduate Programs		670	579	517	504
Law School		461	541	597	608
Lander Colleges – Undergraduate		2,588	2,384	2,366	2,394
NY School of Career & Applied Sciences		2,856	3,038	3,085	3,093
Foreign Programs		174	313	351	333
Subtotal Touro College		11,431	11,328	11,074	11,180
TU*		1,953	2,034	1,688	1,238
TUN*		1,124	1,116	1,159	1,102
NYMC*		1,364	1,313	1,332	1,289
Yeshivas		159	180	180	181
HTC		360	180	-	-
System total		16,391	16,151	15,433	14,990
Obligated Group Enrollment		7,265	6,836	6,441	5,490

*Gross Revenues of the Obligated Group are derived in part from the tuition and fees generated by these programs.

**For academic years commencing in 2016 and 2017, Graduate Psychology enrollment is included in the School of Health Sciences enrollment.

Touro College does not have one central campus, but rather has more than [___] owned and leased properties throughout New York City and Long Island. TU has three locations in California and TUN and NYMC are each located on a single campus in Henderson, Nevada and Westchester County, New York, respectively. HTC has one campus located in Skokie, Illinois and another located in Chicago, Illinois. For a description of the properties owned by the Members of the Obligated Group, see "OVERVIEW OF TOURO REAL ESTATE" herein.

The System is devoted to a dual mission: to deliver excellence in education in order to promote Jewish continuity and to embrace and serve diverse and underserved communities by providing broad-based educational opportunities, all reflecting the Jewish commitment to values, intellectual inquiry, applied knowledge and social justice for all students.

TOURO OBLIGATED GROUP

The Obligated Group is currently comprised of Touro, TU, TUN and NYMC. Touro is currently the Obligated Group Representative (the "Representative"). The Obligations issued and to be issued under the Master Indenture are joint and several general obligations of the

Members of the Obligated Group. In addition, the Obligations are secured by the Gross Revenues of TU, TUN and NYMC and, with respect to Touro, the Obligations are secured only by its Designated Enterprise Revenues (as defined in the Master Indenture) which are related to its Health Care and Other Designated Enterprises (as defined in the Master Indenture) which include revenues from the operating divisions of TouroCOM (including the Middletown campus), TouroRx, SHS and TCDM. Other revenues of Touro, such as revenues from the Lander Colleges, the New York School of Career and Applied Studies, the Law Center and the Graduate Programs, are not pledged to secure the Obligations and may be (and, in some cases, currently are) pledged to secure other debt. For the fiscal year ended June 30, 2017, the Gross Revenues of TU, TUN, NYMC and the Designated Enterprise Revenues of Touro constituted approximately $[___] million of the consolidated revenues of the System, which is approximately [__]% of total consolidated revenues of the System.

In addition, the Obligations are secured by mortgages on certain property of each of the Members of the Obligated Group. Other property of the Obligated Group Members will not be mortgaged to secure the Obligations and may be (and, in some cases currently is) mortgaged to secure other debt. See "OUTSTANDING DEBT AND OTHER OBLIGATIONS."

SCHOOLS AND PROGRAMS

Touro College

Touro College is a 501(c)(3) organization headquartered in Manhattan, New York City. Touro operates the following schools and colleges and offers associate, baccalaureate, master and professional degree programs in facilities primarily located throughout the New York City metropolitan area:

- Touro College of Osteopathic Medicine (TouroCOM)
- Touro College of Pharmacy (TouroRx)
- School of Health Sciences (SHS) (Physician Assistant, Physical Therapy, Occupational Therapy, Nursing, Speech Pathology, Behavioral Sciences)
- Graduate School of Education
- Other Graduate Programs (Social Work, Jewish Studies, Technology and Business)
- Jacob D. Fuchsberg Law Center
- The Lander Colleges (undergraduate dual curriculum programs of Jewish and General Studies)
- New York School of Career & Applied Studies (undergraduate programs provided to underserved communities)
- Foreign Programs in Berlin, Moscow and Jerusalem

<u>TouroCOM and TouroRx</u> are located in two leased facilities totaling approximately 125,000 square feet located around the corner from each other in the Harlem community of Manhattan. These facilities contain lecture halls, classrooms, laboratories, a library, conference rooms and student spaces as well as student services, and administrative and faculty offices.

After admitting its first class of Doctor of Osteopathic Medicine students in 2007, TouroCOM currently has a full complement of approximately 530 students in its four-year program in addition to approximately 70 students in its Master of Science Program. TouroCOM's extension campus in Middletown, New York opened in August 2014 and currently enrolls 530 students in its medical programs and an additional 62 students in its Master of Science program. Its first class will be graduating in May, 2018. TouroRx admitted its first class of 66 students in 2008 and currently has 308 students enrolled in its four-year program leading to the Doctor of Pharmaceutical Studies (PharmD) degree (out of a potential full enrollment of 400). TouroRx students spend most of their fourth year rotating to various clinical sites.

SHS has facilities located near the Law School in Bay Shore (Suffolk County, New York), a satellite location in Nassau County and other locations in Manhattan and Brooklyn. The main campus of SHS in Bay Shore is owned by Touro, while the other facilities are leased. SHS offers degrees in Nursing, Physician Assistant Studies, Speech Pathology, Physical Therapy and Behavioral Sciences Programs. Total enrollment in SHS is approximately 1280, including a first professional Doctorate degree in Physical Therapy, Masters level programs in Physician Assistant Studies, Speech-Language Pathology and Behavioral Sciences, and Bachelor and Associate degrees in Nursing.

Touro College of Dental Medicine

[to come]

Touro College Jacob D. Fuchsberg Law Center (also referred to as the "Law School") is located in Central Islip in Suffolk County, New York. Its 168,000 square foot facility, completed in 2006, is located adjacent to Federal and State court houses and is owned by Touro. Its historical enrollment declined to 467 students in Fall 2017 and is expected to remain at approximately 400-500 students reflecting the national decline in law school applications. However, the Law School has successfully adjusted its operating budget to meet the reduced enrollment.

The New York School of Career and Applied Studies, the Lander College of Arts and Sciences, the Lander College for Men and residential facilities for its students, the Lander College for Women and residential facilities for its students, the Graduate School of Education, other Graduate Programs, the School for Lifelong Education and the Institute for Professional Studies (Machon L'Parnassa) operate at owned and leased facilities in New York City and nearby counties including five facilities in Manhattan, ten facilities in Brooklyn and three facilities in Queens. The Graduate School of Education also operates at the main campus of SHS in Bay Shore in Suffolk County, New York. The administrative offices of Touro are primarily located in an additional Manhattan facility with some departments located at other Manhattan and Brooklyn locations. Limited graduate and undergraduate programs are also conducted in leased facilities in Berlin, Moscow and Jerusalem.

In order to secure Obligations issued under the Master Indenture, Touro has granted a mortgage on SHS's main campus in Bay Shore. For a further description of the mortgaged property, see “OVERVIEW OF TOURO REAL ESTATE – Obligated Group Mortgaged Property.”

Accreditation

Touro is regionally accredited by the Middle States Commission on Higher Education (Middle States Commission). The Middle States Commission is an institutional accrediting agency recognized by the United States Secretary of Education and the Council for Higher Education Accreditation. This accreditation status covers Touro College, its branch campuses, locations and instructional sites in the New York area, as well as branch campuses and programs in Berlin, Jerusalem, and Moscow.

The Law School is accredited by the American Bar Association. TouroCOM is accredited by the Commission on Osteopathic College Accreditation of the American Osteopathic Association; TouroRx is accredited by the Accreditation Council for Pharmacy Education (ACPE) **[confirm]**; the Physician Assistant programs are accredited by the Accreditation Review Commission on Education for the Physician Assistants, Inc. (ARC-PA); the Physical Therapy programs are accredited by the Commission on Accreditation in Physical Therapy Education; the graduate program in Speech and Language Pathology is accredited by the American Speech-Language and Hearing Association; the Nursing programs are accredited by the Commission on Collegiate Nursing Education (CCNE); the Social Work program is accredited by the Council on Social Work Education (CSWE); and the Graduate School of Education programs are accredited by the Council for Accreditation of Educator Preparation (CAEP).

Faculty

Total faculty at Touro College has ranged from [___-___] over the last five academic years. For the 2016-17 academic year, there were [___] full-time faculty and [___] part-time faculty for a total of [___]. As of [__________], approximately [__]% of the Touro College faculty was tenured.

Labor Relations

As of November 1, 2017, Touro employed [_____] full and part-time personnel in staff positions. Touro provides a variety of benefits to its employees, including health insurance, long-term and short-term disability insurance, life insurance, dental and vision insurance, a 403(b) deferred compensation plan, tuition remission and reimbursement, and vacation, holidays and sick days. Currently, there are no employees at the College that are represented by a union. Management is not aware of any organizing activity or of any work disruption involving its employees. Touro considers its relationship with its employees to be good.

Enrollment **[2017-18 data to come]**

Admissions Statistics Summary
Applications, Acceptances, Matriculations and Total Enrollment

TouroCOM

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2013-14	5,149	138	2.68%	135	97.83%	624
2014-15	2,578	527	20.44	153	29.03	776
2015-16	13,273	563	4.24	270	47.96	961
2016-17	13,148	561	4.27	447	79.68	1,126
2017-18*						

TouroRx

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2013-14	1,364	172	12.61%	103	59.88%	390
2014-15	671	165	24.59	77	46.67	381
2015-16	871	95	10.91	90	94.74	371
2016-17	878	124	14.12	85	68.55	347
2017-18*						

SHS

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2013-14	2,748	590	21.47%	431	73.05%	1,157
2014-15	1,038	688	66.28	312	45.35	1,192
2015-16	713	237	33.24	157	66.24	1,109
2016-17	5,047	1,534	30.39	349	22.75	1,313
2017-18*						

Dental School

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-17	2,149	142	6.61%	112	78.87%	112
2017-18*						

Law School

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2013-14	1,041	755	75.23%	205	27.15%	684
2014-15	1,072	732	68.28	187	25.55	667
2015-16	1,003	609	60.72	196	32.18	549
2016-17	972	146	15.02	121	82.88	467
2017-18*						

* As of November 1, 2017.

Graduate Programs Enrollment

Academic Year	Jewish Studies	International Business	Education	Psychology*	Technology	Social Work	Total Enrollment
2013-14	38	97	3,297	216	239	280	4,167
2014-15	35	101	2,816	192	9	305	3,458
2015-16	36	104	3,048	180	231	327	3,926
2016-17	81	113	2,923	-	227	336	3,680
2017-18**							

Undergraduate Programs***

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Fall Matriculation	Matriculation Ratio	Total Enrollment
2013-14	1,630	926	56.81%	695	75.05%	7,210
2014-15	3,572	2,094	58.62	1,473	70.34	6,568
2015-16	[2,216]	[2,216]	[_____]	1,465	66.11	6,584
2016-17	4,425	2,620	59.21	1,465	55.92	6,214
2017-18*						

* As of November 1, 2017.
** For academic years commencing in 2016 and 2017, Graduate Psychology enrollment is included in the School of Health Sciences enrollment.
*** Primarily Lander Colleges and New York School of Career & Applied Studies.

Tuition and Fees

TOURO COLLEGE

Academic Year	Undergraduate Tuition*	Law School Tuition	Dental School Tuition	PT/OT/PA Tuition	DO Tuition	Pharm Tuition	Other Graduate Programs Tuition (per course/ credit)**
2013-14	$15,470	$41,770	$ -	$25,750	$44,560	$37,700	$1,490
2014-15	15,750	44,500	-	26,200	45,850	37,700	1,520
2015-16	15,900	45,630	-	27,300-38,430	48,140	38,000	517-765
2016-17	16,380	47,000	50,000	28,270-39,960	50,070	38,380	541-1020
2017-18*							

*Approximately four courses per semester for full-time students.
** Amounts for academic years commencing 2013 and 2014 reflect Other Graduate Programs Tuition per course and for academic years commencing 2015 and thereafter reflect Other Graduate Programs Tuition per credit.
*** As of November 1, 2017.

In addition to tuition, each school imposes fees of $300-800 per year.

Financial Aid

Approximately [___]% of the students at Touro received financial aid (in the form of loans as well as scholarships) during academic year 2016-2017. See “FINANCIAL AID” herein for the types of financial aid obtained in the past five fiscal years.

Touro University (“TU”)

Overview

Founded in 1995, Touro University is a California non-profit public benefit corporation that conducts and maintains Touro University California in Vallejo, California (“TUC”) and Touro University Worldwide in Southern California (“TUW”).

Touro University California Campus in Vallejo, CA

TUC includes the College of Osteopathic Medicine (providing the Doctor of Osteopathic Medicine Degree and Masters in Medical Health Sciences) (“TUCOM”), the College of Pharmacy (providing the PharmD Degree and Masters in Medical Health Sciences) (“TURx”) and the College of Education and Health Sciences (offering Masters Degrees in Physician Assistant Studies, Public Health, Medical Health Sciences, Nursing and Education).

In 1999, TUC relocated from downtown San Francisco to the former Mare Island Naval Shipyard in the City of Vallejo, a portion of which was previously utilized as the Combat Tactical Operations School for nuclear submarine and anti-submarine warfare. Mare Island consists of approximately 5,500 acres of land, including 3,800 acres of wetland and 1,700 acres of uplands. The Naval Shipyard occupied approximately 650 acres of the upland area. After entering into a 48-year lease, including options, TUC exercised its purchase option in 2011 to acquire the approximately 44-acre campus, including six major renovated buildings containing approximately 250,000 square feet of usable space, and additional buildings that are available for future development.

TUC purchased the property on Mare Island subject to certain environmental restrictions in land use and covenanted to comply with such restrictions. The property that TUC purchased contained polychlorinated biphenyl contamination and was subject to remediation. TUC has contained and encapsulated the appropriate portions of the property. Pursuant to two separate Covenant Agreements, both between Lennar Mare Island, LLC and the California Department of Toxic Substances Control (the “Department”), the Department and the U.S. Environmental Protection Agency have determined that the site does not present an unreasonable risk to human health and the environment so long as the containment is maintained and the use is restricted. See “BONDHOLDERS’ RISKS.”

The six major buildings on the campus were retrofitted for use by TUC to include academic facilities and state-of-the-art laboratories including Anatomy, Histology, Pathology, Neuro-Anatomy, Microbiology and Osteopathic Manipulation. Facilities include physical diagnosis teaching centers, multiple classrooms, medical information systems, offices and computer laboratories. A laboratory research center, consisting of multiple labs, tissue culture room, darkroom, cold room, research equipment center and radio-isotope room, is also located on the site. A former swimming center was remodeled to house the College of Pharmacy and includes two ~~a~~ lecture halls seating 105 students each and numerous break-out rooms for small group study. A 750-seat auditorium serves as the largest lecture hall, and two additional 150-seat lecture halls were added on to the main building. The building also contains a gymnasium, ~~and~~ racquetball courts, and fitness room.

The former base commissary has been converted into a modern medical library including two large reading rooms, two small conference rooms, one large conference room, audio-visual facilities and a large computer room. The library is connected to all major electronic reference services including the Library of Congress and the internet. An additional 10,000 square feet within this building houses the pharmacy skills laboratory, a 65-seat classroom, and administrative offices for the Information Technology Department.

The former officers' club with its existing dining facilities, kitchen facilities, ballrooms and various lounges, has been modernized and re-designated as TUC's Student Activity Center. Two large classrooms and several smaller rooms are used for regular classes, continuing medical education and post-graduate education. Four additional buildings were updated to house administrative and student services offices, the student health clinic, and several groupings of faculty offices.

In 2015 TUC added a School of Nursing which required additional classrooms, laboratories and administrative offices. In order to accommodate this expansion, TUC leased 1091 Azuar Drive on Mare Island, approximately 1.5 miles from the main campus buildings. The building is approximately [ ] square feet in size and is leased through [ ].

Also in 2015 TUC needed additional administrative office space to account for growth in the Division of Student Affairs, College of Education and Health Sciences, and Human Resources Department. TUC leased 690 Walnut Avenue on Mare Island, approximately 2.1 miles from the main campus buildings. This building is approximately [ ] square feet in size and is leased through [ ].

In order to secure Obligations issued under the Master Indenture, TUC has granted a deed of trust on its main campus on Mare Island. For a further description of the mortgaged property, see "OVERVIEW OF TOURO REAL ESTATE – Obligated Group Mortgaged Property" herein.

Touro University Worldwide ("TUW")

TUW, located in Los Alamitos, California, was founded in 2008 to replace Touro University International ("TUI"), the University's online university that was sold in 2007. Following the expiration of the initial phases of the non-compete agreement entered into upon the sale of TUI, TUW course offerings commenced in 2010. The following degrees are offered by TUW in 2017: Bachelors Degrees in Business Administration, Psychology, Health Sciences, and Social Work; Masters Degrees in Psychology, Industrial and Organizational Psychology, Marriage and Family Therapy, Business Administration (MBA), Health Sciences, Human Resource Management, Dispute Resolution and Public Administration; and Doctorate Degree in Psychology. TUW enrollment increased at an annual rate of approximately 50% from 180 students in Fall 2012 to 1,275 students in Fall 2017.

TUW also operates Touro College Los Angeles, which was founded in 2005 to offer a dual curriculum program of Judaic and general studies similar to the Lander Colleges in New York. Touro College Los Angeles is located in leased facilities in West Hollywood, CA and has 74 students. Touro College Los Angeles charges tuition in approximately the same amount as the Lander College in Touro College's undergraduate program.

Accreditation

TU and TUW are each regionally accredited by the Accrediting Commission for Senior Colleges and Universities of the Western Association of Schools and Colleges ("WASC"). The professional programs of TUC are each accredited by the same national accreditation bodies as Touro College programs.

Faculty

Total faculty at TU has ranged from [___-___] over the last five academic years. For the 2016-17 academic year, there were [___] full-time faculty and [___] part-time faculty for a total of [___]. As of [__________], [none] of the TU faculty was tenured.

Labor Relations

As of [ ], TU employs [ ] full and part-time personnel in staff positions. TU provides a variety of benefits to its employees, including health insurance, long-term and short-term disability insurance, life insurance, a 403(b) deferred compensation plan, tuition remission and reimbursement, and vacation, holidays and sick days. Currently, there are no employees at TU that are represented by a union. Management is not aware of any organizing activity or of any work disruption involving its employees. TU considers its relationship with its employees to be good.

Enrollment **[2017-18 data to come]**

Admissions Statistics Summary
Applications, Acceptances, Matriculations and Total Enrollment

TU

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2013-14	8,528	878	10.30%	464	52.85%	1,741
2014-15	10,280	1,940	18.87	643	33.14	2,868
2015-16	9,973	944	9.47	549	58.16	2,305
2016-17	2,492	896	35.96	750	83.71	2,253
2017-18*						

* As of [December 1, 2017].

TU Enrollment Summary

Academic Year	TUCOM	TURx	PA	Other Health Care Degrees	Education	TUW	TC-LA
2013-14	540	405	123	147	148	273	105
2014-15	548	415	120	170	155	513	80
2015-16	544	405	121	143	178	814	100
2016-17	334	412	121	155	140	1,018	73
2017-18*							

* As of [December 1, 2017].

Tuition and Fees

HEALTH PROFESSIONS**

Academic Year	Tuition (PA)	Tuition (DO)	Tuition (Pharm)	Other Fees (per student)
2013-14	$44,025	$47,100	$41,530	$240-1,750
2014-15	44,460	48,510	42,780	260-1,770
2015-16	44,925	49,950	44,100	275
2016-17	46,275	51,540	[44,300]	275
2017-18*				

* As of [December 1, 2017].
** Includes all Schools and Colleges in TU except TUW and Touro College Los Angeles.

TUW

Academic Year	Tuition (per course/credit)**	Annual Other Fees
2013-14	$ 1,500	$400
2014-15	400-700	400
2015-16	400-700	0
2016-17	400-700	0
2017-18*		

* As of [December 1, 2017].
**Tuition amount for the academic year commencing 2013 is per course and for academic years commencing 2014 and thereafter is per credit.

Financial Aid

Approximately [ ] of the students at TUC received financial aid (in the form of loans as well as scholarships) in academic year [_____-____]. See "FINANCIAL AID" herein for the types of financial aid obtained in the past five fiscal years.

Touro University Nevada ("TUN")

TUN was founded in 2004 as a separate not-for-profit entity, established by Touro College as a branch campus of TUC. TUN operates programs on an approximately 15-acre site within the Black Mountain Business Park in Henderson, Nevada, just outside Las Vegas, including two buildings. TUN currently occupies 178,000 square feet of custom built-out space in Building One, with classrooms and laboratories, offices, a university library, common spaces and clinics. The remainder of Building One, currently vacant, can accommodate up to 100,000 square feet of additional university uses. TUN does not currently use Building Two. Building Two is currently occupied 100% by three rental tenants. Building Two can accommodate up to 200,000 square feet of potential university space for future use.

TUN includes the College of Osteopathic Medicine and the College of Health and Human Services. In addition to its medical program leading to the Doctor of Osteopathic Medicine degree, the College of Osteopathic Medicine offers programs leading to a Master of Medical Health Sciences (MHS). The College of Health and Human Services offers programs leading to Bachelor of Science in Nursing (returning RN options) (BSN), Master of Physician Assistant Studies (MPAS), Master of Science in Nursing (MSN), Doctor of Nursing Practice (DNP), Master of Occupational Therapy (MSOT), Occupational Therapy Doctorate (OTD), Doctor of Physical Therapy (DPT), Master of Education (Administration and Special Ed Generalist) (MEd), and Education endorsement programs.

In order to secure Obligations issued under the Master Indenture, TUN granted a deed of trust on its campus in Henderson, Nevada. For a further description of the mortgaged property, see “OVERVIEW OF TOURO REAL ESTATE – Obligated Group Mortgaged Property” herein.

Accreditation

Operating as a branch campus of TUC, TUN is included within the WASC accreditation of TUC. The professional programs are accredited by the same national accreditation bodies as Touro College and TU programs.

Faculty

Total faculty at TUN has ranged from [___-___] over the last five academic years. For the 2016-17 academic year, there were [___] full-time faculty and [___] part-time faculty for a total of [___]. As of [__________], [none] of the TUN faculty was tenured.

Labor Relations

As of July 1, 2017, TUN employs 267 full and part-time personnel in staff positions. TUN provides a variety of benefits to its employees, including health insurance, long-term and short-term disability insurance, life insurance, a 403(b) deferred compensation plan, tuition remission and reimbursement, and vacation, holidays and sick days. Currently, there are no employees at TUN that are represented by a union. Management is not aware of any organizing activity or of any work disruption involving its employees. TUN considers its relationship with its employees to be good.

Enrollment

TUN is home to more than 1,200 students in a wide range of degree programs in nursing, health science and education, as well as osteopathic medicine. Many of these programs are the first of their kind in the state of Nevada. See "Strategic Directions and Capital Projects" for a description of TUN's planned enrollment growth and facility expansion.

[2017-18 data to come]

Admissions Statistics Summary
Applications, Acceptances, Matriculations and Total Enrollment

TUN (COM & PA)

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2013-14	4,063	406	9.99%	197	48.52%	662**
2014-15	4,867	344	7.07	198	57.56	718
2015-16	6,703	665	9.92	413	62.11	670
2016-17	3,399	192	5.65	178	92.71	670
2017-18*						

* As of [December 1, 2017].
[The breakdown of student enrollment for the Fall 2013 Semester was as follows: 543 students in the Doctor of Osteopathic Medicine program and 119 students in the Physician Assistant program] **[include breakdown for other years?].

Enrollment
Other TUN Colleges

Academic Year	OT	PT	Medical Health	Campus Administration	Education	Nursing	Total Enrollment
2013-14	69	120	30	14	206	28	467
2014-15	75	120	31	24	263	81	[1,249]
2015-16	72	124	29	30	110	129	[1,164]
2016-17	71	120	27	24	221	132	595
2017-18*							

* As of [December 1, 2017].

Tuition and Fees

TUN

Academic Year	Tuition (PT/OT/PA)	Tuition (DO)	Other Fees
2013-14	$29,070-34,170	$47,100	$1,700
2014-15	30,200-35,535	48,510	1,645
2015-16	31,200-36,600	49,950	275-1,1660
2016-17	32,745-37,695	51,450	375-1,760
2017-18*			

* As of [December 1, 2017].

Financial Aid

Approximately [ ] of the students at TUN received financial aid (in the form of loans as well as scholarships) in academic year [ ]. See “FINANCIAL AID” herein for the types of financial aid obtained in the past five fiscal years.

New York Medical College (NYMC)

In May 2011, NYMC became a member of the family of graduate and professional schools in the Touro System. Any information regarding NYMC included herein for the period prior to 2011 has been obtained by Touro from NYMC but has not been independently verified by Touro. Founded in 1860, NYMC is an independent medical school and health sciences college located on 54 owned acres (including property purchased with the Skyline building described below), plus use of an additional 15 acres of county-owned land, as part of the campus in Valhalla, Westchester County, New York.

NYMC has expanded and transformed its campus to improve connectivity and offer students new opportunities to enhance their education. In 2013, NYMC acquired 19 Skyline Drive, a 250,000-square-foot, five-story building providing essential space for offices and new programs. Skyline Drive is now home to the Touro College of Dental Medicine, the first new dental school in New York State in nearly 50 years. NYMC also renovated a portion of its 7 Dana Road building to house a state-of-the-art Clinical Skills and Simulation Center, Disaster Medicine Training Center and a thriving biotechnology incubator. A new campus walkway was installed linking 7 Dana Road with the other academic buildings on the main campus and a new driveway linking 19 Skyline Drive to the main campus was constructed to allow vehicles and pedestrians to freely move throughout the entire expanded campus. See “STRATEGIC DIRECTION AND CAPITAL PROJECTS” herein.

NYMC is comprised of three primary divisions: the School of Medicine, the School of Health Sciences and Practice (formerly known as the School of Public Health), and the Graduate School of Basic Medical Sciences. It has more than 1,400 students, 1,000 residents and clinical fellows, more than 2,600 faculty members, and 22,000 living alumni. Touro also is exploring opportunities to expand its health sciences and health professions programs through its affiliation with NYMC. NYMC has affiliation agreements with several teaching hospitals, with the largest of such arrangements for students at Westchester Medical Center, St. Joseph’s University

Medical Center and New York City Health and Hospitals/Metropolitan Hospital. The affiliation agreement with Westchester Medical Center, the largest of such arrangements, was extended for an additional twelve years in 2017 with an option to extend the agreement for an additional twelve years.

The School of Medicine offers a Doctor of Medicine (M.D.) degree. The School of Health Sciences and Practice offers the Master in Public Health (M.P.H.) degree in Behavioral Sciences and Health Promotion, Environmental Health Science, Epidemiology, and Health Policy and Management; the Master of Science (M.S.) degree in Biostatistics and Epidemiology; the Doctor of Public Health (Dr.P.H.) degree in Health Policy and Management; in the area of Physical Therapy, Doctor of Physical Therapy (D.P.T.); in the area of Speech-Language Pathology, the Master of Science (M.S.) degree. The Graduate School of Basic Medical Sciences offers a Doctor of Philosophy (Ph.D.) or Master of Science (M.S.) degrees in one of the following scientific disciplines - biochemistry and molecular biology, cell biology, microbiology and immunology, pathology, pharmacology, or physiology. NYMC also offers joint degrees: M.D./M.P.H., M.D./Ph.D., and D.P.T./M.P.H.

In order to secure Obligations issued under the Master Indenture, NYMC has granted a mortgage on its Medical Education Center and Basic Sciences Building, its Skyline Building and its Dana Road property. For a further description of the mortgaged property, see "OVERVIEW OF TOURO REAL ESTATE – Obligated Group Mortgaged Property" herein. The Skyline Building is shown below.

Accreditation

NYMC is separately accredited by the Middle States Commission and in 2016, the accreditation was extended for an additional 5 years. Programs at NYMC similar to Touro programs are separately accredited by the same national organizations. In addition, NYMC's MD program is accredited by the Liaison Committee on Medical Education and in 2017 the accreditation was renewed for the maximum period of seven years.

Faculty

Total faculty at NYMC has ranged from [___-___] over the last five academic years. For the 2016-17 academic year, there were [___] full-time faculty and [___] part-time faculty for a total of [___]. As of [___________], approximately [__]% of the NYMC faculty was tenured.

Labor Relations

As of December 1, [ ], NYMC employs [ ] full and part-time personnel in staff positions. NYMC provides a variety of benefits to its employees, including health insurance, long-term and short-term disability insurance, life insurance, pension plans, tuition remission and reimbursement, and vacation, holidays and sick days. Approximately 117 of NYMC's employees are represented by three unions: 1199 SEIU/League expiring [ ]; Local 32BJ, SEIU expiring [ ]; and International Union Security Police Fire Professionals of America and its Affiliated Local Union No. 528 expiring [ ]. Management is not aware of any other organizing activity or of any work disruption involving its employees. NYMC considers its relationship with its employees to be good.

Enrollment **[2017-18 data to come]**

Admissions Statistics Summary
Applications, Acceptances, Matriculations and Total Enrollment

NYMC - Medical School

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2013-14	9,357	612	6.54%	200	32.68%	829
2014-15	12,474	541	4.34	196	36.23	818
2015-16	13,235	560	4.23	202	36.07	845
2016-17	12,738	621	4.88	213	34.30	851
2017-18*						

NYMC – Master of Public Health

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2013-14	280	193	68.93%	102	52.85%	357
2014-15	288	205	71.18	125	60.98	302
2015-16	200	157	78.50	48	30.57	247
2016-17	240	213	88.75	67	31.46	240
2017-18*						

NYMC – Doctor of Public Health

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2013-14	7	4	57.14%	3	75.00%	30
2014-15	7	6	85.71	6	100.00	22
2015-16	27	12	44.44	5	41.67	20
2016-17	[27]	[12]	[44.44]	[5]	[41.67]	[23]
2017-18*						

NYMC – Doctor of Physical Therapy

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2013-14	460	91	19.78%	36	39.56%	104
2014-15	662	93	14.05	40	43.01	107
2015-16	[662]	[93]	[14.05]	[40]	[43.01]	[114]
2016-17	583	101	17.32	44	43.56	121
2017-18*						

* As of [December 1, 2017].

NYMC – Speech and Language Pathology

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2013-14	150	56	37.33%	32	57.14%	60
2014-15	260	82	31.54	35	42.68	67
2015-16	[260]	[82]	[31.54]	[35]	[42.68]	[70]
2016-17	269	89	33.09	35	39.33	68
2017-18*						

NYMC – PhD

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2013-14	56	20	35.71%	9	45.00%	37
2014-15	58	20	34.48	12	60.00	37
2015-16	62	19	30.65	10	52.63	45
2016-17	46	10	21.74	4	40.00	38
2017-18*						

NYMC – Masters

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2013-14	379	166	43.80%	52	31.33%	110
2014-15	376	170	45.21	62	36.47	111
2015-16	383	183	47.78	62	33.88	112
2016-17	233	129	55.36	52	40.31	124
2017-18*						

NYMC – Certificates

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-17	23	23	100.00%	23	100.00%	23
2017-18*						

* As of [December 1, 2017].

Tuition and Fees

NYMC

Academic Year	Resident Medical Students Tuition	Room	Other Fees	Total
2013-14	$49,710	$20,894	$2,016	$72,260
2014-15	52,200	13,774	2,546	68,520
2015-16	52,200	9,637	2,546	64,383
2016-17	52,200	10,380	3,370	65,950
2017-18*				

* As of [December 1, 2017].

Financial Aid

Approximately [ ] of the students at NYMC received financial aid (in the form of loans as well as scholarships) during academic year 2016-2017. See "FINANCIAL AID" herein for the types of financial aid obtained in the past five fiscal years.

[Hebrew Theological College]

[to come]

Other Entities

Yeshivas Ohr Hachaim (the "Yeshiva") is also Touro's Institute of Higher Jewish Studies. Students who wish to pursue a traditional Jewish Studies track have the option of attending Yeshivas Ohr Hachaim on a full-time basis. The Yeshiva offers morning, afternoon and evening sessions and students can pursue their secular studies in the evening at the nearby Lander College for Men, the Lander College of Arts and Sciences in Brooklyn or at other colleges or universities with compatible evening or weekend programs. The Yeshiva's main building is located in Kew Gardens Hills, Queens, New York and in addition to large study halls, classrooms and dining facilities also provides dormitory accommodations on the upper floors.

Yeshivas Ohr Hachaim also operates two high schools that act as feeders to the College level program. The larger is located in a modern facility adjacent to the Yeshiva's main building and provides a complete academic facility with dormitories on the upper floors. A smaller high school located in Monsey, New York closed in 2016. New locations were opened in Waterbury, Connecticut in 2016 and in Philadelphia, Pennsylvania in 2017.

The College has several small related foundations, with the Law School Foundation being the only active foundation at this time.

Neither HTC nor any of these other entities are part of the Obligated Group and therefore their revenues and assets are not available to pay the Obligations of the Obligated Group.

Revenues from related entities that are not members of the Obligated Group have been, on average, less than $12 million per year. Their assets, which are primarily fixed assets, have a book value of approximately $59 million as of June 30, 2017.

OVERVIEW OF TOURO REAL ESTATE

As noted above, the System owns certain of its properties and leases others. Set forth below is a listing of the major owned facilities mortgaged under the Master Indenture and the book value of each as of June 30, 2017. Book value reflects the cost of the facilities less the accumulated depreciation and does not necessarily reflect the market value of such property. See "OUTSTANDING DEBT" herein.

Obligated Group Mortgaged Property[(1)]

Location	Purpose	Book Value ($ million)
TUC		
1310 Club Drive, Mare Island, Vallejo, California	TUC campus	$26.0
TUN		
874 and 882 American Pacific Drive, Henderson, Nevada	TUN campus	37.9
NYMC		
30 Sunshine Cottage Road, Valhalla, New York	Medical Education Center and Basic Sciences Building	50.6
19 Skyline Drive, Hawthorne, New York	Administrative, Services, Various Programs	33.9
7 Dana Road, Valhalla, New York	Various Programs	16.7
Touro-SHS		
1700 Union Blvd., Bay Shore, New York	Main campus of SHS	5.3

(1) Mortgages and deeds of trust on these properties are granted to secure Obligations issued under the Master Indenture.

Other Owned Real Estate

Location	Purpose	Book Value ($ million)
NYMC		
40 Sunshine Cottage Road, Valhalla, New York	Other facilities on the Campus of NYMC	$49.3
Lander Colleges		
10 West 65th Street, New York, New York	Student housing for the Lander College for Women (LCW). Sold October, 2017[1]	50.6
1602-1606 Ave. J, Brooklyn, New York	Campus for Lander College of Arts and Sciences (LCAS)[1]	13.1
2002 Avenue J, Brooklyn, New York	Annex of LCAS under development[1]	3.9
225 West 60th Street New York, New York	Campus for LCW[1]	33.1
76-01 to 17 150th Street, Queens, New York	Campus and Student housing for Lander College for Men[1]	30.7
Yeshivas		
141-61 71st Ave, Queens, New York	Main campus and student housing for Yeshivas Ohr Hachaim	18.2
Rod & Gun Road, Forestburgh, New York	Birchwood Estates-Summer campus and camp for Yeshivas Ohr Hachaim	7.6
141-39 71st Ave, Queens, New York	Campus and student housing for the Yeshiva High School	4.5
51 Carlton Road, Monsey, New York	Campus for Monsey branch of the Yeshiva High School. Sold August, 2017	4.7
71-02 113th Street, Forest Hills, New York	Former home of the Yeshiva HS, now rented to an unrelated yeshiva and used by branches of Touro's graduate and undergraduate programs	2.4
Law School		
225 Eastview Drive, Central Islip, New York	Law School[1]	29.9

(1) A mortgage on this property securing outstanding indebtedness other than Obligations issued under the Master Trust Indenture was paid upon sale of this property in October, 2017. See "Outstanding Debt".
(2) This property was transferred to a third party and leased back by Touro, with an option to repurchase in 2016 or 2018.

[update] After June 30, 2013, Touro purchased four townhouses to be used by the Lander College for Men for student housing to replace rental units in adjoining properties. The purchase price for such townhouses was approximately $4.1 million. In connection with the purchase, Touro assumed a mortgage of approximately $2.8 million.

[update] Touro also leases space from time to time. While some leases are longer in duration, most leases usually are for 5-10 years with options to renew. Future commitments under non-cancellable operating leases total $71.2 million. See Note [__] to the June 30, 2017 Touro College and related entities consolidated financial statements.

STRATEGIC DIRECTION AND CAPITAL PROJECTS

Touro's current five-year plan involves building on the operations of existing programs, improving student outcomes, continuing to introduce or expand health science programs at its medical campuses and continuing to integrate NYMC and HTC into the System. Consistent with this approach, Touro continues to undertake new capital projects, described below. Touro's extension campus of TouroCOM in Middletown, New York, will graduate its first class of osteopathic physicians in May, 2018. In addition to a current Master of Science program, Touro is exploring other allied health programs that could be added to this campus. A portion of NYMC's Skyline building is being used to house administrative offices, the academic and clinical facilities of the new dental school and is expected to later accommodate allied health programs of NYMC and Touro, including expansion of existing NYMC programs at the Valhalla campus. Additional programs at NYMC could include Touro programs in nursing, occupational therapy and physician assistant studies. Critical to Touro's future plans are expanded and improved technology for its academic programs and maximizing the benefits of the new enterprise-wide data processing system to improve administrative and student services. In addition, the System is focusing on new ways to expand its research programs and substantially increase its endowment, while making important investments in key areas to promote organic growth.

Lander College for Women Housing

In October, 2017 Touro sold its building located at 10 West 65th Street in New York City, which currently houses 101 students. There are also 33 public rent restricted units in the building. This building is located approximately seven blocks from the campus. Historical rental income at this property has been declining as units have been slowly removed from the public rent restrictions to be converted to student housing. Operating expenses were approximately $850,000 per year, excluding depreciation and capital improvements. Additionally, annual debt service was approximately $1,500,000 and, because of the public units, Touro paid in excess of $300,000 per year in property taxes on this site. Touro's other student residence at 175 West 85th Street, 25 blocks from the campus, currently houses 70 students with rent, operating expenses and property taxes totaling approximately $935,000 per year. 2017 student dormitory fees for both buildings was approximately $1,400,000 in addition to the public apartment rentals. The net proceeds from the sale of 10 West 65th Street was approximately $56 million, with a sale price of $79 million, the pay-off of an approximately $22.5 million mortgage, and other closing expenses.

Using a portion of the net proceeds of the sale of the 10 West 65th Street property as equity, Touro plans to purchase the second through fifth floors of the One West End condominium, located at 625 West 59th Street, and improve the space to serve as its dormitory for the Lander College for Women. The condominium includes a dedicated entrance and lobby and four floors (a total of approximately 68,000 sq. ft.) that will contain 180 dormitory beds, 9 study/lounge rooms, and some ancillary spaces. This building is located around the corner from the Women's College located at 227 West 60th Street. The purchase price for the condominium interest is $62.5 million and improvements are expected to cost approximately $11 million. When operational, this facility is expected to generate stabilized income in excess of $1.85 million per year, with stabilized operating expenses of approximately $1 million per year. With the purchase of the 625 West 59th Street condominium, Touro plans to terminate its lease at the 175 West 85th Street building.

Touro's Manhattan Facilities

Touro's executive offices, central administrative departments, programs of SHS, most of the non-medical graduate programs and the Manhattan campus of NYSCAS, are located in leased space in two buildings on West 23rd Street in Manhattan and additional rented space at 65 Broadway, 232 West 40th Street and 500 Seventh Avenue. The leases on these properties expire between 2018 and 2020. Touro has been looking to consolidate its headquarters and classrooms in better-designed and more-efficient space and has been seeking to acquire or lease space of approximately 250,000 square feet in midtown Manhattan. Since several potential locations have failed to materialize, the College has developed a backup or contingent plan to accommodate current and future needs. Extensions have been negotiated for the 65 Broadway and West 40th Street locations and negotiations are ongoing with the landlords of the West 23rd Street and 500 Seventh Avenue locations. An available vacant school facility, which would require lower renovation costs than other possible locations, is also under consideration.

Information Technology

Touro has been upgrading its information technology to better serve its students, to enhance its traditional educational offerings, and to keep current with developments in online education. As such, it has been modernizing and expanding its technological infrastructure, including moving to more server-based applications, expanding wireless coverage, and increasing technology in the classroom. Its most significant IT initiative was to replace its existing Student Information and Administrative Systems with an integrated state-of-the-art enterprise-wide system that is providing greater student empowerment and self-service. Improved and more robust analytical reporting capabilities continue to be introduced while maintaining strict regulatory compliance. As the system has been implemented, staffing costs in the student services area have been reduced. IT expenditures since implementation commenced in 2014 was about $_____ and is expected to be approximately $_______per annum for the next several years.

TUN Project

Touro plans to build out additional academic space and faculty offices in order to accommodate a substantial increase in class size for its College of Osteopathic Medicine. The increase is a result of an accreditor-sanctioned increase in class size, and once all four classes of students are enrolled, will result in additional gross revenue of approximately $10 million per year. Additionally, Touro Nevada in 2017-18 has begun offering the Occupational Therapy Doctorate degree (OTD) for those OT students graduating with a Touro Master's Degree. In 2019-2020, the University will be making this a mandatory rather than optional offering, resulting in additional gross revenue of $1.25 million for the additional year of instruction. Also, in 2017, the Accreditation Review Committee on Education for the Physician Assistant (ARC-PA) approved the University's request to increase class size from 60 students per year to 80 students per year over the next four years. This will result in an additional revenue of approximately $1.8 million per year.

With all of the above, by the year 2020-21, Touro Nevada should recognize additional gross revenue from just these three programs of over $13 million. Operating expenses associated with the increased enrollment are only expected to increase by about 25% of the increase in revenue because the academic infrastructure to support the additional enrollment already exists. However, in order to accommodate the growth in class size, new physical teaching spaces, new laboratories, new offices, new study rooms and new common area spaces are required. The University would use the 2017 Bond proceeds to fund the development of these facilities within its existing building.

Dana Road Clinical Skills, Disaster Medicine, Biotechnology Incubator and Training Center

NYMC acquired a 120,000 square foot facility (the Dana Road building) in 2005. Approximately 15,000 square feet of the building is used as a clinical skills and disaster medicine center and 6,700 square feet as a biotechnology incubator center and training facility, with the remainder of the building being held for future development. NYMC intends to further expand the biotechnology incubator to attract businesses in the vicinity of NYMC and provide research and administrative facilities for start-up enterprises from around the world.

Skyline Project at New York Medical College

NYMC acquired a 248,000 square foot facility adjacent to its Valhalla campus (the Skyline Building) in April 2013. A portion of the new facility is used as expansion space for the existing NYMC campus, an alternative for operations that were housed in a building on the campus which is in need of extensive repair, and space for various new and expanded programs (subject to regulatory approval) detailed below. Approximately 100,000 square feet is the home for the new dental school.

Touro College Nursing – BS/RN – at New York Medical College

Touro plans to create a Bachelor of Science completion program for practicing nurses (RN), which it expects to locate at NYMC. The program will be geared to nurses who already have their RN degrees but never completed their bachelor's degree. The program at NYMC will be based on Touro's existing nursing program in Brooklyn, New York. Touro projects to have about 125 students in this new program at NYMC with the first class expected to enter in the Fall 2018 semester. The first class is expected to consist of approximately 40 students.

Touro College of Dental Medicine at NYMC

In July, 2016 the Touro College of Dental Medicine admitted a cohort of 112 students to the first year if its four-year program in Dental Medicine. Touro and NYMC intended for the dental school to take advantage of synergies with existing NYMC medical school faculty and resources. The dental school will eventually include a dental hygienist program and other related programs. The costs to develop the dental school facility, including specialized improvements and equipment, has been financed with a portion of the proceeds of the Dormitory Authority of the State of New York Touro College and University System Obligated Group Revenue Bonds, Series 2014A, equipment leasing, government grants and through fundraising campaigns for the new dental school. Classrooms, faculty offices, academic support facilities, student spaces and a state-of-the-art clinical skills laboratory was completed during the summer of 2016. Touro and

NYMC are completing the first phase of the clinical facility where students will train on actual patients for two years. The initial phase for the clinical facility is nearing completion and is expected to open in January, 2018. A second phase to accommodate the training of the full complement of third and fourth year students is expected to be completed in the next academic year.

[College Physician Assistant Programs

Touro College plans to establish at NYMC an extension center of its Physician Assistant ("PA") program, which currently operates in locations in Manhattan, Nassau County and Suffolk County. Touro initiated its PA program in the late 1980s and has been operating at full capacity, with current enrollment of approximately 320 students. The Touro College PA program currently receives over 2,500 applications each enrollment cycle. Touro expects to have 140 students in this program at NYMC when fully operational. The accreditation approval process for the new program at NYMC is currently underway and the first class is expected to begin in September 2018, assuming timely accreditor approval.]

Various Other Programs

The first Touro and NYMC joint program to leverage their respective strengths and existing programs is a Master of Science in Biology Education, building on Touro's expertise in Education and NYMC's in the life sciences. This two-year part-time program started in September 2014.

[Another program is a Masters in Mental Health Counseling, with a potential specialization in Pastoral Counseling. When fully operational in three years, this program would have an enrollment of about 40 students. The Mental Health Counseling program is expected to start in [September 2018.]]

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GOVERNANCE

Board of Trustees

[to be updated]

The Bylaws provide that the Board of Trustees shall consist of no less than five nor more than twenty-one members. A group of fifteen individuals currently comprise the Board of Trustees of Touro College, as well as the Boards of Touro University and Touro University Nevada which are comprised of the same trustees. One third of the Board members are re-elected every year to serve for a three-year term. The current members of the three Boards are as follows:

The Boards meet regularly and maintain the following committees: Budget and Finance (including the Investment Subcommittee), Audit, Academic Affairs, Real Estate, Legal and External Affairs, Development and Trustees.

NYMC – Board of Trustees

The Bylaws provide that the NYMC Board of Trustees shall consist of no less than fifteen nor more than thirty-five members. One third of the NYC Board of Trustees is re-elected every year to serve for a three-year term. The current composition of the NYMC Board of Trustees is as follows:

Dr. Mark Hasten – Chairman
Touro Board Member

Alan Kadish, MD – President & CEO
Touro College & University System

Gary Barnett
Extell Development Company, President

Howard Baruch, MD
Premier Orthopedics, Owner

Benjamin Chouake, MD
Touro Board Member

Rabbi Menachem Genack
Touro Board Member

Gary S. Gettenberg, MD
Brooklyn Endoscopy & Ambulatory Surgical System, Founder

Michael D. Israel, M.P.H.
Westchester Medical Center, President & CEO

Michael Karfunkel
AmTrust Financial Services Inc., Chairman

Joseph Levine, M.D.
Arrhythmia & Pacemaker Center, Director

Moshe Lichtenstein
The Lightstone Group

Joseph Mark
HRP Capital Inc., President

Martin Oliner, Esq.
Touro Board Member

Raymond M. Planell, Esq.
Bleakley Platt & Schmidt, Partner

Ronald F. Poe
Ronald F. Poe & Associates, President

Stephen Rosenberg
Touro Board Member

Maureen L. Roxe
The Roxe Foundation, President

John Sampson
NYS Senator

The NYMC Board meets regularly and maintains the following committees: Academic Affairs, Audit, Committee on Trustees, Development, Executive, Facilities and Real Estate and Finance/Investment.

Key Management Resumes

Alan Kadish, M.D., President and Chief Executive Officer. Prior to joining Touro in September 2009 as senior provost and chief operating officer, Dr. Kadish taught at the University of Michigan and enjoyed a 19-year tenure at Northwestern University, where he served as the Chester and Deborah Cooley Professor of Medicine, senior associate chief of the cardiology division, director of the cardiovascular clinical trials unit, and served on the finance and investment committees of the Northwestern clinical practice plan. Dr. Kadish has published over

250 peer-reviewed papers, contributed to several textbooks, and received numerous grants, including from the National Institutes of Health and the National Science Foundation. A graduate of the Albert Einstein College of Medicine at Yeshiva University, he received his postdoctoral training at the Brigham and Women's Hospital, an affiliate of Harvard Medical School, and at the Hospital of the University of Pennsylvania, where he was a fellow in cardiology. He is board certified in internal medicine, cardiovascular disease, and cardiac electrophysiology.

David Raab, Executive Vice President. Mr. Raab joined Touro in 2010 with over 25 years of experience in management consulting for executives and senior managers at large enterprises in both the for-profit and not-for-profit sectors. Mr. Raab has taught at the University of Pennsylvania, the Philadelphia College of Textiles and Science, and the Sy Syms School of Yeshiva University. He received an M.S. from the University of Pennsylvania in computer and information science, an M.S. from the Weizmann Institute in applied mathematics, and a B.A. from Bar Ilan University in economics.

Rabbi Moshe D. Krupka, Executive Vice President. Rabbi Krupka joined Touro in July 2006 as senior vice president for college affairs. Prior to joining Touro, Rabbi Krupka enjoyed a lengthy tenure at the Orthodox Union (OU), including as national executive director. Rabbi Krupka received his *Semicha* (rabbinical ordination) from Yeshiva University's Rabbi Isaac Elchanan Theological Seminary, and earned an M.S. in secondary education from Yeshiva University's David J. Azrieli School of Jewish Education.

Melvin M. Ness, CPA, Senior Vice President and Chief Financial Officer. Mr. Ness joined Touro in 1996. Prior to joining Touro, he served as controller of TPI Enterprises, a pioneer in private telephone systems and the cellular telephone industry, and vice president for finance for Tel Plus Communications, TPI's main subsidiary, with operations across the U.S. A certified public accountant, Mr. Ness began his career at Charles S. Krantz & Company, a New York area CPA firm, where he rose to managing partner. As a lay leader, he has held many offices, including president, of one of the largest synagogue-Jewish centers in New York City and also served as president of Torah Academy of Bergen County, the local boys' yeshiva high school. Mr. Ness received a B.S. in accounting from Brooklyn College and received a National Defense Fellowship for Graduate Study at the New York University Graduate School of Business.

Jeffrey M. Rosengarten, Senior Vice President of Operations, joined Touro in 2015. As the University System's chief operations and administrative services officer, he is responsible for providing leadership and oversight for real estate, construction and facilities planning as well as human resources, campus security and other auxiliary services. Mr. Rosengarten has had a distinguished career spanning four decades managing facilities and infrastructure as well as directing campus planning, real estate acquisitions and capital improvements. He began his professional career at the Albert Einstein College of Medicine where he directed the outpatient primary care clinics of the affiliated Jacobi Hospital Center. In 1982, Rosengarten arrived at Yeshiva University's main campus as Director of Personnel before later assuming his responsibilities as Vice President for the various administrative supporting services departments across YU's three Manhattan campuses. He earned a BA from Queens College and pursued graduate studies in management and administration at the New School and Baruch College.

Michael Newman, Senior Vice President and General Counsel. Mr. Newman joined Touro in 2009. Prior to joining Touro, Mr. Newman was general counsel to RGC Global, a large multi-national consultancy, where he served for more than ten years. Previously, Mr. Newman was general counsel to Wheeler Financial Services, Inc., a consulting and advisory firm; an assistant district attorney for Bronx County in its appeals bureau, and a law clerk to the Honorable Melinda Harmon of the U.S. District Court for the Southern District of New York. He graduated from Yeshiva College and received his legal training at New York Law School where he was a member of its Journal of International and Comparative Law.

Franklin Steen, Ph.D., Vice President for Technology. Dr. Steen joined Touro in September 2012. Prior to coming to Touro, Dr. Steen served as chief information officer at Hunter College (CUNY); director of computer services at Harvard University's Faculty of Arts and Sciences; director of instructional computing at Yale University; and director of computer education and technology at Choate Rosemary Hall, a private co-educational boarding school in Wallingford, Connecticut. Dr. Steen's background also includes 15 years as an instructor in Europe and the U.S. He was a Klingenstein Fellow at Columbia University, where he earned a Ph.D. in mathematics education. Dr. Steen was raised in Los Angeles, California and attended the University of California, Los Angeles, where he earned bachelor's and master's degrees in mathematics.

Matthew Bonilla, Vice President for Student Administrative Services. Mr. Bonilla joined Touro in 2013 from Pace University, where most recently he served as the Assistant Vice President for the Office of Student Assistance. In 2009, he won the Rising Stars Award: Westchester County's Under Forty Award given to forty outstanding individuals under the age of forty who exemplify leadership, foresight and a vision for the future of Westchester County. He was selected in 2011 to The Center for Digital Education's Converge Yearbook: Technology Innovation in Education as one of fifty national education innovators who have led the way and provided best-practice models to imitate. Mr. Bonilla holds a Bachelor's degree in Business Administration in Management Information Systems and a Master of Science degree in Educational Technology, both from Pace University.

Edward C. Halperin, M.D., Chancellor and Chief Executive Officer of New York Medical College, Provost for Biomedical Affairs of Touro College, and Professor of Radiation Oncology, Pediatrics, and History. Dr. Halperin joined the Touro system in 2012 from the School of Medicine at the University of Louisville, where he served as dean, vice provost, and Ford Foundation Professor of Medical Education, Radiation Oncology, Pediatrics, and History. Previously, he served on the faculty at Duke University Medical Center for twenty-three years, where he was the L.R. Prosnitz Professor and Chairman of the Department of Radiation Oncology and, subsequently, R.J. Reynolds Professor of Medical Education and vice dean of the Duke School of Medicine. He is the principal editor of five editions of the textbook Pediatric Radiation Oncology and the fourth through sixth editions of the textbook Principles and Practice of Radiation Oncology. He has published more than 205 articles in peer-reviewed medical and historical journals. Dr. Halperin received a B.S. in economics from The Wharton School of the University of Pennsylvania, a M.D. from the Yale University School of Medicine, and a M.A. from The Graduate School of Duke University.

Honorable Shelley Berkley, Senior Provost and CEO, Touro Western Division. Congresswoman Berkley joined Touro in 2014 and serves as administrative head of TU and TUN. She was elected to the United States House of Representatives in 1998 and represented Nevada's first Congressional District from 1999 to 2013. She was the first woman to serve the District and held the position for seven terms. Prior to her election to Congress she served as a member of the Nevada State System of Higher Education's Board of Regents for eight years and previously served in the Nevada State Legislature. Congresswoman Berkley graduated from the University of Nevada, Las Vegas with a degree in political science and received her juris doctorate from the University of San Diego, School of Law. Prior to her political career, she served as an attorney for the Nevada State Commerce Department, in-house counsel for Southwest Gas Corporation, and Vice President for Government and Legal Affairs for the Sands Hotel in Las Vegas. During her 14 years in Congress, she served on the Transportation Committee, Small Business Committee, Veterans Affairs Committee, Foreign Affairs Committee, and the Ways and Means Committee.

Marilyn Hopkins, Ph.D., Provost and Chief Operating Officer, Touro University California. Dr. Hopkins joined Touro in 2009 and serves as the accreditation liaison officer for both the Vallejo (TUC) and Henderson, Nevada (TUN) campuses. Dr. Hopkins has more than 35 years of administrative and teaching experience in higher education, and is a licensed registered nurse. Prior to joining Touro, she was dean of the College of Health and Human Services at California State University, Sacramento. Dr. Hopkins is actively engaged in local and regional community initiatives. She was elected to the board of the Vallejo Chamber of Commerce, serves on the board for the Vallejo Education Business Alliance (VEBA), and participated in a community strategic planning group convened by the Mayor of the City of Vallejo. Dr. Hopkins earned her doctoral and master's degrees in nursing at the University of California, San Francisco and a B.S. in nursing from California State University Sacramento. **[update?]**

Raymond W. Alden III Ph.D., Provost and Chief Academic Officer, Touro University Nevada. Dr. Alden joined TUN in 2015. Prior to coming to TUN, he served in administrative leadership roles at several large doctoral research universities: serving multiple terms as Executive Vice President and Provost at both Northern Illinois University and University of Nevada Las Vegas; serving as Dean of Sciences at UNLV; and serving as Director of a multidisciplinary research, education, and professional service program at Old Dominion University. Dr. Alden has served in leadership roles in a number of national higher education organizations, as editor of three professional journals, and as scientific advisor to numerous state and Federal agencies, including service as an expert witness for a U.S. Congressional Subcommittee. He has served as principal investigator for over $30 M of research grants/contracts, has authored more than 300 professional publications and technical reports, and has made over 200 presentations at national and international professional meetings. Dr. Alden received his undergraduate degree from Stetson University. He received his doctorate from University of Florida and served in a post-doctoral fellowship at University of North Carolina Chapel Hill.

Craig M. Seiden, CPA, CGMA Vice President for Administration and Finance, Touro University Western Division. Mr. Seiden joined TUN in 2007 as the Associate Vice President for Administration and in 2014 assumed his current role with responsibilities for both the TUN and TUC campuses. Prior to coming to TUN, he served as the Chief Business Officer for the University of Nevada School of Medicine clinical practice plans serving both Northern and Southern Nevada locations. Mr. Seiden began his career with the Hilton Hotel Corporation where he held the position of Assistant Hotel Manager at the Flamingo Hilton Hotel & Casino in Las Vegas, Nevada and also held management positions with Mirage Resorts at the Golden Nugget Hotel & Casino in Las Vegas, Nevada. As a certified public accountant, he worked for Conway, Stuart, and Woodbury a Las Vegas, Nevada CPA firm in the capacity of external auditor for gaming clients in Nevada, Oregon, New Mexico, and California. Mr. Seiden currently serves on the Board of Directors for Pinecrest Academy Nevada, a K-12 charter school system in Henderson Nevada consisting of nearly 5,000 students. He also serves on the Board of Directors for the Pinecrest Academy Foundation. Mr. Seiden is a graduate of the University of Nevada, Las Vegas and Johnson & Wales University in Providence, Rhode Island.

Yoram Neumann, Ph.D, Chancellor and Chief Executive Officer, Touro University Worldwide. Dr. Neumann joined Touro in 1998 and led TUI for 9 years until its sale in 2007 to a private equity group. He rejoined TUW in 2012. In addition to his career with Touro, Dr. Neumann formerly served as President and CEO of United States University; executive vice president and CFO for California State University, Dominguez Hills; director, Graduate Program in Technology Strategy and Policy at Boston University; and dean, College of Humanities and Social Sciences at Ben-Gurion University in Israel. An accomplished scholar and researcher, Dr. Neumann has authored and co-authored four books and over 92 peer-reviewed articles. He earned a Ph.D. in organizational behavior and management from Cornell University, and a B.S. and M.B.A. from Tel-Aviv University in Israel.

Patricia Salkin, Provost, Graduate and Professional Divisions. Patricia Salkin was appointed Provost of the Graduate and Professional Divisions in 2016 after serving as Interim Provost since 2015. Previously she served as Dean of the Touro College Jacob D. Fuchsberg Law Center. Prior to joining Touro in July 2012, Salkin was the Raymond & Ella Smith Distinguished Professor of Law and associate dean and director of the Government Law Center of Albany Law School. Currently she is the co-chair of the New York State Bar Association's Standing Committee on Legal Education and Admission to the Bar, and she is a member of the House of Delegates of the American Bar Association where she also sits on the Association's Nominating Committee. She is a past chair of the American Association of Law School's State & Local Government Law Section and she served on the Deans' Forum Steering Committee. She has served on the board of directors of the New York Planning Federation and served as the long-term chair of the American Planning Association's Amicus Curiae Committee. She is the author of numerous casebooks, treatises, books and more than 100 articles, columns, studies and reports. Patricia Salkin received her B.A. from University at Albany – SUNY, and her J.D. from Albany Law School.

Harry Ballan Ph.D., Dean, Jacob D. Fuchsberg Law Center. [update] Harry Ballan was appointed Dean of Touro Law Center in August 2016. Previously he served for more than two decades as a partner and senior counsel in the New York office of the international law firm Davis Polk & Wardwell LLP, where he worked on domestic and cross-border mergers, acquisitions, spinoffs, security offerings, cross-border tax planning, private equity, hedge funds and on tax litigation, in particular in resolving controversies for multinational firms in technology, pharmaceutical, health care and other industries. He holds a B.A., M.A., M.Phil. and Ph.D. from Yale University, and a J.D. from Columbia University. He has taught at Yale, Columbia, NYU and Yeshiva University, was a student at the Conservatoire Américain, and is a Fellow in Neuroscience and the Arts at the Salzburg Global Seminar. In addition to his responsibilities as dean and professor of law at Touro, he directs the PTSD and Traumatic Brain Injury in War Veterans Program at the Institute for Music and Neurologic Function, a position that includes working with the U.S. Veterans Administration and Congress. He is engaged in numerous research projects on music and the brain and has used therapeutic music to treat hundreds of patients with psychiatric and neurological disorders.

Henry Cohen, B.S., M.S., Pharm.D., FCCM, BCPP, BCGP, Dean and Professor of the Touro College of Pharmacy. Dr. Cohen joined the Touro College of Pharmacy in 2016 and has over 27 years of experience in academia, clinical practice, and leadership. Prior to his tenure at TCOP, Dr. Cohen was a Professor of Pharmacy Practice at the Arnold & Marie Schwartz College of Pharmacy and Health Sciences of Long Island University in Brooklyn. Dr. Cohen is the editor-in-chief of *The Journal of Pharmacy Practice*. Dr. Cohen established a comprehensive clinical pharmacy program at Kingsbrook Jewish Medical and served as the Residency Program Director training over 120 pharmacy residents. He is the Past-President of the NY State Council of Health-System Pharmacists and a P&T member for PharMerica. Dr. Cohen is the textbook editor and author of the first edition (2015) *Casebook in Clinical Pharmacokinetics and Drug Dosing, published by* McGraw-Hill Education, has published over 200 book chapters, manuscripts, and abstracts and has presented over 500 invited lectures throughout the United States. He has received over $400,000 in research grant awards and was the pharmacist member of the ACCM's Post-Intensive Care Syndrome Task Force. Dr. Cohen has received 6 Society of Critical Care Medicine Presidential Citations for outstanding contributions to the society. Dr. Cohen earned a B.S. in Pharmacy and a M.S. with a Specialty in Pharmacotherapeutics from the Arnold & Marie Schwartz College of Pharmacy and Health Sciences and a post-graduate traditional Doctor of Pharmacy Degree from St. John's University College of Pharmacy. Dr. Cohen is a Fellow of The American College of Critical Care Medicine and is double board certified in neuropsychiatry and geriatrics.

Louis H. Primavera, Ph.D., Dean, School of Health Sciences. Dr. Primavera joined Touro in 2007. Prior to joining Touro, he was dean of the Derner Institute of Advanced Psychological Studies at Adelphi University, and is professor emeritus at Adelphi. Prior to Adelphi, Dr. Primavera was at St. John's University for nineteen years, where he was chair and associate dean of the Graduate School of Arts and Sciences. Before going to St. John's, Dr. Primavera held full time faculty positions at Hofstra University, St. Francis College, and Molloy College. He held a staff position as a consultant to the Department of Psychiatry and Behavioral at Memorial Sloan Kettering Cancer Center for ten years, as well as number of other consulting positions in medicine, business, and education. He served as president of the Academic Division of the New York State Psychological Association, the New York City Metro Chapter of the American Statistical Association (ASA), and was a board member of the New York State Metro Chapter of ASA, where he currently serves as vice president of the chapter. Dr. Primavera received a B.A. in psychology from St. John's University and a M.A. and Ph.D. in neuropsychology from the City University of New York.

Nadja Graff, Ph.D., Vice President of the Division of Graduate Studies. As Vice President since 2014, Dr. Graff serves as the chief academic officer for Touro's six graduate schools in the Division. She is responsible for overseeing and guiding the schools to enhance the quality and reputation of all their programs, to enrich the student experience, support faculty, and to facilitate increased collaboration and operational synergy between the graduate programs. Dr. Graff joined Touro College in 1980 as a professor of clinical biochemistry, and taught health sciences students for more than 30 years. She served as academic coordinator in the School of Health Sciences' Physician Assistant program, and in 1999 was appointed the founding director of the Manhattan Campus Physician Assistant program, a unique, non-traditional program. In 2010 she was appointed associate dean of the School of Health Sciences, and has served as the chairperson of the Touro College and University System Academic Integrity Council since 2012. Dr. Graff received her undergraduate degree in biology from the City College of New York, where she was a member of Phi Beta Kappa, and her Ph.D. in Biological Sciences from Columbia University, where she was a member of the Sigma Xi Honor Society.

Robert Goldschmidt, Vice President of Planning and Assessment and Dean of Students. Dean Goldschmidt joined Touro in 1974 as an instructor in the political science department. Dean Goldschmidt has served on institutional accreditation teams for the Middle States Commission on Higher Education (MSCHE), and in 2012 was instrumental in securing MSCHE approval for Touro's proposed osteopathic school branch in Middletown, N.Y. He earned a bachelor's degree in political science, summa cum laude, at Brooklyn College (CUNY), and a M.A. in political science at New York University, where he completed all coursework for a doctorate. He is a member of Phi Beta Kappa. He was the recipient of a National Defense Education Act Fellowship and served as a research fellow at the NYU Center for International Studies. Concurrent with his graduate studies, Dean Goldschmidt continued advanced Talmudic studies at Yeshiva Torah Vodaath, where he received Smicha (ordination) from Harav HaGaon Rabbi Gedaliah Schorr zt'l.

Stanley Boylan, Ph.D., Vice President of Undergraduate Education and Dean of Faculties. Dean Boylan joined Touro College 1976, serving initially as chair of the Department of Mathematics and as chairman of the college curriculum committee. He joined the administration a year later serving in various administrative capacities and as a professor of mathematics. He has authored scholarly articles in mathematics and Jewish studies, and received Rabbinic ordination from Rabbi Joseph B. Soloveichik at Yeshiva University. Prior to joining Touro, he taught at Rutgers University and at Bloomfield College in New Jersey. Dean Boylan earned a B.A. in mathematics with honors from Yeshiva College and a M.S. and Ph.D. from the Courant Institute of Mathematical Sciences at New York University, where he was a Woodrow Wilson Scholar, a National Science Foundation Fellow, and a Sloan Foundation Fellow.

Marian Stoltz-Loike, Ph.D., Vice President, Online Education and Dean, Lander College for Women-The Anna Ruth and Mark Hasten School. Dr. Stoltz-Loike joined Touro in 2005. A professor of psychology and human resources management, Dr. Stoltz-Loike has served as a global corporate consultant with Fortune 100 companies and is the author of two books and over fifty articles relating to the maturing workforce, cross-cultural management, and work/life issues, and is a frequent presenter at domestic and international conferences on related topics. Dr. Stoltz-Loike received a bachelor's degree with honors in psychology and social relations from Harvard University, and a Ph.D. in experimental psychology from New York University.

Judah Weinberger, M.D., Ph.D. Vice President for Collaborative Medical Education, Associate Vice President of Undergraduate Education, and Interim Dean, New York School of Career and Applied Studies (NYSCAS). Prior to joining Touro, Dr. Weinberger was an academic clinical cardiologist, and was Director of Interventional Cardiology at Columbia University. He is widely published with numerous peer-reviewed original journal articles and book chapters, an inventor with 12 U.S. patents, a NIH funded researcher, and an award-winning medical educator with 30 years of experience at Columbia. He served the US Food and Drug Administration as an external reviewer and panelist on Cardiovascular Devices and Radiological Health Panel for 13 years. Dr. Weinberger, earned a Ph.D. in immunology and M.D. with distinction from the Harvard Medical School, the M.A. in physics, and B.A, with highest honors in mathematics from Columbia University, brings extensive and wide-ranging talent to this position.

Eric Levine, DSW, Director of Social Work Alumni Engagement and Financial Resource Development. Dr. Levine joined Touro in 2010. Prior to joining Touro, Dr. Levine played leadership roles at the Jewish Federations of North America (JFNA), serving as senior vice president for development at the Center for Jewish Philanthropy and senior vice president for Jewish Peoplehood and Identity, and at UJA-Federation of New York, where he was the executive director of the annual campaign, managing director of the Commission on Jewish Identity and Renewal, and executive director of the Long Island region. Dr. Levine is an assistant professor at Wurzweiler School of Social Work of Yeshiva University, and has also taught at its Azrieli Graduate School of Jewish Education. Dr. Levine holds a Doctor of Social Welfare and Master of Social Work from Wurzweiler. He earned a B.A. in Jewish studies with honors from CUNY and engaged in religious and Talmudic studies at Yeshiva University.

Amy S. Kahn, Vice President for Development and Alumni Affairs, New York Medical College. Ms. Kahn is the vice president for development and alumni affairs since 2015, leading the College's comprehensive advancement program, including philanthropic development, major gifts, annual fund and alumni relations as well as special campaigns. In this role, Ms. Kahn is responsible for creating and implementing the strategic plan to meet the College's advancement goals and will oversee the development and alumni relations teams. Ms. Kahn's experience includes more than a decade of development work at Northwestern University, starting at the Weinberg College of Arts and Sciences in 1999 and ultimately directing development for student life and scholarships and focusing on university-wide priorities. Ms. Kahn also served as vice president of development at the Milwaukee Jewish Federation. Ms. Kahn earned her B.S. in business administration at the Olin School of Business at Washington University in St. Louis, Mo.

Adam D. Hammerman, M.B.A., Vice President for Financial Operations, New York Medical College. Mr. Hammerman joined NYMC in 2015 as the vice president for financial operations, overseeing all aspects of NYMC's finance, accounting, financial reporting and taxes. In this role, Mr. Hammerman is responsible for the fiscal performance of NYMC and supervises the Controller's and Budget Offices. He joined NYMC from the Touro College and University System where he was director of budget, planning and analysis. Prior to Touro, Mr. Hammerman held finance and operations positions at the 92nd Street Y, Museum of the City of New York and

The Town School. He earned his B.A. in accounting and information systems from Queens College and his M.B.A. in non-profit management from Touro University Worldwide.

FINANCIAL INFORMATION

Intercompany Flow of Funds

Touro College, as the "parent" entity of the group of affiliated operating entities, manages revenues received by its subsidiaries and affiliates. Historically, net revenues of each subsidiary or affiliate (net of subsidiary-associated debt service), other than NYMC, were disbursed for the benefit of any affiliate or subsidiary at the discretion of Touro College. Revenues from the Touro College Health Care and Other Designated Enterprises are generally deposited in Touro College bank accounts before being disbursed on behalf of the Health Care and Other Designated Enterprises or other affiliated entities. Receipts or disbursements on behalf of or between affiliates (including Health Care and Other Designated Enterprises) are recorded as inter-company receivables or payables (with such receivables or payables eliminated in the consolidated financial statements).

In addition, through the year ended June, 2014, most central administrative expenses for the System (other than NYMC) were incurred by Touro College and were not allocated to or reimbursed by other members of the System, except for an overhead charge to TU pursuant to an agreement with TU's then current primary lender. Beginning in July, 2014 Touro management developed a new method of allocating central administrative expenses among its subsidiaries and affiliates (including among Obligated Group Members and Health Care and Other Designated Enterprises). Pursuant to such new allocation method, the central administrative expenses are allocated among Obligated Group Members, Health Care and Other Designated Enterprises and other affiliates who are required to reimburse Touro College for their respective shares of central administrative expenses based on the percentage of System revenues generated by such Obligated Group Member, Health Care and Other Designated Enterprises or affiliates. NYMC has generally incurred and been responsible for the costs of its own administrative systems, except for specific costs apportioned between NYMC and Touro, and therefore has not been allocated a full proportionate share of central administrative expenses. Such full apportionment is not expected to be implemented until such time as NYMC's administrative functions are fully integrated with those of the System. In the interim, however, the amount of specific allocations is continuing to increase as more functions or services are combined and the percentage of revenue generated by the Obligated Group Members and Healthcare and other Designated Enterprises continues to increase. In addition, as the Obligated Group Representative, Touro will continue to allocate resources among the members and Health Care and Other Designated Enterprises of the Obligated Group and other affiliates as it deems necessary.

Budgeting and Financial Controls

The development of the annual operating and capital budgets for Touro College (excluding New York Medical College) is controlled by an 11-member Budget Committee which includes the Chancellor, the President, Executive and Senior Vice-Presidents, the Provost, program deans, faculty representatives and Western Campus representatives. The budget process is geared to the Touro fiscal year, which begins on July 1, with a target of having a completed budget approved by the Touro College Board of Trustees at its May meeting. NYMC follows a parallel process to the rest of the System in order to present a completed budget to the NYMC Board of Trustees for approval. While the Touro Board is advised of the final NYMC budget to evaluate its effect on consolidated covenants, the NYMC budget is not separately approved by the Touro Board.

Touro College

The budget process for Touro College begins in October, when the program deans and directors submit their enrollment projections and requested tuition rates for the ensuing year. These are first reviewed by a six-member Task Force Subcommittee of the Budget Committee, which performs most of the detailed reviews of the programs and administrative departments. Based on parameters established by the Task Force Subcommittee, applied to the current year's budget, the revised enrollments and tuitions, and adjusted for any known major program changes, the Budget Department calculates a desired operating margin target (the "Margin Targets") for each school. The Margin Targets are compiled and revised as needed to arrive at the desired Touro College net surplus for the ensuing year. The individual Margin Targets and prior years' performance become the benchmarks against which the proposed budgets will be measured. The projected enrollments, proposed tuitions and calculated Margin Targets are reviewed by the full Budget Committee in late December or January.

From February through early April, the Task Force Subcommittee meets with each department and program to review its proposed operating plans and resulting budget. During April, the budgets are reviewed and revised by the Task Force Subcommittee to arrive at an acceptable net surplus. At the end of April, the full Budget Committee meets for a final program by program review and final budget reconciliation. The final budget approved at that meeting is presented by the President for Board approval at its May meeting.

The approved budget is used by the Purchasing Department to monitor all non-personnel (OTPS) expenses and by the Budget Department to control all hiring. The new ERP system has provided for electronic approvals for OTPS expenditures and personnel appointment forms and Deans and directors now have real-time access to budget vs. actual performance and remaining budget available to them. Deans and directors requesting modifications to their budgets are first asked to find the necessary budget in other unused budget lines, but occasionally waivers are granted to exceed the approved budgets. Historically, the System generally operates within the approved total expense budget.

NYMC

New York Medical College's annual operating and capital budget is presided over by NYMC's President and its Chancellor/Chief Executive Officer in conjunction with the Budget Task Force composed of NYMC's Vice President for Financial Operations, the Vice President for Strategic Planning and NYMC's Chief Budget Officer. The Finance/Investment Committee and the Facilities/Real Estate Committee of the NYMC Board of Trustees also play a significant role in the annual budget process.

Each year a budget timetable is prepared in January for the upcoming fiscal year beginning on July 1st. The process commences when the Chief Budget Officer sends requests for projections and assumptions (i.e. enrollment projections, tuition rate recommendations, new spending needs, capital projects and equipment, research overhead, charitable contributions) for the upcoming year to the NYMC Deans and Vice Presidents. Once received, these projections and assumptions are reviewed by the NYMC Budget Office and the Budget Task Force.

The Deans and Vice Presidents make a formal presentation to the Budget Task Force and Chancellor during the early planning stage. Based upon all the information that has been gathered and the presentations of the Deans and Vice Presidents, a draft budget is prepared. The draft budget is subsequently reviewed in detail with the Chancellor and the President. Adjustments are made at this time to reflect institutional priorities.

The draft budget is presented to the Finance/ Investment Committee of the Board of Trustees during an extensive budget work session in early April. The budget work session focuses specifically on proposed tuition increases, other operating revenue assumptions, funding of scholarships, salaries and other operating expenses. Based on the Finance/Investment Committee's input, adjustments are made to the draft budget and a second presentation to the Committee is made in early May. With the Finance/Executive Committee's approval, the budget is presented for final ratification by the full Board of Trustees in mid-May.

The process for the Capital Budget is similar to the operating budget process. The NYMC Vice President of Operations proposes capital projects for major repairs, renovations and initiatives based on input received from the NYMC Deans and Vice Presidents. The Deans and Vice Presidents also identify any capital equipment needs for the coming fiscal year. After reviews with the Chancellor/CEO and with the President, a draft capital budget is prepared and submitted (typically in March) to the Facilities and Real Estate Committee of the Board of Trustees for their review and approval. The capital budget then joins the operating budget for review by the Finance/Investment Committee and the full Board of Trustees.

Once the Budget is approved, the Budget Office, in conjunction with the Deans and Vice Presidents, prepares individual departmental budgets based upon the budget that has been approved by the Board of Trustees. Official departmental budgets are distributed to department heads throughout NYMC.

To ensure that NYMC remains within the budget approved by the Board of Trustees, the Budget Office is responsible for monitoring budgets and approving requests related to personnel, non-personnel and capital spending. Authorization of the appropriate Dean, Vice President or their designees is required for all spending, as is compliance with NYMC purchasing and contracting policies. In prior years, each department received a monthly budget statement of expenses and remaining balances in each departmental account, however, just like the other Touro units, the new ERP system provides real-time reporting of budget vs. actual expenses and the amount of budget remaining for each department. Similar spending controls are employed for grants and other restricted-purpose accounts of NYMC.

Financial Statements and Accounting Matters

General

The consolidated financial statements of Touro College and its related entities as of and for the fiscal years ended June 30, 2017 and 2016, included herein as Appendix B, were audited by KMPG LLP, independent auditors, as indicated in its report thereon. KPMG LLP has not been asked to consent to the inclusion of its report in this Official Statement. KPMG LLP has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

Acquisition of Hebrew Theological College

HTC became a member of the Touro College and University System on June 30, 2015. In accordance with acquisition accounting guidance, the HTC net assets acquired, and specifically recognized intangible assets were recorded at their then fair value of approximately $11.8 million; and since no consideration was paid by the College the full value of the net assets was recognized as an inherent contribution on the consolidated Statement of Activities for the year ended June 30, 2015.

Summary Financial Statements

The following is a summary of the statements of activities and statements of financial position for the fiscal years ended June 30, 2013 through 2017, which was derived from the audited consolidated financial statements of Touro College and its related entities. Financial information related to HTC during the period prior to its acquisition by Touro in June 2015 is not reflected in the summary below. KPMG LLP has not reviewed, commented on or approved, or is associated with, this Official Statement. KPMG has not performed any procedures on any financial statements or other financial information of the System or any Member of the Obligated Group, including without limitation any of the information contained in this Official Statement, since the date of its audit report.

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Statements of Activities
(Dollars in Thousands)

	Fiscal Year Ended June 30,				
	2017	2016	2015	2014	2013
Operating Revenue:					
Tuition and fees, net of allowance	$434,748	$414,217	$382,206	$371,702	$359,059
Less scholarships and grants	(42,656)	(39,213)	(33,603)	(31,735)	(32,704)
Net tuition and fees	392,092	375,004	348,603	339,967	326,355
Affiliation contracts and faculty practice	27,200	31,142	37,247	49,111	53,914
Government grants for research and sponsored projects	29,498	25,143	28,055	33,366	33,249
Contributions and private grants	12,956	10,999	19,267	7,515	8,910
Investment return	5,530	4,690	4,607	6,161	5,388
Auxiliary enterprises	14,241	13,220	11,117	10,441	11,529
Other	7,151	6,872	6,127	5,122	6,192
Total operating revenue	488,668	467,070	455,023	451,683	445,537
Operating expenses:					
Instruction and research	229,470	225,175	206,212	199,025	197,381
Academic support	77,826	79,044	68,069	63,379	59,986
Affiliation contracts and faculty practice	25,435	29,192	35,778	47,448	52,029
Student services	50,042	49,035	41,533	42,293	42,637
Institutional support	85,056	86,932	98,283	89,320	80,742
Auxiliary enterprises	15,492	15,165	13,100	10,561	8,914
Total Operating Expenses	483,321	484,543	462,975	452,026	441,689
Change in net assets from operating activities	5,347	(17,473)	(7,952)	(343)	3,848
Nonoperating activities:					
Loss on refunding of debt	-	-	(851)	(2,234)	-
Change in fair value of interest rate swaps	1,002	(864)	(195)	(671)	-
Gain on sale	-	10,591	-	-	-
Postretirement-related changes other than net periodic benefit cost	(457)	(1,521)	(915)	(739)	(602)
Investment return in excess of (less than) amounts appropriated for operations	4,389	(6,729)	(2,031)	7,593	2,355
Fair Value of net assets acquired	-	-	11,799	-	-
Change in fair value beneficial interest in perpetual trusts	1,074	(1,115)	(462)	1,230	1,338
Other	(200)	(500)	(145)	(985)	-
Change net assets	11,155	(17,611)	(752)	3,851	6,939
Net assets at beginning of period	352,872	370,483	371,235	367,384	360,445
Net assets at end of period	$364,027	$352,872	$370,483	$371,235	$367,384

Statements of Financial Position
(Dollars in Thousands)

Assets	As of June 30, 2017	2016	2015	2014	2013
Cash and cash equivalents	$24,502	$23,375	$10,956	$39,324	$41,552
Receivables:					
Students tuition and fees, net	9,100	8,968	4,828	3,931	2,869
Student loans, net	13,341	14,610	14,232	14,343	15,040
Other	42,129	35,719	34,099	21,694	21,981
Investments	106,299	100,476	112,508	107,866	108,471
Property and equipment, net	531,455	529,896	538,011	524,344	493,893
Deposits with Bond Trustee	26,852	32,328	39,736	37,417	0
Other assets	25,120	23,991	30,379	35,185	34,511
Beneficial interest in perpetual trusts	12,081	11,007	12,122	12,584	11,354
Total assets	$790,879	$780,370	$796,871	$796,688	$729,671
Liabilities and Net Assets					
Accounts and accrued expenses payable	34,920	35,837	31,391	30,032	30,977
Accrued payroll and related benefits payable	38,427	35,792	29,453	32,605	31,343
Deferred revenue	58,083	51,168	35,838	31,684	34,624
Lines of credit and short-term debt	30,500	34,750	34,200	35,700	20,500
Long-term debt, net	249,961	255,130	264,820	265,659	213,520
Refundable federal student loans	9,278	10,834	10,747	10,629	10,525
Other liabilities	5,683	3,987	19,939	19,144	20,798
Total liabilities	426,852	427,498	426,388	425,453	362,287
Net Assets					
Unrestricted	286,662	280,620	296,396	303,952	308,109
Temporarily restricted	33,388	30,529	32,583	29,234	23,816
Permanently restricted	43,977	41,723	41,504	38,049	35,459
Total net assets	364,027	352,872	370,483	371,235	367,384
Total liabilities and net assets	$790,879	$780,370	$796,871	$796,688	$729,671

Obligated Group

The following is a summary of the unaudited income statements and the unaudited balance sheets for the Members of the Obligated Group (and with respect to Touro only, the Health Care and Other Designated Enterprises) (hereafter, the "Obligated Group Financials") for the fiscal years ended June 30, 2014 through 2017 which was derived from the audited consolidated financial statements and schedules of Touro and the internal financial records of the College.

Income Statement
(Dollars in Thousands)

	Fiscal Years Ended June 30,			
	2017	**2016**	**2015**	**2014**
Operating Revenue:				
Tuition and fees, net of allowance	$287,297	$261,713	$240,740	$224,852
Less scholarships and grants	(12,574)	(7,985)	(6,559)	(5,652)
Net tuition and fees	274,723	253,728	234,181	219,200
Affiliation contracts and faculty practice	27,200	31,142	37,247	49,111
Government grants for research and sponsored projects	25,074	21,332	23,818	29,480
Contributions and private grants	8,006	6,956	9,381	3,671
Investment return	3,988	4,159	3,470	3,853
Auxiliary enterprises	8,705	8,272	8,302	7,536
Other	7,705	6,896	4,641	3,063
Total operating revenue	355,401	332,485	321,040	315,914
Operating expenses:				
Instruction and research	148,367	136,450	130,700	122,043
Academic support	45,430	46,720	33,845	32,270
Affiliation contracts and faculty practice	25,435	29,192	35,778	47,448
Student services	26,886	25,929	18,304	18,041
Institutional support	42,898	42,273	52,194	45,314
Institutional support - Touro College	33,131	29,057	24,470	7,160
Auxiliary enterprises	9,905	8,577	8,241	6,083
Total Operating Expenses	332,052	318,198	303,532	278,359
Change in net assets from operating activities	23,349	14,287	17,508	37,555
Nonoperating activities:				
Forgiveness of intercompany receivables	(5,480)	(11,475)	0	0
Loss on refunding of debt	0	0	0	(1,526)
Postretirement-related changes other than net periodic benefit cost	(457)	(1,521)	(915)	(739)
Investment return in excess of (less than) amounts appropriated for operations	3,454	(5,439)	(1,843)	7,177
Change in fair value beneficial interest in perpetual trusts	1,074	(1,115)	(462)	1,230
Other	(200)	(500)	(24,645)	(985)
Change net assets	21,740	(5,763)	(10,357)	42,712
ADJUSTMENT		57		
Net assets at beginning of period	271,354	277,060	287,417	244,705

Net assets at end of period	$293,094	$271,354	$277,060	$287,417

Obligated Group - Historical Financials

Balance Sheet

(Dollars in Thousands)

	As of June 30,			
Assets	**2017**	**2016**	**2015**	**2014**
Cash and cash equivalents	$15,213	$15,764	$4,558	$21,127
Receivables:				
Students tuition and fees, net	5,494	6,651	3,553	3,799
Student loans, net	9,790	10,517	11,156	11,619
Other	27,657	24,405	19,454	12,247
Due (to) from subsidiaries	91,704	66,861	51,413	54,305
Investments	83,212	80,128	90,239	87,039
Property and equipment, net	297,593	292,779	293,441	293,393
Deposits with Bond Trustee	26,585	32,068	39,478	37,417
Other assets	14,046	13,593	17,486	19,088
Beneficial interest in perpetual trusts	12,081	11,007	12,122	12,584
Total assets	$583,375	$553,773	$542,900	$552,618
Liabilities and Net Assets				
Accounts and accrued expenses payable	25,345	26,762	19,921	19,679
Accrued payroll and related benefits payable	20,934	20,759	16,507	16,656
Deferred revenue	56,965	44,069	29,323	26,454
Lines of credit and short-term debt	19,500	20,750	21,200	21,650
Long-term debt, net	156,114	157,517	165,964	168,539
Refundable federal student loans	8,160	9,716	9,629	9,511
Other liabilities	3,263	2,846	3,296	2,712
Total liabilities	290,281	282,419	265,840	265,201
Net Assets				
Unrestricted	228,943	213,262	217,421	232,162
Temporarily restricted	24,691	20,869	22,586	21,281
Permanently restricted	39,460	37,223	37,053	33,974
Total net assets	293,094	271,354	277,060	287,417
Total liabilities and net assets	$583,375	$553,773	$542,900	$552,618

Management Discussion of Financial Results

Fiscal Year 2017 Compared to 2016:

The consolidated financial statements for the College and its related entities for fiscal year 2017 reflect annual operating revenues of approximately $489 million compared to $467 million in 2016 and annual EBIDA in excess of $49 million compared to $22 million in the prior year. Fiscal year 2017 total assets ended at approximately $791 million, including more than $143 million of investments and unrestricted cash compared to total assets of approximately $780 million, including approximately $135 million of cash and investments at June 30, 2016.

Consolidated operating results for the year ended June 30, 2017 reflected surpluses generated by operations included in the MTI offset by lower income due to slightly reduced enrollment at several graduate and undergraduate programs partially as a result of the discontinuance of certain satellite locations and continued support for the central overhead of the College. In 2017 New York Medical College achieved a $4 million improvement in its change in net assets from operating activities over 2016 due to increases in tuition, grants and contribution revenue while holding expenses flat. Assuring its future, NYMC entered into a new twelve-year affiliation agreement with Westchester Medical Center, its primary training affiliate, with an option to renew for an additional twelve years. The fiscal year ending June 30, 2017 included three annual cohorts on the Middletown campus compared to two cohorts in the prior year and the first year class of students in the new Dental school. In Middletown, revenue generated by the DO program and related master's degree program increased by $8 million and expenses by only $1 million while at the Dental school first year tuition and fees of more than $7 million exceeded the $5 million increase in expenses. In addition, across the board tuition increases in most continuing programs, a temporary hiring freeze, careful cost controls and positive investment results further contributed to the improved results for the year ended June 30, 2017.

The operations of the Health Care and Other Designated Enterprises of Touro College and of the other Members of the Obligated Group (MTI Group) generated operating surpluses of approximately $23 million in fiscal year 2017 compared to $14 million in fiscal year 2016, net of $33 million and $29 million, respectively, of the MTI Group's share of central overhead. As the portion of consolidated revenue generated within the MTI Group grows faster than the other revenue streams, the portion of central overhead charged to the MTI Group will continue to increase. EBIDA in fiscal year 2017 was approximately $47 million compared to $19 million in fiscal year 2016. Improved investment performance in fiscal year 2017 compared to fiscal year 2016 contributed approximately $14 million and $11 million to the improved performance on the consolidated and Obligated Group levels, respectively. Additionally, supplementary information accompanying the consolidated financial statements shows that intercompany receivables of $5 million and $10 million, respectively, among and between certain affiliated entities of the College, were forgiven in 2017 and 2016. These adjustments had no effect on the consolidated financial statements of the College and its related entities.

Fiscal Year 2016 Compared to 2015:

The consolidated financial statements for the College and its related entities for fiscal year 2016 reflect annual revenues of approximately $467 million compared to $455 million in 2015. Fiscal year 2016 total assets ended at approximately $780 million, including approximately $135 million of investments and unrestricted cash compared to total assets of approximately $797 million, including approximately $136 million of cash and investments at June 30, 2015.

Although tuition and fees increased by approximately $26 million from 2015 to 2016 and operating expenses increased by $22 million, other operating revenue decreased by approximately $14 million, including affiliation revenue, where income and expense declined by approximately $6 million each , contributions and grants, resulting in an approximately $10 million decrease in the change in net assets from operating activities year over year. Recognition of a deferred gain from the sale of a College student residence in 2011 that was leased back by the College effectively offset the decline in the change in net assets described above.

The operations of the MTI Group generated surpluses of approximately $14 million in fiscal year 2016 compared to $18 million in fiscal year 2015, net of $29 million and $24 million, respectively, of the Obligated Group's share of central overhead. EBIDA in fiscal year 2016 was approximately $19 million compared to $14 million in fiscal year 2015. Poor investment performance in fiscal year 2016 compared to fiscal year 2015 reduced the change in net assets by $5 million and $4 million on the consolidated and Obligated Group levels, respectively. Additionally, supplementary information accompanying the consolidated financial statements shows that intercompany receivables of $11 million and $25 million, respectively, among and between certain affiliated entities of the College, were forgiven in 2016 and 2015. These adjustments had no effect on the consolidated financial statements of the College and its related entities.

Fiscal Year 2015 Compared to 2014:

The consolidated financial statements for the College and its related entities for fiscal year 2015 reflect annual revenues of approximately $455 million compared to $452 million in 2014. Fiscal year 2015 total assets ended at approximately $797 million, including approximately $136 million of investments and unrestricted cash compared to total assets of approximately $797 million, including approximately $160 million of cash and investments at June 30, 2014.

Although tuition and fees increased by approximately $9 million from 2014 to 2015, disregarding a $12 million decrease in affiliation revenue and expenses, operating expenses increased by $23 million and other operating revenue, including contributions and grants, increased by approximately $6 million, resulting in an approximately $8 million decrease in the change in net assets from operating activities year over year. Recognition of the fair value of the net assets acquired as a result of the June 30, 2015 acquisition of the Hebrew Theological College in the amount of approximately $12 million helped to substantially offset the nearly $13 million decline in investment income from 2014 to 2015.

The operations of the MTI Group generated surpluses of approximately $18 million in fiscal year 2015 compared to $38 million in fiscal year 2014, net of $24 million and $7 million, respectively, of the Obligated Group's share of central overhead. As disclosed in the 2014 Offering Statement, prior to 2015 central overhead was only charged to Touro University pursuant to an agreement with a Touro University lender whose loan was refinanced by the 2014 Obligated Group Bonds, but in 2015 and subsequently central overhead is charged to the operations of the MTI Group in proportion to gross revenue, except for NYMC which is charged for specific services provided by Touro College. EBIDA in fiscal year 2015 was approximately $14 million compared to $62 million in fiscal year 2014. Poor investment performance in fiscal year 2015 compared to fiscal year 2014 reduced the change in net assets by approximately $11 million on the Obligated Group level. Additionally, supplementary information accompanying the consolidated financial statements shows that intercompany receivables of $25 million among and between certain affiliated entities of the College were forgiven in 2015. These adjustments had no effect on the consolidated financial statements of the College and its related entities.

INVESTMENTS/ENDOWMENT

Investments

Investments, which include the endowment investments (but exclude beneficial interests in perpetual trusts and donor-restricted revolving loan funds), at fair value consist of the following as of June 30:

	(Dollars in Thousands)	
	2017	**2016**
Cash and cash equivalents	$9,550	$6,330
Fixed income securities	2,480	1,013
Equity securities	17,186	15,405
Mutual funds	61,219	47,755
Alternative investments	150	12,682
Total investments	$90,585	$83,185

As of December 1, 2017, such investments (excluding beneficial interests in perpetual trusts and donor-restricted revolving loan funds) totaled $[___________].

Endowment Net Assets

Endowment net assets, which exclude beneficial interests in perpetual trusts and donor-restricted revolving loan funds, consist of the following as of June 30:

	2017 (in 000s)			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	$ --	$18,917	$24,734	$35,412
Quasi (Board-designated)	35,190	--	--	34,094
Total Funds	$35,190	$18,917	$24,734	$69,056

	2016 (in 000s)			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	$ --	$17,199	$23,780	$32,368
Quasi (Board-designated)	33,246	--	--	30,893
Total Funds	$33,246	$17,199	$23,780	$63,261

The investment committee of the Board of Trustees of Touro College meets at least semiannually and oversees the investment of the endowment funds of all of the related entities except NYMC. The financial investment committee of the Board of Trustees of NYMC meets at least quarterly and oversees the investment of the endowment funds of NYMC. Both entities engage outside investment managers to manage the funds. NYMC has a spending policy of 5% of the moving average of the fair value of endowment investments for the previous 20 quarters. Touro recently adopted a spending policy which provides for a spending rate of 4% of the moving average of the fair value of endowment investments for the previous 12 quarters.

OUTSTANDING DEBT AND OTHER OBLIGATIONS

Debt

The System has long-term debt of approximately $[___] million (as of June 30, 2017). While most of its long-term debt obligations have final maturities of ten years or more, most are subject to interest rate adjustment within the next five years.

[to be updated]

	Maturity Date	Int. Rate	As of 06/30/13	Property Collateral
Touro College				
Town of Islip[4]	06/2018	1.98%	$ 800,000	Mortgage on Bay Shore Property
People's United Bank[1]	04/01/21	4.92%	21,006,667	Mortgage on Law Center in Central Islip, NY
First Republic Bank I[6]	06/01/31	4.75%	24,247,375	Mortgage on 10 West 65th Street (Dorms and apartments)
First Republic Bank II[6]	12/01/31	4.43%	41,531,677	Mortgage on Kew Garden Hills (Men's College campus and housing), West 60th Street (Women's College campus), 1602 Ave J (Lander College of Arts and Sciences)
Gold Coast Bank	05/24/17	4.90%	1,996,470	First Mortgage on 2002 Ave J
Sterling National Bank[7]	05/2018	4.00%	3,360,387	Pledge of revenue[8]; investments
Total			92,942,576	
Touro University (California)				
Tax-Exempt Bonds (backed by letters of credit from California Bank & Trust and Federal Home Loan Bank)[3]	10/01/40	Floating Weekly	19,955,000	Deed of trust on TU Vallejo campus, pledge of gross revenues, pledge of investment account and guarantee from TUN
Ohr Hachaim[2]				
Bank of America[4]	10/2015	8.75%	31,402	Mortgage on Ohr Hachaim Property
Bank of America[4]	12/2016	8.00%	39,170	Mortgage on Ohr Hachaim Property
New Millennium	08/2024	4.25%	284,391	Mortgage on Queens House Across from HS Building
Provident Bank	04/2018	5.06%	797,374	Mortgage on Monsey HS Property
Provident Bank	04/2018	Prime + 1.5%	700,000	Mortgage Loan on Monsey HS Property
BP3 Capital LLC[4]	05/2014	12.00%	750,000	Mortgage on Birchwood Estates
Mark Hasten	09/01/14	LIBOR + 2.00%	5,000,000	Negative pledge on Ohr Hachaim Yeshiva Building
Total			7,602,337	
Touro University Nevada				
Tax-exempt Bonds – held by GE Government Finance[3]	01/01/24	5.14%	21,894,968	Deed of trust on TUN campus, pledge of rents and profits and guarantees from Touro and TU
Taxable Loan held by GE Government Finance[3]	01/01/24	4.27%	10,885,575	Deed of trust on TUN campus, pledge of rents and profits and guarantees from Touro and TU
New York Medical College				
Bank of America	12/30/13	LIBOR + .70%	3,600,000	Pledge of a portion of the NYMC investment portfolio
Empire State Funding Seller Note[5]	4/1/2023	5.00% (imputed)	3,836,021	As of July 2013, it is secured by a letter of credit secured by part of the NYMC investment portfolio. It is also secured by a Touro College guarantee
DASNY Tax-exempt	07/01/27	5.00%	46,230,409	Mortgage on the Basic Sciences Building and

	Maturity Date	Int. Rate	As of 06/30/13	Property Collateral
Bonds[3]				Medical Education Center and pledge of revenues equal to annual debt service
DASNY TELP Loan[4]	01/01/15	5.32%	1,269,357	Lien on financed equipment
Total			$54,935,787	
SUMMARY				
Bond Debt			89,349,734	
Other Long Term Debt			118,866,509	
Capital Leases (not listed above)			5,304,165	
Total Debt			$208,216,243	

1 Refinanced in December 2013 with $19,520,000 of tax exempt bonds and $1,895,000 of taxable bonds issued by the Dormitory Authority of the State of New York and purchased by People's United Bank, which bear interest at a rate calculated based on LIBOR; Touro entered a swap agreement with People's United Bank at the time of issuance (see "Swap Agreement" below).

2 Touro guarantees or is a co-borrower on all long-term debt of Yeshivas Ohr Hachaim.

3 To be refunded with proceeds of the Series 2014 Bonds or other bonds issued simultaneously with the Series 2014 Bonds and also secured by Obligations issued under the Master Trust Indenture.

4 Repaid in full after June 30, 2013

5 Secured by a letter of credit issued by Bank of America; Touro College guarantees payment if draw on letter of credit is not honored. Note was issued in the principal amount of $5,000,000, repayable without interest. For accounting purposes, the Note is treated as though it was issued in a principal amount of $4,000,000 bearing interest at 5% per annum.

6 Expected to be refinanced subsequent to June 30, 2014 with the proceeds of bonds issued by the Dormitory Authority and purchased by First Republic Bank. Such bonds will not be secured with Obligations issued under the Master Trust Indenture.

7 Sterling National Bank has agreed to release its lien on those revenues that consist of Gross Revenues on or prior to the issuance of the Series 2014 Bonds.

After June 30, 2013, Touro assumed a mortgage of approximately $2.8 million in connection with the purchase of four townhouses to be used by the Lander College for Men for student housing. Such mortgage loan is from Investor's Bank and matures in 2022 and bears interest at 3% per annum for three years, 4% per annum for the next three years and 5% per annum for the last three years.

Lines of Credit

[to be updated]

Touro has a line of credit with Sterling National Bank for up to $6 million, of which $5 million was outstanding on June 30, 2013. Touro College recently established a second line of credit with Sterling National Bank pursuant to which Touro borrowed $8 million, which is due on February 27, 2015. These lines, together with a term loan of $3.3 million and up to $1 million of letters of credit, used to secure obligations under operating leases and construction obligations, are secured by investments with a value of approximately $9.6 million and all revenues of Touro College, excluding affiliates (subordinate to other liens securing outstanding debt). Sterling National Bank has agreed to release its lien on those securities that consist of Gross Revenues on or prior to the issuance of the Series 2014 Bonds. NYMC has a line of credit with Bank of America for up to $18.5 million, of which $18.5 million is currently outstanding. The line, together with a $3.6 million term loan and the letter of credit relating to the Empire State Funding Seller Note, is secured by investments with a value of approximately $34.2 million at June 30, 2013 (and a value of approximately $38.2 million as of May 31, 2014).

Swap Agreement

[to be updated]

Touro has entered into an interest rate swap agreement with Peoples United Bank to manage the interest rate risk with certain of its outstanding debt with Peoples United Bank. Under the terms of this agreement, Touro pays a fixed rate for ten years (the mandatory tender date of the related bonds) of 3.6824% on a notional amount of $19.520 million and for eight years (the maturity date of the related bonds) of 3.7878% on a notional amount of $1.875 million and receives a variable rate equal to the interest rate on the related bonds. The notional amount on the swap reduces over time parallel to the related bonds. Under certain circumstances, such swap agreement may be terminated by Touro or by the counterparty. Upon termination, Touro may be liable to pay a termination payment, which termination payment could be substantial. The termination payment that would be paid or received if the swap agreement were terminated on the last day of any financial statement date (i.e., the "mark-to-market" valuation) will be shown in the consolidated financial statements.

Other Obligations

[to be updated]

As part of the tax due diligence procedures undertaken in connection with refunding the Series 1998 Bonds, NYMC examined the ownership and use of the facilities financed or refinanced with the proceeds of the Series 1998 Bonds. NYMC determined that in 2005 it had sold two properties which had been refinanced with proceeds of the Series 1998 Bonds. Pursuant to the Internal Revenue Code of 1986 (the "Code"), the portion of the Series 1998 Bonds allocable to the disposed properties should have been defeased to the first optional call date of the Series 1998 Bonds at the time of such sales. In addition to the disposed properties, NYMC determined that a portion of the facilities financed or refinanced with the Series 1998 Bonds have been used for private business purposes in excess of the limitations permitted under the Code. As a result, a portion of the Series 1998 Bonds in the amount of approximately $7,900,000 will be redeemed with funds provided by NYMC, and the remaining Series 1998 Bonds will be redeemed with a portion of the proceeds of the Series 2014B Bonds within forty-five (45) days of the issuance of the Series 2014B Bonds. On May 14, 2014, the Dormitory Authority of the State of New York filed an application with the Internal Revenue Service (the "Service") seeking relief under the Service's Voluntary Closing Agreement Program ("VCAP"). The Authority, Touro and NYMC expect that the application will be favorably resolved, with a penalty required to be paid to the Service to address the above-described non-compliance with the requirements of the Code. Funds to pay such penalty will be provided by NYMC. Touro and NYMC expect that the amount of such penalty will be between $400,000 and $700,000.

DEBT SERVICE COVERAGE RATIO

Pro Forma Consolidated Long-Term Debt Service Coverage Ratio (Dollars in Thousands)

	Years Ended June 30,			
	2017	2016	2015	2014
Change in unrestricted net assets	$6,042	($15,776)	($7,556)	($4,157)
Depreciation, amortization and interest expense	38,257	40,157	38,806	33,693
Unrealized (gains) / losses	(4,274)	1,461	2,028	-
Other exclusions adjusting net assets	1,284	3,545	(8,969)	5,265
Income Available for Debt Service	41,309	29,387	24,309	34,801
Pro Forma Maximum Annual Debt Service				
Pro Forma Long-Term Debt Service Coverage Ratio	[______]	[______]	[______]	[______]

Pro Forma Master Obligations' Debt Service Coverage Ratio (Dollars in Thousands)

	Years Ended June 30,			
	2017	2016	2015	2014
Change in unrestricted net assets	$15,681	($4,158)	($14,741)	$36,934
Depreciation, amortization and interest expense	25,727	24,778	20,191	19,633
Unrealized (gains) / losses	(2,241)	1,917	2,146	-
Other exclusions adjusting net assets	7,436	14,070	24,844	2,854
Master Obligations' Income Available for Debt Service	46,603	36,607	32,440	59,421
Pro Forma Master Obligations' Maximum Annual Debt Service				
Pro Forma Master Obligations' Long-Term Debt Service Coverage Ratio	[______]	[______]	[______]	[______]

FINANCIAL AID

Students attending each Member of the Obligated Group are eligible to participate in programs under Title IV of the Higher Education Act of 1965 (as amended), including the Perkins Loan Program and the Direct Loan Program (guaranteed student loans). Students are also eligible for assistance through certain programs offered by the State of New York, Nevada, and California, as applicable. The availability and amount of the various State and federal programs depend on annual appropriations by the State legislature or Congress and the funding of such programs. Many students also obtain private bank loans.

A summary of the sources of financial aid provided to students attending any of the programs offered by the System for the past five fiscal years is as follows:

[to be updated]

SOURCES OF FINANCIAL AID

	2013	2014	2015	2016	2017
Federal Loan Programs	$289,990,679				
Federal Perkins Loans	1,780,414				
Private Bank Loans	9,537,157				
Pell Grants	17,303,381				
SEOG*	581,086				
NYS TAP**	11,175,875				
Institutional Financial Aid***	32,340,000				
Total	$351,532,717				

* Supplemental Educational Opportunity Grant - Includes 75% Federal funding and 25% institutional contribution.
** New York State Tuition Assistance Program.
*** Does not include Federal Work-Study or tuition remission.

[update] In the last two years, the scholarships and grants were primarily provided to students attending the Lander Colleges, NYSCAS and Law School programs. In fiscal year 2013, the scholarships granted to students attending programs offered by the Members of the Obligated Group comprised approximately 19.4% of the total scholarships for Touro on a consolidated basis and 14.8% in fiscal year 2012.

[update] Colleges and universities are required to meet certain conditions so that their students may be eligible for certain loan and grant programs and are subject to audit by governmental agencies regarding the receipt and expenditure of loan and grant amounts. See Note 12(b) to the Touro College and related entities consolidated financial statements for a discussion of a settlement between the United States Department of Education and Touro College relating to a determination that Touro College had improperly awarded student financial aid by virtue of its not having waited for the Department's affirmative approval of nine new locations that had been applied for and Note 17(e) to the Touro College and related entities consolidated financial statements regarding certain governmental audits relating to student loan and grant programs.

RESEARCH

NYMC, Touro, TU and TUN receive grants and contracts from federal and state government sources. Government grants and current contracts revenue for the past five years are reflected in the table below. Most of the government contracts and grants are received by NYMC. The largest funder of NYMC programs is the federal government; the National Institutes of Health is the largest contributor. Additional support derives from the Department of Defense, the Centers for Disease Control and Prevention, the Health Resources and Services Administration and NASA.

(Dollars in Thousands)

Fiscal Year	Federal	State	Total
2013	$13,854	$5	$13,859
2014			
2015			
2016			
2017			

FUNDRAISING

[update] Touro has recently reinvigorated its development office and is focusing on reaching out to alumni and supporters throughout the United States to generate sustained annual, directed and capital giving as well as grow its endowment to fund both research activity and scholarships for individual students. Fundraising efforts throughout the System are being coordinated through the Office of Institutional Advancement in New York and the Development Office of the College has been enlarged to include a major gifts position and is investigating planned giving. The NYMC Development team has created a plan to solicit named gifts for rooms, floors and other typical naming opportunities that would be used for unrestricted and general fund purposes in the Skyline Building. NYMC has as of May 1, 2014 raised $319,665 of which $302,985 is for Skyline and $16,679 is for the Clinical Skills Laboratory in Dana Road Building.

The following table shows the amounts recorded by the System in accordance with generally accepted accounting principles as contributions, gifts, grants (including government grants) and bequests over the past five fiscal years ended on June 30, 2017:

Donations and Pledges
(in thousands)

Year	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2012-13	$4,918	$2,268	$1,724	$8,910
2013-14				
2014-15				
2015-16				
2016-17				

PENSION PLANS AND OTHER POST RETIREMENT BENEFITS

[to be updated]

The Obligated Group has defined contribution retirement plans that cover substantially all of its nonunion employees and which are funded through direct payments to qualified carriers. Employer contributions consist of both discretionary and matching amounts. For the years ended June 30, 2013 and 2012, respectively, the System, except for NYMC, contributed $3.180 million and $3.417 million to its defined contribution retirement plan. During the years ended June 30, 2013 and 2012, NYMC contributed $5.980 million and $5.824 million to tax deferred annuity plans for faculty and administrative employees, respectively.

In addition, $427,000 and $363,000 was contributed during the years ended June 30, 2013 and 2012, respectively, to a union administered plan for employees of NYMC belonging to a collective bargaining unit. NYMC would be responsible for any withdrawal liability under the agreement with the union.

NYMC has a defined benefit plan that currently covers 89 employees. NYMC's participation in the union administered plan is outlined below. Unless otherwise noted, the Pension Protection Act zone status below is for the plan year beginning January 1, 2013, 2012, and 2011, respectively. The zone status is certified by the plan's actuaries. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the collective-bargaining agreements to which the plan is subject:

Pension fund	EIN/pension plan number	PPA zone status 2013	2012	2011	FIP/RP status pending/ implemented	Surcharge imposed	Expiration date of collective-bargaining agreement
1199 SEIU Health Care Employee Fund	13-3604862/001	Green	Green	Green	*RP Implemented	No	April 30, 2015

* The 1199 Health Care Employee pension fund has implemented a RP for the period January 1, 2012 through December 31, 2024. In addition, in July 2009, wage concessions were agreed to as well as an increase in annual contribution from contributing members.

NYMC provides medical and life insurance benefits under its Postretirement Life and Health Insurance Plan for Eligible Employees (Plan) at NYMC. NYMC's obligation is limited and requires participants to contribute to premiums as determined by the Plan's administrator. NYMC reserves the right to amend or terminate the Plan at its discretion. These benefits are partially funded through a voluntary employees' beneficiary association (VEBA) trust.

On December 8, 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 was signed into law. The act allows employers who offer actuarially equivalent prescription drug benefits to retirees to receive a federal subsidy starting in 2006. Actuarial equivalence of the program's prescription drug benefit is determined based on a two-prong test. The actuarial values of the prescription drug coverage are based on national statistics and then adjusted to reflect drug utilization for the Plan. Based on these values, it is assumed that the prescription drug benefit for the unfunded plan will be actuarially equivalent in 2006 and for all years thereafter.

For those employees who had already retired at the time the VEBA was established, NYMC pays actual benefits from its general assets. For subsequent retirees, NYMC's funding policy is to contribute an amount up to the annual expense in years when the Present Value of Future Benefits (PVFB) exceeds assets. Since assets are less than PVFB, NYMC may elect to make a contribution in fiscal year 2014.

INSURANCE

[updates?]

NYMC's main employee medical plan is self-insured. NYMC has retained Empire Blue Cross/Blue Shield ("Empire") as its third party administrator for the plan. In addition to paying claims and handling all record keeping, Empire provides its extensive network of health care providers and facilities with the substantial discounts that have been negotiated for Empire's insured medical plans. NYMC purchases individual and aggregate stop-loss insurance to limit exposure to large claims.

Touro College also has a self-insured employee medical plan. Touro has also retained Empire as its third party administrator for the plan. Touro College purchases individual and aggregate stop-loss insurance to limit exposure to large claims. TU and TUN offer employee medical plans that are fully insured.

The System maintains the following insurance coverage: (a) commercial (including property and liability); (b) directors and officers liability; (c) disability; (d) workers compensation; and (e) medical malpractice insurance. Members of the Obligated Group will maintain appropriate insurance coverage during the development and operation of their applicable projects.

The System purchases comprehensive insurance coverage in the traditional categories of workers' compensation, property, and general liability, as well as in other categories, such as educators' legal liability. Coverage levels are maintained at industry standards. Certain coverages are purchased or bid for the entire System while other coverages are purchased separately by NYMC or by other affiliates to satisfy local or state requirements.

NO LITIGATION

No material action, suit proceeding, or investigation at law or in equity, before or by any court, any governmental agency, or any public board or body against any Member of the Obligated Group is pending. There is presently no material litigation pending or, to the best of its officers' knowledge, overtly threatened against the Obligated Group which, in the Management's opinion, would result in recovery which is not covered by applicable insurance programs less deductible provisions in an amount that could have a material adverse effect on the financial position of the System.

[update][Amounts received and expended under various federal and state programs are subject to audit by governmental agencies. See Notes 12(b) and 17(e) of the audited consolidated financial statements of Touro College and its related entities for the year ended June 30, 2013 for a discussion of settlements of certain of such audits. Management of the Obligated Group believes there are no unresolved audits that will result in adjustments that will have a material adverse effect on the financial position of the System.]

DAC Bond®

Municipal Market Disclosure Information Cover Sheet

This Filing Applies to:

1. California Municipal Finance Authority, Touro College and University System, Obligated Group Revenue Bonds, Series 2014A, $17,545,000, Dated: June 26, 2014
13048TRS4, 13048TRT2, 13048TRU9, 13048TRV7, 13048TRW5, 13048TRX3, 13048TRY1, 13048TRZ8, 13048TSA2, 13048TSB0, 13048TSC8, 13048TSD6, 13048TSE4, 13048TSF1, 13048TSG9, 13048TSH7

2. City of Henderson, Nevada Public Improvement Trust, Touro College and University System, Obligated Group Revenue Bonds $36,270,000, consisting of: Series 2014A $24,365,000 and 2014B (Taxable) $11,905,000, Dated: June 26, 2014
42521RAX0, 42521RAC6, 42521RAD4, 42521RAY8, 42521RAE2, 42521RAZ5, 42521RBA9, 42521RAF9, 42521RBB7, 42521RAG7, 42521RAH5, 42521RBC5, 42521RBD3, 42521RAJ1, 42521RAK8, 42521RBE1, 42521RAL6, 42521RAM4, 42521RAN2, 42521RAP7, 42521RAQ5, 42521RBF8, 42521RAS1, 42521RAT9, 42521RAU6

3. Dormitory Authority of the State of New York, Touro College and University System, Obligated Group Revenue Bonds, $94,285,000 (consisting of) Series 2014A $55,960,000 and Series 2014B (Federally Taxable) $38,325,000, Dated: June 26, 2014
649907N32, 649907N40, 649907K92, 649907L26, 649907N57, 649907L34, 649907N65, 649907L42, 649907N73, 649907L59, 649907N81, 649907N99, 649907L67, 649907P22, 649907L75, 649907L83, 649907L91, 649907M25, 649907M33, 649907M41, 649907P30, 649907M58, 649907M66, 649907M74, 649907M82

TYPE OF FILING:

If information is also available on the Internet, give URL: www.dacbond.com

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

Financial / Operating Data Disclosures

Rule 15c2-12 Disclosure

- [x] Annual Financial Information & Operating Data (Rule 15c2-12)

2017 Operating Data

- [ ] Audited Financial Statements or CAFR (Rule 15c2-12)
- [ ] Failure to provide as required

Additional / Voluntary Disclosure

- [ ] Quarterly / Monthly Financial Information
- [ ] Change in Fiscal Year / Timing of Annual Disclosure
- [ ] Change in Accounting Standard
- [ ] Interim / Additional Financial Information / Operating Data
- [ ] Budget
- [ ] Investment / Debt / Financial Policy
- [ ] Information Provided to Rating Agency, Credit / Liquidity Provider or Other Third Party
- [ ] Consultant Reports
- [ ] Other Financial / Operating Data

Event Filing

Rule 15c2-12 Disclosure

- [ ] Principal / Interest Payment Delinquency
- [ ] Non-payment Related Default
- [ ] Unscheduled Draw on Debt Service Reserve Reflecting Financial Difficulties
- [ ] Unscheduled Draw on Credit Enhancement Reflecting Financial Difficulties
- [ ] Substitution of Credit or Liquidity Provider, or Its Failure to Perform
- [ ] Adverse Tax Opinion or Event Affecting the Tax-exempt Status of the Security
- [ ] Modification to the Rights of Security Holders
- [ ] Bond Call
- [ ] Defeasance
- [ ] Release, Substitution or Sale of Property Securing Repayment of the Security
- [ ] Rating Change
- [ ] Tender Offer / Secondary Market Purchases
- [ ] Merger / Consolidation / Acquisition and Sale of All or Substantially All Assets
- [ ] Bankruptcy, insolvency, receivership or similar event
- [ ] Successor, Additional or Change in Trustee
- [ ] Failure to Provide Event Filing Information as Required

Additional / Voluntary Disclosure

☐ Amendment to Continuing Disclosure Undertaking
☐ Change in Obligated Person
☐ Notice to Investor Pursuant to Bond Documents
☐ Communication From the Internal Revenue Service
☐ Bid For Auction Rate or Other Securities
☐ Capital or Other Financing Plan
☐ Litigation / Enforcement Action
☐ Change of Tender Agent, Remarketing Agent or Other On-going Party
☐ Derivative or Other Similar Transaction
☐ Other Event-based Disclosures

Asset-Backed Securities Filing

Additional / Voluntary Disclosure

☐ Initial Asset-Backed Securities Disclosure (SEC Rule 15Ga-1(c)(1))
☐ Quarterly Asset-Backed Securities Disclosure (SEC Rule 15Ga-1(c)(2)(i))
☐ Annual Asset-Backed Securities Disclosure (SEC Rule 15Ga-1(c)(2)(ii))
☐ Other Asset-Backed Securities Disclosure (e.g. notice of termination of duty to file reports pursuant to SEC Rule 15Ga-1(c)(3))

Disclosure Dissemination Agent Contact:
Name: DAC
Address: 315 East Robinson Street
Suite 300
City: Orlando
State: FL
Zip Code: 32801-1674
Telephone: 407 515 - 1100
Fax: 407 515 - 6513
Email Address: emmaagent@dacbond.com
Relationship to Issuer: Dissemination Agent

Authorized By:
Name: Melvin Ness
Title: SVP/CFO
Entity: Touro College and University System

TOURO COLLEGE & UNIVERSITY SYSTEM

Office of the Senior Vice President and
Chief Financial Officer

500 Seventh Avenue
New York, NY 10018-4502
(646) 565-6000 ext 55715
Direct (646) 565-6015
Fax (212) 627-9049
Meln@touro.edu

TO: Digital Assurance Certification, LLC, Disclosure Dissemination Agent:

CC: The Bank of New York Mellon, As Trustee
California Municipal Finance Authority as Issuer
City of Henderson, Nevada Public Improvement Trust, as Issuer
Dormitory Authority of the State of New York, as Issuer

RE: California Municipal Finance Authority
Touro College and University System
Obligated Group Revenue Bonds
Series 2014A, $17,545,000
Dated June 26, 2014

City of Henderson, Nevada Public Improvement Trust
Touro College and University System
Obligated Group Revenue Bonds
Series 2014A $24,365,000 and
Series 2014B (Taxable) $11,905,000
Dated June 26, 2014

Dormitory Authority of the State of New York
Touro College and University System
Obligated Group Revenue Bonds
Series 2014A $55,960,000 and
Series 2014B (Federally Taxable) $38,325,000
Dated June 26, 2014

TOURO COLLEGE & UNIVERSITY SYSTEM

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Chief Financial Officer

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Certification

I hereby certify that this Annual Report and attachments listed above and attached hereto is the Annual Report and Audited Financial Statements required to be submitted to the Municipal Securities Rulemaking Board pursuant to Agreements to Provide Continuing Disclosure by and between each of the Issuers listed above and Touro College, as Obligated Person, The Bank of New York Mellon, as Trustee, and Digital Assurance Certification, LLC, as exclusive Disclosure Dissemination Agent, with respect to the bond issues referenced above.

Respectfully submitted this
16th day of November, 2017

TOURO COLLEGE
Obligated Person

Melvin M. Ness

By: Melvin M. Ness, CPA
Senior Vice President and
Chief Financial Officer
as Disclosure Representative

Ness.DASNY.Digital Assurance Certification 2017

THIS PAGE WAS OMITTED FROM THE 6/30/16 REPORT

EXHIBIT A.

Audited Financial Statements

Touro College Consolidated Financial Statements and Schedules
June 30, 2017 and 2016

Touro University Financial Statements
June 30, 2017 and 2016

Touro University Nevada Financial Statements
June 30, 2017 and 2016

New York Medical College Financial Statements
June 30, 2017 and 2016

EXHIBIT B.

Annual Operating Data

EXHIBIT C.

Calculations of Financial Covenants and Compliance with Covenants

EXHIBIT A.

Audited Financial Statements

Touro College Consolidated Financial Statements and Schedules
June 30, 2017 and 2016

Touro University Financial Statements
June 30, 2017 and 2016

Touro University Nevada Financial Statements
June 30, 2017 and 2016

New York Medical College Financial Statements
June 30, 2017 and 2016

KPMG

TOURO COLLEGE AND RELATED ENTITIES

Consolidated Financial Statements and Schedules

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
Touro College:

We have audited the accompanying consolidated financial statements of Touro College and related entities, which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Touro College and related entities as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information identified as Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

KPMG LLP

October 30, 2017

TOURO COLLEGE AND RELATED ENTITIES

Consolidated Statements of Financial Position

June 30, 2017 and 2016

(Dollars in thousands)

Assets		**2017**	**2016**
Cash and cash equivalents	$	24,502	23,375
Receivables (note 3):			
Student tuition and fees, net		9,100	8,968
Student loans, net		13,341	14,610
Other, net		42,129	35,719
Investments (note 4)		106,299	100,476
Property and equipment, net (note 8)		531,455	529,896
Deposits with bond trustee (notes 5 and 9)		26,852	32,328
Other assets (note 10)		25,120	23,991
Beneficial interest in perpetual trusts (note 5)		12,081	11,007
Total assets	$	790,879	780,370
Liabilities and Net Assets			
Liabilities:			
Accounts and accrued expenses payable	$	34,920	35,837
Accrued payroll and related benefits payable (note 15)		38,427	35,792
Deferred revenue		58,083	51,168
Lines of credit and short-term debt (note 11)		30,500	34,750
Long-term debt, net (note 12)		249,961	255,130
Refundable federal student loans		9,278	10,834
Other liabilities (note 13)		5,683	3,987
Total liabilities		426,852	427,498
Commitments and contingencies (notes 11, 12, 14, 15,18, and 19)			
Net assets (notes 6 and 7):			
Unrestricted		286,662	280,620
Temporarily restricted		33,388	30,529
Permanently restricted		43,977	41,723
Total net assets		364,027	352,872
Total liabilities and net assets	$	790,879	780,370

See accompanying notes to consolidated financial statements.

TOURO COLLEGE AND RELATED ENTITIES

Consolidated Statements of Activities

Years ended June 30, 2017 and 2016

(Dollars in thousands)

	2017				2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenue:								
Tuition and fees, net of allowance	$ 434,748	—	—	434,748	414,217	—	—	414,217
Less scholarships and grants	(42,656)	—	—	(42,656)	(39,213)	—	—	(39,213)
Net tuition and fees	392,092	—	—	392,092	375,004	—	—	375,004
Affiliation contracts and faculty practice	27,200	—	—	27,200	31,142	—	—	31,142
Government grants for research and sponsored projects	29,498	—	—	29,498	25,143	—	—	25,143
Contributions and private grants	7,927	3,909	1,120	12,956	8,026	2,435	538	10,999
Investment return (note 4)	5,266	264	—	5,530	5,254	(564)	—	4,690
Auxiliary enterprises	14,241	—	—	14,241	13,220	—	—	13,220
Other	7,424	(353)	80	7,151	6,787	4	81	6,872
Net assets released from restrictions	3,183	(3,183)	—	—	1,647	(1,647)	—	—
Total operating revenue	486,831	637	1,200	488,668	466,223	228	619	467,070
Operating expenses (note 16):								
Instruction and research	229,470	—	—	229,470	225,175	—	—	225,175
Academic support	77,826	—	—	77,826	79,044	—	—	79,044
Affiliation contracts and faculty practice	25,435	—	—	25,435	29,192	—	—	29,192
Student services	50,042	—	—	50,042	49,035	—	—	49,035
Institutional support	85,056	—	—	85,056	86,932	—	—	86,932
Auxiliary enterprises	15,492	—	—	15,492	15,165	—	—	15,165
Total operating expenses	483,321	—	—	483,321	484,543	—	—	484,543
Change in net assets from operating activities, before gain on sale	3,510	637	1,200	5,347	(18,320)	228	619	(17,473)
Gain on sale (note 13)	—	—	—	—	10,591	—	—	10,591
Change in net assets from operating activities, after gain on sale	3,510	637	1,200	5,347	(7,729)	228	619	(6,882)
Nonoperating activities:								
Postretirement-related changes other than net periodic benefit cost (note 15)	(457)	—	—	(457)	(1,521)	—	—	(1,521)
Investment return in excess of (less than) amounts appropriated for operations (note 4)	2,187	2,222	(20)	4,389	(4,460)	(2,282)	13	(6,729)
Change in fair value of interest rate swaps (note 12)	1,002	—	—	1,002	(864)	—	—	(864)
Change in fair value beneficial interest in perpetual trusts (note 5)	—	—	1,074	1,074	—	—	(1,115)	(1,115)
Other	(200)	—	—	(200)	(1,202)	—	702	(500)
Change in net assets	6,042	2,859	2,254	11,155	(15,776)	(2,054)	219	(17,611)
Net assets, beginning of year	280,620	30,529	41,723	352,872	296,396	32,583	41,504	370,483
Net assets, end of year	$ 286,662	33,388	43,977	364,027	280,620	30,529	41,723	352,872

See accompanying notes to consolidated financial statements.

TOURO COLLEGE AND RELATED ENTITIES

Consolidated Statements of Cash Flows

Years ended June 30, 2017 and 2016

(Dollars in thousands)

		2017	2016
Cash flows from operating activities:			
Change in net assets	$	11,155	(17,611)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		26,991	25,980
Amortization of deferred financing costs		335	345
Amortization of bond premium, net		(240)	(249)
Postretirement-related changes other than net periodic benefit cost		457	1,521
Accretion of imputed interest		124	1,411
Permanently restricted contributions		(1,120)	(538)
Gain on sale		—	(10,591)
Loss on disposal/sale of assets held for sale		—	83
Change in fair value of beneficial interest in perpetual trusts		(1,074)	1,115
Net change in fair value of investments		(8,595)	2,719
Change in fair value of interest rate swaps		(1,002)	864
Changes in operating assets and liabilities:			
Student receivable, net		(132)	(4,140)
Other receivables		(6,410)	(1,863)
Other assets		(371)	(121)
Accounts and accrued expenses payable		(1,031)	6,450
Accrued payroll and related benefits payable		2,178	4,818
Deferred revenue		6,915	15,330
Other liabilities		1,696	(6,618)
Net cash provided by operating activities		29,876	18,905
Cash flows from investing activities:			
Purchases of property and equipment		(23,796)	(14,775)
Change in accounts payable for capital		114	(2,004)
Additions to assets held for sale		(872)	(779)
Proceeds from assets held for sale		—	1,073
Disbursement of student loans		(2,430)	(2,887)
Collection of student loans		4,065	3,084
Sales of investments		97,967	46,187
Purchases of investments		(95,195)	(36,874)
Net cash used in investing activities		(20,147)	(6,975)
Cash flows from financing activities:			
Lines of credit and short-term debt, net		(4,250)	550
Proceeds from long-term debt		773	100
Repayment of long-term debt		(10,197)	(8,149)
Change in deposits with bond trustee		5,476	7,408
Permanently restricted contributions		1,120	538
Advance from the federal government for student loans		(1,556)	69
Change in restricted cash		32	(27)
Net cash (used in) provided by financing activities		(8,602)	489
Net change in cash and cash equivalents		1,127	12,419
Cash and cash equivalents, beginning of year		23,375	10,956
Cash and cash equivalents, end of year	$	24,502	23,375
Supplemental disclosures:			
Interest paid	$	11,980	12,093
Furniture, equipment, and computer software acquired under capital leases		5,038	3,303

See accompanying notes to consolidated financial statements.

(1) Description of the Organization

Touro College (Touro), established in 1970, is primarily located in the New York City Metropolitan area, and has undergraduate programs offering bachelor and associate degrees, graduate programs offering master's degrees, and professional schools, including a Law School, a School of Health Sciences, a College of Osteopathic Medicine, a School of Pharmacy, and a College of Dental Medicine. Touro operates the following entities:

- Touro University, a California corporation (TU), which has two operating divisions: Touro University California (TUC) and Touro University Worldwide (TUW). TUC includes a College of Osteopathic Medicine, a College of Pharmacy, and a College of Education and Health Sciences. TUW operates a distance-learning school offering associate, bachelor, master's and doctoral degrees, and, through Touro College Los Angeles (TCLA), offers bachelor degrees in business management and administration and psychology.
- Touro University Nevada, a Nevada corporation (TUN), established as a branch campus of TUC, which includes a College of Osteopathic Medicine and a College of Health and Human Services offering various programs in the health professions and education.
- New York Medical College (NYMC), which includes a New York School of Medicine that confers the MD degree, a Graduate School of Basic Medical Sciences, and a School of Health Sciences and Practice, that offer master's and doctoral degrees.
- Hebrew Theological College (HTC), an Illinois nonprofit organization that operates a college offering bachelor degrees and a high school.
- Other related entities, including various foundations, yeshivas, and special-purpose entities.

Touro and its related entities are hereinafter collectively referred to as the College.

(2) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

The accompanying consolidated financial statements of the College have been prepared on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board for external financial reporting by not-for-profit organizations. Those standards require the classification of activities and net assets into one of three classes as follows:

- Unrestricted: Net assets that are not subject to donor-imposed restrictions.
- Temporarily restricted: Net assets subject to donor-imposed restrictions that will be met by either actions of the College or the passage of time.
- Permanently restricted: Net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the College, but permit the College to expend all or part of the income derived therefrom.

Revenues and gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Contributions and investment return subject to donor-imposed restrictions that are met in the same reporting-period as received are reported as unrestricted revenue. Expiration of temporary restrictions on prior year net asset balances is reported as net assets released from restrictions.

(b) Basis of Consolidation

The consolidated financial statements include the accounts and activities of Touro, TU, TUN, NYMC, HTC, Yeshiva Operations (Yeshivas Ohr Hachaim (YOC) and Rabbi Dov Revel Yeshiva of Forest Hills, Inc. (Dov Revel)), special-purpose entities, and supporting foundations. All transactions between the entities have been eliminated in the consolidated financial statements.

(c) Cash and Cash Equivalents

The College considers all highly liquid instruments with original maturities of three months or less, to be cash and cash equivalents, except those cash and cash equivalents that are held for investment as part of the College's long-term investment strategy.

(d) Student Tuition and Fees

Tuition and fees and scholarships are recognized over the respective academic term. Receivable balances are reduced by an allowance for doubtful accounts. The allowance for doubtful accounts is management's best estimate of the probable loss based on historical collection experience. Management regularly assesses the collectibility of student tuition and fees receivable. Account balances are written off against the allowance when management determines it is probable the receivable will not be recovered. Revisions in the allowance for doubtful accounts estimate are recorded as adjustments to the provision for bad debts, which is included in tuition and fees.

Collection of a significant portion of tuition and fees is reliant on government-sponsored student financial assistance programs.

(e) Student Loans Receivable

The College makes uncollateralized loans to students based on financial need. Student loans are funded mainly through federal government loan programs. The College's student loans receivable represents the amounts due from current and former students under the Federal Perkins, Primary Care, and College-sponsored loan programs. Loans disbursed under the Federal Perkins and Primary Care loan programs are able to be assigned to the federal government in certain nonrepayment situations. In these situations, the federal portion of the loan balance is guaranteed.

Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including consideration of economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, the value of any collateral, the aging of loans, loan default rate, and where applicable, the existence of any guarantees or indemnifications. The amount of the allowance is adjusted based on the results of management's analysis.

(f) *Refundable Federal Student Loans*

Funds provided by the federal government under federal loan programs are loaned to qualified students and may be loaned again after cash collections. These funds are ultimately refundable to the government and are recognized as a liability in the accompanying consolidated statements of financial position.

(g) *Pledges Receivable*

Unconditional promises to give (pledges) are recorded as revenue at fair value in the period pledged. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discount is recorded as additional contribution revenue. Conditional pledges and pledges subject to a substantial risk of forfeiture are not recorded until the conditions are substantially met or the risks eliminated.

(h) *Operating Measure*

The operating activities of the College include all revenue and expenses related to carrying out its mission of education, research, and patient service. The operating measure also includes amounts related to the spending rate policy and any additional budgeted investment returns on endowment funds to protect the inflation-adjusted value of the endowment and all other nonendowment investment returns. The operating activities exclude investment return greater than (less than) the spending rate, postretirement-related changes other than net periodic benefit cost, change in fair value of beneficial interest in perpetual trusts, change in fair value of interest rate swaps, and other nonrecurring items.

(i) *Investments*

Investments with readily determinable fair values are reported at fair value based upon quoted market prices or published net asset value for alternative investments in funds similar to mutual funds. Alternative investments, including equity and fixed income funds, which are not deemed to have a readily determinable value, are reported at estimated fair value based on, as a practical expedient, net asset values provided by investment managers. These values are reviewed and evaluated by College management for reasonableness. The reported values may differ from the values that would have been reported had a ready market for these investments existed.

Purchases and sales are reflected on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected on the consolidated statements of activities. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis.

Investments are exposed to various risks, such as interest rate, market, credit, and other risks. Due to such risks and the level of uncertainty related to changes in the value of investment securities, it is at least possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

(j) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The College employs the three-tiered fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, defined as follows:

- Level 1 inputs are quoted prices or published net asset values (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than Level 1 that are observable, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, the College excludes from the fair value hierarchy investments for which fair value is measured using the net asset value per share practical expedient.

(k) Beneficial Interest in Perpetual Trusts

The College is the recipient of beneficial interests whereby donors have established and funded perpetual trusts administered and held by financial institutions. The College is entitled to the income earned on the trust assets in perpetuity; therefore, they are recorded as permanently restricted net assets. The College has no control over investment decisions regarding these assets. The beneficial interest in perpetual trusts is categorized as Level 3 in the fair value hierarchy due to the lack of control over the permanently restricted trust assets. The fair value of the assets of perpetual trusts is based upon quoted market prices at year-end. As of June 30, 2017 and 2016, the fair value of the perpetual trusts is $12,081 and $11,007, respectively.

(l) Property and Equipment

Property and equipment are recorded at cost at date of acquisition or fair value as of the date of acquisition or receipt from a donor. Additions and improvements or betterments having a useful life of more than one year are capitalized. Repairs and maintenance items are expensed when incurred. Upon retirement or sale, the cost and accumulated depreciation are removed from the accounts and the resulting gains or losses are reported on the consolidated statements of activities.

(Dollars in thousands)

Leasehold improvements are amortized on a straight line basis over the shorter of the term of the respective lease, including reasonably assured renewal periods, or the useful life of the assets (ranging from 3 to 30 years). For all other depreciable assets placed in service, depreciation and amortization are provided on a straight-line basis over the estimated useful life of the assets as follows:

	Useful life (in years)
Buildings and improvements	40–43
Leasehold improvements	3–30
Interest in leased properties	20–30
Furniture, equipment, and computer software	3–20
Library holdings	10–20

(m) Long-Lived Assets

Long-lived assets and identifiable intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The College measures the recoverability of assets to be held and used by a comparison of the carrying amount of the assets to the expected net future cash flows to be generated by the asset, or, for identifiable intangible assets with finite useful lives, by determining whether the amortization of the intangible asset balance over its remaining life can be recovered through undiscounted future cash flows. If such assets are deemed to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There was no impairment loss for the years ended June 30, 2017 and 2016.

(n) Interest Rate Swap Agreements

The College utilizes interest rate swaps in a limited manner outside of its investment portfolio to manage interest rate risk associated with certain of its variable rate long-term debt (note 12(b)). These interest rate swap agreements are reported at fair value based on valuations provided by a third-party, based on prevailing interest rates for swaps of the same maturity. Any gains or losses from changes in the fair value of these instruments are recognized in nonoperating activities.

(o) Deferred Rent

Rent abatements and incentives in the initial years of certain leases give rise to deferred rent reflecting the cumulative excess of rental expense on a straight-line basis over cash payments and are included in other liabilities.

(p) *Affiliation Contracts and Faculty Practice*

Revenues and expenses from affiliation contracts primarily reflect the contractual relationship with Westchester Medical Center (WMC) for the provision of salaries and fringe benefits and allowable overhead for physicians providing services under the arrangement. For the years ended June 30, 2017 and 2016, revenue from WMC totaled $19,741 and $21,134, respectively. Additionally, faculty practice revenue totaled $5,108 and $8,798, respectively.

(q) *Intangible Assets*

Intangible assets, which are included in other assets on the Consolidated Statements of Financial Position, consist primarily of the trade name and accreditation status recognized at the time of acquisition of NYMC and HTC. The intangible asset is indefinite-lived and is evaluated for impairment on an annual basis.

(r) *Grants and Contributions*

The College receives grants and contributions from a number of sources, including the federal and state governments, private foundations, and individuals. Each contract or gift instrument is evaluated as to whether the transaction qualifies as an exchange transaction or a contribution. Grants and contributions that are treated as exchange transactions are reported as unrestricted revenue when expenses are incurred in accordance with contractual terms. The excess of amounts received in exchange transactions over the amount of expenditures incurred are classified in deferred revenue on the consolidated statements of financial position.

Receipts qualifying as contributions, including unconditional promises to give (pledges), are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

(s) *Fundraising and Advertising*

Institutional support expenses include total fundraising expenses costs of $2,560 and $2,524 for the years ended June 30, 2017 and 2016, respectively. Fundraising activities of the College include salaries and employee benefits of program staff that develop proposals for fundraising, solicit contributions, and conduct specific fundraising events. Fundraising and advertising costs are expensed as incurred. Advertising costs, primarily for recruitment of students, were $5,930 and $4,636 in 2017 and 2016, respectively.

(t) *Income Tax Status*

The College, its related operating entities and NYMC, LLC qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code as public charities and are exempt from federal, state, and local income taxes on related income. Each of the College's exempt entities files the Return of Organization Exempt from Income Tax (Form 990), except for YOC, Dov Revel, and HTC, which are exempt from such filing.

(Dollars in thousands)

(u) Accounting for Uncertainty in Income Taxes

The College prescribes to a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. As of June 30, 2017 and 2016, the College does not have any uncertain tax positions or any unrelated business income tax liability, which would have a material impact upon its consolidated financial statements.

(v) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities as of the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. The most significant estimates are the calculation of deferred tuition revenue, the allowance for doubtful accounts, valuation of investments and interest rate swaps, postretirement benefit obligations, and allocation of expenses to functional categories. Actual results may differ from those estimates.

(w) Reclassification

Certain prior-year amounts have been reclassified to conform to the current year presentation.

(3) Receivables

Receivables at June 30, 2017 and 2016 consist of the following:

2017		Receivable	Allowance for doubtful accounts	Net receivable
Student tuition and fees	$	16,310	(7,210)	9,100
Student loans	$	13,980	(639)	13,341
Other:				
Government and other grants	$	14,331	—	14,331
Affiliation contracts		2,853	(1,036)	1,817
Faculty practice plan		726	(116)	610
Pledges and bequests receivable		11,677	(231)	11,446
Miscellaneous		15,149	(1,224)	13,925
Total other	$	44,736	(2,607)	42,129

(Dollars in thousands)

2016		Accounts receivable	Allowance for doubtful accounts	Net receivable
Student tuition and fees	$	14,757	(5,789)	8,968
Student loans	$	15,160	(550)	14,610
Other:				
Government and other grants	$	9,733	—	9,733
Affiliation contracts		3,719	(1,139)	2,580
Faculty practice plan		5,303	(3,820)	1,483
Pledges and bequests receivable		14,266	(164)	14,102
Miscellaneous		8,993	(1,172)	7,821
Total other	$	42,014	(6,295)	35,719

The following tables provide an analysis of the aging of certain receivables as of June 30:

2017		1–30 days past due	31–60 days past due	Greater than 60 days past due	Total past due	Current	Total
Student loans	$	171	86	1,489	1,746	12,234	13,980
Affiliation contracts		52	52	1,702	1,806	1,047	2,853
Faculty practice plan		64	55	502	621	105	726
Pledges and bequests		—	—	2,738	2,738	8,939	11,677
Miscellaneous		188	83	1,913	2,184	12,965	15,149

2016		1–30 days past due	31–60 days past due	Greater than 60 days past due	Total past due	Current	Total
Student loans	$	178	86	1,863	2,127	13,033	15,160
Affiliation contracts		40	40	2,223	2,303	1,416	3,719
Faculty practice plan		326	192	4,636	5,154	149	5,303
Pledges and bequests		—	—	1,985	1,985	12,281	14,266
Miscellaneous		216	267	1,140	1,623	7,370	8,993

(Dollars in thousands)

Pledges and bequests receivable as of June 30 consist of the following:

		2017	2016
Amounts due in less than one year	$	4,955	4,803
Amounts due in one to five years		8,598	10,760
Amounts due in more than five years		77	380
		13,630	15,943
Less:			
Discount to net present value (discount rates ranging from 3.25% to 5%)		(1,953)	(1,677)
		11,677	14,266
Allowance for uncollectible pledges		(231)	(164)
	$	11,446	14,102

(4) Investments

Investments at fair value consist of the following as of June 30:

		2017	2016
Level 1 Investments:			
Cash and cash equivalents	$	9,550	6,330
Fixed income securities:			
U.S. government obligations		1,727	332
Domestic corporate bonds		400	350
International government obligations		353	331
Equity securities:			
Domestic securities		15,916	14,338
Foreign securities		1,270	1,067
Mutual funds:			
Equity mutual funds		57,952	38,749
Bond mutual funds		2,645	8,825
Closed-end funds		622	181
Equity and fixed income funds:			
Global equity funds (a)		150	7,260
Global large/mid-cap funds (b)		—	2,462
High-quality bond fund (c)		—	1,148
Global bond fund (d)		—	1,096
Hedge fund strategies:			
Real assets		—	716
Total Level 1 investments		90,585	83,185

(Dollars in thousands)

	2017	2016
Level 2 investments:		
Fixed income securities:		
Corporate bonds	$ 7,917	—
Investments measured at net asset value as a practical expedient for fair value:		
Hedge fund strategies:		
Diversifying funds (e)	—	2,652
Global hedged equity funds (f)	1,708	6,570
Relative value and event driven (g)	3,178	3,986
Real assets (h)	40	433
Real estate partnerships (i)	1,562	2,720
Other	1,309	930
Total investments measured at net asset value as a practical expedient for fair value	7,797	17,291
Total investments	$ 106,299	100,476

(a) Consists of securities in emerging and developed markets diversified across growth and value styles.

(b) Consists of investments in large and mid-capital equity securities using an indexing investment approach.

(c) Consists of high quality, investment grade only, fixed income securities.

(d) Consists of securities issued by U.S. and foreign governments, their agencies and instrumentalities, U.S. and foreign corporations, and asset-backed and mortgage-backed securities.

(e) Includes investments designed to identify opportunities through mathematical, algorithmic, and technical models, including international and domestic investments within equity indices, currencies, interest rates, and commodities.

(f) Funds that invest in long and short positions on equity securities primarily issued by international companies.

(g) Investments in three strategies; credit, event driven, and multi-strategy. Credit funds consist of investments in assets such as distressed and current pay bonds and bank debt, mortgage-backed securities, both residential and commercial, as well as post reorganization equity liquidations. Event driven funds consist of investments in common and preferred equities and various types of debt, often based on the assessment that a particular event will occur. Multi-strategy funds consist of investments in multiple investment strategies including but not limited to hedged equity, event driven, and diversified hedge.

(Dollars in thousands)

(h) Investments across a broad range of commodity oriented asset categories and pursues a multi-strategy approach to investing in commodities markets. At least 80% of the net assets of the fund will have investment exposure to commodities with the remaining portion allocated to noncommodity investments.

(i) Investments in real estate funds invested in office, multifamily, industrial, and other commercial real estate properties or other commercial real estate investments located primarily in the United States. The objective of the partnerships is to achieve long-term gross returns while focusing on the preservation of capital. The partnerships do not permit redemptions.

Equity, fixed income, and hedge funds generally may be redeemed once a month with approximately two weeks' notice required.

Certain investments have been pledged as security for outstanding debt obligations (notes 11 and 12).

The following schedule summarizes the investment return for the years ended June 30:

		2017	2016
Dividends and interest, net of management and related fees of $458 in 2017 and $424 in 2016	$	1,324	680
Net change in fair value of investments		8,595	(2,719)
Total investment return		9,919	(2,039)
Investment return for appropriated for operations		5,530	4,690
Investment return in excess of (less than) amounts appropriated for operations, reported as nonoperating activities	$	4,389	(6,729)

(5) Fair Value Measurements

The fair value of financial assets other than investments that are measured at fair value at June 30, 2017 and 2016 is as follows:

		2017			
		Total	Level 1	Level 2	Level 3
Beneficial interest in perpetual trusts	$	12,081	—	—	12,081
Deposits with bond trustee:					
U.S. government obligations		26,852	26,852	—	—

(Dollars in thousands)

	2016			
	Total	Level 1	Level 2	Level 3
Beneficial interest in perpetual trusts	$ 11,007	—	—	11,007
Deposits with bond trustee:				
U.S. government obligations	32,328	32,328	—	—

The activity with respect to beneficial interest in perpetual trusts, which are Level 3, is as follows:

	2017	2016
Balance at beginning of year	$ 11,007	12,122
Investment income	418	561
Distributions	(418)	(561)
Net appreciation (depreciation) in fair value of investments	1,074	(1,115)
Balance at end of year	$ 12,081	11,007

There were no transfers between Level 1 and Level 2 securities for the years ended June 30, 2017 and 2016.

(6) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30 consist principally of appreciation on donor-restricted endowment funds and pledges receivable and are available for the following purposes:

	2017	2016
Student support	$ 7,108	5,868
Departmental support	7,991	7,680
General operating support	12,722	11,781
Research	4,388	4,108
Educational programs	1,179	1,092
Total	$ 33,388	30,529

(Dollars in thousands)

Permanently restricted net assets, including beneficial interest in perpetual trusts of $12,081 and $11,007 at June 30, 2017 and 2016, respectively, are restricted to investment in perpetuity with investment returns available to support the following activities:

		2017	2016
Student support	$	5,594	5,504
Departmental support		25,921	24,045
General operating support		3,025	3,018
Research		1,883	1,903
Revolving loan funds		7,196	6,931
Educational programs		358	322
Total	$	43,977	41,723

(7) Endowments

The College's endowment consists of approximately 162 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees (the Board) to function as endowments.

The Board has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing the College to appropriate for expenditure or accumulate so much of an endowment as the College determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of income to the permanent endowment made in accordance with the direction of the applicable donor gift instruments. Donor-restricted endowment funds that are not classified as permanently restricted are classified as temporarily restricted net assets until appropriated for expenditure.

In accordance with NYPMIFA, the Board considers the following factors in making a determination to appropriate or accumulate endowment funds:

(a) The duration and preservation of the endowment fund;

(b) The purposes of the College and the endowment fund;

(c) General economic conditions;

(d) The possible effect of inflation and deflation;

(e) The expected total return from income and the appreciation of investments;

(f) Other resources of the College;

(Dollars in thousands)

(g) Alternatives to expenditure of the endowment fund; and

(h) The investment policies of the College.

Endowment net assets, which exclude beneficial interest in perpetual trusts and donor-restricted revolving loan funds, consist of the following as of June 30:

	2017			
	Unrestricted	Temporary restricted	Permanently restricted	Total
Donor-restricted	$ —	18,917	24,734	43,651
Quasi (board-designated)	35,190	—	—	35,190
Total funds	$ 35,190	18,917	24,734	78,841

	2016			
	Unrestricted	Temporary restricted	Permanently restricted	Total
Donor-restricted	$ —	17,199	23,780	40,979
Quasi (board-designated)	33,246	—	—	33,246
Total funds	$ 33,246	17,199	23,780	74,225

Expenditures from a donor-restricted fund are limited to the uses and purposes for which the endowment fund was established. The College has generally limited the use of net appreciation unless the fair value of a donor-restricted fund exceeds 105% of its original dollar value.

(Dollars in thousands)

Changes in endowment net assets were as follows:

		Unrestricted	Temporary restricted	Permanently restricted	Total
Endowment funds, June 30, 2015	$	34,856	20,306	23,446	78,608
Investment return:					
Investment loss		(208)	(15)	—	(223)
Net (depreciation) appreciation		(563)	(804)	13	(1,354)
Total investment return		(771)	(819)	13	(1,577)
Contributions and transfers		11	(17)	342	336
Appropriated for expenditure		(1,290)	(1,882)	—	(3,172)
Other changes		440	(389)	(21)	30
Endowment funds, June 30, 2016		33,246	17,199	23,780	74,225
Investment return:					
Investment income		616	501	—	1,117
Net appreciation		2,322	2,629	15	4,966
Total investment return		2,938	3,130	15	6,083
Contributions and transfers		—	91	939	1,030
Appropriated for expenditure		(1,234)	(1,503)	—	(2,737)
Other changes		240	—	—	240
Endowment funds, June 30, 2017	$	35,190	18,917	24,734	78,841

The College's spending policy rates for endowments are designed to stabilize annual spending levels and to preserve the real value of endowment investments over time. To meet these objectives, the Boards of Trustees have authorized a spending rate of 4% (5% for 2016) of the moving average of the fair value of endowment investments for the previous 20 quarters for NYMC and 4% of the fair value for the previous 12 quarters for Touro and other affiliates, respectively.

The College maintains investment pools for substantially all of its investments. The pools are managed to achieve the maximum prudent long-term total return while providing a predictable stream of funding to programs supported by the endowment.

(Dollars in thousands)

(8) Property and Equipment, Net

Property and equipment consist of the following at June 30:

		2017	2016
Land	$	93,766	92,093
Buildings and improvements		417,123	408,120
Leasehold improvements		82,453	77,941
Interest in leased properties		30,660	30,660
Furniture, equipment, and computer software		83,109	72,989
Construction in progress		3,538	7,988
Library holdings		46,249	45,210
		756,898	735,001
Less accumulated depreciation and amortization		(225,443)	(205,105)
Property and equipment, net	$	531,455	529,896

The College's interest in leased properties includes the fair value of NYMC's interest in long-term leases on which the annual rental commitment is one dollar.

(9) Deposits with Bond Trustee

Under agreements related to bonds issued by the Dormitory Authority of the State of New York (DASNY), California Municipal Finance Authority (CMFA), and the City of Henderson, NV, Public Improvement Trust (HPIT), a portion of the bond proceeds were deposited with the trustee for capital expenditures related to construction, renovations, and improvements to campus buildings, for debt service reserve funds and for capitalized interest. Monthly debt service sinking fund payments are deposited with the trustee for servicing the debt. Deposits with bond trustee as of June 30 consist of the following:

		2017	2016
Construction funds	$	9,947	15,844
Debt service reserve funds		10,839	10,857
Debt service funds		6,066	4,651
Capitalized interest funds		—	976
Total	$	26,852	32,328

(Dollars in thousands)

(10) Other Assets

Other assets as of June 30 consist of the following:

		2017	2016
Intangible assets (a)	$	10,842	10,925
Restricted cash		465	497
Assets held for sale (b)		5,301	4,429
Prepaid expenses		5,233	4,942
Other		3,279	3,198
Total	$	25,120	23,991

(a) Intangible Assets

In connection with the acquisitions of NYMC and HTC, the College recognized certain intangible assets. Intangible assets as of June 30 and their initial estimated useful lives are as follows:

	Initial estimated useful lives		2017	2016
Enrolled students:				
HTC	3	$	42	125
Trade name and accreditation status	Indefinite		10,800	10,800
		$	10,842	10,925

(b) Assets Held for Sale

YOC purchased various parcels of land in Sullivan County, New York, to develop a community centered around a summer learning facility of YOC and its related high schools. As part of the development project, YOC has established a condominium association for the portion of the land to be used for housing. As of June 30, 2017 and 2016, $5,301 and $4,429, respectively, is recorded as assets held for sale for the portion of the property associated with the condominium. During 2016, units with aggregate sales prices of $1,073 were sold, including one unit sold to a member of the Board. The cost for the units sold and under contract approximates the sales prices.

(11) Lines of Credit and Short-Term Debt

Borrowing available under a line of credit was $14,000 (Line) ($11,000 and $14,000 outstanding as of June 30, 2017 and 2016, respectively). Interest is payable monthly at the bank's base rate less 0.75% per annum (4.25% and 3.25% as of June 30, 2017 and 2016, respectively). The Line is renewable annually. The Line, a term loan of $2,821 and $2,956 at June 30, 2017 and 2016, respectively, (note 12(e)), and letters of credit in the amount of $235 as of June 30, 2017 and 2016 are secured by investments with a market value of $9,847 and $8,678 as of June 30, 2017 and 2016, respectively. The aforementioned debt is further secured by a general security agreement covering substantially all Touro assets (excluding certain properties with a net book value totaling $108,180 and $109,913 as of June 30, 2017 and 2016, respectively), and a general revenue pledge excluding affiliates and revenue pledged under other debt agreements (note 12(a) and (b)) at June 30, 2017 and 2016, respectively.

At June 30, 2017, NYMC has a $22,000 line of credit with a bank of which $19,500 is outstanding. Interest is calculated at the 30 day London Interbank Offered Rate (LIBOR) plus 1.25%. Investments with a value of $24,129 serves as collateral for the line of credit. NYMC also has a letter of credit with a bank in the amount of $3,042 and $3,625 at June 30, 2017 and 2016, respectively that secures a long term note payable in the amount of $2,525 and $2,860, respectively (note 12(f)). The letter of credit is secured by additional investments of $1,622 at June 30, 2017.

At June 30, 2016, NYMC had a short-term note of $2,250 and a line of credit at another bank with $18,500 available and outstanding. Both the note and line of credit bear interest at LIBOR plus 1.00% (1.63% as of June 30, 2016). NYMC paid an annual fee of 0.30% of the unused portion of the credit line, which expired December 31, 2016.

TU entered into a $4,000 short-term revolving line of credit loan agreement (the Agreement) with a bank secured by a securities account with a minimum value of $6,200. Interest is payable monthly on any outstanding balance at 30 day LIBOR plus 2%. The Agreement was extended to September 30, 2018 and increased to $5,000; however, the amount outstanding may not exceed 65% of the value of the securities account. There was no outstanding balance at June 30, 2017 and 2016.

(Dollars in thousands)

(12) Long-Term Debt

The College's obligations under long-term bonds, notes payable, and capital lease obligations consist of the following:

Description	Maturity date	Interest rate	June 30 2017	June 30 2016
Bonds payable:				
Master Trust Indenture (MTI) (a):				
DASNY:				
2014A Middletown (tax exempt)	January 2042	4.70 %	$ 10,805	10,805
Net premium			483	513
Total			11,288	11,318
2014A NYMC (tax exempt)	January 2044	4.65	45,155	45,155
Net premium			2,865	2,971
Total			48,020	48,126
2014B NYMC (taxable)	January 2029	5.75	32,335	34,375
Net discount			(195)	(211)
Total			32,140	34,164
CMFA (tax exempt)	January 2040	4.43	16,315	16,740
Net premium			707	764
Total			17,022	17,504
HPIT:				
2014A (tax exempt)	January 2044	5.01	23,765	23,965
Net premium			1,276	1,341
Total			25,041	25,306
2014B (taxable)	January 2029	5.49	10,060	10,690
Net discount			(23)	(25)
Total			10,037	10,665
Total MTI debt			143,548	147,083
DASNY Law Center Bonds (b)				
2013A (tax exempt)	December 2038	3.68	18,494	18,815
Swap value			728	1,704
Total			19,222	20,519
2013B (taxable)	December 2020	3.79	1,007	1,273
Swap value			—	26
Total			1,007	1,299

(Dollars in thousands)

Description	Maturity date	Interest rate		June 30 2017	2016
DASNY Revenue Bonds (c)					
2014A (tax exempt)	November 2044	3.06 %	$	39,245	40,140
Total bonds payable				203,022	209,041
Notes payable:					
Mortgage Loan (d)	June 2031	4.00		22,429	22,971
Term Loan (e)	May 2018	4.00		2,821	2,956
Note Payable to seller (f)	April 2023	5.00% imputed		2,525	2,860
Other	2018–2024	2.13%–12.00%		7,864	8,934
Capital Lease Obligations (g)	2017–2042	1.67%–11.21%		16,678	14,081
Total notes payable and capital lease obligations				52,317	51,802
Total long-term debt				255,339	260,843
Less deferred financing costs				(5,378)	(5,713)
Long-term debt, net			$	249,961	255,130

(a) ***Master Trust Indenture Debt*** – On June 26, 2014, tax-exempt and taxable serial and term bonds with an aggregate principal amount of $148,100, maturing serially over 30 years, were issued on behalf of Touro, TU, TUN, and NYMC (collectively, the Obligated Group) with a net premium of $5,858 (the MTI Bonds). The College has granted mortgages on various properties with an aggregate net book value of $158,601 and $158,161 at June 30, 2017 and 2016, respectively. In addition, pursuant to a Master Trust Indenture by and among the Obligated Group and the Bank of New York Mellon as Master Trustee, a security interest is pledged for substantially all revenues of the Obligated Group, excluding donations restricted by the donors for uses other than debt service, (provided that this revenue pledge for Touro is limited to its healthcare related programs). Deposits with bond trustee (note 9) represents additional collateral until utilized for their designated purpose. The members of the Obligated Group are jointly and severally liable for the bond obligations described herein.

(b) ***DASNY Law Center Bonds*** – On December 18, 2013, 30-year tax-exempt bonds with a principal amount of $19,520 (Series 2013A) and 7-year federally taxable bonds with a principal amount of $1,875 (Series 2013B) were issued by DASNY on behalf of Touro (together the Bonds). The tax-exempt bonds bear interest at a swap-adjusted 3.68% through December 2023 with variable rates, thereafter, through maturity in 2038, and the taxable bonds bear interest at a swap-adjusted 3.79% and mature through December 2020. The interest rate swaps were priced at a fixed rate based on an amortization schedule directly associated to debt with the same maturity. The aggregate liability under interest rate swaps, which is measured at fair value was $728 and $1,730 as of June 30, 2017 and 2016, respectively. The Bonds are secured by the land and building of Touro's Jacob D. Fuchsberg Law Center (the Law Center) with a net book value of $29,949 and $30,905 as of June 30, 2017 and 2016, respectively. In addition, a security interest is pledged for substantially all revenues of the Law Center.

(c) ***DASNY Revenue Bonds*** – On October 22, 2014, 30-year tax-exempt bonds with a principal amount of $41,475 were issued by DASNY on behalf of Touro (DASNY 2014 Bonds). The initial interest rate of 3.06% is fixed for 10 years and will reset every 10 years thereafter. The bonds are secured by a commercial condominium on West 60th Street, Manhattan, land and buildings on 150th Street in Kew Garden Hills, Queens, land and a building on Avenue J, Brooklyn, and land and a building on West 65th Street, Manhattan with an aggregate net book value of $123,555 and $124,852 as of June 30, 2017 and 2016, respectively.

(d) ***Mortgage Loan*** – The mortgage loan is secured by the land and building of the West 65th Street dormitory with a net book value of $50,650 and $51,387 as of June 30, 2017 and 2016, respectively. Interest and principal are payable monthly on a 25-year amortization schedule with a balance of $13,000 due at maturity in 2031. The interest rate decreased from 4.75% to 4.00% at June 1, 2016, is fixed at 4.00% until June 2021 and resets every five years thereafter.

(e) ***Term Loan*** – The loan is secured by the same collateral as the Line (note 11) and requires a monthly fixed principal payment of $11 and interest on the declining balance with a balance of $2,708 due at maturity in 2018. The loan is renewable for an additional five years thereafter.

(f) ***Note Payable to Seller*** – In connection with the acquisition of an office building at 19 Skyline Drive, Hawthorne, New York, the seller of the property provided a $5,000 interest free 10-year note ($2,917 and $3,375 at June 30, 2017 and 2016, respectively) which was discounted to net present value. The note is secured by a guarantee of Touro and a letter of credit which is secured by a portion of NYMC's investment portfolio. The note requires monthly installments of $42.

(g) ***Capital Lease Obligations*** – Certain equipment, software, leasehold improvements and a leasehold interest are leased under noncancelable capital leases, payable monthly. Equipment, computer software, leasehold improvements and the leasehold interest subject to capital lease obligations were $18,183 and $14,240 net of accumulated depreciation and amortization of $3,313 and $2,187 as of June 30, 2017 and 2016, respectively.

(Dollars in thousands)

Future scheduled payments of long-term debt as of June 30, 2017 (assuming, with respect to variable rate debt, interest at rates in effect as of June 30, 2017) are as follows:

		Bonds and notes principal	Capital leases principal	Interest	Total
Year:					
2018	$	9,970	4,012	11,320	25,302
2019		6,954	3,696	10,837	21,487
2020		8,421	2,224	10,438	21,083
2021		7,239	1,100	10,070	18,409
2022		9,913	274	9,712	19,899
Thereafter		190,323	5,372	107,400	303,095
Total	$	232,820	16,678	159,777	409,275

Certain debt of the College is subject to covenants, which impose restrictions and filing requirements. As of June 30, 2017 and 2016, the College was in compliance with these covenants.

(13) Other Liabilities

Other liabilities consist of the following as of June 30:

		2017	2016
Deferred rent obligation	$	390	940
Deposits on assets held for sale		42	22
Miscellaneous		5,251	3,025
Total	$	5,683	3,987

Deferred Rent Obligation

In March 2011, the College entered into a sale and leaseback transaction for its women's dormitory on West 85th Street, Manhattan pursuant to which the College entered into an agreement of lease for the dormitory portions of the property and had the option to repurchase the entire property, including the retail space at the end of seven years (March 2018) for the greater of $16,700, or 95%, of the fair market value of the property. In March 2011, the College deferred a gain on the sale of $8,942, and between March 2011 and June 2016 increased the deferral by $2,702, representing a charge to interest expenses of $6,006 less rent expense of $3,304 paid under this lease, to increase the deferral towards the option price. In June 2016, the College terminated its option to repurchase the entire property and accordingly recognized a net gain on the sale of the property of $10,591. As of June 30, 2017 and 2016, deferred rent obligation consists of $390 and $940, respectively, representing the future rental expense through the expiration of the lease in March 2018.

(Dollars in thousands)

(14) Retirement Plans

The College has defined contribution retirement plans that cover substantially all of its nonunion employees, which are funded through direct payments to qualified carriers. Employer contributions consist of both discretionary and matching amounts. For the years ended June 30, 2017 and 2016, the College contributed $8,841 and $8,934, respectively, to its defined contribution retirement plans.

In addition, $443 and $451 was contributed in the years ended June 30, 2017 and 2016, respectively, to a union administered plan for employees of NYMC belonging to a collective bargaining unit. The College would be responsible for any withdrawal liability under the agreement with the union.

The College's participation in the union administered plan is outlined below. Unless otherwise noted, the Pension Protection Act (PPA) zone status below is for the plan years beginning January 1, 2016, 2015, and 2014, respectively. The zone status is certified by the plans' actuaries. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the collective-bargaining agreements to which the plan is subject.

Pension fund	EIN/pension plan number	PPA zone status	FIP/RP status pending/ implemented	Surcharge imposed	Expiration date of collective-bargaining agreement
1199 SEIU Health Care Employee Fund	13-3604862/001	Green	*RP Implemented	No	September 30, 2018

* The 1199 Health Care Employee Pension Fund has implemented a rehabilitation plan for the period January 1, 2012 through December 31, 2024.

(15) Postretirement Benefits Other than Pensions

The College provides medical and life insurance benefits under its Postretirement Life and Health Insurance Plan for Eligible Employees at NYMC (the Plan). The College's obligation is limited and requires participants to contribute to premiums as determined by the Plan's administrator. The College reserves the right to amend or terminate the Plan at its discretion. These benefits are partially funded through a voluntary employees' beneficiary association (VEBA) trust.

On December 8, 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the Act) was signed into law. The Act allows employers who offer actuarially equivalent prescription drug benefits to retirees to receive a federal subsidy starting in 2006. Actuarial equivalence of the program's prescription drug benefit is determined based on a two-prong test. The actuarial values of the prescription drug coverage are based on national statistics and then adjusted to reflect drug utilization for the Plan.

(Dollars in thousands)

Based on these values, it is assumed that the prescription drug benefit for the unfunded plan will be actuarially equivalent in 2006 and for all years thereafter.

For those employees who had already retired at the time the VEBA was established, the College pays actual benefits from its general assets. For subsequent retirees, the College's funding policy is to contribute an amount up to the annual expense in years when the Present Value of Future Benefits (PVFB) exceeds assets. Since assets are less than PVFB, the College may elect to make a contribution in fiscal year 2017.

Under the accounting guidance for postretirement benefits, the College recognizes on the consolidated statements of financial position the difference between the benefit obligations and any related plan assets. In addition, the accounting guidance requires the unrecognized amount (e.g., net actuarial gains or losses and prior service costs or credits) to be recognized as changes in unrestricted net assets and that these amounts be adjusted as they are subsequently recognized as components of the net periodic benefit cost.

The following tables provide a reconciliation of the changes in the Plan's benefit obligations and fair value of assets for the years ended June 30:

		2017	2016
Change in benefit obligation:			
Benefit obligation at beginning of year	$	8,408	7,729
Service cost		63	52
Interest cost		287	330
Plan participants' contributions		694	745
Actuarial loss		486	895
Benefits paid		(1,599)	(1,651)
Medicare Part D program reimbursement		387	308
Benefit obligation at end of year		8,726	8,408
Change in plan assets:			
Fair value of plan assets at beginning of year		3,737	4,119
Actual return on plan assets		377	(82)
Employer contributions		271	298
Plan participants' contributions		694	745
Benefits paid		(1,599)	(1,651)
Medicare Part D program reimbursement		387	308
Fair value of plan assets at end of year		3,867	3,737
Unfunded status at June 30 (included in accrued payroll and related benefits payable)	$	4,859	4,671

(Dollars in thousands)

		2017	2016
Components of net periodic benefit cost (credit):			
Service cost	$	63	52
Interest cost		287	330
Expected return on plan assets		(276)	(330)
Amortization of prior service credit		(301)	(301)
Amortization of net actuarial loss		229	87
Net periodic benefit cost (credit)	$	2	(162)

		2017	2016
Postretirement-related changes other than net periodic benefit cost:			
Amortization of prior service credit	$	301	301
Amortization of net actuarial loss		(229)	(87)
Net loss		385	1,307
	$	457	1,521
Amounts not yet recognized in net periodic benefit cost:			
Net actuarial loss	$	1,977	1,821
Prior service credit		(252)	(553)
	$	1,725	1,268

	2017	2016
Weighted average assumptions used to determine benefit obligations as of June 30:		
Discount rate – funded portion	4.00 %	3.75 %
Discount rate – unfunded portion	3.25	2.75
Rate of compensation increase	4.00	4.00
Weighted average assumptions used to determine net periodic benefit cost for the years ended June 30:		
Discount rate – funded portion	3.75 %	4.75 %
Discount rate – unfunded portion	2.75	3.50
Healthcare cost trend:		
Increase from current to next fiscal year	8.00 %	7.00 %
Ultimate rate of increase	4.50	4.45
Year that the ultimate rate is attained	2032	2022

(Dollars in thousands)

The healthcare cost trend assumption has a significant effect on the amounts reported. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects as of and for the year ended June 30, 2017 and 2016:

	2017		2016	
	One-percent-point increase	One-percent-point decrease	One-percent-point increase	One-percent-point decrease
Effect on total service and interest cost component	$ 28	(23)	31	(26)
Effect on postretirement benefit obligation	718	(604)	693	(581)

The College is expected to contribute $600 to the plan in 2018.

The estimated actuarial net loss and prior service credit that will be amortized from unrestricted net assets into net periodic benefit cost in fiscal year 2018 is as follows:

Net actuarial loss	$ 228
Prior service credit	(206)
	$ 22

Expected benefit payments are the total amount expected to be paid from the Plan's or NYMC's assets. The expected benefit payments, net of plan participant contributions, are as follows:

	Estimated benefits payments
Fiscal year(s):	
2018	$ 567
2019	571
2020	571
2021	568
2022	558
2023–2026	2,668

(Dollars in thousands)

The investment policy statement of NYMC, established by its Board of Trustees, has as its investment objective, the long-term appreciation of assets, and the consistency of total portfolio returns with reasonable efforts to control risk and preserve capital. The policy establishes a goal of an annual return of eight percent. The Plan's target and actual asset allocations as of June 30, 2017 and 2016 are as follows:

Plan assets	Target allocation	Percentage of plan assets 2017	Percentage of plan assets 2016
Asset category:			
Equity securities	61.0 %	72.3 %	73.9 %
Debt securities	31.0	24.5	22.2
Other	8.0	3.2	3.9

The Plan's investments at fair value, all of which are considered Level 1, at June 30, 2017 and 2016, are as follows:

	2017	2016
Cash and cash equivalents	$ 263	144
Alternative investments:		
Equity and fixed income funds:		
Global equity	1,907	1,907
Global fixed income	912	830
Hedge fund strategies:		
Diversifying funds	535	642
Commodities	—	50
Real estate investment trusts	87	103
Public natural resources	163	61
Total assets	$ 3,867	3,737

(Dollars in thousands)

(16) Functional Reporting of Expenses

The costs of the College's activities have been presented on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the activities benefited as follows:

	2017				
	Operations and maintenance	Depreciation	Interest expense	Direct expenses	Total per statement of activities
Instruction and research	$ 27,970	13,163	5,548	182,789	229,470
Academic support	9,674	3,812	1,249	63,091	77,826
Affiliation contracts and faculty practice	—	—	—	25,435	25,435
Student services	6,389	2,903	2,478	38,272	50,042
Institutional support	10,185	6,232	1,438	67,201	85,056
Auxiliary enterprises	1,462	1,164	270	12,596	15,492
	$ 55,680	27,274	10,983	389,384	483,321

	2016				
	Operations and maintenance	Depreciation	Interest expense	Direct expenses	Total per statement of activities
Instruction and research	$ 26,992	13,781	5,139	179,263	225,175
Academic support	9,125	3,363	1,022	65,534	79,044
Affiliation contracts and faculty practice	—	—	—	29,192	29,192
Student services	5,915	2,300	2,375	38,445	49,035
Institutional support	11,144	4,879	1,508	69,401	86,932
Auxiliary enterprises	841	1,965	3,480	8,879	15,165
	$ 54,017	26,288	13,524	390,714	484,543

(17) Related-Party Transactions

A member of the Board of Trustees loaned HTC $466 prior to HTC becoming an affiliate of the College. Such interest-free loan was outstanding as of June 30, 2017 and 2016. The trustee made an additional interest free loan of $150 during 2017 that was repaid during 2017.

Other related-party transactions are disclosed within the notes to the consolidated financial statements.

(Dollars in thousands)

(18) Commitments and Contingencies

(a) Operating Leases

Certain facilities are leased under noncancelable operating leases, which expire at various dates through 2024, some with options to extend. In addition to the minimum annual rental, certain leases require the payment of additional rent based upon escalations, the pass-through of real estate taxes and other costs and increases in operating expenses.

Future commitments under noncancelable operating leases as of June 30, 2017 are as follows:

		Facilities	Vehicles and equipment	Total
Year:				
2018	$	23,555	342	23,897
2019		9,168	182	9,350
2020		8,400	139	8,539
2021		6,971	65	7,036
2022		6,916	23	6,939
Thereafter		18,384	—	18,384
	$	73,394	751	74,145

Rent expense including escalations and other operating costs was $24,064 and $23,142, respectively, in 2017 and 2016.

(b) Litigation

The College is a party to various legal actions and claims arising in the ordinary course of operations. While it is not feasible to predict the ultimate outcome of such matters, management is of the opinion that the resolution of such matters will not have a material adverse effect on the College's consolidated financial position or changes in net assets.

(c) Regulatory Audits

Amounts received and expended under various federal and state programs are subject to audit by governmental agencies. The US Department of Education (ED) is conducting a program review of HTC for the period prior to 2016 for which a final report has not been issued. In the opinion of management, financial impact from such audits, if any, will not have a material adverse effect on the consolidated financial position of the College.

ED denied Title IV funding to HTC for the year ended June 30, 2016. Title IV was restored during 2017 except for students then studying abroad. Title IV was restored in fiscal 2018 for all eligible students.

(19) Subsequent Events

The College performed an evaluation of subsequent events that occurred after June 30, 2017 through October 30, 2017, the date the consolidated financial statements were issued. Events identified that are required to be disclosed are as follows:

(a) On August 22, 2017, YOC completed the sale of its Monsey, New York high school campus for $4,600. In connection with the closing, YOC satisfied the first mortgage of $726 and received a one-year promissory note of $1,000 and cash proceeds of $2,455 in addition to $400 previously received.

(b) On October 27, 2017, the College closed on the sale of its student residence at 10 West 65th Street in New York City for $79,000. Cash proceeds were approximately $56,000 after closing costs and satisfaction of a first mortgage (note 12(d)).

(c) On September 20, 2017, the College entered into a contract to purchase the core and shell of a commercial condominium of approximately 68,000 square feet for $62,500. A deposit of $6,250 was placed in escrow and closing is anticipated to take place on December 28, 2017 or within 34 days thereafter. The College expects to spend an additional $11,000 finishing this facility which will replace the student housing at 10 West 65th Street and a second leased facility at 175 West 85th Street whose lease is expiring in March 2018.

TOURO COLLEGE AND RELATED ENTITIES

Schedule of Consolidating Information – Statement of Financial Positicr

June 30, 2017

(Dollars in thousands)

			Master Trust Indenture (MTI)								
Assets	**Touro College excluding MTI and Law**	**Law**	**Touro College MTI components**	**Touro University**	**Touro University Nevada**	**NYMC**	**Total MTI**	**Yeshiva operations**	**Hebrew Theological College**	**Adjustments and eliminations**	**Consolidated**
Cash and cash equivalents	$ 8,042	398	752	1,027	2,079	11,355	15,213	590	259	—	24,502
Receivables:											
Student tuition and fees, net	2,242	68	1,792	2,406	847	449	5,494	53	1,243	—	9,100
Student loans, net	3,485	66	26	24	131	9,609	9,790	—	—	—	13,341
Other, net	11,237	2,365	8,644	2,065	2,814	14,134	27,657	861	803	(794)	42,129
Due (to) from affiliates	(65,548)	(1,721)	51,874	20,039	19,629	162	91,704	(24,428)	(7)	—	—
Investments	78,244	4,010	—	9,719	—	73,493	83,212	116	798	(60,081)	106,299
Property and equipment, net	150,790	33,387	53,526	27,358	38,994	177,715	297,593	37,177	5,109	7,399	531,455
Deposits with bond trustee	267	—	1,200	1,834	4,909	18,642	26,585	—	—	—	26,852
Other assets	4,832	179	1,049	550	671	11,776	14,046	5,397	24	642	25,120
Beneficial interest in perpetual trusts	—	—	—	—	—	12,081	12,081	—	—	—	12,081
Total assets	$ 193,591	38,752	118,863	65,022	70,074	329,416	583,375	19,766	8,229	(52,834)	790,879
Liabilities and Net Assets											
Liabilities:											
Accounts and accrued expenses payable	$ 7,459	968	2,389	4,668	2,846	15,442	25,345	237	911	—	34,920
Accrued payroll and related benefits payable	15,344	518	2,345	4,163	2,968	11,458	20,934	1,510	121	—	38,427
Deferred revenue	560	549	22,318	5,927	14,398	14,322	56,965	6	3	—	58,083
Lines of credit and short-term debt	11,000	—	—	—	—	19,500	19,500	—	—	—	30,500
Long-term debt, net	70,438	19,874	23,123	16,731	34,729	81,531	156,114	938	3,391	(794)	249,961
Refundable federal student loans	1,118	—	—	—	—	8,160	8,160	—	—	—	9,278
Other liabilities	1,857	—	357	121	343	2,442	3,263	499	64	—	5,683
Total liabilities	107,776	21,909	50,532	31,610	55,284	152,855	290,281	3,190	4,490	(794)	426,852
Net assets:											
Unrestricted	81,511	9,243	66,811	33,081	12,661	116,390	228,943	15,579	3,426	(52,040)	286,662
Temporarily restricted	2,860	4,658	1,520	331	2,129	20,711	24,691	997	182	—	33,388
Permanently restricted	1,444	2,942	—	—	—	39,460	39,460	—	131	—	43,977
Total net assets	85,815	16,843	68,331	33,412	14,790	176,561	293,094	16,576	3,739	(52,040)	364,027
Total liabilities and net assets	$ 193,591	38,752	118,863	65,022	70,074	329,416	583,375	19,766	8,229	(52,834)	790,879

See accompanying independent auditors' report.

TOURO COLLEGE AND RELATED ENTITIES

Schedule of Consolidating Information – Statement of Financial Position

June 30, 2016

(Dollars in thousands)

Assets	Touro College excluding MTI and Law	Law	Master Trust Indenture (MTI): Touro College MTI components	Master Trust Indenture (MTI): Touro University	Master Trust Indenture (MTI): Touro University Nevada	Master Trust Indenture (MTI): NYMC	Master Trust Indenture (MTI): Total MTI	Yeshiva operations	Hebrew Theological College	Adjustments and eliminations	Consolidated
Cash and cash equivalents	$ 6,741	432	1,068	949	4,110	9,637	15,764	409	29	—	23,375
Receivables:											
Student tuition and fees, net	1,415	5	1,360	4,428	230	633	6,651	82	815	—	8,968
Student loans, net	3,446	48	44	63	118	10,292	10,517	—	599	—	14,610
Other, net	7,349	1,987	3,919	1,485	667	18,334	24,405	1,427	851	(300)	35,719
Due (to) from affiliates	(40,599)	(3,104)	33,135	18,544	15,252	(70)	66,861	(23,158)	—	—	—
Investments	76,131	3,668	—	9,405	—	70,723	80,128	101	529	(60,081)	100,476
Property and equipment, net	153,503	34,859	51,103	27,307	38,703	175,666	292,779	36,557	4,799	7,399	529,896
Deposits with bond trustee	260	—	1,070	1,837	4,913	24,248	32,068	—	—	—	32,328
Other assets	4,694	107	1,147	294	554	11,598	13,593	4,510	362	725	23,991
Beneficial interest in perpetual trusts	—	—	—	—	—	11,007	11,007	—	—	—	11,007
Total assets	$ 212,940	38,002	92,846	64,312	64,547	332,068	553,773	19,928	7,984	(52,257)	780,370
Liabilities and Net Assets											
Liabilities:											
Accounts and accrued expenses payable	$ 6,766	1,099	2,471	3,846	3,986	16,459	26,762	692	518	—	35,837
Accrued payroll and related benefits payable	13,626	716	1,814	4,017	2,596	12,332	20,759	595	96	—	35,792
Deferred revenue	6,364	278	16,133	7,170	8,346	12,420	44,069	—	457	—	51,168
Lines of credit and short-term debt	14,000	—	—	—	—	20,750	20,750	—	—	—	34,750
Long-term debt, net	71,761	21,398	21,686	17,292	35,322	83,217	157,517	1,656	3,098	(300)	255,130
Refundable federal student loans	1,118	—	—	—	—	9,716	9,716	—	—	—	10,834
Other liabilities	947	—	—	33	—	2,813	2,846	115	79	—	3,987
Total liabilities	114,582	23,491	42,104	32,358	50,250	157,707	282,419	3,058	4,248	(300)	427,498
Net assets:											
Unrestricted	92,107	7,716	49,881	31,674	13,593	118,114	213,262	15,960	3,532	(51,957)	280,620
Temporarily restricted	4,807	3,870	861	280	704	19,024	20,869	910	73	—	30,529
Permanently restricted	1,444	2,925	—	—	—	37,223	37,223	—	131	—	41,723
Total net assets	98,358	14,511	50,742	31,954	14,297	174,361	271,354	16,870	3,736	(51,957)	352,872
Total liabilities and net assets	$ 212,940	38,002	92,846	64,312	64,547	332,068	553,773	19,928	7,984	(52,257)	780,370

See accompanying independent auditors' report.

TOURO COLLEGE AND RELATED ENTITIES

Schedule of Consolidating Information – Statement of Activities

Year ended June 30, 2017

(Dollars in thousands)

			Master Trust Indenture (MTI)								
	Touro College excluding MTI and Law	Law	Touro College MTI components	Touro University	Touro University Nevada	NYMC	Total MTI	Yeshiva operations	Hebrew Theological College	Eliminations	Consolidated
Operating revenue:											
Tuition and fees, net of allowance	$ 119,724	21,396	108,215	73,595	45,346	60,141	287,297	1,720	4,611	—	434,748
Less scholarships and grants	(21,821)	(5,810)	(1,063)	(6,836)	(204)	(4,471)	(12,574)	(7)	(2,444)	—	(42,656)
Net tuition and fees	97,903	15,586	107,152	66,759	45,142	55,670	274,723	1,713	2,167	—	392,092
Affiliation contracts and faculty practice	—			—	—	27,200	27,200	—	—	—	27,200
Government grants for research and sponsored projects	2,703	1,442	1,234	2,802	767	20,271	25,074	279	—	—	29,498
Contributions and private grants	842	1,186	945	543	2,440	4,078	8,006	367	3,270	(715)	12,956
Investment return	578	896	114	498	245	3,131	3,988	16	52	—	5,530
Auxiliary enterprises	3,318	—	343	818	2,626	4,918	8,705	741	1,477	—	14,241
Other	1,812	137	196	79	962	6,468	7,705	400	126	(3,029)	7,151
Total operating revenue	107,156	19,247	109,984	71,499	52,182	121,736	355,401	3,516	7,092	(3,744)	488,668
Operating expenses:											
Instruction and research	62,766	9,503	43,355	35,122	17,412	52,478	148,367	4,794	4,040	—	229,470
Academic support	26,816	3,978	24,986	5,645	5,831	8,968	45,430	1,142	460	—	77,826
Affiliation contracts and faculty practice	—	—	—	—	—	25,435	25,435	—	—	—	25,435
Student services	20,041	2,432	4,938	6,918	6,136	8,894	26,886	493	190	—	50,042
Institutional support	42,529	1,315	2,663	6,867	8,276	25,092	42,898	38	1,937	(3,661)	85,056
Institutional support – Touro College	(33,131)	—	15,746	9,991	7,394	—	33,131	—	—	—	—
Auxiliary enterprises	3,344	1,361	707	3,382	3,276	2,540	9,905	420	462	—	15,492
Total operating expenses	122,365	18,589	92,395	67,925	48,325	123,407	332,052	6,887	7,089	(3,661)	483,321
Change in net assets from operating activities	(15,209)	658	17,589	3,574	3,857	(1,671)	23,349	(3,371)	3	(83)	5,347
Nonoperating activities:											
Forgiveness of intercompany receivables	2,403	—	—	(2,116)	(3,364)	—	(5,480)	3,077	—	—	—
Postretirement-related changes other than net periodic benefit cost	—	—	—	—	—	(457)	(457)	—	—	—	(457)
Investment return in excess of amount appropriated for operations	263	672	—	—	—	3,454	3,454	—	—	—	4,389
Change in fair value of interest rate swaps	—	1,002	—	—	—	—	—	—	—	—	1,002
Change fair value of beneficial interest in perpetual trusts	—	—	—	—	—	1,074	1,074	—	—	—	1,074
Other	—	—	—	—	—	(200)	(200)	—	—	—	(200)
Change in net assets	(12,543)	2,332	17,589	1,458	493	2,200	21,740	(294)	3	(83)	11,155
Net assets, beginning of year	98,358	14,511	50,742	31,954	14,297	174,361	271,354	16,870	3,736	(51,957)	352,872
Net assets, end of year	$ 85,815	16,843	68,331	33,412	14,790	176,561	293,094	16,576	3,739	(52,040)	364,027

See accompanying independent auditors' report.

Schedule 4

TOURO COLLEGE AND RELATED ENTITIES

Schedule of Consolidating Information – Statement of Activities

Year ended June 30, 2016

(Dollars in thousands)

	Touro College excluding MTI and Law	Law	Master Trust Indenture (MTI): Touro College MTI components	Touro University	Touro University Nevada	NYMC	Total MTI	Yeshiva operations	Hebrew Theological College	Eliminations	Consolidated
Operating revenue:											
Tuition and fees, net of allowance	$ 121,160	22,893	90,599	68,085	44,702	58,327	261,713	1,674	6,777	—	414,217
Less scholarships and grants	(22,592)	(6,044)	(742)	(3,685)	(111)	(3,447)	(7,985)	(11)	(2,581)	—	(39,213)
Net tuition and fees	98,568	16,849	89,857	64,400	44,591	54,880	253,728	1,663	4,196	—	375,004
Affiliation contracts and faculty practice	—	—	—	—	—	31,142	31,142	—	—	—	31,142
Government grants for research and sponsored projects	2,357	1,150	587	1,962	507	18,276	21,332	304	—	—	25,143
Contributions and private grants	1,496	2,610	2,616	401	538	3,401	6,956	1,319	1,447	(2,829)	10,999
Investment return	72	372	(8)	48	59	4,060	4,159	4	83	—	4,690
Auxiliary enterprises	2,675	—	291	1,210	1,748	5,023	8,272	715	1,558	—	13,220
Other	725	179	232	161	891	5,612	6,896	629	100	(1,657)	6,872
Total operating revenue	105,893	21,160	93,575	68,182	48,334	122,394	332,485	4,634	7,384	(4,486)	467,070
Operating expenses:											
Instruction and research	67,834	10,331	37,259	30,580	16,287	52,324	136,450	5,438	5,122	—	225,175
Academic support	25,975	5,091	21,078	10,232	5,809	9,601	46,720	1,258	—	—	79,044
Affiliation contracts and faculty practice	—	—	—	—	—	29,192	29,192	—	—	—	29,192
Student services	19,730	2,746	5,465	6,928	5,663	7,873	25,929	630	—	—	49,035
Institutional support	45,720	1,686	2,195	5,556	8,547	25,975	42,273	72	1,667	(4,486)	86,932
Institutional support – Touro College	(29,057)	—	12,442	9,674	6,941	—	29,057	—	—	—	—
Auxiliary enterprises	4,306	1,336	574	1,825	3,144	3,034	8,577	412	534	—	15,165
Total operating expenses	134,508	21,190	79,013	64,795	46,391	127,999	318,198	7,810	7,323	(4,486)	484,543
Change in net assets from operating activities	(28,615)	(30)	14,562	3,387	1,943	(5,605)	14,287	(3,176)	61	—	(17,473)
Gain on sale	10,591	—	—	—	—	—	—	—	—	—	10,591
Change in net assets from operating activities, after gain on sale	(18,024)	(30)	14,562	3,387	1,943	(5,605)	14,287	(3,176)	61	—	(6,882)
Nonoperating activities:											
Forgiveness of intercompany receivables	6,220	—	—	(4,550)	(6,925)	—	(11,475)	5,255	—	—	—
Postretirement-related changes other than net periodic benefit cost	—	—	—	—	—	(1,521)	(1,521)	—	—	—	(1,521)
Investment return less than amount appropriated for operations	(414)	(876)	—	—	—	(5,439)	(5,439)	—	—	—	(6,729)
Change in fair value of interest rate swaps	—	(864)	—	—	—	—	—	—	—	—	(864)
Change fair value of beneficial interest in perpetual trusts	—	—	—	—	—	(1,115)	(1,115)	—	—	—	(1,115)
Other	—	—	—	—	—	(500)	(500)	—	—	—	(500)
Change in net assets	(12,218)	(1,770)	14,562	(1,163)	(4,982)	(14,180)	(5,763)	2,079	61	—	(17,611)
Net assets, beginning of year	110,576	16,281	36,180	33,117	19,279	188,541	277,117	14,791	3,675	(51,957)	370,483
Net assets, end of year	$ 98,358	14,511	50,742	31,954	14,297	174,361	271,354	16,870	3,736	(51,957)	352,872

See accompanying independent auditors' report.

TOURO COLLEGE AND RELATED ENTITIES

Schedule of Master Trust Indenture Combined Statement of Activities

Years ended June 30, 2017 and 2016

(Dollars in thousands)

	2017				2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenue:								
Tuition and fees, net of allowance	$ 287,297	—	—	287,297	261,713	—	—	261,713
Less scholarships and grants	(12,574)	—	—	(12,574)	(7,985)	—	—	(7,985)
Net tuition and fees	274,723	—	—	274,723	253,728	—	—	253,728
Affiliation contracts and faculty practice	27,200	—	—	27,200	31,142	—	—	31,142
Government grants for research and sponsored projects	25,074	—	—	25,074	21,332	—	—	21,332
Contributions and private grants	4,142	2,782	1,082	8,006	5,819	648	489	6,956
Investment return	3,722	266	—	3,988	4,195	(36)	—	4,159
Auxiliary enterprises	8,705	—	—	8,705	8,272	—	—	8,272
Other	7,604	—	101	7,705	6,815	—	81	6,896
Net assets released from restrictions	563	(563)	—	—	105	(105)	—	—
Total operating revenue	351,733	2,485	1,183	355,401	331,408	507	570	332,485
Operating expenses:								
Instruction and research	148,367	—	—	148,367	136,450	—	—	136,450
Academic support	45,430	—	—	45,430	46,720	—	—	46,720
Affiliation contracts and faculty practice	25,435	—	—	25,435	29,192	—	—	29,192
Student services	26,886	—	—	26,886	25,929	—	—	25,929
Institutional support	42,898	—	—	42,898	42,273	—	—	42,273
Institutional support – Touro College	33,131	—	—	33,131	29,057	—	—	29,057
Auxiliary enterprises	9,905	—	—	9,905	8,577	—	—	8,577
Total operating expenses	332,052	—	—	332,052	318,198	—	—	318,198
Change in net assets from operating activities	19,681	2,485	1,183	23,349	13,210	507	570	14,287
Nonoperating activities:								
Forgiveness of intercompany receivables	(5,480)	—	—	(5,480)	(11,475)	—	—	(11,475)
Postretirement-related changes other than net periodic benefit cost	(457)	—	—	(457)	(1,521)	—	—	(1,521)
Investment return greater (less) than amount appropriated for operations	2,137	1,337	(20)	3,454	(3,170)	(2,282)	13	(5,439)
Change in fair value of beneficial interest in perpetual trusts	—	—	1,074	1,074	—	—	(1,115)	(1,115)
Other	(200)	—	—	(200)	(1,202)	—	702	(500)
Change in net assets	15,681	3,822	2,237	21,740	(4,158)	(1,775)	170	(5,763)
Net assets, beginning of year	213,262	20,869	37,223	271,354	217,420	22,644	37,053	277,117
Net assets, end of year	$ 228,943	24,691	39,460	293,094	213,262	20,869	37,223	271,354

See accompanying independent auditors' report.

KPMG

TOURO UNIVERSITY

Financial Statements

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

KPMG

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Member and Board of Trustees
Touro University:

We have audited the accompanying financial statements of Touro University (a California not-for-profit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Touro University as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 30, 2017

TOURO UNIVERSITY

Statements of Financial Position

June 30, 2017 and 2016

(Dollars in thousands)

Assets		**2017**	**2016**
Cash and cash equivalents	$	1,027	949
Receivables:			
Student tuition and fees, less allowance of $516 and $409 in 2017 and 2016, respectively		2,430	4,491
Other		2,065	1,485
Due from affiliates (note 8)		20,039	18,544
Investments (note 3)		9,719	9,405
Deposits with bond trustee (note 6)		1,834	1,837
Other assets		550	294
Property and equipment, net (note 4)		27,358	27,307
Total assets	$	65,022	64,312
Liabilities and Net Assets			
Liabilities:			
Accounts and accrued expenses payable (note 9)	$	4,668	3,846
Accrued payroll and related benefits payable		4,163	4,017
Deferred revenue		5,927	7,170
Other liabilities		121	33
Long-term debt, net (note 6)		16,731	17,292
Total liabilities		31,610	32,358
Commitments and contingencies (notes 5, 6, 7, and 9)			
Net assets:			
Unrestricted		33,081	31,674
Temporarily restricted		331	280
Total net assets		33,412	31,954
Total liabilities and net assets	$	65,022	64,312

See accompanying notes to financial statements.

TOURO UNIVERSITY

Statements of Activities

Years ended June 30, 2017 and 2016

(Dollars in thousands)

	2017			2016		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Operating revenue:						
Tuition and fees, net of allowance	$ 73,595	—	73,595	68,085	—	68,085
Less scholarships and grants	(6,836)	—	(6,836)	(3,685)	—	(3,685)
Net tuition and fees	66,759	—	66,759	64,400	—	64,400
Contributions and private grants	367	176	543	328	73	401
Investment return (note 3)	481	17	498	52	(4)	48
Government grants for research and sponsored projects	2,802	—	2,802	1,962	—	1,962
Auxiliary enterprises	818	—	818	1,210	—	1,210
Other	79	—	79	161	—	161
Net assets released from restrictions	142	(142)	—	10	(10)	—
Total operating revenue	71,448	51	71,499	68,123	59	68,182
Operating expenses (note 10):						
Instruction and research	35,122	—	35,122	30,580	—	30,580
Academic support	5,645	—	5,645	10,232	—	10,232
Student services	6,918	—	6,918	6,928	—	6,928
Institutional support	6,867	—	6,867	5,556	—	5,556
Institutional support – Touro College (note 8)	9,991	—	9,991	9,674	—	9,674
Auxiliary enterprises	3,382	—	3,382	1,825	—	1,825
Total operating expenses	67,925	—	67,925	64,795	—	64,795
Change in net assets from operating activities	3,523	51	3,574	3,328	59	3,387
Nonoperating activities:						
Forgiveness of receivable due from Touro College (note 8)	(2,116)	—	(2,116)	(4,550)	—	(4,550)
Change in net assets	1,407	51	1,458	(1,222)	59	(1,163)
Net assets, beginning of year	31,674	280	31,954	32,896	221	33,117
Net assets, end of year	$ 33,081	331	33,412	31,674	280	31,954

See accompanying notes to financial statements.

TOURO UNIVERSITY

Statements of Cash Flows

Years ended June 30, 2017 and 2016

(Dollars in thousands)

		2017	2016
Cash flows from operating activities:			
Change in net assets	$	1,458	(1,163)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		901	865
Amortization of deferred financing costs		21	22
Amortization of bond premium		(57)	(63)
Net change in fair value of investments		(716)	113
Forgiveness of receivable due from Touro College		2,116	4,550
Changes in operating assets and liabilities:			
Student receivable, net		2,022	(2,682)
Other receivables		(580)	(308)
Other assets		(256)	331
Accounts and accrued expenses payable		774	195
Accrued payroll and related benefits payable		146	991
Deferred revenue		(1,243)	75
Other liabilities		88	(1)
Net cash provided by operating activities		4,674	2,925
Cash flows from investing activities:			
Purchases of property and equipment		(936)	(1,228)
Change in accounts payable for capital		48	(723)
Disbursement of student loans		(39)	(62)
Collection of student loans		79	5
Sales of investments		12,145	1,551
Purchases of investments		(11,743)	(1,659)
Net cash used in investing activities		(446)	(2,116)
Cash flows from financing activities:			
Repayment of long-term debt		(542)	(518)
Change in deposits with bond trustee		3	(57)
Advances to affiliates, net		(3,611)	(2,116)
Net cash used in financing activities		(4,150)	(2,691)
Net change in cash and cash equivalents		78	(1,882)
Cash and cash equivalents, beginning of year		949	2,831
Cash and cash equivalents, end of year	$	1,027	949
Supplemental disclosures:			
Interest paid	$	778	790
Furniture and equipment acquired under capital leases		17	151

See accompanying notes to financial statements.

(1) Description of the Organization

Touro University (the University) was established in 1995 by its only member, Touro College (the College), a New York-based institution of higher and professional education. The University has two operating divisions: Touro University California (TUC) and Touro University Worldwide (TUW). TUC includes a College of Osteopathic Medicine (TUCOM), a College of Pharmacy, and a College of Education and Health Sciences. TUW operates a distance learning school offering associate, bachelor, master's and doctorate degrees and, through Touro College Los Angeles (TCLA), offers bachelor degrees in business management and administration as well as psychology. TUC and TUW are each separately accredited by the Western Association of Schools and Colleges. The University and the College are not-for-profit organizations exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code.

(2) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

The accompanying financial statements of the University have been prepared on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board (FASB) for external financial reporting by not-for-profit organizations. Those standards require the classification of activities and net assets into one of three classes as follows:

- Unrestricted: Net assets that are not subject to donor-imposed restrictions.
- Temporarily restricted: Net assets subject to donor-imposed restrictions that will be met by either actions of the University or the passage of time. Temporarily restricted net assets are primarily restricted for scholarships and construction.
- Permanently restricted: Net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the University, but permit the University to expend all or part of the income derived therefrom. The University did not have any permanently restricted net assets at June 30, 2017 and 2016.

Revenues and gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Contributions and investment return subject to donor-imposed restrictions that are met in the same reporting period as received are reported as unrestricted revenues. Expiration of restrictions on prior year temporarily restricted net asset balances is reported as net assets released from restrictions.

(b) Cash and Cash Equivalents

The University considers all highly liquid instruments with original maturities of three months or less to be cash and cash equivalents, except those cash and cash equivalents held for investment as part of the University's long-term investment strategy.

(c) *Student Tuition and Fees*

Tuition and fees and scholarships are recognized over the respective academic term. Receivable balances are reduced by an allowance for doubtful accounts. The allowance for doubtful accounts is management's best estimate of the probable loss based on historical collection experience. Management regularly assesses the collectibility of student tuition and fees receivable. Account balances are written off against the allowance when management determines it is probable the receivable will not be recovered. Revisions in the allowance for doubtful accounts estimate are recorded as adjustments to the provision for bad debts.

Collection of a significant portion of tuition and fees is reliant on government-sponsored student financial assistance programs.

(d) *Investments*

Investments with readily determinable fair values are reported at fair value based upon quoted market prices or published net asset value for alternative investments in funds similar to mutual funds. Alternative investments, including equity and fixed income funds, which are not deemed to have a readily determinable value, are reported at estimated fair value based on, as a practical expedient, net asset values provided by investment managers. These values are reviewed and evaluated by University management for reasonableness. The reported values may differ from the values that would have been reported had a ready market for these investments existed.

Purchases and sales are reflected on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected in the statement of activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

Investments are exposed to various risks, such as interest rate, market, credit, and other risks. Due to such risks and the level of uncertainty related to changes in the value of investment securities, it is at least possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

(e) *Fair Value Measurements*

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The University employs the three-tiered fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, defined as follows:

- Level 1 inputs are quoted prices or published net asset value (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than Level 1 that are observable, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, the University excludes from the fair value hierarchy investments for which fair value is measured using the net asset value per share practical expedient.

(f) Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair value as of the date of acquisition or receipt from a donor. Additions and improvements or betterments in excess of $3 with an estimated life of more than one year are capitalized. Repairs and maintenance items are expensed when incurred. Upon retirement or sale, the cost and accumulated depreciation are removed from the accounts and the resulting gains or losses are reported on the statement of activities.

For all depreciable assets placed in service, depreciation is provided on a straight-line basis over the estimated useful life of the assets as follows:

	Useful life (in years)
Buildings and improvements	40
Furniture and equipment	5–10
Library holdings	15

(g) Grants and Contributions

The University receives grants and contributions from a number of sources including the federal and state governments, private foundations, and individuals. Each contract or gift instrument is evaluated as to whether the transaction qualifies as an exchange transaction or a contribution. Grants that are treated as exchange transactions are reported as unrestricted revenue when expenses are incurred in accordance with contractual terms. The excess of amounts received in exchange transactions over the amount of expenditures incurred are classified in deferred revenue on the statement of financial position.

Receipts qualifying as contributions, including unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

(Dollars in thousands)

(h) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities as of the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. The most significant estimates are the valuation of investments and allocation of expenses to functional categories. Actual results may differ from those estimates.

(i) *Accounting for Uncertainty in Income Taxes*

The University prescribes to a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. As of June 30, 2017 and 2016, the University does not have any uncertain tax positions or any unrelated business income tax liability, which would have a material impact upon its financial statements.

(3) Investments

Investments are considered Level 1 and consist of the following at June 30, 2017 and 2016:

		2017	2016
Cash and cash equivalents	$	1,130	2,151
Equity securities:			
Domestic securities		—	2,618
Mutual funds:			
Equity mutual funds		5,592	3,532
Bond mutual funds		2,541	671
Real assets		456	433
	$	9,719	9,405

The composition of investment return reflected in the statements of activities for the years ended June 30, 2017 and 2016 is as follows:

		2017	2016
Dividend and interest income, net of investment management fees of $67 in 2017 and $67 in 2016	$	28	161
Net change in fair value of investments		470	(113)
Total investment return	$	498	48

(Dollars in thousands)

(4) Property and Equipment

Property and equipment consist of the following at June 30:

		2017	2016
Land	$	7,437	7,437
Buildings and improvements		21,484	20,873
Furniture and equipment		5,666	5,170
Construction in progress		231	424
Library holdings		1,361	1,323
		36,179	35,227
Less accumulated depreciation		(8,821)	(7,920)
Property and equipment, net	$	27,358	27,307

(5) Short-Term Debt

In 2016, The University entered into a $4,000 short-term revolving line of credit loan agreement (the Agreement) with a bank secured by a securities account with a minimum value of $6,200. Interest is payable monthly on any outstanding balance at 30-day London Interbank Offered Rate (LIBOR) plus 2%. The Agreement was extended to September 30, 2018 and increased to $5,000. There was no outstanding balance at June 30, 2017 and 2016.

(6) Long-Term Debt

The University's obligations under bonds payable and other debt as of June 30, 2017 and 2016 consist of the following:

	Maturity date	Interest rate		2017	2016
California Municipal Finance Authority (CMFA) (a):					
Series 2014 Bonds	2040	4.43 %	$	16,315	16,740
Bond premium				707	764
Capital lease obligations (b)	2020	2.99%–9.14%		173	273
				17,195	17,777
Less unamortized deferred financing costs				(464)	(485)
Long-term debt, net			$	16,731	17,292

(Continued)

(a) **CMFA Series 2014 Bonds** – On June 26, 2014, 26-year tax-exempt serial and term bonds with an aggregate principal amount of $17,545 (Series 2014) were issued on behalf of the University by CMFA (the Bonds). The Bonds were issued with a net premium of $895. The University has granted a mortgage on its properties located in Vallejo, California, with a net book value of approximately $26,022 and $26,146 at June 30, 2017 and 2016, respectively. In addition, pursuant to a Master Trust Indenture (MTI) by and among the University, the College, Touro University Nevada (TUN), and New York Medical College (collectively, the Obligated Group) and the Bank of New York Mellon as Master Trustee, a security interest is pledged for substantially all revenues of the Obligated Group, excluding donations restricted by the donors for uses other than debt service, (provided that this revenue pledge for the College is limited to its healthcare-related programs). In addition to the Bonds, bonds with an aggregate principal amount of $130,555 ($122,120 and $124,990 outstanding at June 30, 2017 and 2016, respectively), were issued on behalf of other members of the Obligated Group all of whose members are jointly and severally liable for the bond obligations described herein. In addition to the aforementioned mortgaged property, the other members of the Obligated Group have granted mortgages on other property with an aggregate book value of $132,489 and $132,015 as of June 30, 2017 and 2016, respectively, to secure all of the Bonds described herein. At June 30, 2017 and 2016, $1,185 of debt service reserve funds, and $649 and $652, respectively, of debt service funds were included in deposits with bond trustee, and are considered Level 1 in the fair value hierarchy.

(b) **Capital Lease Obligations** – Certain equipment is leased under noncancelable capital leases that require monthly payments. Equipment subject to capital lease obligations was $427 (net of accumulated depreciation and amortization of $221) as of June 30, 2017 and $462 (net of accumulated depreciation and amortization of $161) as of June 30, 2016.

Interest expense for the year ended June 30, 2017 and 2016 was $699 and $809, respectively.

The Bonds are subject to covenants, which impose restrictions and filing requirements on the Obligated Group. As of June 30, 2017 and 2016, the Obligated Group was in compliance with these covenants.

(Dollars in thousands)

Future scheduled minimum payments of long-term debt and estimated interest as of June 30, 2017 are as follows:

		Bonds principal	Capital lease principal	Interest	Total
Year:					
2018	$	439	81	754	1,274
2019		450	36	737	1,223
2020		465	38	720	1,223
2021		480	18	703	1,201
2022		495	—	685	1,180
Thereafter		13,986	—	7,298	21,284
	$	16,315	173	10,897	27,385

(7) Retirement Plan

Eligible employees may participate in a voluntary defined-contribution retirement plan. Employee contributions are matched, after a specified waiting period, up to 5% of salary. Voluntary and employer contributions are fully vested at the time of contribution. Employer contributions were $766 and $697 in 2017 and 2016, respectively.

(8) Related-Party Transactions

The College provided necessary funding and other support during the early years of the University's operations. The University continues to receive certain services from the College. The College entered into a services agreement with the University whereby certain central overhead costs of the College are to be allocated among related entities for operational and administrative services, based on relative revenue amounts. During the years ended June 30, 2017 and 2016, the College charged the University $9,991 and $9,674, respectively, pursuant to such agreement. The allocation of central overhead costs may not necessarily reflect the results the University might have achieved had it operated on a stand-alone basis since inception.

The University advanced $3,611 and $2,116 (net) to affiliates in 2017 and 2016, respectively. Amounts due from affiliates (net) were $20,039 and $18,544 as of June 30, 2017 and 2016, respectively. The University has agreed not to require repayment of such outstanding amounts as of June 30, 2017 prior to December 31, 2018.

During the years ended June 30, 2017 and 2016, the Board of Trustees of the University agreed to forgive $2,116 and $4,550, respectively, of the advances due from the College. This forgiveness is reflected in the statement of activities for the years ended June 30, 2017 and 2016 as a nonoperating activity.

(Dollars in thousands)

(9) Commitments and Contingencies

(a) Operating Leases

Certain facilities are leased under noncancelable operating leases, which expire at various dates through June 2026, some with options to extend.

Future commitments under noncancelable operating leases as of June 30, 2017 are as follows:

Year ending June 30:		
2018	$	379
2019		268
2020		251
2021		241
2022		214
Thereafter		693
	$	2,046

Rent expense, including escalations and other operating costs, was $547 and $427 in 2017 and 2016, respectively.

(b) Litigation

The University is a party to various legal actions and claims arising in the ordinary course of operations. While it is not feasible to predict the ultimate outcome of such matters, management is of the opinion that the resolution of such matters will not have a material adverse effect on the financial position or changes in net assets of the University. As of June 30, 2017, $1,000 has been accrued pertaining to such matters and is included in accounts and accrued expenses payable on the accompanying statements of financial position.

(c) Regulatory Audits

Amounts received and expended under federal and state programs are subject to audit by governmental agencies.

(Dollars in thousands)

(10) Functional Reporting of Expenses

The costs of the University's activities have been presented on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the activities benefited as follows:

	2017				
	Operations and maintenance	Depreciation expense	Interest expense	Direct expenses	Total
Instruction	$ 2,387	569	441	31,725	35,122
Academic support	348	82	64	5,151	5,645
Student services	439	104	81	6,294	6,918
Institutional support	406	96	74	6,291	6,867
Institutional support – Touro College	—	—	—	9,991	9,991
Auxiliary enterprises	214	50	39	3,079	3,382
	$ 3,794	901	699	62,531	67,925

	2016				
	Operations and maintenance	Depreciation expense	Interest expense	Direct expenses	Total
Instruction	$ 2,320	558	523	27,179	30,580
Academic support	441	107	100	9,584	10,232
Student services	370	90	83	6,385	6,928
Institutional support	338	82	76	5,060	5,556
Institutional support – Touro College	—	—	—	9,674	9,674
Auxiliary enterprises	118	28	27	1,652	1,825
	$ 3,587	865	809	59,534	64,795

(11) Subsequent Events

The University has evaluated events and transactions that occurred after June 30, 2017 through October 30, 2017, which was the date the financial statements were issued and no additional disclosures are needed.

KPMG

TOURO UNIVERSITY NEVADA

Financial Statements

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Member and Board of Trustees
Touro University Nevada:

We have audited the accompanying financial statements of Touro University Nevada (a Nevada not-for-profit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Touro University Nevada as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 30, 2017

TOURO UNIVERSITY NEVADA

Statements of Financial Position

June 30, 2017 and 2016

(Dollars in thousands)

Assets		**2017**	**2016**
Cash and cash equivalents	$	2,079	4,110
Receivables:			
Student tuition and fees, less allowance of $507 and $509, respectively		978	348
Other		2,814	667
Due from affiliates, net (note 6)		19,629	15,252
Property and equipment, net (note 3)		38,994	38,703
Deposits with bond trustee (note 4)		4,909	4,913
Other assets		671	554
Total assets	$	70,074	64,547
Liabilities and Net Assets			
Liabilities:			
Accounts and accrued expenses payable	$	2,846	3,986
Accrued payroll and related benefits payable		2,968	2,596
Deferred revenue		14,398	8,346
Other liabilities		343	—
Long-term debt, net (note 4)		34,729	35,322
Total liabilities		55,284	50,250
Commitments and contingencies (notes 4, 5, and 7)			
Net assets:			
Unrestricted		12,661	13,593
Temporarily restricted		2,129	704
Total net assets		14,790	14,297
Total liabilities and net assets	$	70,074	64,547

See accompanying notes to financial statements.

TOURO UNIVERSITY NEVADA

Statements of Activities

Years ended June 30, 2017 and 2016

(Dollars in thousands)

	2017			2016		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Operating revenue:						
Tuition and fees, net of allowance	$ 45,346	—	45,346	44,702	—	44,702
Less scholarships and grants	(204)	—	(204)	(111)	—	(111)
Net tuition and fees	45,142	—	45,142	44,591	—	44,591
Contributions and private grants	823	1,617	2,440	472	66	538
Government grants for research and sponsored projects	767	—	767	507	—	507
Investment return	94	151	245	75	(16)	59
Auxiliary enterprises	2,626	—	2,626	1,748	—	1,748
Other	962	—	962	891	—	891
Net assets released from restrictions	343	(343)	—	41	(41)	—
Total operating revenue	50,757	1,425	52,182	48,325	9	48,334
Operating expenses (note 8):						
Instruction and research	17,412	—	17,412	16,287	—	16,287
Academic support	5,831	—	5,831	5,809	—	5,809
Student services	6,136	—	6,136	5,663	—	5,663
Institutional support	8,276	—	8,276	8,547	—	8,547
Institutional support – Touro College (note 6)	7,394	—	7,394	6,941	—	6,941
Auxiliary enterprises	3,276	—	3,276	3,144	—	3,144
Total operating expenses	48,325	—	48,325	46,391	—	46,391
Change in net assets from operating activities	2,432	1,425	3,857	1,934	9	1,943
Nonoperating activity:						
Forgiveness of receivable due from Touro College (note 6)	(3,364)	—	(3,364)	(6,925)	—	(6,925)
Change in net assets	(932)	1,425	493	(4,991)	9	(4,982)
Net assets, beginning of year	13,593	704	14,297	18,584	695	19,279
Net assets, end of year	$ 12,661	2,129	14,790	13,593	704	14,297

See accompanying notes to financial statements.

TOURO UNIVERSITY NEVADA

Statements of Cash Flows

Years ended June 30, 2017 and 2016

(Dollars in thousands)

		2017	2016
Cash flows from operating activities:			
Change in net assets	$	493	(4,982)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		1,333	1,341
Amortization of deferred financing costs		40	41
Amortization of bond premium, net		(63)	(66)
Forgiveness of receivable due from Touro College		3,364	6,925
Changes in operating assets and liabilities:			
Student receivables, net		(617)	85
Other receivables		(2,147)	207
Other assets		(117)	(47)
Accounts and accrued expenses payable		(1,206)	2,185
Accrued payroll and related benefits payable		372	654
Deferred revenue		6,052	2,840
Other liabilities		343	(15)
Net cash provided by operating activities		7,847	9,168
Cash flows from investing activities:			
Purchases of property and equipment		(1,246)	(1,287)
Change in accounts payable for capital		66	(187)
Disbursement of student loans		(20)	—
Collection of student loans		7	—
Net cash used in investing activities		(1,193)	(1,474)
Cash flows from financing activities:			
Repayment of long-term debt		(948)	(866)
Change in deposits with bond trustee		4	(90)
Advances to affiliates, net		(7,741)	(3,364)
Net cash used in financing activities		(8,685)	(4,320)
Net (decrease) increase in cash and cash equivalents		(2,031)	3,374
Cash and cash equivalents, beginning of year		4,110	736
Cash and cash equivalents, end of year	$	2,079	4,110
Supplemental disclosures:			
Interest paid	$	1,801	1,818
Furniture and equipment acquired under capital leases		378	34

See accompanying notes to financial statements.

(1) Description of the Organization

Touro University Nevada (the University) was established in Nevada in 2003 by its sole member, Touro College (the College), a New York-based institution of higher and professional education. The University operates a college of Osteopathic Medicine, which offers a four-year program leading to a degree of Doctor of Osteopathic Medicine and a masters' degree in Physician Assistant Studies, and a College of Health and Human Services, which offers degrees in occupational and physical therapy, nursing, education, and other programs. The University operates as a branch campus of Touro University's (TU) campus in Vallejo, California (TUC). The University is included in TUC's accreditation by the Western Association of Schools and Colleges. The University, the College, and TU are not-for-profit organizations exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code.

(2) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

The accompanying financial statements of the University have been prepared on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board (FASB) for external financial reporting by not-for-profit organizations. Those standards require the classification of activities and net assets into one of three classes as follows:

- Unrestricted: Net assets that are not subject to donor-imposed restrictions.
- Temporarily restricted: Net assets subject to donor-imposed restrictions that will be met by either actions of the University or the passage of time. Temporarily restricted net assets are primarily time restricted for department use.
- Permanently restricted: Net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the University, but permit the University to expend all or part of the income derived therefrom. The University did not have any permanently restricted net assets at June 30, 2017 and 2016.

Revenues and gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Contributions and investment return subject to donor-imposed restrictions that are met in the same reporting period as received are reported as unrestricted revenues. Expiration of temporary restrictions on prior year net asset balances is reported as net assets released from restrictions.

(b) Cash and Cash Equivalents

The University considers all highly liquid instruments with original maturities of three months or less to be cash and cash equivalents, except those cash and cash equivalents held for investment as part of the University's long-term investment strategy.

(c) Student Tuition and Fees

Tuition and fees and scholarships are recognized over the respective academic term. Receivable balances are reduced by an allowance for doubtful accounts. The allowance for doubtful accounts is management's best estimate of the probable loss based on historical collection experience. Management regularly assesses the collectibility of student tuition and fees receivable. Account balances are written off against the allowance when management determines it is probable the receivable will not be recovered. Revisions in the allowance for doubtful accounts estimate are recorded as adjustments to the provision for bad debts.

Collection of a significant portion of tuition and fees is reliant on government-sponsored student financial assistance programs.

(d) Investments

Investments with readily determinable fair values are reported at fair value based upon quoted market prices or published net asset value for alternative investments in funds similar to mutual funds. Alternative investments, including equity and fixed income funds, which are not deemed to have a readily determinable value, are reported at estimated fair value based on, as a practical expedient, net asset values provided by investment managers. These values are reviewed and evaluated by University management for reasonableness. The reported values may differ from the values that would have been reported had a ready market for these investments existed.

Purchases and sales are reflected on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected in the statement of activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

Investments are exposed to various risks, such as interest rate, market, credit, and other risks. Due to such risks and the level of uncertainty related to changes in the value of investment securities, it is at least possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

(e) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The University employs the three-tiered fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, defined as follows:

- Level 1 inputs are quoted prices or published net asset value (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than Level 1 that are observable, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, the University excludes from the fair value hierarchy investments for which fair value is measured using the net asset value per share practical expedient.

(f) Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair value as of the date of acquisition or receipt from a donor. Additions and improvements or betterments in excess of $3 with an estimated life of more than one year are capitalized. Repairs and maintenance items are expensed when incurred. Upon retirement or sale, the cost and accumulated depreciation are removed from the accounts and the resulting gains or losses are reported on the statement of activities.

For all depreciable assets placed in service, depreciation is provided on a straight-line basis over the estimated useful life of the assets as follows:

	Useful life (in years)
Buildings and improvements	40
Furniture and equipment	5–10
Library holdings	15

(g) Grants and Contributions

The University receives grants and contributions from a number of sources, including the federal and state government, private foundations, and individuals. Each contract or gift instrument is evaluated as to whether the transaction qualifies as an exchange transaction or a contribution. Grants that are treated as exchange transactions are reported as unrestricted revenue when expenses are incurred in accordance with contractual terms. The excess of amounts received in exchange transactions over the amount of expenditures incurred are classified in deferred revenue on the statement of financial position.

Receipts qualifying as contributions, including unconditional promises to give (pledges), are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

(h) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant estimate is the allocation of expenses to functional categories. Actual results may differ from those estimates.

(Continued)

(Dollars in thousands)

(l) Accounting for Uncertainty in Income Taxes

The University subscribes to a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. As of June 30, 2017 and 2016, the University does not have any uncertain tax positions or any unrelated business income tax liability, which would have a material impact upon its financial statements.

(3) Property and Equipment

Property and equipment consist of the following at June 30:

		2017	2016
Land	$	7,731	7,731
Buildings and improvements		40,248	38,598
Furniture and equipment		5,642	4,917
Construction in process		23	798
Library holdings		222	198
		53,866	52,242
Less accumulated depreciation		(14,872)	(13,539)
Property and equipment, net	$	38,994	38,703

(4) Long-Term Debt

The University's obligations under long-term debt as of June 30 consist of the following:

Description	Maturity date	Interest rate		2017	2016
City of Henderson, Nevada Public Improvement Trust Bonds (a)					
Series 2014A – tax-exempt bond	2044	5.01 %	$	23,765	23,965
Bond premium, net				1,276	1,341
Series 2014B – taxable bond	2029	5.49 %		10,060	10,690
Bond discount				(23)	(25)
Capital lease obligations (b)	2021	2.99%–13.06%		436	176
				35,514	36,147
Less unamortized deferred financing costs				(785)	(825)
Long-term debt, net			$	34,729	35,322

(a) **City of Henderson, Nevada Public Improvement Trust Bonds** – On June 26, 2014, 30-year tax-exempt serial and term bonds with an aggregate principal amount of $24,365 (Series 2014A) and 15-year federally taxable serial and term bonds with an aggregate principal amount of $11,905

(Continued)

(Series 2014B) were issued on behalf of the University by the City of Henderson, Nevada, Public Improvement Trust (together, the Bonds). The Series 2014A Bonds were issued with a net premium of $1,479, and the Series 2014B Bonds were issued at a discount of $30. The University has granted a mortgage on its properties with a net book value of approximately $37,887 and $37,865 at June 30, 2017 and 2016, respectively. In addition, pursuant to a Master Trust Indenture (MTI) by and among the University, the College, TU, and New York Medical College (collectively, the Obligated Group) and the Bank of New York Mellon as Master Trustee, a security interest is pledged for substantially all revenues of the Obligated Group, excluding donations restricted by the donors for uses other than debt service, (provided that this revenue pledge for the College is limited to its healthcare related programs). In addition to the Bonds, bonds with an aggregate principal amount of $111,830, ($104,610 and $107,075, outstanding as of June 30, 2017 and 2016, respectively) were issued on behalf of other members of the Obligated Group all of whose members are jointly and severally liable for the bond obligations described herein. In addition to the aforementioned mortgaged property, the other members of the Obligated Group have granted mortgages on other property with an aggregate book value of $120,624 and $120,296 as of June 30, 2017 and 2016, respectively, to secure all of the Bonds described herein. At June 30, 2017 and 2016, $2,650 and $2,650, respectively, of debt service reserve funds, $860 and $860, respectively, of construction funds, and $1,399 and $1,403, respectively, of debt service funds were included in deposits with bond trustee, and are considered Level 1 in the fair value hierarchy.

(b) **Capital Lease Obligations** – Certain equipment leased under noncancelable capital leases require monthly payments. Property and equipment subject to capital lease obligations were $636 (net of accumulated depreciation of $135) as of June 30, 2017 and $258 (net of accumulated depreciation of $74) as of June 30, 2016.

Interest expense for the years ended June 30, 2017 and 2016 was $1,806 and $1,771, respectively.

The Bonds are subject to covenants, which impose restrictions and filing requirements on the Obligated Group. As of June 30, 2017 and 2016, the Obligated Group was in compliance with these covenants.

(Continued)

(Dollars in thousands)

Future scheduled payments of long-term debt and estimated interest as of June 30, 2017 (assuming interest rates in effect as of June 30, 2017) are as follows:

	Bonds principal	Capital lease principal	Interest	Total
Year:				
2018	$ 845	120	1,809	2,774
2019	865	131	1,771	2,767
2020	890	97	1,729	2,716
2021	920	88	1,682	2,690
2022	950	—	1,635	2,585
Thereafter	29,355	—	19,893	49,248
	$ 33,825	436	28,519	62,780

(5) Retirement Plan

Eligible employees may participate in a voluntary defined-contribution retirement plan. Employee contributions are matched, after a specified waiting period, up to 5% of base salary. Voluntary and employer contributions are fully vested at the time of contribution. Employer contributions totaled $576 and $453 in 2017 and 2016, respectively.

(6) Related-Party Transactions

The College and TU provided necessary funding and other support during the early years of the University's operations. The University continues to receive certain services from the College and TU. The College entered into a services agreement with the University whereby certain central overhead costs of the College are to be allocated among related entities for operational and administrative services, based on relative revenue amounts. During the years ended June 30, 2017 and 2016, the College charged the University $7,394 and $6,941, respectively, for the allocation of such costs. The allocation of central overhead costs may not necessarily reflect the results the University might have achieved had it operated on a stand-alone basis since inception.

The University paid $7,741 and $3,364 (net) to affiliates in 2017 and 2016, respectively. Amounts due from affiliates (net) were $19,629 and $15,252 as of June 30, 2017 and 2016, respectively. The University will not require repayment of amounts due from the College as of June 30, 2017 prior to December 31, 2018.

During the years ended June 30, 2017 and 2016, the Board of Trustees of the University agreed to forgive $3,364 and $6,925, respectively, of the receivable due from the College that the University had advanced to the College in prior years. This forgiveness is reflected in the statements of activities for the years ended June 30, 2017 and 2016 as a nonoperating activity.

(7) Commitments and Contingencies

(a) Operating Leases

Certain facilities are leased under operating leases, which are either on a month-to-month basis or expire within 2018.

(b) Litigation

The University is a party to various legal actions and claims arising in the ordinary course of operations. While it is not feasible to predict the ultimate outcome of such matters, management is of the opinion that the resolution of such matters will not have a material adverse effect on the financial position or changes in net assets of the University.

(c) Regulatory Audits

Amounts received and expended under federal and state programs are subject to audit by governmental agencies. While there are currently no open audits, in the opinion of management, audit adjustments, if any, will not have a material adverse effect on the financial position or changes in net assets of the University.

(Dollars in thousands)

(8) Functional Reporting of Expenses

The costs of the University's activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the activities benefited as follows:

	June 30, 2017				
	Operations and maintenance	Depreciation expense	Interest expense	Direct expenses	Total
Instruction	$ 701	567	769	15,375	17,412
Academic support	236	191	258	5,146	5,831
Student services	249	201	273	5,413	6,136
Institutional support	336	272	368	7,300	8,276
Institutional support – Touro College	—	—	—	7,394	7,394
Auxiliary enterprises	126	102	138	2,910	3,276
Total	$ 1,648	1,333	1,806	43,538	48,325

	June 30, 2016				
	Operations and maintenance	Depreciation expense	Interest expense	Direct expenses	Total
Instruction	$ 205	555	733	14,794	16,287
Academic support	73	196	259	5,281	5,809
Student services	71	192	254	5,146	5,663
Institutional support	108	291	384	7,764	8,547
Institutional support – Touro College	—	—	—	6,941	6,941
Auxiliary enterprises	39	107	141	2,857	3,144
Total	$ 496	1,341	1,771	42,783	46,391

(9) Subsequent Events

The University has evaluated events and transactions that occurred after June 30, 2017 through October 30, 2017, the date the financial statements were issued, and concluded that no further disclosures are required.

KPMG

NEW YORK MEDICAL COLLEGE

Financial Statements

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

KPMG

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
New York Medical College:

We have audited the accompanying financial statements of New York Medical College, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York Medical College as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 31, 2017

NEW YORK MEDICAL COLLEGE

Statements of Financial Position

June 30, 2017 and 2016

(Dollars in thousands)

Assets		2017	2016
Cash and cash equivalents	$	11,355	9,637
Receivables (note 3):			
Student tuition and fees, net		449	633
Student loans, net		9,609	10,292
Other, net		14,296	18,264
Investments (notes 4 and 11)		73,493	70,723
Deposits with bond trustee (notes 5 and 8)		18,642	24,248
Property and equipment, net (note 9)		177,715	175,666
Intangible and other assets, net (note 10)		11,776	11,598
Beneficial interest in perpetual trusts (notes 2(j) and 5)		12,081	11,007
Total assets	$	329,416	332,068
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	15,442	16,459
Accrued payroll and related benefits payable (note 14)		11,458	12,332
Deferred revenue		14,322	12,420
Short-term debt (note 11)		19,500	20,750
Long-term debt (note 12)		81,531	83,217
Refundable federal student loans		8,160	9,716
Other liabilities		2,442	2,813
Total liabilities		152,855	157,707
Contingencies and commitments (notes 11, 12, 13, 14, and 16)			
Net assets (notes 6 and 7):			
Unrestricted		116,390	118,114
Temporarily restricted		20,711	19,024
Permanently restricted		39,460	37,223
Total net assets		176,561	174,361
Total liabilities and net assets	$	329,416	332,068

See accompanying notes to financial statements.

NEW YORK MEDICAL COLLEGE

Statements of Activities

Years ended June 30, 2017 and 2016

(Dollars in thousands)

	2017				2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Changes in operating activities:								
Operating revenue:								
Tuition and fees	$ 60,141	—	—	60,141	58,327	—	—	58,327
Less scholarships and grants	(4,471)	—	—	(4,471)	(3,447)	—	—	(3,447)
Net tuition and fees	55,670	—	—	55,670	54,880	—	—	54,880
Affiliation contracts and faculty practice	27,200	—	—	27,200	31,142	—	—	31,142
Government grants for research and sponsored projects	20,271	—	—	20,271	18,276	—	—	18,276
Contributions and private grants	2,646	350	1,082	4,078	2,547	365	489	3,401
Investment return (note 4)	3,131	—	—	3,131	4,060	—	—	4,060
Auxiliary enterprises	4,918	—	—	4,918	5,023	—	—	5,023
Other	6,367	—	101	6,468	5,531	—	81	5,612
Total operating revenue	120,203	350	1,183	121,736	121,459	365	570	122,394
Operating expenses (note 15):								
Instruction and research	52,478	—	—	52,478	52,324	—	—	52,324
Academic support	8,968	—	—	8,968	9,601	—	—	9,601
Affiliation contracts and faculty practice	25,435	—	—	25,435	29,192	—	—	29,192
Student services	8,894	—	—	8,894	7,873	—	—	7,873
Institutional support	25,092	—	—	25,092	25,975	—	—	25,975
Auxiliary enterprises	2,540	—	—	2,540	3,034	—	—	3,034
Total operating expenses	123,407	—	—	123,407	127,999	—	—	127,999
Change in net assets from operating activities	(3,204)	350	1,183	(1,671)	(6,540)	365	570	(5,605)
Nonoperating activities:								
Investment return in excess of (less than) amount appropriated for operations (note 4)	2,137	1,337	(20)	3,454	(3,170)	(2,282)	13	(5,439)
Postretirement-related changes other than net periodic benefit cost (note 14)	(457)	—	—	(457)	(1,521)	—	—	(1,521)
Change in fair value of beneficial interest in perpetual trust (note 5)	—	—	1,074	1,074	—	—	(1,115)	(1,115)
Other	(200)	—	—	(200)	(1,202)	—	702	(500)
Total nonoperating activities	1,480	1,337	1,054	3,871	(5,893)	(2,282)	(400)	(8,575)
Change in net assets	(1,724)	1,687	2,237	2,200	(12,433)	(1,917)	170	(14,180)
Net assets at beginning of year	118,114	19,024	37,223	174,361	130,547	20,941	37,053	188,541
Net assets at end of year	$ 116,390	20,711	39,460	176,561	118,114	19,024	37,223	174,361

See accompanying notes to financial statements.

NEW YORK MEDICAL COLLEGE

Statements of Cash Flows

Years ended June 30, 2017 and 2016

(Dollars in thousands)

		2017	2016
Cash flows from operating activities:			
Change in net assets	$	2,200	(14,180)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		9,215	8,767
Amortization of bond premium, net		(90)	(90)
Provision for doubtful receivables		199	960
Postretirement-related changes other than net periodic benefit cost		457	1,521
Amortization of deferred financing costs		108	108
Accretion of imputed interest		124	154
Net change in fair value of investments		(5,460)	1,608
Permanently restricted contributions		(1,082)	(489)
Contributions restricted for capital purposes		(768)	(399)
(Appreciation) depreciation in fair value of beneficial interest in perpetual trusts		(1,074)	1,115
Changes in operating assets and liabilities:			
Student tuition and fees, net		115	(486)
Other receivables		3,968	(6,746)
Other assets		(178)	279
Accounts payable and accrued expenses		(1,017)	4,678
Accrued payroll and related benefits payable		(1,331)	512
Deferred revenue		1,902	6,843
Other liabilities, net		(371)	97
Other		—	(14)
Net provided by operating activities		6,917	4,238
Cash flows from investing activities:			
Purchases of property and equipment		(11,630)	(10,352)
Disbursement of student loans		(1,687)	(1,980)
Collection of student loans		2,628	3,049
Sales of investments		76,301	30,857
Purchases of investments		(73,611)	(22,359)
Net cash used in investing activities		(7,999)	(785)
Cash flows from financing activities:			
Short-term debt, net		(1,250)	(450)
Proceeds from long-term debt		773	—
Decrease in deposits with bond trustee		5,606	7,566
Repayment of long-term debt		(2,601)	(2,488)
Repayment refundable federal student loans		(1,578)	69
Permanently restricted contributions		1,082	489
Contributions restricted for capital purposes		768	399
Net cash provided by financing activities		2,800	5,585
Net increase in cash and cash equivalents		1,718	9,038
Cash and cash equivalents, beginning of year		9,637	599
Cash and cash equivalents, end of year	$	11,355	9,637
Supplemental disclosures:			
Interest paid	$	4,466	4,467

See accompanying notes to financial statements.

(1) Description of Organization

New York Medical College (the College), a member of the Touro College and University System, is a health sciences university whose enrollment approximates 1,400 students. The College is committed to educating individuals for careers in the medical, science, and health professions. The College is a not-for-profit organization exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code.

The College is a membership, not-for-profit corporation in the State of New York. On May 13, 2011, NYMC, LLC, a wholly controlled subsidiary of Touro College (Touro), a New York-based institution of higher and professional education, acquired 100% of the membership interest in the College from the then current members, and thereby, the right to exercise the reserved powers and authority as the sole member of the College.

There are three schools within the College – a School of Medicine, conferring the MD degree; and two graduate schools, the Graduate School of Basic Medical Sciences and the School of Health Sciences and Practice, which offer Master of Science (MS), Master of Public Health (MPH), and doctoral (PhD, Dr. PH, DPT) degrees in 26 program areas and 9 certification programs.

The College is the only academic biomedical research institution in the Hudson Valley region. Nearly 230 scientists at the College conduct research ranging from fundamental investigations in molecular biology to investigations of potential new drugs used in the treatment of patients. Support for the College's research programs, from both government and private sources, is significant.

The College's healthcare network extends south into New York City and its metropolitan area, north into Westchester County and the mid-Hudson Valley in New York State, east into Connecticut, and west into New Jersey. Educational resources are provided to the College by 18 affiliated facilities that include large urban medical centers, small suburban hospitals, and technologically advanced, regional tertiary care facilities. This network enables the College to offer its medical students diverse patient care experiences. The College has a national reputation for a strong educational program in primary care. The College has a contractual relationship with Westchester Medical Center (WMC), an academic medical center in Valhalla, New York, responsible for advancing the quality of the nation's health through its teaching and research activities. The College has other affiliation contracts with other healthcare organizations to provide physician services under these arrangements.

(2) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

The accompanying financial statements of the College have been prepared on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board for external financial reporting by not-for-profit organizations. Those standards require the classification of activities and net assets into one of three classes as follows:

- Unrestricted: Net assets that are not subject to donor-imposed restrictions.
- Temporarily restricted: Net assets subject to donor-imposed restrictions that will be met by either actions of the College or the passage of time.

- Permanently restricted: Net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by the College, but permit the College to expend all or part of the income derived therefrom.

Revenue and gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Contributions and investment return subject to donor-imposed restrictions that are met in the same reporting period as received are reported as unrestricted revenue. Expiration of temporary restrictions on prior year net asset balances is reported as net assets released from restrictions.

(b) Cash and Cash Equivalents

The College considers all highly liquid debt instruments with original maturities of three months or less to be cash and cash equivalents, except those cash and cash equivalents that are held for investment as part of the College's long-term investment strategy.

(c) Student Tuition and Fees and Other Receivables

Student tuition and fees and scholarships are recognized as earned over the respective academic terms. Receivables balances are reduced by an allowance for doubtful accounts. The allowance for doubtful accounts is management's best estimate of the probable loss based on historical collection experience. Management regularly assesses the collectability of student tuition and fees receivable. Account balances are written off against the allowance when management determines it is probable the receivable will not be recovered. Revisions in the allowance for doubtful accounts estimate are recorded as adjustments to the provision for bad debts.

Collection of a significant portion of tuition and fees is reliant on government-sponsored student financial assistance programs.

(d) Student Loans Receivable

The College makes uncollateralized loans to students based on financial need. Student loans are funded mainly through federal government loan programs. The College's student loan receivables represent the amounts due from current and former students under the Federal Perkins, Primary Care, and College-sponsored loan programs. Loans disbursed under the Federal Perkins and Primary Care loan programs are able to be assigned to the federal government in certain nonrepayment situations. In these situations, the federal portion of the loan balance is guaranteed.

Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including consideration of economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, the value of any collateral, the aging of loans, loan default rate, and where applicable, the existence of any guarantees or indemnifications. The amount of the allowance is adjusted based on the results of management's analysis.

(Continued)

(e) Refundable Federal Student Loans

Funds provided by the federal government under federal loan programs are loaned to qualified students and may be loaned again after cash collections. These funds are ultimately refundable to the government and are recognized as a liability in the accompanying statements of financial position.

(f) Pledges Receivable

Unconditional promises to give (pledges) are recorded as revenue at fair value in the period pledged. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions) and discounting such amounts at a risk-adjusted rate commensurate with the duration of the donor's payment plan. Amortization of the discount is recorded as additional contribution revenue. Conditional pledges and pledges subject to a substantial risk of forfeiture are not recorded until the conditions are substantially met or the risks eliminated.

(g) Operating Measure

The operating activities of the College include all revenue and expenses related to carrying out its mission of education and research. The operating measure also includes amounts related to the spending rate policy and any additional budgeted investment returns on endowment funds as approved by the Board of Trustees of the College to protect the inflation-adjusted value of the endowment. The operating activities exclude investment return in excess of (less than) the spending rate, postretirement-related changes other than net periodic benefit cost, change in fair value of beneficial interest in perpetual trusts, and other nonrecurring items.

(h) Investments

Investments with readily determinable fair values are reported at fair value based upon quoted market prices or published net asset value for alternative investments in funds similar to mutual funds. Alternative investments, including equity and fixed income funds, which are not deemed to have a readily determinable fair value are reported at estimated fair value based on, as a practical expedient, net asset values provided by investment managers. These values are reviewed and evaluated by College management for reasonableness. The reported values may differ from the values that would have been reported had a ready market for these investments existed.

Purchases and sales are reflected on a trade-date basis. Realized gains and losses are determined on the basis of average cost of securities sold and are reflected on the statements of activities. Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis.

Investments are exposed to various risks, such as interest rate, market, credit, and other risks. Due to such risks and the level of uncertainty related to changes in the value of investment securities, it is at least possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the financial statements.

(Continued)

(i) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The College employs the three-tiered fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, defined as follows

- Level 1 inputs are quoted prices or published net asset values (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than Level 1 that are observable, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, the College excludes from the fair value hierarchy investments for which fair value is measured using the net asset value per share practical expedient.

(j) Beneficial Interest in Perpetual Trusts

The College is the recipient of beneficial interests whereby donors have established and funded perpetual trusts administered and held by financial institutions. The College is entitled to the income earned on the trust assets in perpetuity; therefore, they are recorded as permanently restricted net assets. The College has no control over investment decisions regarding these assets. The beneficial interests in perpetual trusts are categorized as Level 3 in the fair value hierarchy due to the lack of control of the permanently restricted trust assets. The fair value of the assets of perpetual trusts is based upon quoted market prices at year-end. As of June 30, 2017 and 2016, the fair value of the perpetual trusts is $12,081 and $11,007, respectively.

(k) Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair value as of the date of acquisition or receipt from a donor. Additions and improvements or betterments having a useful life of more than one year are capitalized. Maintenance and repair costs are expensed when incurred. Upon retirement or sale, the cost and accumulated depreciation are removed from the accounts and the resulting gains or losses are reported on the statements of activities.

Depreciation and amortization is provided on a straight-line basis over the estimated useful lives, or the terms of the lease for the applicable plant assets, if shorter, as follows: buildings and building improvements, 25–43 years; library holdings, 10–20 years; equipment and computer software, 3–15 years; leasehold improvements, 25–30 years; and interest in leased properties, 20–30 years.

(l) Long-Lived Assets

Long-lived assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The College measures the recoverability of assets to be held and used by a comparison of the carrying amount of the assets to the expected net future cash flows to be generated by the asset. If such assets are deemed to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There was no impairment loss for the years ended June 30, 2017 and 2016.

(m) Affiliation Contracts and Faculty Practice

Revenue and expenses from affiliation contracts primarily reflect the contractual relationship with Westchester Medical Center (WMC) for the provision of salaries and fringe benefits and allowable overhead for physicians providing services under the arrangement. For the years ended June 30, 2017 and 2016, revenue from WMC totaled $19,741 and $21,134, respectively. Additionally, faculty practice revenue totaled $5,108 and $8,798 for the years ended June 30, 2017 and 2016, respectively.

(n) Intangible Assets

Intangible assets consist of trade name and accreditation status, which is indefinite lived and evaluated for impairment on an annual basis.

(o) Grants and Contributions

The College receives grants and contributions from a number of sources, including the federal government, private foundations, and individuals. The contracts or gift instruments are evaluated as to whether the transaction qualifies as exchange transactions or a contribution. Grants and contributions that are treated as exchange transactions are reported as unrestricted revenue when expenses are incurred in accordance with contractual terms. The excess of amounts received in exchange transactions over the amount of expenditures incurred are reported as deferred revenue on the statements of financial position.

Receipts qualifying as contributions, including unconditional promises to give (pledges), are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

(p) Fundraising

Institutional support expenses included total fundraising expenses of $939 and $861, respectively, for the years ended June 30, 2017 and 2016. Fundraising activities of the College include the salaries and employee benefits of program staff that develop proposals for fundraising, solicit contributions, and conduct specific fundraising events. Fundraising costs are expensed as incurred.

(q) *Functional Reporting of Expenses*

The costs of the College's activities have been presented on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the activities benefited. The College allocates operation and maintenance of plant, depreciation, and interest expense based on proportional expenditures using estimates of building square footage and the functional use of each facility financed by debt.

(r) *Accounting for Uncertainty in Income Taxes*

The College prescribes to a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. As of June 30, 2017 and 2016, the College does not have any uncertain tax positions or any unrelated business income tax liability, which would have a material impact upon its financial statements.

(s) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingencies as of the date of the financial statements and the reported amounts of revenue, expenses, gains, and losses during the reporting period. The most significant estimates are the allowance for doubtful accounts, fair value of investments, postretirement benefit obligation, and the allocation of expenses to their functional categories. Actual results may differ from those estimates.

(t) *Reclassifications*

There were reclassifications made to certain 2016 amounts to conform with the current year presentation.

(Continued)

(Dollars in thousands)

(3) Receivables

Receivables at June 30, 2017 and 2016 consist of the following:

		2017		
		Receivable	Allowance for doubtful accounts	Net receivable
Student tuition and fees	$	595	(146)	449
Student loans	$	10,192	(583)	9,609
Other:				
Government and other grants	$	5,965	—	5,965
Affiliation contracts		2,852	(1,036)	1,816
Faculty practice plans		726	(116)	610
Pledges and bequests receivable		2,972	—	2,972
Miscellaneous		4,157	(1,224)	2,933
Total other	$	16,672	(2,376)	14,296

		2016		
		Receivable	Allowance for doubtful accounts	Net receivable
Student tuition and fees	$	779	(146)	633
Student loans	$	10,806	(514)	10,292
Other:				
Government and other grants	$	6,414	—	6,414
Affiliation contracts		3,719	(1,139)	2,580
Faculty practice plans		5,303	(3,820)	1,483
Pledges and bequests receivable		5,678	—	5,678
Miscellaneous		3,281	(1,172)	2,109
Total other	$	24,395	(6,131)	18,264

NEW YORK MEDICAL COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

(Dollars in thousands)

The following tables provide an analysis of the aging of certain receivables as of June 30, 2017 and 2016:

		2017					
		1–30 days past due	30–60 days past due	Greater than 60 days past due	Total past due	Current	Total
Student loans	$	133	30	1,294	1,457	8,735	10,192
Affiliation contracts		52	52	1,702	1,806	1,046	2,852
Faculty practice plans		64	55	502	621	105	726
Pledges and bequests		—	—	691	691	2,281	2,972
Miscellaneous		188	83	1,913	2,184	1,973	4,157

		2016					
		1–30 days past due	30–60 days past due	Greater than 60 days past due	Total past due	Current	Total
Student loans	$	162	60	1,519	1,741	9,065	10,806
Affiliation contracts		40	40	2,223	2,303	1,416	3,719
Faculty practice plans		326	192	4,636	5,154	149	5,303
Pledges and bequests		—	—	589	589	5,089	5,678
Miscellaneous		216	266	1,140	1,622	1,659	3,281

Pledges and bequests receivable as of June 30, 2017 and 2016 consist of the following:

		2017	2016
Amounts due in less than one year	$	784	1,304
Amounts due in one to five years		2,608	4,762
		3,392	6,066
Less discount to net present value (discount rate of 3.25% in both years)		(420)	(388)
	$	2,972	5,678

(Dollars in thousands)

(4) Investments

Investments, at fair value, as of June 30, 2017 and 2016 consist of the following:

		2017	2016
Level 1 investments:			
Cash and cash equivalents	$	4,191	786
Equity securities		4,099	33
Fixed income securities:			
U.S. government obligations		1,336	—
Mutual funds		51,116	42,064
Alternative investments:			
Equity and fixed income funds:			
Global equity funds (a)		—	7,260
Global large/mid cap funds (b)		—	2,462
High-quality bond fund (c)		—	1,148
Global bond fund (d)		—	1,096
Hedge fund strategies:			
Real assets (h)		—	716
Level 2 investments:			
Fixed income securities:			
Corporate bonds		7,917	—
Investments measured at net asset value as a practical expedient for fair value:			
Alternative investments:			
Hedge fund strategies:			
Diversifying funds (e)		—	2,652
Global hedged equity funds (f)		1,708	5,462
Relative value and event driven (g)		1,165	3,986
Real estate partnership (i)		652	2,177
Other		1,309	881
Total investments measured at net asset value as a practical expedient for fair value		4,834	15,158
Total investments	$	73,493	70,723

(a) Consists of securities in emerging and developed markets diversified across growth and value styles.

(b) Consists of investments in large and mid cap equity securities using an indexing investment approach.

(c) Consists of high quality, investment grade only, fixed income securities.

(d) Consists of securities issued by U.S. and foreign governments, their agencies and instrumentalities, U.S. and foreign corporations, and asset-backed and mortgage-backed securities.

(e) Includes investments designed to identify opportunities through mathematical, algorithmic and technical models, including international and domestic investments within equity indices, currencies, interest rates, and commodities.

(f) Funds that invest in long and short positions on equity securities primarily issued by international companies.

(g) Investments in three strategies; credit, event driven, and multi-strategy. Credit funds consist of investments in assets such as distressed and current pay bonds and bank debt, mortgage-backed securities, both residential and commercial, as well as post re-organization equity liquidations. Event driven funds consist of investments in common and preferred equities and various types of debt, often based on the assessment that a particular event will occur. Multi-strategy funds consist of investments in multiple investment strategies including but not limited to hedged equity, event driven, and diversified hedge.

(h) Investments across a broad range of commodity oriented asset categories and pursues a multi-strategy approach to investing in commodities markets. At least 80% of the net assets of the fund will have investment exposure to commodities with the remaining portion allocated to noncommodity investments.

(i) Investments in real estate funds invested in office, multifamily, industrial, and other commercial real estate properties or other commercial real estate investments located primarily in the United States. The objective of the partnership is to achieve long-term gross returns while focusing on the preservation of capital. The partnerships do not permit redemptions.

Equity and fixed income and hedge fund strategies may be redeemed once a month with approximately two weeks' notice required.

Certain investments have been pledged as security for its outstanding debt obligations (notes 11 and 12).

NEW YORK MEDICAL COLLEGE

Notes to Financial Statements

June 30, 2017 and 2016

(Dollars in thousands)

The following schedule summarizes the investment return for the years ended June 30, 2017 and 2016:

		2017	2016
Dividends and interest, net of investment management fees of $158 and $144 in 2017 and 2016, respectively	$	1,125	229
Net appreciation (depreciation) in fair value of investments		5,460	(1,608)
Total investment return		6,585	(1,379)
Investment return appropriated for operations		3,131	4,060
Investment return in excess of (less than) amounts appropriated for operations	$	3,454	(5,439)

(5) Fair Value Measurements

The fair value of financial assets other than investments that are measured at fair value at June 30, 2017 and 2016 is as follows:

	2017			
	Total	Level 1	Level 2	Level 3
Beneficial interest in perpetual trusts	$ 12,081	—	—	12,081
Deposits with bond trustee:				
U.S. government obligations	18,642	18,642	—	—

	2016			
	Total	Level 1	Level 2	Level 3
Beneficial interest in perpetual trusts	$ 11,007	—	—	11,007
Deposits with bond trustee:				
U.S. government obligations	24,248	24,248	—	—

(Dollars in thousands)

The activity with respect to the College's beneficial interest in perpetual trusts, which are Level 3, is as follows:

		2017	2016
Balance at beginning of year	$	11,007	12,122
Investment income		418	561
Distributions		(418)	(561)
Net appreciation (depreciation) in fair value of investments		1,074	(1,115)
Balance at end of year	$	12,081	11,007

There were no transfers between Level 1 and Level 2 securities for the years ended June 30, 2017 and 2016.

(6) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 and 2016 consist principally of pledges receivable and appreciation on donor-restricted endowment funds and are available for the following purposes:

		2017	2016
Student support	$	3,679	3,307
Departmental support		5,857	5,291
General operating support		6,657	6,183
Research		4,347	4,071
Educational programs		171	172
Total	$	20,711	19,024

Permanently restricted net assets, including beneficial interest in perpetual trusts of $12,081 and $11,007, respectively, at June 30, 2017 and 2016 are restricted to investment in perpetuity, with investment return available to support the following activities:

		2017	2016
Student support	$	4,195	4,027
Departmental support		24,820	23,045
General operating support		1,008	995
Research		1,883	1,903
Revolving loan funds		7,196	6,931
Educational programs		358	322
Total	$	39,460	37,223

(Dollars in thousands)

(7) Endowments

The College's endowment consists of approximately 114 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments.

The Board has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing the College to appropriate for expenditure or accumulate so much of an endowment as the College determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations of income to the permanent endowment made in accordance with the direction of the applicable donor gift instruments. Donor-restricted endowment funds that are not classified as permanently restricted are classified as temporarily restricted net assets until appropriated for expenditure.

In accordance with NYPMIFA, the Board of Trustees considers the following factors in making a determination to appropriate or accumulate endowment funds:

(a) The duration and preservation of the endowment fund;

(b) The purposes of the College and the endowment fund;

(c) General economic conditions;

(d) The possible effect of inflation and deflation;

(e) The expected total return from income and the appreciation of investments;

(f) Other resources of the College;

(g) Alternatives to expenditure of the endowment fund; and

(h) The investment policies of the College.

Endowment net assets, excluding beneficial interest in perpetual trusts and donor-restricted revolving loan funds, consist of the following at June 30:

		2017			
		Unrestricted	Temporary restricted	Permanently restricted	Total
Donor restricted	$	—	17,679	20,217	37,896
Quasi (board designated)		28,388	—	—	28,388
Total funds	$	28,388	17,679	20,217	66,284

(Dollars in thousands)

		2016			
		Unrestricted	Temporary restricted	Permanently restricted	Total
Donor restricted	$	—	16,272	19,285	35,557
Quasi (board designated)		27,214	—	—	27,214
Total funds	$	27,214	16,272	19,285	62,771

Expenditures from a donor-restricted fund are limited to the uses and purposes for which the endowment fund was established. The College has limited the use of realized and unrealized gains unless the fair value of a donor-restricted fund exceeds 105% of its historic dollar value.

The College's spending policy rate is designed to stabilize annual spending levels and to preserve the real value of endowment investments over time. To meet these objectives, the Board of Trustees has authorized a spending rate of 4% of the moving average of the fair value of endowment investments for the previous twenty quarters.

Changes in the College's endowment net assets were as follows:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment funds, June 30, 2015	$	28,784	18,566	18,995	66,345
Investment return:					
Investment income		136	174	—	310
Net (depreciation) appreciation		(656)	(792)	13	(1,435)
Total investment return		(520)	(618)	13	(1,125)
Contributions and transfers		11	—	277	288
Appropriation for expenditure		(1,061)	(1,676)	—	(2,737)
Endowment funds, June 30, 2016		27,214	16,272	19,285	62,771
Investment return:					
Investment income		100	138	—	238
Net appreciation		2,068	2,481	15	4,564
Total investment return		2,168	2,619	15	4,802
Contributions and transfers		—	70	917	987
Appropriation for expenditure		(994)	(1,282)	—	(2,276)
Endowment funds, June 30, 2017	$	28,388	17,679	20,217	66,284

(Continued)

(Dollars in thousands)

(8) Deposits with Trustee

Under loan agreements related to bonds issued by the Dormitory Authority of the State of New York (DASNY), a portion of the bond proceeds were deposited with the trustee for capital expenditures related to construction, renovations, and improvements to campus buildings, for debt service reserve funds and for capitalized interest. Monthly payments are deposited with the trustee for servicing the debt. Deposits with bond trustee as of June 30 consist of the following:

		2017	2016
Construction fund	$	9,087	14,984
Debt service		3,350	2,066
Debt service reserve fund		6,205	6,222
Capitalized interest fund		—	976
	$	18,642	24,248

(9) Property and Equipment, Net

At June 30, 2017 and 2016, the College's property and equipment consist of the following:

		2017	2016
Land and land improvements	$	23,800	22,531
Buildings and improvements		132,815	124,772
Interest in leased properties		30,660	30,660
Equipment and computer software		21,690	18,857
Library holdings		17,082	16,602
Leasehold improvements		390	390
Construction in progress		—	1,166
		226,437	214,978
Less accumulated depreciation and amortization		(48,722)	(39,312)
Property and equipment, net	$	177,715	175,666

Interest in leased properties represents the fair value of the College's long-term leases under which the rental commitment is one dollar per annum.

(Dollars in thousands)

(10) Intangible and Other Assets

Intangible and other assets as of June 30 consist of the following:

		2017	2016
Intangible assets	$	10,200	10,200
Restricted cash		274	288
Prepaid expenses		1,122	920
Other		180	190
Total	$	11,776	11,598

(11) Short-Term Debt

At June 30, 2017, NYMC has a $22,000 line of credit with a bank of which $19,500 is outstanding. Interest is calculated at the 30 day London Interbank Offered Rate (LIBOR) plus 1.25%. Investments with a value of $24,129 as of June 30, 2017 serve as collateral for the line of credit.

At June 30, 2016, NYMC had a short-term note of $2,250, a line of credit at a bank with $18,500 available and outstanding. Both the note and line of credit bear interest at LIBOR plus 1.00% (1.63% as of June 30, 2016). NYMC paid an annual fee of 0.30% of the unused portion of the credit line, which expired December 31, 2016.

NYMC also has a letter of credit with a bank in the amount of $3,042 and $3,625 at June 30, 2017 and 2016, respectively that secures a long term note payable in the amount of $2,525 and $2,860, respectively (note 12(b)). The letter of credit is secured by additional investments of $1,622 at June 30, 2017.

Interest expense on short-term debt for the years ended June 30, 2017 and 2016 totaled $290 and $207, respectively.

(Dollars in thousands)

(12) Long-Term Debt

Long-term debt outstanding at June 30 is as follows:

Description	Maturity date	Interest rate		Outstanding balance 2017	Outstanding balance 2016
Long-term debt:					
Dormitory Authority of the State of New York, Revenue Bonds, Series 2014A Bonds (a)	January 2044	4.65%	$	45,155	45,155
Deferred financing costs				(938)	(993)
Net premium				2,865	2,971
Total				47,082	47,133
Dormitory Authority of the State of New York, Revenue Bonds, Series 2014B Bonds (a)	January 2029	5.75%		32,335	34,375
Deferred financing costs				(887)	(940)
Net discount				(195)	(211)
Total				31,253	33,224
Note payable (b)	April 2023	5.00% imputed		2,525	2,860
Capital lease obligations (c)	2021–2022	4.69%–4.74%		671	—
Long-term debt			$	81,531	83,217

(a) Pursuant to a Master Trust Indenture (MTI) by and among the College, Touro College, Touro University Nevada, and Touro University (collectively, the Obligated Group) and the Bank of New York Mellon as Master Trustee, on June 26, 2014, 30 year tax-exempt serial and term bonds with an aggregate principal amount of $45,155 (Series 2014A Bonds) and 15 year federally taxable serial and term bonds with an aggregate principal amount of $38,325 (Series 2014B Bonds) were issued on behalf of the College by the Dormitory Authority of the State of New York (DASNY) (the Series 2014A Bonds and Series 2014B Bonds together, the DASNY Bonds). The Series 2014A Bonds were issued with a net premium of $3,183, and the Series 2014B Bonds were issued at a discount of $243. The College has granted a mortgage on its properties located at 19 Skyline Drive, 7 Dana Road, and 30 Sunshine Cottage Road. The net book value of the properties was approximately $89,370 and $88,397, respectively, at June 30, 2017 and 2016. Deposits with bond trustee (note 8) represent additional collateral until utilized for their designated purposes.

In addition to the DASNY Bonds listed in the table above, bonds with an aggregate principal amount of $64,620 ($60,945 and $62,200, respectively, outstanding as of June 30, 2017 and 2016), were issued on behalf of other members of the Obligated Group all of whose members are jointly and severally liable for the bond obligations described herein. In addition, a security interest is pledged for substantially all revenue of the Obligated Group, provided that this revenue pledge for Touro College is limited to its healthcare related programs, and excludes donations restricted by the donors for uses other than debt service.

(Dollars in thousands)

In addition to the aforementioned mortgaged properties, the other members of the Obligated Group have granted mortgages on other properties with an aggregate book value of approximately $73,913 and $70,000, respectively, as of June 30, 2017 and 2016, to secure all of the bonds described herein. In connection with the MTI, the Obligated Group is required to maintain certain financial and nonfinancial covenants. As of June 30, 2017 and 2016, these covenants have been met.

(b) In connection with the 2013 acquisition of an office building at 19 Skyline Drive, Hawthorne, New York, the seller of the property provided a $5,000 interest free 10-year note, which was discounted to net present value. The note is secured by a letter of credit, which is secured by a portion of the College's investment portfolio and a guarantee of Touro (see note 11). The note requires monthly installments of $42.

(c) Capital lease obligations – Certain equipment is leased under noncancelable capital leases payable monthly.

Aggregate long-term debt matures in the fiscal years as follows:

		Principal	Interest
2018	$	2,794	4,110
2019		2,882	4,015
2020		2,986	3,906
2021		3,032	3,781
2022		3,070	3,643
Thereafter		65,922	41,183
		80,686	60,638
Deferred financing costs		(1,825)	—
Net premium		2,670	—
	$	81,531	60,638

Accrued interest expense of $976 at June 30, 2016 was funded from capitalized interest held by the Bond Trustee during the year ended June 30, 2017.

Interest expense on long-term debt for the years ended June 30, 2017 and 2016 totaled $4,176 and $4,260, respectively.

(Dollars in thousands)

(13) Retirement Plans

The College has a defined contribution retirement plan, which covers substantially all its nonunion employees, and which is funded through direct payments to qualified carriers. For each eligible employee, the College contributes an average of 7% of the employee's salary. The employee's contribution is discretionary, up to 15 of their salary in accordance with all legal regulations. During the years ended June 30, 2017 and 2016, the College contributed $4,642 and $4,789, respectively, to its defined contribution retirement plans.

In addition, $443 and $451, respectively, was contributed during the years ended June 30, 2017 and 2016, to a union administered plan for employees belonging to a collective bargaining unit. The College would be responsible for any withdrawal liability under the agreement with the union.

The College's participation in the union administered plan is outlined below. Unless otherwise noted, the Pension Protection Act (PPA) zone status below is for the plan years beginning January 1, 2016, 2015, and 2014, respectively. The zone status is certified by the plans' actuaries. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the collective-bargaining agreements to which the plan is subject.

Pension fund	EIN/pension plan number	PPA zone status	FIP/RP status pending/ implemented	Surcharge imposed	Expiration date of collective-bargaining agreement
1199 SEIU Health Care Employee Pension Fund	13-3604862/001	Green	*RP Implemented	No	September 30, 2018

* The 1199 Health Care Employee Pension Fund has implemented a rehabilitation plan for the period January 1, 2012 through December 31, 2024.

(14) Postretirement Benefits Other than Pensions

The College provides medical and life insurance benefits under its Postretirement Life and Health Insurance Plan for Eligible Employees (the Plan). The College's obligation is limited and requires participants to contribute to premiums as determined by the Plan's administrator. The College reserves the right to amend or terminate the Plan at its discretion. These benefits are partially funded through a voluntary employees' beneficiary association (VEBA) trust.

On December 8, 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the Act) was signed into law. The Act allows employers who offer actuarially equivalent prescription drug benefits to retirees to receive a federal subsidy starting in 2006. Actuarial equivalence of the program's prescription drug benefit is determined based on a two-prong test. The actuarial values of the prescription drug coverage are based on national statistics and then adjusted to reflect drug utilization for the Plan.

(Dollars in thousands)

Based on these values, it is assumed that the prescription drug benefit for the unfunded plan will be actuarially equivalent in 2006 and for all years thereafter.

For those employees who had already retired at the time the VEBA was established, the College pays actual benefits from its general assets. For subsequent retirees, the College's funding policy is to contribute an amount up to the annual expense in years when the Present Value of Future Benefits (PVFB) exceeds assets. Since assets are less than PVFB, the College may elect to make a contribution in fiscal year 2017.

Under the accounting guidance for postretirement benefits, the College recognizes on the statements of financial position the difference between the benefit obligations and any related plan assets. In addition, the accounting guidance requires the unrecognized amount (e.g., net actuarial gains or losses and prior service costs or credits) to be recognized as changes to unrestricted net assets and that these amounts be adjusted as they are subsequently recognized as components of the net periodic benefit cost.

The following tables provide a reconciliation of the changes in the Plan's benefit obligations and fair value of assets for the years ended June 30, 2017 and 2016:

		2017	2016
Change in benefit obligation:			
Benefit obligation at beginning of year	$	8,408	7,729
Service cost		63	52
Interest cost		287	330
Plan participants' contributions		694	745
Actuarial loss		486	895
Benefits paid		(1,599)	(1,651)
Medicare Part D program reimbursement		387	308
Benefit obligation at end of year		8,726	8,408
Change in plan assets:			
Fair value of plan assets at beginning of year		3,737	4,119
Actual return on plan assets		377	(82)
Employer contributions		271	298
Plan participants' contributions		694	745
Benefits paid		(1,599)	(1,651)
Medicare Part D program reimbursement		387	308
Fair value of plan assets at end of year		3,867	3,737
Unfunded status at end of year, included in accrued payroll and related benefits payable	$	4,859	4,671

(Dollars in thousands)

		2017	2016
Components of net periodic benefit cost (credit):			
Service cost	$	63	52
Interest cost		287	330
Expected return on plan assets		(276)	(330)
Amortization of prior service credit		(301)	(301)
Amortization of net actuarial loss		229	87
Net periodic benefit cost (credit)	$	2	(162)

		2017	2016
Postretirement-related changes other than net periodic benefit cost:			
Amortization of prior service credit	$	301	301
Amortization of net actuarial loss		(229)	(87)
Net loss		385	1,307
	$	457	1,521
Amounts not yet recognized in net periodic benefit cost:			
Net actuarial loss	$	1,977	1,821
Prior service credit		(252)	(553)
	$	1,725	1,268

(Continued)

(Dollars in thousands)

	2017	2016
Weighted average assumptions used to determine benefit obligations as of June 30, 2017 and 2016:		
Discount rate – funded portion	4.00 %	3.75 %
Discount rate – unfunded portion	3.25	2.75
Rate of compensation increase	4.00	4.00
Weighted average assumptions used to net periodic benefit cost for the years ended June 30, 2017 and 2016:		
Discount rate:		
Discount rate – funded portion	3.75 %	4.75 %
Discount rate – unfunded portion	2.75	3.50
Healthcare cost trend:		
Increase from current to next fiscal year	8.00 %	7.00 %
Ultimate rate of increase	4.50	4.50
Year that the ultimate rate is attained	2032	2022

The healthcare cost trend assumption has a significant effect on the amounts reported. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects as of and for the years ended June 30, 2017 and 2016:

	2017		2016	
	One-percent-point increase	One-percent-point decrease	One-percent-point increase	One-percent-point decrease
Effect on total service and interest cost component	$ 28	(23)	31	(26)
Effect on postretirement benefit obligation	718	(604)	693	(581)

The College is expected to contribute $600 to the Plan in 2018.

(Dollars in thousands)

The estimated actuarial net loss and prior service credit that will be amortized from unrestricted net assets into net periodic benefit cost in fiscal year 2018 are as follows:

Net actuarial loss	$	228
Prior service credit		(206)
	$	22

Expected benefit payments are the total amount expected to be paid from the Plan's or the College's assets. The expected benefit payments, net of plan participant contributions, are as follows:

		Estimated benefits payments
Fiscal year(s):		
2018	$	567
2019		571
2020		571
2021		568
2022		558
2023–2026		2,668

The investment policy statement of the College, established by the Board of Trustees, has as its investment objective, the long-term appreciation of assets, and the consistency of total portfolio returns with reasonable efforts to control risk and preserve capital. The policy establishes a goal of an annual return of eight percent. The Plan's target and actual asset allocations as of June 30, 2017 and 2016 are as follows:

		Percentage of plan assets	
Plan assets	Target allocation	2017	2016
Asset category:			
Equity securities	61.0%	72.3%	73.9%
Debt securities	31.0	24.5	22.2
Other	8.0	3.2	3.9

(Dollars in thousands)

The Plan's investments at fair value, all of which are Level 1 in the fair value hierarchy at June 30, 2017 and 2016 are as follows:

	Total 2017	Total 2016
Cash and cash equivalents	$ 263	144
Alternative investments:		
Equity and fixed income funds:		
Global equity	1,907	1,907
Global fixed income	912	830
Hedge fund strategies:		
Diversifying funds	535	642
Commodities	—	50
Real estate investment trusts	87	103
Public natural resources	163	61
Total assets	$ 3,867	3,737

(15) Functional Reporting of Expenses

The costs of the College's activities have been presented on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the activities benefited as follows:

	2017				
	Operations and maintenance	Depreciation	Interest expense	Direct expenses	Total per statement of activities
Instruction and research	$ 6,085	6,080	2,365	37,948	52,478
Academic support	364	210	—	8,394	8,968
Affiliation contracts and faculty practice	—	—	—	25,435	25,435
Student services	1,445	149	1,666	5,634	8,894
Institutional support	2,122	2,019	435	20,516	25,092
Auxiliary enterprises	—	757	—	1,783	2,540
	$ 10,016	9,215	4,466	99,710	123,407

(Dollars in thousands)

	2016				
	Operations and maintenance	Depreciation	Interest expense	Direct expenses	Total per statement of activities
Instruction and research	$ 5,137	5,762	2,345	39,080	52,324
Academic support	343	199	—	9,059	9,601
Affiliation contracts and faculty practice	—	—	—	29,192	29,192
Student services	1,055	489	1,683	4,646	7,873
Institutional support	3,318	1,913	439	20,305	25,975
Auxiliary enterprises	—	718	—	2,316	3,034
	$ 9,853	9,081	4,467	104,598	127,999

(16) Other Contingencies and Commitments

The College is involved in various legal actions, arising in the normal course of operations. The College is of the opinion that the resolution of these matters will not have a significant effect upon the financial condition of the College.

Certain potential compliance matters have been identified as part of the review of the College's 403(b) plan that are being researched and discussed with the Internal Revenue Service. Plan management does not believe the matters and potential amounts involved are material to the College's financial statements.

Certain funding that the College receives from governmental agencies is subject to audit.

(17) Subsequent Events

The College performed an evaluation of subsequent events that occurred after June 30, 2017 through October 31, 2017, the date the financial statements were issued. Events identified that are required to be disclosed are included in applicable notes above.

EXHIBIT B.

Annual Operating Data

Touro College and University System (NY)

California Municipal Finance Authority, Touro College and University System, Obligated Group Revenue Bonds, Series 2014A, $17,545,000, Dated: June 26, 2014

City of Henderson, Nevada Public Improvement Trust, Touro College and University System, Obligated Group Revenue Bonds $36,270,000, consisting of: Series 2014A $24,365,000 and 2014B (Taxable) $11,905,000, Dated: June 26, 2014

Dormitory Authority of the State of New York, Touro College and University System, Obligated Group Revenue Bonds, $94,285,000 (consisting of) Series 2014A $55,960,000 and Series 2014B (Federally Taxable) $38,325,000, Dated: June 26, 2014

Introduction and Overview

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Total Fall Semester Enrollment - Total Head Count

Academic Year 16-17

	Fall 2016
Graduate & Professional	
TouroCOM*	1,126
TouroRx*	347
School of Health Sciences*	1,313
Graduate Education	2,923
Dental School	112
Graduate Psychology	Now In Health Sciences
Other Graduate Programs	757
Law School	467
Undergraduate	
Lander Colleges	2,892
NY School of Career & Applied Sciences	3,322
Foreign Programs & Other	182
SubTotal Touro College	13,441
TU*	2,253
TUN*	1,265
NYMC*	1,488
Yeshivas	159
Hebrew Theological	446
System total	19,052
Obligated Group Enrollment*	**7,904**

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Total Fall Semester Enrollment - Full Time Equivalents

Academic Year 16-17

	Fall 2016
Graduate & Professional	
TouroCOM*	1,125
TouroRx*	346
School of Health Sciences*	1,241
Graduate Education	1,858
Dental School	112
Graduate Psychology	Now in Health Sciences
Other Graduate Programs	670
Law School	461
Undergraduate	
Lander Colleges	2,588
NY School of Career & Applied Sciences	2,856
Foreign Programs	174
SubTotal Touro College	11,431
TU*	1,953
TUN*	1,124
NYMC*	1,364
Yeshivas	159
Hebrew Theological	360
System total	**16,391**
Obligated Group Enrollment*	**7,265**

Schools and Programs - Touro College

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Admissions Statistics Summary - Applications, Acceptances, Matriculations and Total Enrollment

TouroCOM

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	13,148	561	4%	447	80%	1,126

TouroRX

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	878	124	14%	85	69%	347

SHS

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	5,047	1534	30%	349	23%	1,313

Dental School

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	2,149	142	7%	112	79%	112

Law School

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	972	146	15%	121	83%	467

Graduate Programs

Academic Year	Jewish Studies	International Business	Education	Psychology	Technology	Social Work	Total
2016-2017	81	113	2,923	Now in Health Sciences	227	336	3,680

Undergraduate Programs

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Fall Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	4,425	2,620	4%	1,465	56%	6,214

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Admissions Statistics Summary - Tuition and Fees

Touro College

Academic Year	Undergraduate Tuition	Law School Tuition	Dental School Tuition	PT/OT/PA Tuition	DO Tuition	Pharm Tuition	Other Graduate Programs Tuition (Per Credit)
2016-2017	$16,380	$47,000	$50,000	$28,270-$39,960	$50,070	$38,380	$541-$1020

Schools and Programs - Touro University

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Admissions Statistics Summary - Applications, Acceptances, Matriculations and Total Enrollment

TU

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	2,492	896	4%	750	84%	2,253

TU Enrollment Summary

Academic Year	TUCOM	TURx	PA	Other Health Care Degrees	Education	TUW	TC-LA
2016-2017	334	412	121	155	140	1018	73

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Admissions Statistics Summary - Tuition and Fees

Health Professions

Academic Year	Tuition (PA)	Tuition (DO)	Tuition (Pharm)	Other Fees (per student)
2016-2017	$46,275	$51,540	$44,100	$275

Academic Year	TUW Tuition (per credit)	Annual Other Fees
2016-2017	$400-$700	$0

Calculations of the Financial Covenants set forth in the Master Indenture

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Debt Service Coverage Ratio **See Exhibit C Attached**

Fiscal Year Ended June 30,

	2017
Change in unrestricted net assets	
Depreciation, amortization and interest expense	
Unrealized (gains) / losses	
Other exclusions adjusting net assets	
Income Available for Debt Service	
Pro Forma Maximum Annual Debt Service	
Pro Forma Long-Term Debt Service Coverage Ratio	

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Master Obligations' Debt Service Coverage Ratio **See Exhibit C Attached**

Fiscal Year Ended June 30,

	2017
Change in unrestricted net assets	
Unrealized (gains) / losses	
Other exclusions adjusting net assets	
Depreciation, amortization and interest expense	
Master Obligations' Income Available for Debt Service	
Pro Forma Master Obligations' Maximum Annual Debt Service	
Pro Forma Master Obligations' Long-Term Debt Service Coverage Ratio	

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Leverage Ratio **See Exhibit C Attached**

Fiscal Year Ended June 30, 2017

Insert Required Information

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Liquidity Ratio **See Exhibit C Attached**

Fiscal Year Ended June 30, 2017

Insert Required Information

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Unencumbered Liquid Assets **See Exhibit C Attached**

Fiscal Year Ended June 30, 2017

Insert Required Information

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Summary statement relating to compliance with financial covenants, if any, contained in agreements relating to other indebtedness incurred by a Member of the Obligated Group, which indebtedness had an outstanding principal balance as of the end of such Fiscal Year of at least $2,500,000

Fiscal Year Ended June 30, 2017

Insert Required Information

See Exhibit C Attached

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Narrative explanation, if necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the Obligated Group and in judging the financial and operating condition of the Obligated Group

Fiscal Year Ended June 30, 2017

Insert Required Information

None

Touro University Nevada

California Municipal Finance Authority, Touro College and University System, Obligated Group Revenue Bonds, Series 2014A, $17,545,000, Dated: June 26, 2014

City of Henderson, Nevada Public Improvement Trust, Touro College and University System, Obligated Group Revenue Bonds $36,270,000, consisting of: Series 2014A $24,365,000 and 2014B (Taxable) $11,905,000, Dated: June 26, 2014

Dormitory Authority of the State of New York, Touro College and University System, Obligated Group Revenue Bonds, $94,285,000 (consisting of) Series 2014A $55,960,000 and Series 2014B (Federally Taxable) $38,325,000, Dated: June 26, 2014

Schools and Programs - Touro University Nevada

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Admissions Statistics Summary - Applications, Acceptances, Matriculations and Total Enrollment

Fiscal Year Ended June 30,

	TUN (COM & PA)					
Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	3,399	192	6%	178	93%	670

	Enrollment Other TUN colleges						
Academic Year	OT	PT	Medical Health	Campus Administration	Education	Nursing	Total Enrollment
2016-2017	71	120	27	24	221	132	595

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Admissions Statistics Summary - Tuition and Fees

Fiscal Year Ended June 30,

	TUN		
Academic Year	Tuition (PT/OT/PA)	Tuition (DO)	Other Fees
2016-2017	$32,745-$37,695	$51,450	$375-$1,760

New York Medical College

California Municipal Finance Authority, Touro College and University System, Obligated Group Revenue Bonds, Series 2014A, $17,545,000, Dated: June 26, 2014

City of Henderson, Nevada Public Improvement Trust, Touro College and University System, Obligated Group Revenue Bonds $36,270,000, consisting of: Series 2014A $24,365,000 and 2014B (Taxable) $11,905,000, Dated: June 26, 2014

Dormitory Authority of the State of New York, Touro College and University System, Obligated Group Revenue Bonds, $94,285,000 (consisting of) Series 2014A $55,960,000 and Series 2014B (Federally Taxable) $38,325,000, Dated: June 26, 2014

Schools and Programs - New York Medical College

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Admissions Statistics Summary - Applications, Acceptances, Matriculations and Total Enrollment

Fiscal Year Ended June 30,

NYMC - Medical School

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	12,738	621	4.30%	213	34%	851

NYMC - Master of Public Health

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	240	213	89%	67	31%	240

NYMC - Doctor of Public Health

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	27	12	44%	5	42%	23

NYMC - Doctor of Physical Therapy

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	583	101	17%	44	44%	121

NYMC - Speech and Language Pathology

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	269	89	33%	35	39%	68

NYMC - PhD

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	46	10	22%	4	40%	38

NYMC - Masters

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	233	129	55%	52	40%	124

NYMC - Certificates

Academic Year	Applications Received	Students Accepted	Acceptance Ratio	Matriculation	Matriculation Ratio	Total Enrollment
2016-2017	23	23	100%	23	100%	23

Series 2014A, 2014AB (NPIT), 2014AB (DASNY)

Admissions Statistics Summary - Tuition and Fees

Fiscal Year Ended June 30,

NYMC

Academic Year	Resident Medical Student Tuition	Room	Other Fees	Total
2016-2017	$52,200	$10,380	$3,370	$65,950

EXHIBIT C.

Calculations of Financial Covenants and Compliance with Covenants

TOURO COLLEGE & UNIVERSITY SYSTEM

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Calculations of Financial Covenants and Compliance with Covenants
For the year ended June 30, 2017

Re: Touro College and University System Obligated Group Revenue Bonds

Attached hereto are the calculations of the financial covenants set forth in section 3.07 of the Master Trust Indenture by and among Touro College, Touro University, Touro University Nevada, New York Medical College and the Bank of New York Mellon, as Master Trustee, dated as of May 1, 2014.

To the best knowledge of the undersigned, no Member of the Obligated Group is in default in the performance of any covenant contained in the Master Indenture.

Each Member of the Obligated Group is in compliance with financial covenants, if any, contained in agreements relating to other Indebtedness, as defined in the Master Indenture, incurred by a Member of the Obligated Group, which Indebtedness had an outstanding principal balance as of June 30, 2017 of at least $2,500,000.

Respectfully submitted this 16th day of November 2017,

Touro College

Obligated Group
Representative

By: Melvin M. Ness
Melvin M. Ness
Senior Vice President and
Chief Financial Officer

3.07
(a) **Debt Service Coverage Ratio (consolidated)** **(Dollars in Thousands)**

Increase in Unrestricted Net Assets	$	6,042
Adjustments:		
Depreciation and amortization		27,274
Interest Expense		10,983
Total Adjustments	$	38,257
Income Available for Debt Service Before Depreciation, Amortization and Interest Expense	$	44,299
Add back Amounts not yet recognized in Net Periodic Benefit Cost		1,725
Deduct change in Fair Value of Interest Rate Swaps		(1,003)
Add back Other -IRS 403B		200
Add back Severance charges		362
Deduct Unrealized Gains on Investments		(4,274)
Income Available for Debt Service	$	41,309
Annual Debt Service		
Scheduled Mandatory Principal Payments	$	9,371
Scheduled Interest Payments		10,007
Annual Debt Service	$	19,378
Debt Service Coverage Ratio		2.13
Minimum required		1.20 to 1.00

In Compliance: ☒ Yes ☐ No ☐ Not Applicable

3.07 (b) Master Obligations' Debt Service Coverage Ratio (MTI)

(Dollars in Thousands)

Increase in Unrestricted Net Assets	$ 15,681
Adjustments:	
Depreciation and amortization	17,629
Interest Expense	8,098
Total Adjustments	$ 25,727
Income Available for Debt Service Before Depreciation, Amortization and Interest Expense	$ 41,408
Add back Write-Off of Intercompany Receivables	5,480
Add back Amounts not yet recognized in Net Periodic Benefit Cost	1,725
Add back Other -IRS 403B	200
Add back Severance Charges	31
Deduct Unrealized Gains on Investments	(2,241)
Master Obligations' Income Available for Debt Service	$ 46,603
Master Obligations' Debt Service on the Obligations	
Scheduled Principal Payments	$ 3,295
Scheduled Interest Payments	6,149
Master Obligations' Annual Debt Service on the Obligations	$ 9,444
Master Obligations' Debt Service Coverage Ratio	4.93
Minimum required	1.50 to 1.00

In Compliance: ☒ Yes ☐ No ☐ Not Applicable

3.07 (c)	**Leverage Ratio (Consolidated)**	**(Dollars in Thousands)**
(a)	Total Unsubordinated Liabilities	$ 295,422
(b)	Unrestricted Net Assets	$ 286,662
	Temporarily Restricted Net Assets	33,388
	Total Unrestricted and Temporarily Restricted Net Assets	320,050
	Ratio of (a) divided by (b)	0.92
	Maximum allowed	1.50 to 1.00

In Compliance: ☒ Yes ☐ No ☐ Not Applicable

3.07 (d)	**Unencumbered Liquid Assets Test (consolidated)**	**(Dollars in Thousands)**
	Cash and Cash Equivalents	$ 24,502
	Investments (Liquid & Unencumbered)	67,193
	Unencumbered Liquid Investments	$ 91,695
	Minimum Required	$ 50,000

In Compliance: ☒ Yes ☐ No ☐ Not Applicable

3.07 (e) Liquidity Ratio (MTI)

		(Dollars in Thousands)
	Unrestricted Net Assets	$ 228,943
	Add: Temporarily Restricted Net Assets	9,013
	Available to pay Debt Service	237,956
	Less: Net Property and Equipment	297,593
	Add: Long Term Indebtedness	(156,114)
		141,479
(i)	Total MTI Resources	$ 96,477
(ii)	Principal Amount of Outstanding Long Term Indebtness	$ 156,114
	Liquidity Ratio	62%
	Minimum Required	40%

In Compliance: ☒ Yes ☐ No ☐ Not Applicable

3.07 (f) All Covenants (a-e) satisfied

In Compliance: ☒ Yes ☐ No ☐ Not Applicable