

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2018A Bonds (as such term is defined below) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Series 2018A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2018A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2018A Bonds. See "TAX MATTERS" herein.*

Juilliard

**\$42,905,000**  
**THE TRUST FOR CULTURAL RESOURCES**  
**OF THE CITY OF NEW YORK**  
**Refunding Revenue Bonds, Series 2018A**  
**(The Juilliard School)**

The Refunding Revenue Bonds, Series 2018A (The Juilliard School) (the "Series 2018A Bonds") will be issued and secured under the Revenue Bond Resolution (The Juilliard School), adopted by The Trust for Cultural Resources of The City of New York (the "Trust"), as of March 18, 2009, as supplemented, including as supplemented by a Series 2018A Resolution Authorizing not in Excess of \$50,000,000 Refunding Revenue Bonds, Series 2018A (The Juilliard School), adopted by the Trust on October 11, 2018 (collectively, the "Resolution"). Pursuant to a Loan Agreement, dated as of April 1, 2009 (the "Original Loan Agreement"), by and between the Trust and The Juilliard School (the "Institution"), as amended by the First Amendment of Loan Agreement, dated as of November 1, 2018, by and between the Trust and the Institution (the "First Amendment" and, together with the Original Loan Agreement, the "Loan Agreement"), the proceeds of the Series 2018A Bonds will be loaned to the Institution and applied as described herein under "PLAN OF REFUNDING."

**The Series 2018A Bonds are not a debt of the State of New York (the "State") or The City of New York or any other municipality of the State, and neither the State of New York, The City of New York, nor any other municipality of the State, shall be liable on the Series 2018A Bonds. The Trust has no taxing powers.**

The Series 2018A Bonds are issuable only as fully registered bonds without coupons. The Series 2018A Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository ("Securities Depository") of the Series 2018A Bonds. Purchases of beneficial interests in the Series 2018A Bonds will be made in book-entry form in denominations of \$5,000 and any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Series 2018A Bonds purchased. The principal of and interest on the Series 2018A Bonds are payable by U.S. Bank National Association (the "Trustee") to the Securities Depository, which is to remit such principal and interest to its Participants (as defined herein), which are to remit such principal and interest to the Beneficial Owners (as defined herein) of the Series 2018A Bonds, as described herein. Interest on the Series 2018A Bonds is payable at the rates specified on the inside cover hereof on each January 1 and July 1, commencing July 1, 2019.

The Series 2018A Bonds are limited obligations of the Trust payable exclusively from the Trust Estate (as defined herein) and payments made to the Trust by the Institution pursuant to the Loan Agreement, which payments are pledged to the Trustee under the Resolution to secure the Series 2018A Bonds, as more fully described herein. The Institution is obligated under the Loan Agreement to make payments sufficient to pay the principal of, and interest on, the Series 2018A Bonds. The Institution's obligation to make payments under the Loan Agreement is a general, unsecured obligation of the Institution, as more fully described herein. Neither the Series 2018A Bonds nor any of the Institution's obligations under the Loan Agreement are secured by a pledge of, or mortgage on, any specific revenues, assets or property of the Institution.

The Series 2018A Bonds will be dated their date of issuance and will mature as shown on the inside cover page hereof.

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

The Series 2018A Bonds are offered for delivery when, as and if issued by the Trust and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, New York, New York, for the Institution by its Special Financing Counsel, Nixon Peabody LLP, New York, New York and for the Trust by its counsel, Bryant Rabbino LLP, New York, New York. The Yuba Group LLC, New York, New York, has served as Financial Advisor with respect to the issuance of the Series 2018A Bonds. It is expected that the Series 2018A Bonds will be available for delivery in New York, New York through the book-entry procedures of DTC on or about November 15, 2018.

**BofA Merrill Lynch**

**\$42,905,000**  
**THE TRUST FOR CULTURAL RESOURCES OF THE CITY OF NEW YORK**  
**Refunding Revenue Bonds, Series 2018A**  
**(The Juilliard School)**

<b><u>Maturity Date</u></b> <b><u>(January 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield*</u></b>	<b><u>CUSIP<sup>1</sup></u></b>
2033	\$10,290,000	5.00%	3.12%	649717UF0
2034	10,745,000	5.00	3.17	649717UG8
2037	6,955,000	5.00	3.35	649717UH6
2038	7,295,000	5.00	3.38	649717UJ2
2039	7,620,000	4.00	3.78	649717UK9

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\* Denotes yield calculated to January 1, 2029 call date.

<sup>1</sup> CUSIP data herein are provided by CUSIP Global Services (“CGS”), operated on behalf of the American Bankers Association (the “ABA”) by S&P Global Market Intelligence, a division of S&P Global Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers are included solely for the convenience of Bondholders of the Series 2018A Bonds. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financing products. The CUSIP numbers are subject to being changed after the issuance of the Series 2018A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of a maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by Bondholders that is applicable to all or a portion of the Series 2018A Bonds. The Institution and the Trust are not responsible for the selection or use of the CUSIP numbers, and no representation is made as to their correctness on the Series 2018A Bonds or as indicated above.

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No dealer, broker, salesperson or other person has been authorized by the Trust, the Institution or the Underwriter to give any information or to make any representations with respect to the Series 2018A Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2018A Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained herein has been obtained by the Trust from the Institution. The Depository Trust Company and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and such information is not to be construed to be the representation of the Trust or the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof. References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward looking statements." If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "will" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Trust and the Institution. These forward-looking statements speak only as of the date of this Official Statement. The Trust and the Institution disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Trust's or the Institution's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH AND AS PART OF ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION IN CONNECTION WITH THIS OFFERING. THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT

ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2018A BONDS TO CERTAIN DEALERS AND CERTAIN DEALER BANKS AND BANKS AND OTHERS ACTING AS AGENTS AT PRICES LOWER THAN THE OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF, AND ANY OF SAID OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

**\$42,905,000**  
**The Trust for Cultural Resources of The City of New York**  
**Refunding Revenue Bonds, Series 2018A**  
**(The Juilliard School)**

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**INTRODUCTORY STATEMENT**

***General***

The purpose of this Official Statement is to provide certain information concerning the Refunding Revenue Bonds, Series 2018A (The Juilliard School) (the “Series 2018A Bonds”), in the principal amount shown above, to be issued by The Trust for Cultural Resources of The City of New York (the “Trust”) for the purpose of refunding the Trust’s Revenue Bonds, Series 2009A (The Juilliard School) (the “Refunded Bonds”). Capitalized terms used in this Official Statement and not otherwise defined herein have the respective meanings set forth in “APPENDIX C — DEFINITIONS OF CERTAIN TERMS.”

***Authority for Issuance***

The Series 2018A Bonds were authorized to be issued pursuant to the New York State Cultural Resources Act, Articles 20 and 21 of the New York Arts and Cultural Affairs Law (collectively, the “Act”). The Series 2018A Bonds are issued by the Trust under and pursuant to the Revenue Bond Resolution (The Juilliard School), adopted on March 18, 2009 (the “General Resolution”), as supplemented, including as supplemented by the Series 2018A Resolution Authorizing not in Excess of \$50,000,000 Refunding Revenue Bonds, Series 2018A (The Juilliard School), adopted by the Trust on October 11, 2018. The General Resolution and such Series Resolution are collectively referred to herein as the “Resolution.”

Although the Series 2018A Bonds constitute the fourth series of bonds to be issued under the General Resolution, upon the application of the proceeds of the Series 2018A Bonds to refund and cause the subsequent redemption of the Refunded Bonds on January 1, 2019, the Series 2018A Bonds will be the only series of bonds outstanding under the General Resolution. The Series 2018A Bonds will be secured on a parity basis with any additional bonds that may hereafter be issued in accordance with the terms and conditions of the General Resolution (hereinafter, the “Additional Bonds”). The Series 2018A Bonds and any Additional Bonds are collectively referred to herein as the “Bonds.”

The Trust has also previously issued its \$44,000,000 Revenue Bonds, Series 2015A (The Juilliard School) (the “Series 2015A Bonds”) pursuant to its Revenue Bond Resolution (The Juilliard School), adopted on June 3, 2015, as amended and supplemented (the “2015A Bond Resolution”) and its \$26,000,000 Revenue Bonds, Series 2015B (The Juilliard School) (the “Series 2015B Bonds” and, together with the Series 2015A Bonds, the “2015 Bonds”) pursuant to the Trust’s Revenue Bond Resolution (The Juilliard School), adopted on June 3, 2015, as amended and supplemented (the “2015B Bond Resolution”). The Series 2015A Bonds and the Series 2015B Bonds were sold directly to separate commercial lenders. In addition, the Trust has previously issued its \$12,000,000 Revenue Bonds, Series 2017A (The Juilliard School) (the

“Series 2017A Bonds”) pursuant to the 2015A Bond Resolution and its \$65,145,000 Revenue Bonds, Series 2017B (The Juilliard School) (the “Series 2017B Bonds” and, together with the Series 2017A Bonds, the “2017 Bonds”) pursuant to the 2015B Bond Resolution. The Series 2017A Bonds and the Series 2017B Bonds were sold directly to separate commercial lenders. The 2015 Bonds and the 2017 Bonds are hereinafter collectively referred to as the “Private Placement Bonds.” In connection with the issuance and sale of the Series 2015B Bonds and the Series 2017B Bonds, the Institution has agreed to certain reporting requirements and covenants for the benefit of the holders of the Private Placement Bonds, including the following: (a) if the Institution’s long-term unenhanced debt rating is downgraded to A- by S&P or A3 by Moody’s (but not below BBB- by S&P or Baa3 by Moody’s), the Institution will (1) cause all Series 2015B Bonds and Series 2017B Bonds to be redeemed or repurchased within 120 days of the date of such downgrade, and (2) pay interest on such Series 2015B Bonds and Series 2017B Bonds at a rate equal to the default rate defined in the 2015B Bond Resolution; and (b) the Series 2015B Bonds and the Series 2017B Bonds are subject to mandatory tender at the option of the holder thereof upon the occurrence of any of the following events: (1) the Institution fails to redeem or repurchase the Series 2015B Bonds and the Series 2017B Bonds as described in clause (a) above; (2) the Institution’s long-term unenhanced debt rating is downgraded below BBB- by S&P or below Baa3 by Moody’s; or (3) the Institution fails, as of any June 30 or December 31, to maintain a ratio of Minimum Unrestricted Liquidity to Total Funded Debt of not less than 1.00 to 1.00. For a further description of the Private Placement Bonds, see “APPENDIX A — THE JUILLIARD SCHOOL — Outstanding Commitments — Private Placement Bonds.”

### ***Purpose of Financing***

The proceeds of the Series 2018A Bonds will be used by the Trust to make a loan to the Institution pursuant to a Loan Agreement, dated as of April 1, 2009, by and between the Trust and the Institution, as the same may be amended and supplemented, including as amended by the First Amendment of Loan Agreement, dated as of November 1, 2018, by and between the Trust and the Institution (collectively, the “Loan Agreement”) to refund the Refunded Bonds. Certain costs of issuance of the Series 2018A Bonds will be funded by an equity contribution from the Institution. See “PLAN OF REFUNDING” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The Institution is obligated under the Loan Agreement to make certain payments (the “Loan Payments”) to the Trust at such times and in such amounts as will be sufficient to enable the Trust to pay the principal of, redemption premium (if any) and interest on the Bonds and, if applicable to a series of Additional Bonds, to make certain additional payments at such times and in such amounts as will be sufficient to pay the purchase price of any Additional Bonds required to be purchased under the Resolution (but only to the extent, as hereinafter described, certain other monies are not available therefor), and certain administrative costs in connection with such Bonds. All right, title and interest of the Trust in and to the Loan Payments has been assigned and pledged under the General Resolution to U.S. Bank National Association (the “Trustee”) for the benefit of the owners of all Bonds issued under the General Resolution. The agreement of the Institution to make the Loan Payments and Additional Payments (as defined in APPENDIX C hereto) under the Loan Agreement constitutes a general, unsecured obligation of

the Institution. See “SECURITY FOR THE SERIES 2018A BONDS” and “CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS.”

### ***The Trust***

The Act provides for the creation of trusts for cultural resources which will promote the expansion, improvement and rehabilitation of facilities used for cultural, recreational and educational activities. The Trust was established in 1976 pursuant to the Act to assist participating cultural institutions in The City of New York (the “City”) with the development of their unused and underutilized real property. The Trust is a corporate governmental agency and a public benefit corporation constituting a political subdivision of the State of New York (the “State”). The Trust is managed by a board of trustees consisting of nine members, six of whom are appointed by the Mayor of the City and three of whom serve *ex officio*. The Trust is empowered to make loans to participating cultural institutions to develop their cultural facilities located in the City and is empowered to develop combined-use facilities for certain participating cultural institutions in the City. See “THE TRUST FOR CULTURAL RESOURCES OF THE CITY OF NEW YORK.”

### ***The Institution***

The Juilliard School is a privately endowed, nonsectarian, nonprofit institution of higher education. The Institution was founded in 1905 and moved to its current location at Lincoln Center in New York, New York in 1969. Founded as an American music academy to rival established conservatories in Europe, the Institution has attained an international reputation for excellence and provides artistic training and education in music, drama and dance for exceptionally gifted young artists from around the world. See “APPENDIX A — THE JULLIARD SCHOOL” and “APPENDIX B — THE JULLIARD SCHOOL AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016.”

### ***Security for the Series 2018A Bonds***

The Series 2018A Bonds and any other series of Additional Bonds to be issued under the General Resolution will constitute limited obligations of the Trust, secured solely by and payable solely from the “Trust Estate” which includes: (i) the Loan Payments required to be made by the Institution pursuant to the Loan Agreement (the “Revenues”); (ii) all moneys and investments in funds established under the Resolution (including proceeds of all Bonds, but excluding the Rebate Fund and any Bond Purchase Fund established in connection with any subseries of Additional Bonds and interest earned and gains realized thereon); provided, however, that all Series 2018A Bond accounts created with respect to the Series 2018A Bonds and all additional accounts and subaccounts thereunder created with respect to any other Series of Bonds if so designated in the General Resolution shall be pledged solely for the benefit, security and protection of the owners of the Series 2018A Bonds and the owners of such applicable Series of Bonds, respectively; (iii) all income and gains, and the proceeds of such income and gains, received by the Trust under the General Resolution; and (iv) all of the Trust’s right, title and interest in and to the Loan Agreement, excluding only the rights to all Additional Payments and the Trust’s rights to obtain notices and make consents and amendments thereunder relating

thereto but including, without limitation, the immediate and continuing right to receive and collect Revenues. The Institution's obligation to make payments under the Loan Agreement is a general, unsecured obligation of the Institution. ***Neither the Series 2018A Bonds nor the Institution's obligations under the Loan Agreement are secured by a pledge of or mortgage on any specific revenues, assets or property of the Institution.*** The Loan Agreement does not limit the Institution's ability to incur additional debt or place liens on, or otherwise dispose of, its revenues, assets or property. See "SECURITY FOR THE SERIES 2018A BONDS" herein for a more complete description of the security for the Series 2018A Bonds.

For information concerning the financial affairs and condition of the Institution and a description of other outstanding indebtedness of the Institution and the security therefor, see "APPENDIX A — THE JULLIARD SCHOOL — Financial Activity and Performance" and "APPENDIX B — THE JULLIARD SCHOOL AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016." See "APPENDIX E — SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT."

***The Series 2018A Bonds are not a debt of the State or the City or any other municipality of the State, and neither the State, the City nor any other municipality of the State, shall be liable on the Series 2018A Bonds. The Trust has no taxing powers. The Series 2018A Bonds are special revenue obligations of the Trust, payable solely from the sources provided under the Resolution.***

#### ***Additional Bonds***

The General Resolution permits the issuance of Additional Bonds under the Resolution on a parity with the Series 2018A Bonds upon the satisfaction of certain conditions as provided in the General Resolution. Additional Bonds may be issued for the purpose of, among other things: (i) financing the acquisition and construction of projects for use by the Institution; or (ii) refunding or refinancing all or any portion of any Series of Bonds, of other bonds issued by the Trust for the benefit of the Institution or of other debt of the Institution. In addition, pursuant to the Loan Agreement, the Institution is not restricted from incurring other indebtedness.

#### ***Redemption of the Series 2018A Bonds***

The Series 2018A Bonds are subject to optional redemption prior to maturity and purchase in lieu of optional redemption. See "DESCRIPTION OF THE SERIES 2018A BONDS — Redemption" and "— Purchase in Lieu of Optional Redemption."

### **THE TRUST FOR CULTURAL RESOURCES OF THE CITY OF NEW YORK**

The Trust is a corporate governmental agency and a public benefit corporation constituting a political subdivision of the State. The general enabling legislation for the Trust is the Act, which provides for the establishment of trusts for cultural resources in cities throughout the State in order to assist participating cultural institutions in the appropriate development of their unused and underutilized real property.

The Act provides that the Trust and its corporate existence shall continue until terminated by law. However, the Trust may not be terminated so long as it has bonds, notes or other obligations outstanding unless adequate provision has been made for their payment.

### ***Organization and Membership***

The Trust is managed by a Board of Trustees (the “Board”) consisting of six members appointed by the Mayor of the City, and three *ex officio* members, the Deputy Mayor – Economic Development and Finance of the City, the Chairperson of the New York City Industrial Development Agency and the Commissioner of the City’s Department of Cultural Affairs (collectively, the “Trustees”). The *ex officio* Trustees may each appoint a person to represent them and vote in their place at meetings of the Board. The Mayor also appoints the Chair of the Board from among the appointed Trustees. The appointed Trustees serve without pay for staggered terms of six years and continue to hold office until their successors are appointed. There are currently nine Trustees and no vacancies on the Board. The Mayor may remove any appointed Trustee for cause.

The present Trustees are as follows:

**SUSAN HENSHAW JONES, Chair**; term expires February 15, 2023. Susan Henshaw Jones retired on December 31, 2015 as the Ronay Menschel Director and CEO of the Museum of the City of New York. Her thirteen-year stint included the launch and completion of a \$99 million capital project; the organization of a multitude of temporary exhibitions and public programs; the initiation of a long-term exhibition called New York at its Core that opened in the fall of 2016; and numerous collections initiatives. Prior to leading the City Museum, Ms. Jones was the CEO of the National Building Museum in Washington, D.C., and the President of the New York Landmarks Conservancy on two occasions. She began her career in New York City in the administration of Mayor John V. Lindsay. Ms. Jones also worked as a lender at Citibank, N.A. after earning an MBA from Columbia Business School. She graduated from Vassar College.

**LEAH C. JOHNSON**; term expires February 15, 2019. Ms. Johnson is a communications strategist and business leader. She is CEO of LCJ Solutions LLC, which provides advice to clients seeking to build market strength and reputation. Prior to creating the firm, Ms. Johnson served as Senior Vice President of Corporate Affairs at Citigroup Inc., where she was the chief communications advisor to four CEOs and successfully led teams spanning 200 countries. Before joining Citigroup, Ms. Johnson was Vice President of Corporate Communications at Standard & Poor’s. She spent many years working in the public sector and was Press Secretary for Mayor David N. Dinkins Reelection Campaign and Deputy Director for Communications for the Clinton-Gore ’92 New York State Coordinated Campaign. She also served as a Special Assistant for Media Relations in the Office of the Deputy Mayor and Director of Communications for the New York City Comptroller. Ms. Johnson began her career in communications at the NYC Health and Hospitals Corporation and served as Director of Public Affairs at Kings County Hospital Center. She is Vice Chair of Planned Parenthood New York City’s Board of Trustees and chairs the Issues and Advocacy Committee. As a member of Trinity Wall Street’s Vestry, she chairs the Communications & Social Media Committee. She is also a mentor with W.O.M.E.N. in America and recently served on The Dalton School’s Board

of Trustees Executive Committee and chaired the Community Life and Diversity Committee. Ms. Johnson is a graduate of Harvard College and lives in New York City with her husband and daughter.

**ERIKA MALLIN**; term expires February 15, 2024. Erika Mallin was appointed Executive Director of The Aspen Institute Arts Program in July, 2018. Based in New York City, she leads the Institute's programs to support and invigorate the role of arts and culture in public life through programs, strategic initiatives, and public and private convening. Most recently, she was previously Signature Theatre's Executive Director for 10 years. Under her leadership, Signature became one of the country's preeminent non-profit theatre companies. Mallin successfully led Signature's expansion to the Frank Gehry-designed 75,000 square foot \$70 million Pershing Square Signature Center. The Center is the city's largest new theatre center built in nearly 50 years, and in 2014, Signature was the first New York City theatre company to win the Regional Theater Tony Award. Dedicated to making arts accessible to new and diverse audiences, Mallin piloted the City's first-ever subsidized ticket program at Atlantic Theatre Company. At Signature, she expanded the program, doubled the funding and analyzed the impact on attracting underserved audiences. To date, the program has served over one million people and has become a national model. Prior to her work in the arts, Mallin was a Special Assistant to the Mayor of the City of New York. During her tenure, she created the Neighborhood Entrepreneurs Program, which received the "Innovations in Government" Award by Harvard's Kennedy School of Government. Mallin sits on the Board of NYC & Co. She has guest lectured at Columbia, Yale, NYU, Pace, CUNY, Women in Real Estate, Urban Land Institute, and the American Institute of Architecture. She also advises and consults for national and international arts institutions. Mallin began her career as a journalist and received her M.A. from Columbia University's Graduate School of Journalism and B.A. from the University of Michigan.

**LYNNE B. SAGALYN**; term expires February 15, 2019. Ms. Sagalyn is the Earle W. Kazis and Benjamin Shore Professor Emerita of Real Estate at Columbia University's School of Business, where she taught for more than twenty years and built its MBA Real Estate Program. As founding director of the Paul Milstein Center for Real Estate there, she spearheaded a program of deep engagement with the real estate industry. At other times she was on the faculty of the Department of Urban Studies and Planning at M.I.T. and the University of Pennsylvania's Wharton School and School of Design. Widely known for her research on urban redevelopment, Professor Sagalyn is author of *Power at Ground Zero: Politics, Money, and the Remaking of Lower Manhattan* (Oxford University Press 2016), *Times Square Roulette: Remaking the City Icon* (MIT Press 2001), and co-author of *Downtown, Inc.: How America Rebuilds Cities* (MIT Press 1989), as well as numerous publications on real estate finance and strategy and urban development politics. She serves as a director of UDR (NYSE: UDR), where she is Vice Chair; Blackstone Mortgage Trust (NYSE: BXMT), where she chairs the Audit Committee; on the Advisory Board of PRIME Property Fund of Morgan Stanley; and on the Advisory Board of Olshan Properties. In the not-for-profit realm, she serves on the Board of Directors of the Regional Plan Association, the Skyscraper Museum, and on the Audit and Compliance committee of Planned Parenthood New York City. She previously served on the Chancellor's Commission on the Capital Plan of the former NYC Board of Education, and has been a litigation expert and a consultant to both private firms and public agencies. Professor Sagalyn

received her Ph.D. from the M.I.T., M.C.R.P. from Rutgers University, and B.S. with distinction from Cornell University.

**MERRYL H. TISCH**; term expires February 15, 2024. Mrs. Tisch plays a vital role in a broad range of civic and philanthropic activities. In 1996, she was elected to the New York State Board of Regents, and in 2009 she was elected Chancellor of the Board of Regents. She was appointed by Mayor Rudolph Giuliani to New York City's Commission on the Status of Women and is a member of the Governor's Commission Honoring the Achievements of Women. Since 1997, Mrs. Tisch has been Chair of the Metropolitan New York Coordinating Council on Poverty, which has an annual budget of \$100 million and has gained national recognition for work in the areas of youth and family services, housing, poverty programs and neighborhood preservation. She previously served as Chairman of the Mount Sinai Children's Center Foundation. She serves on the executive committees of The Washington Institute for Near East Policy, the Citizens Budget Commission, the Leadership Enterprise for a Diverse America, the United States Holocaust Memorial Museum, and UJA-Federation, where she is Chairman of the Government Relations Committee. In addition, Mrs. Tisch is a member of the Graduate School of Education's Board of Overseers at the University of Pennsylvania. She previously served as a Trustee of Barnard College and The Dalton School. Mrs. Tisch holds a B.A. from Barnard College, an M.A. in Education from New York University and an Ed.D. from Teachers College, Columbia University.

**DAWANNA WILLIAMS**; term expires February 15, 2019. Ms. Williams is the managing principal and founder of Dabar Development Partners, a real estate development and investment firm. Prior to founding Dabar in 2003, Ms. Williams worked as a commercial real estate lawyer, spending most of her career at Sidley Austin LLP. She has over 20 years of experience in the real estate industry and as an active supporter of the arts. Ms. Williams serves as Chairperson of the Board of Directors of the New York Real Estate Chamber. Ms. Williams has previously served as a member of the Museum of Modern Art Friends of Education Committee, the Board of Directors of the Museum of Contemporary African Diasporan Art and the Acquisition Committee of the Studio Museum in Harlem. She holds an A.B. from Smith College, an M.P.A. from Harvard University Kennedy School of Government and a J.D. from the University of Maryland School of Law.

**ALICIA K. GLEN**; *ex officio* member. Ms. Glen is Deputy Mayor for Housing and Economic Development of The City of New York. Prior to her appointment, Ms. Glen was Head of the Urban Investment Group (UIG) at Goldman Sachs, which provides capital to underserved urban communities. In addition, she was a member of the Diverse Business Engagement Committee and the GSBank USA Management Committee and co-head of the 10,000 Small Businesses Initiative. Under her leadership, UIG spurred more than \$5 billion of development across dozens of residential, mixed-use and commercial projects, as well as financed job creation and neighborhood revitalization strategies like the \$40 million New York Healthy Food and Healthy Communities Fund. In her role, she helped catalyze projects like NYC's Citi Bike, development in the Brooklyn Navy Yard, and affordable housing projects in Harlem and across the outer boroughs. Prior to joining Goldman Sachs, Ms. Glen served as the Assistant Commissioner for Housing Finance at the New York City Department of Housing, Preservation and Development from 1998 to 2002, where she was responsible for financing the rehabilitation and construction of thousands of units of market, moderate and low-income units

as well as overseeing the City's supportive housing, tax credit and tax incentive programs. Ms. Glen was a 2010 David Rockefeller Fellow. She is a graduate of Amherst College and Columbia University. Ms. Caitlin Lewis is Ms. Glen's designee on the Board of Trustees of the Trust.

**TOM FINKELPEARL**; *ex officio* member. Mr. Finkelpearl is the Commissioner of the New York City Department of Cultural Affairs. In this role he oversees City funding for nonprofit arts organizations across the five boroughs and directs the cultural policy for the City of New York. Prior to his appointment by Mayor Bill de Blasio, Commissioner Finkelpearl served as Executive Director of the Queens Museum for twelve years starting in 2002, overseeing an expansion that doubled the museum's size and positioning the organization as a vibrant center for social engagement in nearby communities. He also held positions at P.S.1 Contemporary Art Center, working on the organization's merger with the Museum of Modern Art, and served as Director of the Department of Cultural Affairs Percent for Art program. Based on his public art experience and additional research, he published a book, *Dialogues in Public Art* (MIT Press), in 2000. His second book, *What We Made: Conversations on Art and Social Cooperation* (Duke University Press, 2013) examines the activist, participatory, coauthored aesthetic experiences being created in contemporary art. He received a BA from Princeton University (1979) and an MFA from Hunter College (1983). Ms. Laura Wnek is Commissioner Finkelpearl's designee on the Board of Trustees of the Trust.

**JAMES PATCHETT**; *ex officio* member. Mr. Patchett was appointed the President of the New York City Economic Development Corporation ("NYCEDC") and Chairperson of the New York City Industrial Development Agency in February, 2017. A proponent of affordable housing and a principal driver of Mayor de Blasio's effort to create 100,000 jobs within ten years, he previously served as Chief of Staff to Deputy Mayor for Housing and Economic Development Alicia Glen. Before his transition to NYCEDC, Mr. Patchett was pivotal in securing many of the Mayor's signature affordable housing achievements and was one of the de Blasio administration's chief negotiators on major land use matters, including: the long-term preservation of six thousand affordable housing units at Stuyvesant Town/Peter Cooper Village and Harlem's Riverton Houses – two of New York City's most storied and important mixed-income communities; the successful passage in 2016 of Mandatory Inclusionary Housing, which requires for the first time through zoning, that a share of new housing be permanently affordable; and the \$100 million sale by the Hudson River Park Trust of two million square feet of air rights at Pier 40, which helped secure the financial future of Hudson River Park and facilitated the construction of five hundred new affordable homes. As Chief of Staff to the Deputy Mayor, Mr. Patchett worked on some of the City's key economic development initiatives, which included: constructing one of Brooklyn's largest tech hubs with a \$100 million investment in Building 77 at Brooklyn Navy Yard, which will create over 3,000 new jobs; overhauling Citi Bike when the system was on the verge of failure by securing new ownership, infusion of new capital, and a promise to double the number of bikes on the road; and modernizing the City's food distribution system through a \$150 million investment in the Hunts Point Food Distribution Center – home to over eight thousand jobs. Prior to joining the office of the Deputy Mayor, Mr. Patchett served as Vice President of the Urban Investment Group at Goldman Sachs where he helped finance a variety of real estate and economic development projects across the country. He previously worked as a consultant, assisting public and private organizations with economic

development projects. He currently serves on the board of the Prospect Park Alliance, a nonprofit dedicated to sustaining Brooklyn's most famous park. Mr. Patchett holds a BA in Economics from Amherst College and an MBA from Stanford University. He lives in Brooklyn with his wife and two children. Mr. Krishna Omolade serves as Mr. Patchett's designee on the Board of Trustees of the Trust.

### ***Powers of the Trust***

The Trust is empowered to make loans to participating cultural institutions to develop their cultural facilities located in the City and is also empowered to develop combined-use facilities for certain participating cultural institutions in the City. The Trust is authorized to issue bonds, notes and other obligations in order to finance the development of the institutional portion of combined use facilities and cultural facilities for participating cultural institutions.

The Series 2018A Bonds will be issued pursuant to the Resolution, which constitutes a contract with the holders of the Series 2018A Bonds. The Trust has issued other bonds for cultural institutions other than the Institution. Such other bonds, notes and obligations issued by the Trust are required to be issued under separate and distinct resolutions and are secured by or payable from instruments, properties or revenues separate from those securing the Series 2018A Bonds. The Act provides that the Trustees, officers and employees of the Trust shall not be personally liable for any debt, obligation or liability incurred by or imposed on the Trust at any time. See “— Other Financings of the Trust” and “SECURITY FOR THE SERIES 2018A BONDS — Other Obligations.”

### ***Operations of the Trust***

The Trust has no full time staff or employees, but it has retained consultants, accountants and counsel to assist it in the conduct of its business. The Trust has contracted with the New York City Economic Development Corporation to provide various administrative services to the Trust.

The Institution will enter into an Indemnification Agreement with the Trust, dated as of November 1, 2018 (the “Indemnification Agreement”), pursuant to which the Institution will agree to reimburse the Trust, its Trustees, officers and employees for all of its or their respective expenses relating to the issuance of the Series 2018A Bonds and will agree to indemnify the Trust, its Trustees, officers and employees for certain of their respective liabilities relating to the Series 2018A Bonds.

### ***Other Financings of the Trust***

In addition to issuing bonds for the Institution, the Trust has previously issued bonds to finance facilities for the Alvin Ailey Dance Foundation, American Museum of Folk Art, The Asia Society, The Carnegie Hall Corporation, China Institute in America, Educational Broadcasting Corporation, The Solomon R. Guggenheim Museum, International Center for Photography, The Jewish Museum, Lincoln Center for the Performing Arts, Inc., Manhattan School of Music, The Metropolitan Museum of Art, The Museum of Modern Art, The Museum of Television and Radio, The New York Botanical Garden, The Pierpont Morgan Library, School of American Ballet, Inc., The Whitney Museum of American Art, Wildlife Conservation

Society and WNYC Radio. All bonds issued by the Trust to finance facilities for the American Museum of Folk Art, The Asia Society, Educational Broadcasting Corporation (which is now known as WNET), The Solomon R. Guggenheim Museum, International Center for Photography, The Jewish Museum, the Museum of Television and Radio (which is now known as the Paley Center for Media) and WNYC Radio have been repaid in full. Each of these bond issues is or was secured separately and apart from the Series 2018A Bonds.

### **PLAN OF REFUNDING**

On the date of delivery of the Series 2018A Bonds, a portion of the proceeds thereof, together with other available funds, is expected to be deposited pursuant to a Letter of Instructions dated as of such date of delivery (the “Letter of Instruction”) by and among the Trust, the Institution and U.S. Bank National Association, as trustee for the Refunded Bonds, in an amount sufficient to pay the principal of and interest on the outstanding Refunded Bonds to their January 1, 2019 redemption date.

### **ESTIMATED SOURCES AND USES OF FUNDS**

The following are the expected sources and uses of funds with respect to the issuance of the Series 2018A Bonds:

#### Sources of Funds

Principal Amount of Series 2018A Bonds	\$42,905,000
Original Issue Premium	5,484,236
Equity Contribution	<u>1,058,329</u>
Total Sources	<u>\$49,447,565</u>

#### Use of Funds

Refunded Bonds	\$48,908,339
Costs of Issuance <sup>1</sup>	<u>539,226</u>
Total Uses	<u>\$49,447,565</u>

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<sup>1</sup> Includes Underwriter’s compensation and other costs of issuance, all to be paid from the Institution’s equity contribution.

### **DESCRIPTION OF THE SERIES 2018A BONDS**

The following is a summary of certain provisions of the Series 2018A Bonds. Reference is made to the Series 2018A Bonds for the complete text thereof and to the Resolution for a more detailed description of such provisions. The discussion herein is qualified by such reference.

#### ***General***

The Series 2018A Bonds will be dated the date of their initial issuance, will mature on the dates and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page of this Official Statement. The Series 2018A Bonds are subject to

redemption prior to maturity as described herein and shall bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from their date until maturity, payable on July 1, 2019, and each January 1 and July 1 thereafter. The principal of and interest on the Series 2018A Bonds shall be payable as set forth below under the caption “BOOK-ENTRY ONLY SYSTEM” or as otherwise provided in the Resolution. U.S. Bank National Association, New York, New York, will serve as Trustee for the Bonds, including the Series 2018A Bonds, under the General Resolution.

The Series 2018A Bonds will be issued in fully registered form in Minimum Authorized Denominations (\$5,000 and any integral multiple thereof), registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York, or such other name as may be requested by an authorized representative of DTC, DTC acts as securities depository (the “Securities Depository”) for the Series 2018A Bonds. Individual purchases may be made only in book-entry form, and purchasers will not receive certificates representing their interests in the Series 2018A Bonds purchased. Except as provided in the General Resolution, so long as Cede & Co, or such other nominee of DTC is the registered owner of the Series 2018A Bonds, references herein to “Owners,” “Bondholders” or “Registered Owners” mean Cede & Co, and not the Beneficial Owners of the Series 2018A Bonds. In this Official Statement, the term “Beneficial Owner” means the person for whom its DTC Direct Participant or Indirect Participant, as applicable, (collectively, “Participants”) acquires an interest in the Series 2018A Bonds, See “BOOK-ENTRY ONLY SYSTEM.”

### ***Redemption***

*Optional Redemption of Series 2018A Bonds.* The Series 2018A Bonds are subject to optional redemption by the Trust, at the direction of the Institution, in whole or in part, at any time and in any order from the maturities designated by the Institution, on or after January 1, 2029, at a redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

### ***Selection of Series 2018A Bonds to be Redeemed***

If less than all of the Series 2018A Bonds are to be redeemed, the particular Series 2018A Bonds to be redeemed shall be selected by lot or as the Trustee shall deem fair and appropriate in its discretion in accordance with the provisions of the General Resolution for the selection of Series 2018A Bonds to be redeemed in part.

### ***Purchase in Lieu of Optional Redemption***

Whenever the Series 2018A Bonds are subject to optional redemption, such Series 2018A Bonds 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 Series 2018A Bonds and the maturities of Series 2018A Bonds to be so purchased to the Trust and the Trustee. The Trustee shall select the particular Series 2018A Bonds of such maturities to be so purchased by lot in accordance with the provisions of the General Resolution for the selection of Series 2018A Bonds to be redeemed in part. Promptly thereafter, the Trustee shall give notice of the purchase of such Series 2018A Bonds at the times and in the manner provided in the General

Resolution for the notice of redemption. All such purchases may be subject to conditions to the obligation of the Institution to purchase such Series 2018A 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 Series 2018A Bonds is held by the Trustee, the purchase price of the Series 2018A Bonds or portions thereof so called for purchase shall become due and payable on the date set for purchase. The General Resolution provides that a purchased Series 2018A Bond shall not be considered to cease to be Outstanding solely by virtue of its purchase, that each such purchased Series 2018A Bond that is not a book-entry Bond shall be registered in the name or at the direction of the Institution, and that the Institution may not exercise certain rights that are provided to other holders of such Series 2018A Bonds thereunder.

### ***Notice and Effect of Redemption***

Notice of redemption is to be provided in accordance with the operational arrangements of the Securities Depository, but in any event, notice of redemption is to be provided to Registered Owners not less than 10 and not more than 30 days prior to any proposed optional redemption date.

The General Resolution provides that, in the case of any optional redemption of the Series 2018A Bonds, such notice shall state that such redemption is conditional upon the deposit of moneys with the Trustee on or before the date fixed for redemption in the necessary amount to redeem such Series 2018A Bonds. If notice of redemption has been duly given and if money for the payment of the redemption price of the Series 2018A Bonds or portions thereof to be redeemed is held by the Trustee, then on the optional redemption date, the Series 2018A Bonds or portions thereof so called for redemption shall become payable at the redemption price specified in such notice and that from and after the optional redemption date, interest thereon or on portions thereof so called for redemption shall cease to accrue, such Series 2018A Bonds or portions thereof shall cease to be Outstanding under the Resolution and to be entitled to any benefit, protection or security thereunder, and the Registered Owners of such Series 2018A Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price upon delivery of such Series 2018A Bonds to the Trustee.

### **BOOK-ENTRY ONLY SYSTEM**

The Depository Trust Company (DTC), New York, New York, will act as securities depository for the Series 2018A Bonds. The Series 2018A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2018A Bond will be issued for each maturity of the Series 2018A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity of the Series 2018A Bonds exceeds \$500 million, one Bond of such maturity will be issued with respect to each \$500 million of principal amount, and an additional Bond will be issued with respect to any remaining principal amount of such maturity.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

To facilitate subsequent transfers, all Series 2018A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2018A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2018A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2018A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trust as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2018A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Series 2018A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Trust or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Trust, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trust or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Trust may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository). In that event, certificates for the Series 2018A Bonds will be printed and delivered.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY-ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE TRUST BELIEVES

TO BE RELIABLE, BUT THE TRUST TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

## **SECURITY FOR THE SERIES 2018A BONDS**

### ***General***

The Series 2018A Bonds and any other Additional Bonds hereafter issued under the General Resolution will constitute limited obligations of the Trust, secured solely by and payable solely from the “Trust Estate” which includes: (i) the Loan Payments required to be made by the Institution pursuant to the Loan Agreement (the “Revenues”); (ii) all moneys and investments in funds and accounts established under the Resolution (including proceeds of all Bonds, but excluding the Rebate Fund and any Bond Purchase Fund and interest earned and gains realized thereon); provided, however, that all additional accounts and subaccounts thereunder created with respect to any Series of Bonds, if so designated in the Resolution, shall be pledged solely for the benefit, security and protection of the owners of the applicable Series of Bonds and, in connection with a Series of Bonds that may in the future be secured by a Credit Enhancement or a Liquidity Facility, the related Credit Enhancement Provider, or Liquidity Facility Issuer, and interest earned and gains realized on such funds; (iii) all income and gains, and the proceeds of such income and gains on such funds, received by the Trust under the General Resolution; and (iv) all of the Trust’s right, title and interest in and to the Loan Agreement, excluding only the rights to all Additional Payments (as described herein) and the Trust’s rights to obtain notices and make consents and amendments thereunder relating thereto but including, without limitation, the immediate and continuing right to receive and collect Revenues.

Under the terms of the Loan Agreement, the Institution has agreed to pay to the Trust, in addition to all other payments of any nature due under the Loan Agreement, the Loan Payments which shall be sufficient to pay the principal of, redemption premium (if any) and interest on the Bonds Outstanding under the Resolution, whether at maturity, upon redemption, acceleration or otherwise, and to pay the purchase price of any Bonds required to be purchased pursuant to the Resolution at the times required thereby (but only to the extent certain other funds are not available therefor). The Institution has agreed in the Loan Agreement that the obligation to make the Loan Payments shall be absolute and unconditional irrespective of any defense or any rights of set-off, recoupment, counter-claim or deduction and without any rights of suspension, deferment, diminution or reduction the Institution might otherwise have. The Institution has agreed in the Loan Agreement that until such time as no Bonds are deemed Outstanding under the Resolution, the Institution: (i) will not suspend or discontinue any Loan Payments except to the extent that the same have been prepaid; and (ii) will not terminate the provisions of the Loan Agreement with respect to the Bonds for any cause including, without limiting the generality of the foregoing, any failure on the part of the Trust to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with the Loan Agreement. Under the terms of the General Resolution, the Loan Payments have been pledged and assigned to the Trustee as security for the payment of the Bonds.

Moneys on deposit in the Debt Service Fund, including all income earned on such moneys from the temporary investment thereof, shall be used solely for the payment of the principal of, redemption premium (if any) and interest on the Bonds as the same shall become

due and payable or as otherwise permitted by the Resolution; provided, however, that if Credit Enhancement is provided with respect to any Series of Additional Bonds, moneys received from or with respect to such Credit Enhancement may be applied only to the payment of amounts due on the Series of Additional Bonds with respect to which such Credit Enhancement was issued. No Credit Enhancement will be provided with respect to the Series 2018A Bonds.

**The Series 2018A Bonds are not a debt of the State, the City or any other municipality of the State, and neither the State, the City, nor any other municipality of the State, shall be liable on the Series 2018A Bonds. The Trust has no taxing powers. The Series 2018A Bonds are special revenue obligations of the Trust, payable solely from the sources provided under the Resolution.**

Moneys or investments in the Rebate Fund created under the Resolution are not available for the payment of any Bonds.

### ***Loan Agreement***

The Loan Agreement is a general, unsecured obligation of the Institution and obligates the Institution to make payments which shall be sufficient to pay the principal of, redemption premium (if any) and interest on the Bonds outstanding under the Resolution, whether at maturity, upon redemption, acceleration or otherwise. Under the terms of the Resolution, the Loan Payments have been pledged and assigned to the Trustee as security for the payment of the Bonds. ***Neither the Series 2018A Bonds nor the Institution's obligations under the Loan Agreement are secured by a pledge of or mortgage on any specific revenues, assets or property of the Institution.*** The Loan Agreement does not limit the Institution's authority to incur additional debt or place liens on, or otherwise dispose of, its revenues, assets or property. For information concerning the financial affairs and condition of the Institution and a description of other outstanding indebtedness of the Institution and the security therefor, see "CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS" and "APPENDIX A — THE JULLIARD SCHOOL - Financial Activity and Performance." See also "APPENDIX E — SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT."

### ***Additional Bonds***

Subsequent to the issuance of the Series 2018A Bonds, the Trust may at any time and from time to time issue, deliver and secure under the General Resolution one or more Series of Additional Bonds for the purposes described in the General Resolution, including: (i) financing the cost of any projects of the Institution; or (ii) refunding or refinancing all or any portion of any Series of Bonds, of other bonds issued by the Trust for the benefit of the Institution or of other debt of the Institution. Prior to the issuance of any such Series of Additional Bonds certain conditions must be satisfied. See "APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION — Authorization and Issuance of Bonds."

Any such Series of Additional Bonds may provide for a maturity date or maturity dates, interest payment dates and record dates of such additional Series of Bonds different from those of the Series 2018A Bonds, an interest rate or rates per annum (including a maximum rate, if applicable) or the manner of determining such rates that are different from the rate or rates or

method of determination applicable to the Series 2018A Bonds, and terms and conditions (including redemption premiums, if any) for the redemption (by sinking fund or otherwise) of any such Series of Additional Bonds different from those of the Series 2018A Bonds. In addition, any such Series of Additional Bonds may be secured by interests in funds established under the Resolution, or in other assets, not available as security for the Series 2018A Bonds.

Except as described above with respect to any Credit Enhancement or Liquidity Facility provided with respect to any particular Series of Bonds or pledges or accounts established with respect to any particular Series of Bonds, any such additional Series of Bonds shall rank on a parity as to liens on the Trust Estate with the Series 2018A Bonds in the manner provided in the General Resolution.

### **ESTIMATED DEBT SERVICE REQUIREMENTS**

The following table shows the Institution's estimated debt service requirements with respect to the Series 2018A Bonds and the outstanding Private Placement Bonds.

Bond Year July 1 <sup>(1)</sup>	Series 2018A			Private Placement Bonds	Total Debt Service
	Principal Installments	Interest	Total Debt Service	Debt Service Requirements on Private Placement Bonds <sup>(2)</sup>	Total Debt Service on Series 2018A Bonds and Private Placement Bonds
2019	-	\$1,298,904	\$1,298,904	\$6,713,491	\$8,012,394
2020	-	2,069,050	2,069,050	6,728,634	8,797,684
2021	-	2,069,050	2,069,050	6,716,741	8,785,791
2022	-	2,069,050	2,069,050	6,713,491	8,782,541
2023	-	2,069,050	2,069,050	6,713,491	8,782,541
2024	-	2,069,050	2,069,050	6,728,634	8,797,684
2025	-	2,069,050	2,069,050	6,716,741	8,785,791
2026	-	2,069,050	2,069,050	6,713,491	8,782,541
2027	-	2,069,050	2,069,050	6,713,491	8,782,541
2028	-	2,069,050	2,069,050	6,728,634	8,797,684
2029	-	2,069,050	2,069,050	6,716,741	8,785,791
2030	-	2,069,050	2,069,050	13,223,491	15,292,541
2031	-	2,069,050	2,069,050	16,651,472	18,720,522
2032	-	2,069,050	2,069,050	16,689,643	18,758,693
2033	\$10,290,000	1,811,800	12,101,800	16,635,172	28,736,972
2034	10,745,000	1,285,925	12,030,925	16,625,313	28,656,238
2035	-	1,017,300	1,017,300	16,587,641	17,604,941
2036	-	1,017,300	1,017,300	87,097,483	88,114,783
2037	6,955,000	843,425	7,798,425	-	7,798,425
2038	7,295,000	487,175	7,782,175	-	7,782,175
2039	<u>7,620,000</u>	<u>152,400</u>	<u>7,772,400</u>	<u>-</u>	<u>7,772,400</u>
Total <sup>(3)</sup>	<u>\$42,905,000</u>	<u>\$34,811,879</u>	<u>\$77,716,879</u>	<u>\$257,413,790</u>	<u>\$335,130,669</u>

<sup>(1)</sup> Includes January 1 and July 1 debt service requirements (e.g., Bond Year 2019 includes July 1, 2019 debt service requirements).

<sup>(2)</sup> Interest on the Private Placement Bonds is calculated using an assumed interest rate of 4.5% through final maturity.

<sup>(3)</sup> Totals may not add due to rounding.

## **CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS**

*Prospective purchasers of the Series 2018A Bonds should be aware of certain investment considerations and risk factors in evaluating an investment in the Series 2018A Bonds. Purchase of the Series 2018A Bonds involves investment risk. Accordingly, prospective purchasers should consider carefully the following investment considerations and risk factors, in addition to the other information concerning the Institution contained in this Official Statement, before purchasing the Series 2018A Bonds offered hereby.*

*Written or oral statements made by the Trust, the Institution, the Underwriter or their respective representatives, including statements describing their respective objectives, estimate, expectations or predictions of the future may be “forward-looking statements,” which can be identified by use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “estimates,” “anticipates” or the negative thereof or other variations thereon. The Trust, the Institution, and the Underwriter caution that, by their nature, forward-looking statements involve risk and uncertainty and that the actual results achieved by the Institution could differ materially from those expressed or implied in such forward-looking statements or could affect the extent to which a particular projection is realized. Some of the factors which may affect the actual results of the Institution are described below.*

### ***Limited Obligations of the Trust***

The Series 2018A Bonds are limited obligations of the Trust payable exclusively from the Trust Estate and payments made to the Trust by the Institution pursuant to the Loan Agreement, which payments are pledged under the Resolution. In addition, the Series 2018A Bonds are not a debt of the State or the City or any other municipality of the State and none of the State, the City, nor any other municipality of the State, shall be liable on the Series 2018A Bonds. No owner of any Series 2018A Bond shall have the right to compel the taxing power of the State, the City or any other municipality of the State to pay the principal of or interest on the Series 2018A Bonds. The Trust has no taxing powers. See “SECURITY FOR THE SERIES 2018A BONDS.”

### ***Unsecured Obligations***

The payment obligations of the Institution under the Loan Agreement constitute general unsecured debt obligations and no specific revenues, property or assets of the Institution are pledged to pay debt service on the Series 2018A Bonds. In the event of a default and the exercise by the Trustee of remedies available to it, the Trustee would be an unsecured creditor with no rights to any specific revenues, property or assets of the Institution. See “SECURITY FOR THE SERIES 2018A BONDS” and “CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS - Institution Revenues and Expenses.”

### ***Institution Revenues and Expenses***

The Institution derives its revenue from a variety of sources, including revenues from tuition, education and training, as well as individual, corporate and governmental donations and sponsorship of the Institution’s performances, education and training programs, memberships and fundraising activities, which are all conducted in competition with numerous other

organizations. The Institution's operations are based, in substantial part, upon activities taking place in one or more of the Institution's Facilities (as defined herein), which are concentrated in, or in close proximity to, the Lincoln Center campus in New York, New York. A substantial portion of the Institution's revenues and of its net operating revenues are directly or indirectly attributable to education-related activities that are dependent upon the Institution's ability to sustain its current national and international recognition as a preeminent higher educational institution for music, dance and drama. The Institution regularly reviews its programs and activities and reserves the right to change them in its discretion. Factors affecting the educational, performance and other activities may adversely affect the financial condition or results of operations of the Institution. Over the term of the Series 2018A Bonds, many factors could adversely affect the Institution's sources of revenue, including, by way of illustration and not limitation, changes in local, national or international economic conditions, changes in the demand or support for the Institution's higher educational programs in music, dance and drama, the development of additional performance or training competition, investment returns on the Institution's endowment funds, reduced levels of charitable contributions to the Institution, changes in local, national or international audience demand to attend live performances and changes in legal requirements applicable to the conduct of the Institution's educational, drama, dance and music activities by non-profit organizations such as the Institution. Changes in the tax law affecting matters such as the deductibility of charitable donations and the tax treatment of Institution income from one or more of the above sources could adversely affect the financial condition of the Institution. Investors should read this Official Statement in its entirety. See "APPENDIX A — THE JUILLIARD SCHOOL" and "APPENDIX B — THE JUILLIARD SCHOOL AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016."

### ***Damage or Destruction of the Institution's Facilities***

The Juilliard School campus and other facilities utilized by the Institution (collectively, the "Institution's Facilities") could be subject to damage or destruction, in whole or in part. If an event occurs that materially damages, or causes a material loss of the availability of, the Institution's Facilities, the resulting economic losses to the Institution, which might include a reduction of revenues from affected activities and programs of the Institution, might exceed its applicable insurance coverage. The amount of such insurance coverage might not be sufficient to replace or rebuild the Institution's Facilities. In addition, the Series 2018A Bonds will not be subject to any extraordinary mandatory or optional catastrophe call or redemption in the event of any such damage or destruction. See "APPENDIX A — THE JUILLIARD SCHOOL" and "APPENDIX B — THE JUILLIARD SCHOOL AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016."

### ***Investment Risks***

The Institution derives a portion of its annual revenues from the investment of its endowment and quasi-endowment funds in various publically traded and private investment securities. Investment securities are exposed to various risks such as interest rate, market, legal and the operating performance of the underlying businesses, which impact investment valuations. Due to risks associated with investing in general, it is possible that changes in the values of investment securities could occur that might negatively impact the aggregate value of

such endowment and quasi-endowment funds and the Institution's total assets. See "APPENDIX A — THE JULLIARD SCHOOL - Financial Information and Management Discussion and Analysis - Investment Portfolio," "- Endowment Spending Policy" and "-Quasi Endowment Spending Policy" and "APPENDIX B — THE JULLIARD SCHOOL AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016."

### ***Additional Bonds***

Additional Bonds may be issued under the Resolution and, if issued, will be secured on a basis of parity with the Series 2018A Bonds. See "SECURITY FOR THE SERIES 2018A BONDS," "APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" and "APPENDIX E — SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT."

### ***Additional Indebtedness***

The Institution may issue, incur or assume additional indebtedness without limitation, subject to compliance with the applicable requirements of the agreements relating to certain of the Private Placement Bonds and, with respect to the issuance of any Additional Bonds, subject to compliance with the requirements of the Resolution and the Loan Agreement. See "SECURITY FOR THE SERIES 2018A BONDS" and "APPENDIX E — SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT." Any such indebtedness may be secured by a lien upon the Institution's revenues or assets or by a mortgage on or security interest in property of the Institution without granting to the Trust any security interest in such property to secure the Institution's obligations under the Loan Agreement. In the event of a default under any debt instrument secured by such property, the holder or trustee under such debt instrument will have the right to foreclose the lien on such property, and apply the money so collected to the payment of amounts due under such debt instrument. Until any such senior debt is repaid in full, any money so collected and applied will not be available for satisfying any of the Institution's obligations under the Loan Agreement.

### ***Matters Relating to Enforceability***

The practical realization of any rights upon any default by the Institution will depend upon the exercise of various remedies specified in the Resolution and the Loan Agreement. Any attempt by the Trustee to enforce these remedies may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Resolution and the Loan Agreement may not be readily enforceable. For example, a court may decide not to order the specific performance of the covenants contained in these documents if it determines that monetary damages will be an adequate remedy. In the event of a bankruptcy of the Institution, the federal bankruptcy laws may delay or prevent the enforcement by the Trustee and the Bondholders of their claim to the Trust Estate, which could delay or prevent payment of debt service on the Series 2018A Bonds.

All legal opinions with respect to the enforceability of legal documents will be expressly subject to a qualification that enforceability thereof may be limited by bankruptcy,

reorganization, insolvency, moratorium or other similar laws affecting creditor's rights generally and by applicable principles of equity.

### ***Tax Exemption for the Series 2018A Bonds***

Interest on the Series 2018A Bonds could become includable in gross income for federal income tax purposes (including, in certain circumstances, from the issuance date of the Series 2018A Bonds) in the event of the failure of the Trust or the Institution to comply with certain covenants contained in the Resolution and the Loan Agreement, respectively. Upon the occurrence of such an event of taxability, there is no provision for mandatory redemption of the Series 2018A Bonds. In such event, the owners of the Series 2018A Bonds might incur a significant tax liability and might be unable to sell, or might suffer a loss in selling, their Series 2018A Bonds. Receipt of interest on the Series 2018A Bonds may have ancillary federal tax consequences to the recipient. The Trust and the Institution will covenant to maintain the tax-exempt status of the Series 2018A Bonds. See "TAX MATTERS" and "APPENDIX E — SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT-Tax Covenant.

### ***Changes in Law***

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2018A Bonds and for federal or state income tax purposes, and thus on the value or marketability of the Series 2018A Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2018A Bonds from gross income for federal or state income tax purposes, or otherwise. See "TAX MATTERS."

### ***Basis of Ratings***

The ratings that are assigned to the Series 2018A Bonds upon their initial issuance are based upon the current ratings of the respective rating agencies. The Institution has not covenanted to maintain the applicability of such ratings to the Series 2018A Bonds. The financial condition and affairs of the Institution, and the evaluations of the respective rating agencies of such matters, may change in a manner which could cause one or more of the rating agencies to suspend, lower or withdraw the rating that it has previously assigned to the Series 2018A Bonds. Any such adverse rating action, or any statement by a rating agency that it is considering such an action with respect to the Series 2018A Bonds, may adversely affect the market value of the Series 2018A Bonds and the existence of a secondary market for the Series 2018A Bonds. See "RATINGS."

### ***Secondary Markets and Prices***

The Underwriter will not be obligated to repurchase any of the Series 2018A Bonds, and no representation is made concerning the existence of any secondary market for the Series 2018A Bonds. No assurance is given that any secondary market will develop following the completion of the offering of the Series 2018A Bonds and no assurance is given that the initial offering prices for the Series 2018A Bonds will continue for any period of time.

## TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2018A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Series 2018A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2018A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). A copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX F — FORM OF OPINION OF BOND COUNSEL” hereto.

To the extent the issue price of any maturity of the Series 2018A Bonds is less than the amount to be paid at maturity of such Series 2018A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2018A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2018A Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2018A Bonds is the first price at which a substantial amount of such maturity of the Series 2018A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of Underwriter, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2018A Bonds accrues daily over the term to maturity of such Series 2018A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2018A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2018A Bonds. Beneficial Owners of the Series 2018A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2018A Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2018A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2018A Bonds is sold to the public.

Series 2018A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as

the Series 2018A Bonds. The Trust and the Institution have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2018A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2018A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2018A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2018A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2018A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

In addition, Bond Counsel has relied, among other things, on the opinion of Nixon Peabody LLP, special counsel to the Institution, regarding, among other matters, the current qualification of the Institution as an organization described in Section 501(c)(3) of the Code and the intended operation of the facilities to be financed or refinanced by the Series 2018A Bonds as substantially related to the Institution's charitable purpose under Section 513(a) of the Code. Such opinion is subject to a number of qualifications and limitations. Furthermore, special counsel to the Institution cannot give and has not given any opinion or assurance about the future activities of the Institution, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service. Failure of the Institution to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed or refinanced by the Series 2018A Bonds in a manner that is substantially related to the Institution's charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Series 2018A Bonds being included in federal gross income, possibly from the date of the original issuance of the Series 2018A Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2018A Bonds is excluded from gross income for federal income tax purposes, and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Series 2018A Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2018A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2018A Bonds. Prospective purchasers of the

Series 2018A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2018A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Trust or the Institution, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Trust and the Institution have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2018A Bonds ends with the issuance of the Series 2018A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Trust, the Institution or the Beneficial Owners regarding the tax-exempt status of the Series 2018A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Trust, the Institution and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Trust or the Institution legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2018A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2018A Bonds, and may cause the Trust, the Institution or the Beneficial Owners to incur significant expense.

## **LITIGATION**

There is no litigation pending or, to the knowledge of the Trust or the Institution, threatened, against the Trust or the Institution, respectively, in any court to restrain or enjoin the issuance or delivery of the Series 2018A Bonds, or the collection of Loan Payments pledged or to be pledged to pay the principal of and interest on the Series 2018A Bonds, or in any way contesting or affecting the validity of the Series 2018A Bonds, the Resolution or the Loan Agreement or in any way questioning the tax-exemption of interest on the Series 2018A Bonds.

There is no material litigation pending or, to the knowledge of the Trust, threatened against the Trust or involving any of the property or assets under the control of the Trust.

There is no material litigation pending or to the knowledge of the Institution threatened against the Institution or involving any of the property or assets under its control.

## **CONTINUING DISCLOSURE INFORMATION**

The Trust has determined that no financial or operating data concerning the Trust is material to any decision to purchase, hold or sell the Series 2018A Bonds and the Trust will not provide any such information. In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the U.S. Securities and Exchange Commission, the Institution has

undertaken all responsibilities for any continuing disclosure to Bondholders as provided below, and the Trust shall have no liability with respect to such disclosures. The Institution has covenanted for the benefit of the holders of the Series 2018A Bonds that, consistent with the Rule, the Institution will provide or cause a dissemination agent to provide: certain annual financial and operating information for the Institution, including audited financial statements of the Institution for each fiscal year ending on and after June 30, 2018, and notices of certain events with respect to the Series 2018A Bonds, including principal and interest payment delinquencies, non-payment related defaults, if material, unscheduled draws on debt service reserves reflecting financial difficulties, unscheduled draws on credit enhancements reflecting financial difficulties, substitution of credit or liquidity providers or their failure to perform, adverse tax opinions or the issuance by the IRS of a proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2018A Bonds or other material events affecting the tax-exempt status of the Series 2018A Bonds; modifications to rights of security holders, if material, bond calls, if material, defeasances, bankruptcy, insolvency, receivership or similar event of the Institution, rating changes, tender offers, consummation of a merger, consolidation, acquisition, or sale of all or substantially all of the assets of the Institution, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material, appointment of a successor or additional trustee or the change of name of the Trustee, if material; and release, substitution, or sale of property securing repayment of the securities, if material. The annual financial and operating information referred to above and the notices of the events referred to above will be provided to the Municipal Securities Rulemaking Board (“MSRB”). The continuing obligation to provide annual financial information and notices referred to above will terminate with respect to the Series 2018A Bonds when the Series 2018A Bonds are no longer Outstanding. Any failure by the Institution to comply with foregoing will not constitute a default with respect to the Series 2018A Bonds. See “APPENDIX G — PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT.”

The Institution previously entered into a continuing disclosure agreement with respect to the Refunded Bonds, whereby the Institution undertook to annually provide certain financial and operating information, similar to the agreement to provide continuing disclosure to be entered into by the Institution in connection with the Series 2018A Bonds. While the Institution made timely filings of its annual audited financial statements, the Institution failed to provide the other required annual financial and operating information. On October 16, 2018, the Institution made a filing that provided the other required annual financial and operating information that was omitted from past filings. The Institution has implemented procedures to ensure that it will be able to make all required continuing disclosure filings with respect to the Series 2018A Bonds.

## **UNDERWRITING**

The Series 2018A Bonds are being purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the Series 2018A Bonds from the Trust at a purchase price of \$48,389,236.35, representing the principal amount of the Series 2018A Bonds, plus original issue premium in the amount of \$5,484,236.35. The Underwriter shall receive compensation in the amount of \$126,223.45 with respect to the Series 2018A Bonds, which compensation will be paid by the Institution on the date of issuance of the

Series 2018A Bonds. The Underwriter will purchase the Series 2018A Bonds pursuant to a purchase contract for the Series 2018A Bonds entered into by and among the Underwriter, the Trust and the Institution. The obligation of the Underwriter to accept delivery of the Series 2018A Bonds is subject to various conditions contained in the purchase contract. The Underwriter will be obligated to purchase all of the Series 2018A Bonds if any Series 2018A Bonds are purchased.

The Institution has agreed to indemnify the Underwriter against certain liabilities arising out of, or relating to, misstatements in or omissions from this Official Statement or from materials supplied by the Institution in writing in connection with the offering of the Series 2018A Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Trust and the Institution for which it has received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Trust and/or the Institution (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Trust and/or the Institution. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

## **RATINGS**

S&P Global Ratings (“S&P”) has assigned a rating of “AA” (stable outlook) to the Series 2018A Bonds. Moody’s Investors Service, Inc. (“Moody’s”) has assigned a rating of “Aa2” (stable outlook) to the Series 2018A Bonds.

Such ratings reflect only the views of the respective rating organizations, and any explanation of the meaning or significance of the rating may only be obtained from the respective rating agency, as follows: from S&P, 55 Water Street, New York, New York 10041; and from Moody’s, 7 World Trade Center, New York, New York 10007. Generally, rating agencies base their ratings on their own investigation, studies and assumptions. There can be no assurance that a rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in their judgment circumstances so warrant. A change in one or more of the ratings initially assigned to the Series 2018A Bonds could result from

events affecting either rating agency's evaluation of the financial condition or affairs of the Institution. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of Series 2018A Bonds.

## **LEGAL MATTERS**

All legal matters incident to the authorization, issuance, sale and delivery of the Series 2018A Bonds are subject to the approval of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. The approving opinion of Bond Counsel will be in substantially the form attached to this Official Statement as "APPENDIX F — PROPOSED FORM OF OPINION OF BOND COUNSEL." Certain legal matters concerning the Trust will be passed on for the Trust by its counsel, Bryant Rabbino LLP, New York, New York. Certain legal matters will be passed upon for the Institution by its Special Financing Counsel, Nixon Peabody LLP, New York, New York. Certain legal matters will be passed on for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, New York, New York.

## **LEGAL INVESTMENTS**

The Act provides that the Series 2018A Bonds are securities in which all public officers and bodies of the State and all municipalities and political subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons who are now or may hereafter be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds including capital in their control or belonging to them. The Act further provides that the Series 2018A Bonds are also securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities and political subdivisions for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

## **FINANCIAL ADVISOR**

The Yuba Group LLC, also known as Yuba Group Advisors, is serving as financial advisor to the Institution (the "Financial Advisor") in connection with the issuance of the Series 2018A Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in the Official Statement and the Appendices hereto. The Financial Advisor is a financial advisory and consulting organization, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instruments. Payment of the Financial Advisor's fee for services rendered with respect to the sale of the Series 2018A Bonds is contingent upon the issuance and delivery of the Series 2018A Bonds.

## **INDEPENDENT AUDITORS**

The financial statements of the Institution as of June 30, 2017 and 2016 and for the fiscal years then ended, included in this Official Statement in "APPENDIX B — THE JUILLIARD

SCHOOL AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016”, have been audited by KPMG LLP, independent auditors, as stated in their report appearing herein. KPMG LLP has not been engaged to perform and has not performed, since the date of its report included in APPENDIX B, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this Official Statement.

### **MISCELLANEOUS**

The references herein to the Act, the Resolution, the Loan Agreement and the Continuing Disclosure Agreement are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such statute and documents for full and complete statements thereof. The agreements of the Trust with the holders of the Series 2018A Bonds are fully set forth in the Resolution, and neither any advertisement of the Series 2018A Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 2018A Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the principal corporate trust offices of the Trustee, which at the date hereof are located at U.S. Bank National Association, 100 Wall Street, New York, New York 10005.

The Institution has reviewed the information contained herein with respect to it, its facilities, its operations and its financial condition and has approved all such information for use in this Official Statement.



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## THE JUILLIARD SCHOOL

### Introduction to the School

The Juilliard School (“Juilliard” or the “School”) is a privately endowed, nonsectarian, nonprofit institution of higher education. The School was founded in 1905 as the Institute of Musical Art, and in 1926 merged with the Juilliard Graduate School to become The Juilliard School of Music. Following the establishment of a Dance Division in 1951 and a Drama Division in 1968, the School’s name was changed to The Juilliard School to reflect its full artistic scope as a conservatory for all of the performing arts.

Juilliard has been a constituent of Lincoln Center for the Performing Arts, Inc. (“Lincoln Center” or “LCPA”) since 1957. Since 1969, the School has occupied a specially designed academic and performance facility originally known as the Juilliard Building, and, since 2007, known as The Irene Diamond Building (the “Building” or the “Diamond Building”) in honor of the late philanthropist and long-time supporter of the School. Situated within the Lincoln Center complex (the “Lincoln Center Complex”), the Diamond Building is located at 60 Lincoln Center Plaza, on the west side of Broadway, between West 65th and West 66th Streets in the Borough of Manhattan in New York City. In 1990, the School opened its residence hall named the Meredith Willson Residence Hall and located in the Samuel B. and David Rose Building (“Rose Building”) within the Lincoln Center Complex. A major expansion and renovation of Juilliard’s facilities, which was a component of Lincoln Center’s 65th Street Redevelopment Project, was substantially completed in 2010 (as is later described herein).

Juilliard’s central mission is to educate talented performing musicians, dancers and actors so that they may achieve the highest artistic standards and become leaders in their professions. Admission to Juilliard’s programs is based upon the School’s assessment of the artistic promise of each applicant and is highly competitive. Juilliard has a well-established international reputation for providing excellent artistic training and education for exceptionally gifted young artists. Current College Division classes include approximately 850 students from 45 countries on six continents, and alumni include nationally and internationally known artists in virtually every performing arts medium. Juilliard’s alumni have won over 300 Grammys, Oscars, and Pulitzer prizes, in addition to dozens of Emmy and Tony awards. Juilliard strives to provide its students with the emotional, social, professional and educational foundation necessary for them to embark on successful careers and productive lives as artists, leaders and citizens. Along with maintaining the highest possible educational and artistic standards, the Juilliard education aims to foster in its students a sense of professional responsibility for enhancing the performing arts and for enabling those arts to serve society more effectively. Juilliard is consistently ranked among the world’s top performing arts schools.

The School is accredited by the Middle States Association of Colleges and Schools. Within the College Division, it awards the Bachelor of Fine Arts and Bachelor of Music, Master of Fine Arts, Master of Music and Doctor of Musical Arts degrees, as well as the Diploma, Graduate Diploma, and Artist Diploma. In addition to its College Division, the School operates

a Pre-College Division (for music instruction only) and an Evening Division. Juilliard is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

## **Governance and Administration**

The governing body of the School is the Board of Trustees (the “Board”). The Board currently includes 31 members, representing a range of expertise including finance and investments, business, performing arts, global enterprise, and more. Members of the Board serve staggered terms of three years.

The current members of the Board and their affiliations, along with their Board committee memberships, are listed below.

<b>Bruce Kovner, <i>Chair</i></b> (1,2,3,4)	Founder/Chairman, CAM Capital
<b>J. Christopher Kojima, <i>Vice Chair</i></b> (1,2,3)	Managing Director, Co-Head, Alternative Investments and Manager Selection, Goldman Sachs & Co.
<b>Katheryn C. Patterson, <i>Vice Chair</i></b> (1, 3)	Attorney
<b>Damian Woetzel</b> (1,2,3)	President, The Juilliard School
<b>Julie A. Choi</b> (1)	President and CEO, Choi & Burns LLC
<b>Kent A. Clark</b> (1,2,4)	Managing Director & Co-COO, Alternative Investments and Manager Selection, Goldman Sachs & Co.
<b>Kenneth S. Davidson</b> (1,2)	President, Davidson Capital Management Corporation and Senior Advisor, Balestra Capital LLC
<b>Barbara G. Fleischman</b>	Philanthropist
<b>Keith R. Gollust</b> (1,2,3)	President, Gollust Management, Inc.
<b>Mary Graham</b>	Philanthropist, Educator, and Author
<b>Joan W. Harris</b>	President, The Irving Harris Foundation
<b>Matt Jacobson</b>	Head of Market Development, Facebook and Instagram
<b>Edward E. Johnson, Jr.</b> (2,4)	Board Member, Virtual Health
<b>Karen M. Levy</b>	Attorney
<b>Teresa E. Lindsay</b>	Dancer, Teacher, Philanthropist
<b>Laura Linney</b>	Actress
<b>Michael Loeb</b>	President and CEO, Loeb Enterprises II LLC
<b>Vincent A. Mai</b> (2)	Chairman, Cranemere, Inc.
<b>Ellen Marcus</b>	Philanthropist
<b>Gregory Margolies</b>	Partner of Ares Management GP LLC and Head of Markets - Ares Management GP LLC, Ares Management LP
<b>Nancy A. Marks</b>	Interior Designer; Chairperson, Nancy Marks Interiors
<b>Stephanie Palmer McClelland</b> (4)	Managing Member, Green Curtain Productions
<b>Christina McInerney</b>	President and CEO, Jerome L. Greene Foundation

**Lester S. Morse, Jr.**  
**Stephen A. Novick**

President, Lester Morse Company, Inc.  
Former Chief Creative Officer-Worldwide and  
Vice Chairman, Grey Global Group; Former  
Senior Advisor, The Andrea and Charles  
Bronfman Philanthropies

**Susan W. Rose**  
**Jeffrey Seller**

Philanthropist, Rose Associates, Inc.  
Theatrical Producer and Owner,  
Adventureland, LLC

**Deborah J. Simon (3)**

Simon Property Group Inc., Chair, Simon  
Youth Foundation and Sole Trustee, Deborah  
Joy Simon Foundation

**Sarah Billinghurst Solomon (3)**  
**William E. Stricker, MD (4)**

Former Artistic Director, Metropolitan Opera  
President, Missouri State Allergy Association  
and President, Allergy and Asthma  
Consultants, LTD

**Yael Taqqu**

Senior Partner, McKinsey & Company

Numbers designate Board committees as follows: (1) Executive Committee; (2) Investment Committee; (3) Budget Committee; and (4) Audit Committee.

Four former trustees currently hold the title “Trustee Emeritus” and are invited to attend and participate in board meetings, without vote:

June Noble Larkin, *Chair Emerita*

Chairman Emeritus, Edward John Noble  
Foundation

Mary Ellin Barrett  
Sidney R. Knafel

Author  
Managing Partner, SRK Management  
Company

Elizabeth McCormack

Former Chairman, The Atlantic Philanthropies  
and Senior Advisor on Charitable Giving,  
Rockefeller Family & Associates

Names, titles, and brief biographies of Juilliard’s senior officers are provided below:

*Damian Woetzel, President*

Damian Woetzel became the seventh President of Juilliard in 2018. Since retiring in 2008 from a 20-year career as a principal dancer with New York City Ballet, President Woetzel has taken on multiple roles in arts leadership, including artistic director of the Vail Dance Festival since 2007, and director of the Aspen Institute Arts Program (2011-2018). As an independent director, choreographer, and producer, his recent projects include DEMO at the Kennedy Center; Spaces by Wynton Marsalis for Jazz at Lincoln Center; Kennedy Center Honors tributes to Natalia Makarova, Patricia McBride, and Carmen De Lavallade; an arts salute to Stephen Hawking for the World Science Festival; two Turnaround Arts performances at the White House and the first performance of the White House Dance Series, all hosted by Michelle Obama. President Woetzel has collaborated on numerous performances and initiatives with Yo-Yo Ma,

including the Silk Road Connect program in the New York City public schools. In 2009, President Woetzel became the founding director of the Jerome Robbins Foundation's New Essential Works (NEW) Program, a five-year program that initiated grants to support the production of 35 new dance works. In 2009, President Obama appointed President Woetzel to the President's Committee on the Arts and Humanities, and he served throughout the Obama administration. President Woetzel holds a Master in Public Administration degree from Harvard's Kennedy School of Government and has been a visiting lecturer at Harvard Law School. He received the Harvard Arts Medal in 2015, and is a member of the American Academy of Arts and Sciences.

*Ara Guzelimian, Provost and Dean*

Ara Guzelimian is a noted arts administrator, author, lecturer and radio producer. Prior to his appointment to Juilliard in 2007, he was Senior Director and Artistic Advisor of Carnegie Hall (1998-2006), Artistic Administrator of the Aspen Music Festival and School (1993-1998), Artistic Director of the Ojai Festival (1992-1997), and Artistic Administrator of the Los Angeles Philharmonic (1984-1993). He holds a B.A. in music history from the University of California, Los Angeles. Mr. Guzelimian is also currently Artistic Consultant to the Marlboro Music Festival and School in Vermont and lectures frequently at Carnegie Hall, Lincoln Center and the Banff Centre for the Arts in Canada.

*Alexandra Day, Vice President for Public Affairs*

Alexandra Day has held management roles at corporate and nonprofit institutions in New York, Paris, London, and Chicago, including the International Herald Tribune, IMG Artists, and Universal Music. Prior to joining Juilliard as Director of Communications and Marketing Strategy in 2014, she was Director of Public Relations at Lyric Opera of Chicago, where as a member of senior staff she oversaw communications strategy, creative content, and special initiatives. Other recent posts include Director of Communications for soprano Renée Fleming and Special Projects Manager at the Metropolitan Opera. At Juilliard, Ms. Day leads the School's communications, marketing, editorial, website, and creative services functions, including video and advertising campaigns for 700-plus annual performances, admissions, continuing education, and the Juilliard Store. Ms. Day holds an A.B. in comparative literature from Princeton University.

*Maurice Edelson, Vice President for Administration and General Counsel*

Maurice F. Edelson joined Juilliard in January 2015 as Vice President and General Counsel. In his current role, he oversees information technology and human resources in addition to the office of the general counsel. Mr. Edelson was previously Senior Vice President, Deputy General Counsel at Time Warner Inc. and before that, Executive Vice President, Corporate Development & General Counsel at Time Inc. from 1998 to 2013. Mr. Edelson holds a J.D. from Columbia Law School, a M.B.A. from Harvard Business School and an A.B. in English from Vassar College.

*Jane Gottlieb, Vice President for Library and Information Resources*

Ms. Gottlieb was appointed Head Librarian in 1986, was promoted to Associate Vice President for Library and Information Resources in 2000, and was named Vice President for Library and Information Resources in 2003. She has published widely on various aspects of music librarianship and served as president of the Music Library Association from 1995-1997. Her book, *Music Library and Research Skills* (2nd ed., Oxford University Press, 2016), is used as a textbook for music research classes around the world. Ms. Gottlieb holds a B.A. in music from Binghamton University and an M.S. in library science from Columbia University. Ms. Gottlieb also has been serving as an elected Vice President of the International Association of Music Libraries, Archives, and Documentation Centres since 2014.

*Joseph Mastrangelo, Vice President for Facilities Management*

Mr. Mastrangelo was appointed Director of Facilities in 1990, Associate Vice President for Facilities Management in 2001, and Vice President for Facilities Management in 2007. He oversees physical plant and maintenance operations for the School, as well as its capital projects. Mr. Mastrangelo also served as a principal coordinator of Juilliard's expansion and renovation project. He holds a B.B.A. from Baruch College, and has attained professional designations of real property administrator from the Building Owners and Managers Institute International, and fire safety director from the New York City Fire Department. Mr. Mastrangelo has announced his intent to retire, but has agreed to provide interim and/or transitional support as needed until a successor is appointed.

*Joseph W. Polisi, President Emeritus and Chief China Officer*

Dr. Polisi served as President of Juilliard from 1984 to 2018, and as Chief China Officer will now helm the School's new programs in Tianjin, China. Dr. Polisi is an accomplished bassoonist, college administrator, and writer in the fields of music, public policy, and the arts. He holds three graduate degrees in music from Yale (M.M., M.M.A., and D.M.A.) as well as a B.A. in political science from the University of Connecticut and an M.A. in international relations from Tufts University's Fletcher School of Law and Diplomacy. Prior to his appointment as Juilliard's President, Dr. Polisi was dean of the University of Cincinnati College-Conservatory of Music (1983-1984), dean of Faculty at Manhattan School of Music (1980-1983), and executive officer of the Yale University School of Music (1976-1980).

*Lesley Rosenthal, Chief Operating Officer and Corporate Secretary*

Lesley Rosenthal was appointed the Chief Operating Officer and Corporate Secretary of Juilliard effective July 2018, with supervisory responsibility for many of the school's business units, including facilities, finance, production and others. The author of the book, *Good Counsel: Meeting the Legal Needs of Nonprofits* (John Wiley & Sons, 2012), she has widely published and lectured on nonprofit management and governance. She comes to Juilliard following 13 years as the Executive Vice President, General Counsel and Secretary of Lincoln Center, where she participated broadly in the management and operation of the center and helped shape and pioneer major entrepreneurial initiatives in arts, education, media, and international business. A graduate

of Harvard College and Harvard Law School, she serves on the Harvard University Board of Overseers and chairs its Arts & Humanities Committee.

*Jacqueline Schmidt, Vice President and Chief of Staff*

Ms. Schmidt was appointed Vice President and Chief of Staff in July 2018, having taken on the newly-created role of chief of staff in the President's Office in March 2015. Prior to that, she served as the Administrative Director for Vocal Arts beginning in 2008. Before coming to Juilliard, Ms. Schmidt worked at the University of Notre Dame as the Director of Guest Services and University Outreach for the then-new Marie P. DeBartolo Center for the Performing Arts, and spent a year at the Kennedy Center as one of ten members of the Arts Management Fellowship program under the direction of Michael Kaiser. Ms. Schmidt holds two degrees from the University of Notre Dame: a B.A. degree in music and American Studies and an M.M. in piano performance.

*Christine Todd, Vice President and Chief Financial Officer*

Ms. Todd was appointed in 2001 as Associate Vice President for Financial Services and Controller. She was promoted to Vice President in 2007 and to Chief Financial Officer (CFO) in 2015. She oversees the School's financial operations including budget planning, accounting and financial reporting, treasury, and audit functions. Previously, she served for nine years at Columbia University, first as Senior Accountant and then as Assistant Controller for Financial Reporting; and for three years in the New York audit practice of Coopers & Lybrand. Ms. Todd, a CPA, holds an M.B.A. from Columbia University, and a B.S. degree in accounting and a B.A. in German, both from Binghamton University.

*Joan D. Warren, Vice President for Enrollment Management and Student Development*

Ms. Warren was appointed Director of Financial Aid in 1998, promoted to Associate Dean for Financial Aid in 2000, Associate Dean for Financial Aid and Academic Support Services in 2003, Vice President for Enrollment Management in 2007, and Vice President for Enrollment Management and Student Development in 2013. In her current capacity, she oversees the admissions, financial aid, registrar, student affairs, residence life, international advisement, career services, health and counseling, community engagement, Title IX, and academic support services functions (including services to students with disabilities). Ms. Warren has worked in the field of higher education for over 30 years (previously at Hofstra University, Pratt Institute, and Medgar Evers College of the City University of New York), and holds a B.S. degree in accounting (Magna Cum Laude) from Brooklyn College of the City University of New York, and an M.S. in education administration (With Distinction) from Hofstra University.

In addition to the senior officers listed above, Juilliard expects to announce soon the hiring of a new Vice President and Chief Advancement Officer who will oversee annual and endowment giving and campaign planning.

## **Faculty and Staff**

As of September 2018, Juilliard employed approximately 485 faculty members (145 full-time and 340 part-time) and 375 staff members (280 full-time and 95 part-time). The faculty includes artist-teachers with established reputations as master teachers and world-class performers. The faculty is non-tenured; faculty members receive term contracts and full-time faculty members are offered the same health and pension benefits as those offered to the administrative staff. There are six endowed faculty chairs.

Faculty chamber music ensembles in residence at the School include the Juilliard String Quartet, the American Brass Quintet, and Juilliard Baroque.

## **Current Facilities**

Juilliard's academic and artistic programming primarily takes place in dedicated performance facilities within the Diamond Building, which was designed for both conservatory and performance use by Pietro Belluschi. Including new spaces added through the Juilliard School Redevelopment Project (defined below) substantially completed in 2010, the School's facilities in this building currently occupy approximately 430,000 gross square feet of space, including classrooms, rehearsal studios, administrative offices, 95 practice rooms, 38 private teaching studios, 18 two-story studios and several performance spaces, including Morse Hall (150-seat capacity), Paul Recital Hall (276-seat capacity), the Stephanie P. McClelland Drama Theater (198-seat capacity), and the Peter Jay Sharp Theater (903-seat capacity). As part of the Juilliard School Redevelopment Project, the School added a number of prominent performance and rehearsal spaces, including the Rosemary and Meredith Willson Theater (98-seat capacity), the Gloria Kaufman Dance Studio, the Judith Harris and Tony Woolfson Orchestral Studio, and the Jazz Rehearsal Studio. Public Juilliard student presentations also regularly take place at Alice Tully Hall (which is within the Diamond Building), at David Geffen Hall, formerly known as Avery Fisher Hall (which is across West 65th Street from the Diamond Building and within the Lincoln Center Complex) and at Carnegie Hall.

The School's residential facilities are located within the Lincoln Center Complex in the Rose Building at 70 Lincoln Center Plaza, and is adjacent to the Diamond Building. Juilliard is party to a lease with LCPA, with respect to the Rose Building, along with several other Lincoln Center constituent organizations. Within floors 11 through 29 of the Rose Building, Juilliard provides housing for up to 340 students during the academic year, a student health and counseling center, a fitness center for students and employees, and eight guest suites for visitors. A cafeteria on the main floor of the building provides meals for students of Juilliard and the School of American Ballet, and is open to all employees of Lincoln Center. The Rose Building, which opened in 1990, was designed by Davis Brody Bond.

## **Capital Projects**

Since completion of a major expansion and renovation of its facilities in 2010 (the "Juilliard School Redevelopment Project") that was largely funded by proceeds from The Trust for Cultural Resources of The City of New York Revenue Bonds, Series 2009A, 2009B and 2009C (The Juilliard School), the School has maintained an active program of capital projects.

The Juilliard School Redevelopment Project allowed Juilliard to create additional space of approximately 32,000 net square feet in a new four-level wing above an expanded Alice Tully Hall lobby. Highlights of the new space include a 3,500 square foot, acoustically calibrated orchestra rehearsal studio; a 2,000 square foot multi-use performance space; a state-of-the-art music technology center; a writing and communications center; additional classrooms and practice rooms; a new student lounge, faculty lounge, and faculty and staff offices; and a climate-controlled and secure storage room dedicated solely to the Juilliard Manuscript Collection, a collection of 140 rare music manuscripts donated to the School. In addition, approximately 58,000 square feet of existing space was renovated as part of the project.

Since then, Juilliard has and continues to closely review and prioritize capital projects through a five-year capital plan that is updated annually and reviewed by the Board as part of the annual budget process. All capital projects completed since the Juilliard School Redevelopment Project have been funded internally with resources on hand, allocations of operating funds, and gifts. Major projects that were recently completed or are currently in progress include replacement of the rigging system in the Peter Jay Sharp Theater, accessibility improvements in the residence hall, security enhancements in the Diamond Building, replacement and upgrades of information technology storage and network infrastructure, and technology upgrades in classrooms and studios. The capital plan for the next five years includes ongoing refurbishment of the School's physical and technology infrastructure. Juilliard does not currently have plans to issue new long-term debt to fund any capital projects.

## **Educational Programs and Performance Activities**

### *College Division*

Within the College Division, Juilliard's educational programs are generally organized into three Divisions reflecting performance disciplines (the "Music Division," "Dance Division," and "Drama Division").

The Music Division is the oldest of Juilliard's three performance concentrations and maintains the largest and most diverse constituent group at the School. The Music Division offers three degrees (Bachelor of Music, Master of Music, and Doctor of Musical Arts), as well as the Diploma, Graduate Diploma, and Artist Diploma. The diploma programs are primarily for a small number of students who for personal or professional reasons wish to or must pursue a non-degree course of study concentrating almost exclusively on performance. Generous support for the School's distinguished C.V. Starr Doctoral Program by The Starr Foundation has made it possible for students in that program to receive full-tuition scholarships and stipends for living expenses and teaching. In addition, several other donations have made it possible to provide full-tuition scholarships to all Historical Performance students and full cost-of-attendance scholarships to approximately 60 additional fellows across all majors. For the 2018-2019 academic year, 672 students were enrolled in the School's Music Division.

The Dance Division had a total of 92 students enrolled for the 2018-2019 academic year. The majority of dance students pursue a Bachelor of Fine Arts degree. However, students may elect to enroll in a Diploma program. A four-year residency at Juilliard is required of dance students, regardless of previous work completed elsewhere.

Acting students in the Drama Division enroll in either the Bachelor of Fine Arts degree program, the Master of Fine Arts program, or a Diploma program, each having a minimum residency requirement of four years. The Drama Division also accepts up to four new student playwrights annually into the Lila Acheson Wallace American Playwrights Program, which leads to an Artist Diploma. The 2018-2019 academic year enrollment for the Drama Division numbered 72 acting students and eight playwriting fellows.

Juilliard places a strong emphasis on the role of the humanities in educating young performing artists. In order to graduate, students in B.M. programs are currently required to complete 24 Liberal Arts credits, as well as 18 credits in music history. Those who pursue the B.F.A. degree must take 18 Liberal Arts credits, as well as six credits in the history of their discipline and six credits of non-performance discipline-related study. The School's Liberal Arts program comprises a core curriculum based on reading classic works of literature, philosophy, and comparative religions and is complemented by elective courses on a broad range of interdisciplinary topics. Acknowledging the interdependence of intellectual and creative endeavor, the aim of Juilliard's Liberal Arts curriculum is to produce outstanding performing artists who are not only leaders in their fields, but also articulate and effective advocates for the arts and humanities. Through a special extension program, eligible Juilliard students may also apply to take classes at Barnard College and select schools within Columbia University.

### *Performance Activities*

The central focus of a Juilliard education is performance. Students annually participate in more than 700 Juilliard-sponsored performances in music (solo, chamber, orchestral, jazz, historical performance, contemporary, and opera), dance, and drama, many of which are offered free of charge or at nominal cost to the public.

Attendees of Juilliard performances number approximately 90,000 each year. Major annual events include the Juilliard Orchestral Concert Series featuring the Juilliard Orchestra; the Ellen and James S. Marcus Institute for Vocal Arts fully-staged fall and spring productions, as well as a production in collaboration with the Metropolitan Opera Lindemann Young Artist Development Program; the Juilliard Jazz Orchestra's concert series; the Dance Division's New Dances Program in the fall and its Spring Repertory Program; and the Drama Division's Spring season of four plays presented by the fourth-year actors.

### *Pre-College and Evening Divisions*

Juilliard's Pre-College Division, founded in 1916, offers one of the world's foremost music preparatory curriculums for students in the pre-school to high school years. The non-degree program takes place on Saturdays during the academic year. Admission is based on audition. Many of the Pre-College Division's 100 faculty members are drawn from Juilliard's College Division.

In 2018-2019, 306 students were enrolled in the Pre-College Division. Tuition for the 2018-2019 academic year is \$12,750. On average, scholarships are awarded in amounts equal to approximately 25% of tuition. The Pre-College Division presents more than 200 public

performances each year, including student solo recitals and those by the Division's three orchestras, two choruses, opera students, and more than 70 chamber ensembles.

The Pre-College Division's graduating classes average 80 students, 25% of whom typically enroll in Juilliard's College Division. Many others attend the top conservatories or universities around the nation. Alumni of the Pre-College Division include Emanuel Ax (Juilliard College faculty since 1990), Sarah Chang, Marvin Hamlisch, Alan Gilbert, Joseph Kalichstein (Juilliard College faculty since 1983), Yo-Yo Ma, Midori, Garrick Ohlsson, Itzhak Perlman (Juilliard College and Pre-College faculty since 1999), and Stephen Schwartz, among others.

Juilliard's Evening Division offers 50-60 credit and non-credit courses on a wide range of topics each year. Its student body, comprised of over 900 adults each year, ranges in age from 18 to 98. Some students are amateur or professional artists who want to improve their skills, while others are arts lovers seeking to deepen their appreciation and understanding of the arts. In 2017-2018, about 80% of the Evening Division's enrollment was in non-credit courses. The average cost of an Evening Division class is \$730. No scholarship assistance is available. The Evening Division's faculty includes a number of College Division faculty members.

### *Community Engagement Programs*

The Office of Community Engagement provides instructional opportunities to Juilliard students in dance, drama, and music, epitomizing the School's commitment to sharing the arts with the community. By engaging in classroom teaching and interactive performances, Juilliard students gain the foundation necessary to embark on successful careers and productive lives as artists, leaders and citizens. Community Engagement programs benefit audiences throughout the five boroughs of New York City, bringing the joy of the performing arts to the wider community.

Juilliard has established several experiential programs in which approximately 160 College Division students currently participate. These programs include customized arts training to public schools and neighborhood organizations; the Performing Educational Programs for Schools (PEPS) program, which presents free interdisciplinary concerts for New York City students; the Gluck Community Service Fellowship Program (GCSF), which enables Juilliard students from each discipline to present more than 450 free performances annually in New York City health care facilities; the Morse Teaching Artist Fellowship, a traditional teaching artist residency that provides aesthetic education and skills-based (applied music) instruction to students in grades 2-12; the Music Advancement Program (MAP), a conservatory style instrument instruction program for children 8 to 17; and Combining Literacy Instruction through Musical Beginnings (CLIMB), which provides music training and literacy instruction for very young children throughout the academic year.

### *Collaboration with Nord Anglia Education (K-12)*

The Juilliard-Nord Anglia Performing Arts Program is a multifaceted collaboration launched in 2015 to create an innovative arts education curriculum for students in grades K-12. Created in collaboration with Nord Anglia Education (NAE), a for-profit company which operates a global network of private K-12 schools, the program brings Juilliard's philosophies of

teaching dance, drama, and music to Nord Anglia classrooms around the world. The program seeks to inspire and equip students with the creativity, curiosity, and cultural literacy to engage with the performing arts throughout their lives. In addition, the program connects Juilliard’s worldwide network of performers, teaching artists, and curriculum specialists with the schools to provide them with workshops, master classes and performances throughout the school year. Since its launch in ten pilot locations in 2015, the Juilliard/NAE program has expanded to 57 schools, encompassing 46 locations in 26 countries, reaching over 50,000 students and their families.

*The Tianjin Juilliard School*

Scheduled to open in the fall of 2019, The Tianjin Juilliard School will be the first performing arts institution in China to offer a U.S.-accredited Master of Music degree (in orchestral studies, chamber music, and collaborative piano). The school will also offer non-degree programs for adults and children. The operations of The Tianjin Juilliard School are funded by Juilliard’s local partners in Tianjin, as is the cost of construction of a new building to house the school. Designed by Diller Scofidio + Renfro, the 350,000 square foot building combines performance, practice, research spaces as well as interactive exhibitions into a unique, state-of-the-art facility. Juilliard receives from The Tianjin Juilliard School service fees and reimbursement of expenses that Juilliard incurs in connection with the development and operation of The Tianjin Juilliard School.

**College Division Enrollment and Admissions**

Juilliard’s College Division student headcount for the past five years, based on fall registration, is shown below. Programs of study are abbreviated as follows: B.M., Bachelor of Music; B.F.A., Bachelor of Fine Arts; Dip., Diploma; M.M., Master of Music; M.F.A., Master of Fine Arts; G.D., Graduate Diploma; A.D., Artist Diploma; and D.M.A., Doctor of Musical Arts.

**College Division Enrollment and Admissions**

<b>Academic Year</b>	<b>B.M./ B.F.A.</b>	<b>Dip.</b>	<b>M.M./ M.F.A.</b>	<b>G.D.</b>	<b>A.D.</b>	<b>D.M.A.</b>	<b>Other</b>	<b>Total Enrollment</b>
2018-2019	486	2	280	11	34	30	1	844
2017-2018	486	0	271	18	36	33	3	847
2016-2017	498	0	273	21	34	30	2	858
2015-2016	489	0	289	11	32	33	1	855
2014-2015	499	10	284	9	31	33	1	867

The School maintains enrollment targets for each of its divisions. Drama and Dance Divisions together account for approximately 20% of total student enrollment. Music students account for the remaining 80%. Within music, enrollment targets are maintained for each instrument, which are determined largely by the number of students needed to fill the School’s orchestras. In its music admissions process, the School places more emphasis on the quality of

applicants for each instrument than on their age or the degree they wish to pursue. Thus, the mix of undergraduate and graduate enrollments may vary over time.

Juilliard’s student body continues to be geographically and demographically diverse. In 2018-2019, 31% of the student body consisted of international students (representing 45 countries, with the largest three being China, Korea and Canada), and 76% of the U.S. students are from out of state.

Juilliard enjoys very high numbers of qualified applicants, which have produced high yields of enrolled students each year. The following table presents admission and new student enrollment figures over the past five academic years.

**Enrollment**

<b>Academic Year</b>	<b>Applications Received</b>	<b>Number Admitted</b>	<b>Admissions Rate</b>	<b>Matriculants</b>	<b>Yield</b>
2018-2019	5718	436	7.6%	302	69.3%
2017-2018	5763	386	6.7%	281	72.8%
2016-2017	5618	396	7.0%	290	73.2%
2015-2016	5533	407	7.4%	275	67.6%
2014-2015	5076	442	8.7%	315	71.3%

**Tuition, Room and Board**

Juilliard’s tuition and room and board charges for the previous five academic years are provided below (room and board reflects double room occupancy for new students).

**Tuition / Room & Board**

<b>Academic Year</b>	<b>Tuition</b>	<b>Room &amp; Board</b>	<b>Total</b>
2018-2019	\$45,110	\$16,950	\$62,060
2017-2018	\$43,170	\$15,990	\$59,160
2016-2017	\$41,310	\$15,380	\$56,690
2015-2016	\$39,720	\$14,790	\$54,510
2014-2015	\$38,190	\$14,290	\$52,480

**Financial Aid**

The School awards financial aid on the basis of need and merit combined. Three types of financial aid are available: grants/scholarships, loans, and on-campus employment.

During the 2018-2019 academic year, based on fall registration, 430 undergraduates, representing 88.1% of total undergraduate enrollment, were awarded institutional scholarships. In the Master of Music and Master of Fine Arts program, 262 students, or 93.6% of the program’s enrollment, received institutional scholarships. Scholarships distributed to those

groups totaled approximately \$22.8 million, with an average award of \$32,950. The School also provides full tuition scholarships to all students enrolled in the Doctor of Musical Arts and Artist Diploma programs, and provides substantial scholarships to students in the Graduate Diploma program. Altogether, 735 Juilliard students, or 90.6% of all students enrolled in programs subject to tuition charges, received a total of \$24.9 million in institutional scholarship assistance. For 2019-2020, the School expects to enroll approximately the same number of students as it has in recent years and to maintain its level of scholarship assistance at approximately the same discount rate level as in the current fiscal year.

A significant portion of the School's scholarship awards to students are funded by distributions from the endowment (approximately 70%), and contributions for current use (approximately 10%). The remaining 20% of scholarship awards are provided from general operating funds.

The School currently acts as an eligible lender in the federally guaranteed Direct Loan program, including both Subsidized and Unsubsidized Stafford Student Loans, and parent and student PLUS loans. In addition, Juilliard participates in the federally funded Perkins Loan Program; during the 2017-2018 academic year, a total of \$2.9 million in loans (\$3.7 million including parent loans) was advanced to 272 students enrolled in programs subject to tuition charges.

## **Financial Management**

### *Planning and Control*

Juilliard's financial affairs are overseen by four Board-level committees (Budget, Investment, Audit, and Compensation); and by the School's Chief Operating Officer and Corporate Secretary, and Vice President and CFO, who also provide staff support to the Board committees.

Juilliard's annual budget is developed in the context of a five-year forecast of revenues and expenditures that is renewed and updated annually and as needed to reflect new data and trends, emerging priorities and associated resource requirements, and methodological or technical adjustments that have a bearing on the financial plan. The annual budget is reviewed by both the Budget Committee and the full Board in May of each year prior to its formal approval by the Board at that time. The School's budget has been balanced in each of the last five years, within the context of a Board-approved rate of draw from the endowment, a competitively priced tuition and room and board rate, realistic fundraising expectations, and expenditures that have kept pace with inflation each year as measured by the Higher Education Price Index ("HEPI") compiled by the Commonfund.

In 2015, Juilliard appointed Investure, LLC to manage the School's pooled endowment under the oversight of the Investment Committee of Juilliard's Board. Investure serves as the full-service investment office for a select group of colleges and foundations. Distributions from the endowment provide approximately 37% of the School's 2018-2019 budgeted operating revenue. Investure and the Investment Committee meet periodically during the year to review

performance, asset allocation, market values, and liquidity; and to make policy decisions regarding the management of the portfolio.

The Audit Committee engages and oversees the work of the School's independent auditor and oversees application of the Board's conflict of interest policy. The Audit Committee confers at least twice each year, to approve the audit engagement for the upcoming year and to review the results of the annual audit, the financial statements and the auditor's management recommendations, the IRS Form 990, and other matters relating to the School's financial reporting and control processes.

The Compensation Committee confers annually, and additionally as needed, to review and authorize compensation paid to the President and other officers and key employees of the School; to review and authorize employment contract terms for the President; and to periodically review the School's employee benefit package.

### **Financial Activity and Performance**

The following tables are based on the Juilliard School's financial statements for Fiscal Years 2013 through 2017 audited by KPMG LLP, independent auditors. These tables should be read in conjunction with the audited financial statements and related footnotes as of June 30, 2017 included in Appendix B of this Official Statement.

**Table 1**  
**Summary Balance Sheets**  
**(\$'s in thousands)**

Fiscal years ending June 30:	2017	2016	2015	2014	2013
<b>Assets</b>					
Cash and cash equivalents	\$6,366	\$6,623	\$7,424	\$5,784	\$3,755
Student tuition, loans, and other receivables	10,739	1,666	2,459	2,745	2,461
Contributions and charitable trusts receivable	13,341	22,008	18,742	19,266	16,131
Prepaid expenses and other assets	3,095	3,140	4,298	4,081	4,638
Investments	1,058,368	954,222	1,020,603	1,021,840	905,160
Investments limited as to use	-	-	-	-	3,559
Assets held pursuant to split-interest agreements	6,135	5,462	5,059	5,272	4,405
Property and equipment, net	155,917	159,907	166,273	173,349	180,701
<b>Total assets</b>	<b>\$1,253,961</b>	<b>\$1,153,028</b>	<b>\$1,224,856</b>	<b>\$1,232,335</b>	<b>\$1,120,810</b>
<b>Liabilities and net assets</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$10,231	\$10,200	\$10,323	\$9,405	\$9,213
Deferred revenues	3,683	1,805	2,867	381	439
Liabilities to annuitants	4,042	3,845	3,204	2,545	2,443
Bonds payable	193,815	193,655	194,995	194,995	194,995
Fair value of derivative instruments	48,243	67,558	45,193	38,690	36,003
Federal loan capital advances	632	1,029	1,054	1,067	1,047
<b>Total liabilities</b>	<b>\$260,647</b>	<b>\$278,093</b>	<b>\$257,636</b>	<b>\$247,083</b>	<b>\$244,141</b>
Net assets:					
Unrestricted	\$185,133	\$145,100	\$203,961	\$228,606	\$211,296
Temporarily restricted	435,158	377,587	427,178	434,024	373,707
Permanently restricted	373,022	352,248	336,081	322,622	291,666
Total net assets	993,313	874,935	967,220	985,252	876,669
<b>Total liabilities and net assets</b>	<b>\$1,253,961</b>	<b>\$1,153,028</b>	<b>\$1,224,856</b>	<b>\$1,232,335</b>	<b>\$1,120,810</b>

**Table 2**  
**Summary Statements of Activities**  
**(\$'s in thousands)**

Fiscal years ending June 30:	2017	2016	2015	2014	2013
<b>Operating Activities</b>					
<i>Revenues:</i>					
Tuition and fees	\$40,194	\$38,080	\$37,332	\$35,266	\$34,074
Less: financial aid grants	(22,010)	(20,477)	(19,582)	(17,608)	(17,032)
Net tuition and fees	18,184	17,603	17,750	17,658	17,042
Contributions	13,018	27,089	17,585	12,649	12,795
Investment return distributed in accordance with authorized spending rate	42,338	41,614	39,578	36,672	35,585
Auxiliary enterprises revenues	7,559	7,637	7,733	7,417	7,027
Government appropriations, special events revenues, and other educational and general revenues	19,567	4,331	1,951	2,619	2,806
Other investment funds distributed	8,895	8,355	9,817	9,097	9,548
<b>Total operating revenues</b>	<b>\$109,561</b>	<b>\$106,630</b>	<b>\$94,414</b>	<b>\$86,113</b>	<b>\$84,802</b>
<i>Expenses:</i>					
Educational and general	\$88,277	\$81,656	\$74,790	\$66,873	\$64,738
Auxiliary enterprises	7,131	6,778	6,407	6,178	6,106
Depreciation and amortization	8,937	9,448	9,348	9,273	9,339
Interest	9,121	9,425	9,286	9,311	9,276
<b>Total expenses</b>	<b>\$113,466</b>	<b>\$107,306</b>	<b>\$99,831</b>	<b>\$91,635</b>	<b>\$89,459</b>
<b>Increase (decrease) in net assets from operating activities</b>	<b>(3,905)</b>	<b>(676)</b>	<b>(5,418)</b>	<b>(5,522)</b>	<b>(4,657)</b>
<b>Nonoperating Activities</b>					
Contributions to endowment funds and funds functioning as endowment	\$15,034	\$16,752	\$13,891	\$30,881	\$15,956
Change in value of interests in split-interest agreements	314	(648)	(670)	697	416
Excess (deficiency) of investment return over authorized spending rate	96,516	(76,587)	(9,515)	94,311	72,281
Other investment funds distributed	(8,895)	(8,355)	(9,817)	(9,097)	(9,548)
Change in fair value of derivative instruments	19,315	(22,771)	(6,503)	(2,687)	25,652
<b>Total increase (decrease) in net assets</b>	<b>\$118,379</b>	<b>\$(92,285)</b>	<b>\$(18,032)</b>	<b>\$108,583</b>	<b>\$100,101</b>

*Management's Discussion of Recent Financial Performance*

As reflected in the Summary Balance Sheets above, Juilliard's total assets on June 30, 2017 were \$1.25 billion, up approximately \$101 million from the prior June 30. The growth is primarily attributable to an increase of \$104.1 million in investments. The investment portfolio, which represented 84% of total assets on June 30, 2017, is mainly composed of endowment and similar funds. Other changes include a decrease of \$8.7 million in contributions and charitable trusts receivable from June 30, 2016 to June 30, 2017 due to payments received during Fiscal Year 2017 on existing outstanding pledges, and an increase of \$9.1 million in other receivables from June 30, 2016 to June 30, 2017. The \$10.7 million of student tuition, loans, and other receivables as of June 30, 2017 (up from \$1.7 million the prior year) primarily represent reimbursements due from The Tianjin Juilliard School for costs incurred in development of the

initiative. Juilliard's total liabilities were \$260.6 million on June 30, 2017, compared to \$278.1 million on June 30, 2016, with the decrease attributable primarily to an increase in the value of derivative instruments. The School's net assets on June 30, 2017 were \$993.3 million, an increase of \$118.4 million from the prior fiscal year.

This increase represents a change in net assets from operating activities of (-\$3.9) million and non-operating activities of \$122.3 million.

Total operating revenue increased 3% to \$109.6 million in Fiscal Year 2017. Tuition and fee revenue, net of financial aid, grew by 3%, reflecting stable enrollment and an increase in the tuition rate. Government appropriations, special events, and other education and general revenue increased by \$15.2 million from the prior fiscal year, to \$19.6 million. The increase is largely driven by revenues from Juilliard's new venture in Tianjin and its collaboration with NAE. The NAE program became fully operational in Fiscal Year 2017, following a pilot year launch in Fiscal Year 2016. Fiscal Year 2017 revenues from The Tianjin Juilliard School include the first installment of an annual service fee and accrued reimbursement of expenses incurred in connection with development of the initiative. Contributions decreased to \$13.0 million, from \$27.1 million, as proceeds from several large bequests were received in Fiscal Year 2016.

Total operating expenses increased 6% from Fiscal Year 2016, to \$113.5 million. The increase is attributable to expenses related to the School's new ventures and modest growth in recurring operating costs.

Fiscal Year 2017 non-operating activities include contributions to endowment and similar funds of \$15 million, and \$96.5 million of investment appreciation in excess of distributions in accordance with the School's authorized endowment spending rate.

Preliminary results for Fiscal Year 2018 indicate that revenue and expenses were within 2018 budgeted levels. The School does not anticipate significant operating variances from Fiscal Year 2017 actual performance.

## **Endowment and Spending Policy**

Juilliard's investment philosophy is designed to provide significant, stable and sustainable funding to support the School's annual operating budget while maintaining the long-term purchasing power of the endowment assets. The endowment is invested with approximately 100 external managers whose performance is closely monitored by Investure and the Board's Investment Committee. As of June 30, 2018, the preliminary market value of the endowment was \$1.1 billion and was composed of global equities (45.0%), alternative equity (27.0%), private equity (19.0%), fixed income (5.5%), and cash (3.5%). (Endowment investments accounted for 98% of total investments held at the end of the fiscal year.) The market values for Fiscal Years 2013 through 2017 are summarized in the following table. During this five-year period, Fiscal Year 2013 through Fiscal Year 2017, the compounded annualized return on the pooled endowment was 8.7%.

## Total Endowment Assets

<u>Fiscal Year Ending</u>	<u>Total Endowment Assets (\$ Millions)</u>
2017	\$1,046.1
2016	932.7
2015	999.4
2014	999.8
2013	882.0

The School's spending is designed to preserve the long-term purchasing power of the portfolio and to ensure a stable flow of support for current programs despite inevitable short-term fluctuations in the investment markets. The spending formula computes distributions on a weighted average of (a) the previous year's actual distribution, plus or minus inflation as measured by HEPI; and (b) the market value of the endowment at the end of the calendar year preceding the relevant fiscal year, multiplied by a target spending rate. A target rate of 5% has been established, with a 70% weight given to the first component of the formula and 30% weight given to the second. For Fiscal Year 2018 and Fiscal Year 2019, the calculated rate of endowment draw for all funds (other than those with non-standard rates stipulated by donors and certain unrestricted Board-designated funds), was equal to 5.2% and 5.0%, respectively, of the previous December 31 market value. The decrease in spending rate is the product of the intended smoothing effect of the spending formula on endowment distributions from year to year and the higher value of the endowment relative to spending as compared to prior years.

### **Fundraising**

Juilliard maintains a strategic fundraising program that develops contributions to current and endowment funds and cultivates long-term prospects through an active planned giving program.

Juilliard actively seeks unrestricted contributions to the current fund, so that it may direct those gifts to the areas of greatest need in the School's current budget. Sources of unrestricted support include annual gifts from members of the Board, gifts obtained through donor groups and contributions from alumni and other individuals solicited personally and through direct mail. Juilliard also receives gifts to the current fund that are sought for or restricted by the donor to key areas of need, principally scholarships, specific educational programs, and performance activities. In Fiscal Year 2018, Juilliard received \$13.8 million in cash and pledges towards current operations. The School is currently in the process of examining the feasibility of a new capital campaign.

Endowment contributions over the five fiscal years ending in Fiscal Year 2017 averaged \$18.5 million annually. These contributions have provided support for student aid, educational and performance programs, and other initiatives.

## Outstanding Commitments

### *Private Placement Bonds*

The Trust previously issued its \$44,000,000 Revenue Bonds, Series 2015A (The Juilliard School) (the “Series 2015A Bonds”) maturing on April 1, 2036 pursuant to the Trust’s Revenue Bond Resolution (The Juilliard School), as supplemented (the “2015A Bond Resolution”), and its \$26,000,000 Revenue Bonds, Series 2015B (The Juilliard School) (the “Series 2015B Bonds”) pursuant to the Trust’s Revenue Bond Resolution (The Juilliard School), as supplemented (the “2015B Bond Resolution”), which mature on July 1, 2032 and are subject to mandatory tender on July 1, 2025.

In addition, the Trust issued its \$12,000,000 Revenue Bonds, Series 2017A (The Juilliard School) (the “Series 2017A Bonds”) maturing on January 1, 2036 pursuant to the 2015A Bond Resolution, as amended, and its \$65,145,000 Revenue Bonds, Series 2017B (The Juilliard School) (the “Series 2017B Bonds,” and together with the Series 2015A Bonds, the Series 2015B Bonds and the Series 2017A Bonds, the “Private Placement Bonds”) pursuant to the 2015B Bond Resolution, as amended, which mature on January 1, 2036 and are subject to mandatory tender on July 1, 2025. The Series 2015A Bonds and the Series 2017A Bonds were sold directly to a financial institution. The Series 2015B Bonds and the Series 2017B Bonds were sold directly to a different financial institution.

The repayments of the Private Placement Bonds are payable from loan repayments to be made by Juilliard under separate loan agreements entered into at the time of issuance of the Series 2015A Bonds and the Series 2015B Bonds, and amended at the time of issuance of the Series 2017A Bonds and the Series 2017B Bonds. Juilliard’s obligations under such loan agreements constitute unsecured general obligations of Juilliard. In connection with the issuance and sale of the Series 2015B Bonds and the Series 2017B Bonds, Juilliard agreed to certain reporting requirements and covenants including the following:

- (a) if Juilliard’s long-term unenhanced debt rating is downgraded to A- by S&P or A3 by Moody’s (but not below BBB- by S&P or Baa3 by Moody’s), Juilliard will (1) cause all Series 2015B Bonds and Series 2017B Bonds to be redeemed or repurchased within 120 days of the date of such downgrade and (2) pay interest on such Series 2015B Bonds and Series 2017B Bonds at a rate equal to the default rate defined in the applicable bond resolution; and
- (b) the Series 2015B Bonds and the Series 2017B Bonds are subject to mandatory tender at the option of the holder thereof upon the occurrence of any of the following events:
  - (1) Juilliard fails to redeem or repurchase any of the Series 2015B Bonds and/or the Series 2017B Bonds as required by clause (a) above;
  - (2) Juilliard’s long-term unenhanced debt rating is downgraded below BBB- by S&P or below Baa3 by Moody’s; or

(3) Juilliard fails, as of any June 30 or December 31, to maintain a ratio of Minimum Unrestricted Liquidity to Total Funded Debt of not less than 1.00 to 1.00.

For purposes of calculating the ratio of Minimum Unrestricted Liquidity to Total Funded Debt, the Minimum Unrestricted Liquidity is equal to Juilliard’s cash and cash equivalents plus investments less investments restricted for purposes other than operations less permanently restricted endowment net assets (or any equivalent net asset classification in accordance with GAAP). Total Funded Debt is equal to Juilliard’s total current and long-term portions of bonds, loans and capital leases. As of June 30, 2017, this ratio was 3.55.

*Current Debt Outstanding*

As of June 30, 2018, Juilliard had debt outstanding with a par amount of \$195.0 million, which consisted of the following:

**Current Debt Outstanding**

<u>Series</u>	<u>Maturity</u>	<u>Balance Outstanding</u>
2009A <sup>1</sup>	2039	\$47,850,000
2015A	2036	\$44,000,000
2015B	2032	\$26,000,000
2017A	2036	\$12,000,000
2017B	2036	\$65,145,000
<b>Total</b>		<b>\$194,995,000</b>

<sup>(1)</sup> The proceeds of the Series 2018A Bonds will be used to redeem the Series 2009A Bonds in full on January 1, 2019.

The School does not plan any other long-term capital borrowings or major debt-financed construction projects in the near term.

The School is a party to two leases with Lincoln Center covering space used by the School for educational, residence hall, and cafeteria facilities. See “Current Facilities” and “APPENDIX B — THE JUILLIARD SCHOOL AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016 — Note 10.”

**Derivative Instruments**

The School is a party to two outstanding interest rate swap agreements (the “2009 Swap Agreements”), originally effective October 1, 2009. Pursuant to the 2009 Swap Agreements, the School is obligated to pay the counterparty a fixed interest rate and the counterparty is obligated to pay the School a variable rate, based on LIBOR, for a term that expires on July 1, 2036, and July 1, 2041, respectively. The 2009 Swap Agreements contain certain termination provisions which could, in certain interest rate environments, create an obligation on the part of the School or on the part of the applicable counterparty to make a significant payment upon unscheduled termination. The total notional amount of the 2009 Swap Agreements is \$160 million. As of

June 30, 2018, the fair value of the 2009 Swap Agreements approximated a liability of \$36.8 million.

The School is not required to post collateral on the outstanding swap transactions at any rating levels. See “APPENDIX B — THE JUILLIARD SCHOOL AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2017 AND 2016 — Note 7.”

### **Insurance**

Juilliard maintains insurance coverage against loss of property, general and umbrella liability claims, errors and omissions by directors and officers, automobile-related losses, and losses due to crime and theft. See “CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS.”

### **Employee Benefits**

Juilliard maintains a defined contribution retirement program under which eligible employees receive a benefit equal to 10% of their salary toward a retirement account managed and administered by TIAA/CREF in their name. Contributions are owned by the participant and fully vested when made. The amounts contributed are remitted to TIAA/CREF by Juilliard as they are earned by eligible employees. The School does not sponsor a defined benefit pension plan and thus has no accumulated liabilities for pension benefits, nor does it offer or provide post-retirement health insurance benefits.

### **Employment Contracts**

Full-time faculty members are contracted for periods of one, two, or three years. Tenure is not granted to any member of the faculty.

The approximately fifty members of the School’s facilities and security department are represented by Local 241 of the Transit Workers Union. The collective bargaining agreement for this group commenced on July 1, 2015, and will expire on June 30, 2019.

Juilliard believes that it maintains a positive relationship with its employees, including those with and those without employment contracts.

### **Litigation**

There is no litigation or governmental proceeding pending or threatened against Juilliard that would affect the validity of the Series 2018A Bonds, or the authority under which they were issued or will be converted and remarketed, or that would materially affect the School’s financial position or its ability to continue its present operations or to perform its obligations under the Series 2018A Bonds.

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**THE JULLIARD SCHOOL**

Financial Statements

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

# THE JUILLIARD SCHOOL

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KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Board of Trustees  
The Juilliard School:

We have audited the accompanying financial statements of The Juilliard School, which comprise the balance sheets 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 The Juilliard School 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**

December 12, 2017

**THE JULLIARD SCHOOL**

Balance Sheets

June 30, 2017 and 2016

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	\$ 6,365,974	6,623,498
Receivables, net:		
Student tuition and fees	23,908	28,539
Student loans receivable	704,557	831,476
Other	10,010,979	805,826
Contributions and charitable trusts receivable, net (note 3)	13,340,741	22,008,105
Prepaid expenses and other assets	3,094,951	3,140,152
Investments (notes 2 and 13)	1,058,367,793	954,221,846
Assets held pursuant to split-interest agreements (notes 12 and 13)	6,135,450	5,461,996
Property and equipment, net (note 4)	155,916,500	159,906,951
Collections (note 1(j))		
Total assets	<u>\$ 1,253,960,853</u>	<u>1,153,028,389</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 10,231,144	10,200,455
Deferred revenues	3,682,858	1,804,577
Liabilities to annuitants (note 12)	4,042,497	3,845,385
Bonds payable (note 6)	193,815,297	193,655,300
Fair value of derivative instruments (notes 7 and 13)	48,243,428	67,558,417
Federal loan capital advances	632,144	1,029,284
Total liabilities	<u>260,647,368</u>	<u>278,093,418</u>
Commitments and contingencies (notes 2, 5 and 10)		
Net assets (note 9):		
Unrestricted	185,133,115	145,099,886
Temporarily restricted (note 8)	435,158,214	377,587,073
Permanently restricted	373,022,156	352,248,012
Total net assets	<u>993,313,485</u>	<u>874,934,971</u>
Total liabilities and net assets	<u>\$ 1,253,960,853</u>	<u>1,153,028,389</u>

See accompanying notes to financial statements.

THE JULLIARD SCHOOL

Statements of Activities

Years ended June 30, 2017 and 2016

	2017			2016				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenues and support:								
Tuition and fees	\$ 40,194,169	—	—	40,194,169	38,080,171	—	—	38,080,171
Less financial aid grants	(22,009,986)	—	—	(22,009,986)	(20,476,720)	—	—	(20,476,720)
Net tuition and fees	18,184,183	—	—	18,184,183	17,603,451	—	—	17,603,451
Government appropriations	757,842	—	—	757,842	684,105	—	—	684,105
Other educational and general revenues	18,808,712	—	—	18,808,712	2,610,273	—	—	2,610,273
Auxiliary enterprises revenues	7,559,423	—	—	7,559,423	7,637,479	—	—	7,637,479
Special events, less costs of direct benefits to donors of \$461,839 in 2016	—	—	—	—	1,036,298	—	—	1,036,298
Contributions	4,389,770	8,628,463	—	13,018,233	8,993,824	18,095,458	—	27,089,282
Investment return distributed in accordance with authorized spending rate and other distributed investment returns not subject to spending rate (note 2)	5,266,763	37,070,921	—	42,337,684	5,269,727	36,344,164	—	41,613,891
Other investment funds distributed (note 9)	8,895,043	—	—	8,895,043	8,355,409	—	—	8,355,409
Net assets released from restrictions – operating	44,756,428	(44,756,428)	—	—	42,579,584	(42,579,584)	—	—
Total operating revenues and support	108,618,164	942,956	—	109,561,120	94,770,150	11,860,038	—	106,630,188
Expenses (notes 5 and 11):								
Educational and general	88,276,773	—	—	88,276,773	81,656,107	—	—	81,656,107
Auxiliary enterprises	7,130,865	—	—	7,130,865	6,777,634	—	—	6,777,634
Depreciation and amortization	8,937,444	—	—	8,937,444	9,447,614	—	—	9,447,614
Interest	9,121,417	—	—	9,121,417	9,424,976	—	—	9,424,976
Total expenses	113,466,499	—	—	113,466,499	107,306,331	—	—	107,306,331
Change in net assets from operating activities	(4,848,335)	942,956	—	(3,905,379)	(12,536,181)	11,860,038	—	(676,143)
Nonoperating activities:								
Contributions to endowment funds and funds functioning as endowment	57,139	39,486	14,936,894	15,033,519	148,782	34,282	16,568,646	16,751,710
Transfer in accordance with donor designation	—	(5,800,000)	5,800,000	—	—	—	—	—
Change in value of interests in and investment return on assets held under split-interest agreements	155,043	122,059	37,250	314,352	(84,044)	(162,357)	(401,164)	(647,565)
Excess (deficiency) of investment return over authorized spending rate (note 2)	34,249,436	62,266,640	—	96,516,076	(15,263,377)	(61,323,301)	—	(76,586,678)
Other investment funds distributed (note 9)	(8,895,043)	—	—	(8,895,043)	(8,355,409)	—	—	(8,355,409)
Change in fair value and cost of termination of derivative instruments (notes 7 and 13)	19,314,989	—	—	19,314,989	(22,771,137)	—	—	(22,771,137)
Change in net assets	40,033,229	57,571,141	20,774,144	118,378,514	(58,861,366)	(49,591,338)	16,167,482	(92,285,222)
Net assets at beginning of year	145,099,886	377,587,073	352,248,012	874,934,971	203,961,252	427,178,411	336,080,530	967,220,193
Net assets at end of year	\$ 185,133,115	435,158,214	373,022,156	993,313,485	145,099,886	377,587,073	352,248,012	874,934,971

See accompanying notes to financial statements.

**THE JULLIARD SCHOOL**

Statements of Cash Flows

Years ended June 30, 2017 and 2016

	<b>2017</b>	<b>2016</b>
Cash flows from operating activities:		
Change in net assets	\$ 118,378,514	(92,285,222)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized (appreciation) depreciation of investments	(144,500,642)	30,422,591
Change in fair value and cost of termination of derivative instruments	(19,314,989)	22,771,137
Depreciation and amortization	8,937,444	9,447,614
Amortization of deferred financing costs	180,359	155,144
Permanently restricted contributions	(20,736,894)	(16,568,646)
Amortization of discount on long-term contributions receivable and change in valuation of charitable trusts receivable	(120,701)	(22,849)
Bad debt recovery	(56,448)	(43,011)
Gain on disposal of property and equipment	—	(9,723)
Changes in operating assets and liabilities:		
Receivables	(9,070,649)	785,535
Contributions and charitable trusts receivable	9,088,632	(5,239,326)
Prepaid expenses and other assets	45,201	(337,202)
Accounts payable and accrued liabilities	724,438	(892,436)
Deferred revenues	1,878,281	(1,062,279)
Net cash used in operating activities	(54,567,454)	(52,878,673)
Cash flows from investing activities:		
Purchases of investments	(762,010,461)	(1,730,291,352)
Proceeds from sales of investments	802,365,156	1,766,249,614
Change in accounts payable and accrued liabilities for capital	(640,255)	820,055
Purchases of property and equipment	(4,946,993)	(3,071,883)
Net cash provided by investing activities	34,767,447	33,706,434
Cash flows from financing activities:		
Permanently restricted contributions	20,436,327	18,564,340
Change in assets held pursuant to split-interest agreements	(673,454)	(403,156)
Change in liabilities to annuitants	197,112	641,135
Federal loan capital advances	(397,140)	(24,537)
Payment of financing costs	(20,362)	—
Termination of derivative instruments	—	(406,000)
Net cash provided by financing activities	19,542,483	18,371,782
Net decrease in cash and cash equivalents	(257,524)	(800,457)
Cash and cash equivalents – beginning of year	6,623,498	7,423,955
Cash and cash equivalents – end of year	\$ 6,365,974	6,623,498
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 9,874,163	9,604,085

See accompanying notes to financial statements.

## THE JUILLIARD SCHOOL

### Notes to Financial Statements

June 30, 2017 and 2016

#### **(1) Organization and Basis of Presentation and Summary of Significant Accounting Policies**

##### *Organization and Basis of Presentation*

The Juilliard School (the School) prepares talented students for professional careers in the performing arts of music, dance, and drama and is a fully autonomous constituent member of Lincoln Center for the Performing Arts (Lincoln Center).

The School is a Section 501(c)(3) organization that is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code) and has been classified as an organization that is not a private foundation as defined in Section 509(a)(1) of the Code. In addition, the State of New York (the State) and New York City (the City) have classified the School as nonprofit in character, and as such, it is exempt from payment of income taxes to the State and City. The School qualifies for the maximum charitable contribution deduction by donors.

Under an arrangement between the Trustees of the Institute of Musical Art of the City of New York (IMA) and the School, the income from all investments of IMA, including the Eugene Delano Trust Fund, is used to support the School's operations. Certain of the Trustees of IMA also serve as Trustees of the School. The School consolidates IMA, as the School has control over IMA.

The Trustees of IMA delegated investment management authority over IMA's assets (an investment portfolio) to the School. These funds are commingled with the School's investment portfolio, although IMA remains a separate legal entity and separate financial records are maintained to record IMA activities. The management of IMA's investment portfolio and the method used to determine investment returns available for spending are identical to those of the School (see notes 2 and 9).

##### *Summary of Significant Accounting Policies*

###### **(a) Net Asset Classifications**

In the accompanying financial statements, the School's financial resources have been presented in three net asset classes (unrestricted, temporarily restricted, and permanently restricted) based upon stipulations imposed by donors:

*Unrestricted Net Assets:* Unrestricted net assets include expendable resources over which the School's Board of Trustees has discretionary control and are used to carry out the School's operations in accordance with its bylaws.

*Temporarily Restricted Net Assets:* Temporarily restricted net assets include resources expendable only for those purposes specified by a donor or grantor. The restrictions are satisfied either by the passage of time or by actions of the School.

*Permanently Restricted Net Assets:* Permanently restricted net assets represent funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity, but permit the School to expend part or all of the income derived therefrom.

###### **(b) Educational, General, and Auxiliary Enterprises Revenue**

The School records educational and general and auxiliary enterprises revenues (primarily tuition and room and board) on the accrual basis as earned.

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### Notes to Financial Statements

June 30, 2017 and 2016

Other educational and general revenues primarily include revenues under a collaboration agreement for development and delivery of an arts curriculum in a global network of K-12 schools, and revenues and reimbursement of expenses in connection with the School's development of a performing arts institute in Tianjin, China in collaboration with partner organizations in China. These revenues are recorded on an accrual basis as earned in accordance with the applicable contract periods and provisions.

Other receivables as of June 30, 2017 primarily represent receivables for the reimbursement of expenses in connection with the School's development of the performing arts institute in Tianjin, China.

#### **(c) Contributions**

Contributions of cash and other assets and promises to give (pledges) are recorded as revenue when received unconditionally, at fair value. Fair values are measured based on present value of future cash flows, with consideration of expectations about possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants. Contributions received with donor stipulations that limit the use of the contributions are reported as temporarily restricted. When a donor restriction expires (i.e., when a time restriction ends or purpose restriction is fulfilled), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions that the donor requires to be used to acquire long lived assets (property and equipment) are reported as temporarily restricted. Once the long lived assets have been acquired or placed in service, the School reflects the expiration of the donor imposed restrictions.

Contributed services are recognized as revenue and expenses at their fair value when such services are rendered. There were no contributed services for the years ended June 30, 2017 and 2016.

#### **(d) Cash and Cash Equivalents**

The School considers all highly liquid financial instruments with an original maturity of three months or less when purchased, other than those held in the School's investment portfolio or those restricted as to use, to be cash equivalents.

Substantially all cash and cash equivalents are on deposit in one financial institution. The amount of cash and cash equivalents in the accounts at this bank may, at times, exceed federally insured limits.

#### **(e) Investments**

The School's investments in marketable equity and fixed-income securities are stated at fair value based on quoted market prices or published net asset value for alternative investment funds with characteristics similar to a mutual fund.

The School applies the provisions of accounting standards for *Fair Value Measurement and Disclosures – Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* to investments in other alternative investments that do not have readily determinable fair values, including hedge funds, limited partnerships, and other funds. This guidance allows, as a practical expedient, for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value, using net asset value per share or its equivalent, as reported by the investment managers. Accordingly, fair value is determined by the

**THE JULLIARD SCHOOL**  
Notes to Financial Statements  
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School's management for each investment based upon net asset values reported by the investment managers to the School.

Financial information used by the School to evaluate the net asset value of its alternative investments is provided by the investment manager or general partner and includes fair value valuations (quoted market prices and values determined through other means) of underlying securities and other financial instruments held by the investee, and estimates that require varying degrees of judgment. The School reviews and evaluates the values provided and agrees with the valuation methods and assumptions used in determining the net asset values of these investments.

The financial statements of the investees are audited annually by independent auditors, although the timing for reporting the results of such audits does not typically coincide with the School's annual financial statement reporting.

**(f) Measure of Operations**

The School includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including an authorized investment income spending allocation and other investment funds distributed. This measure of operations provides a presentation that depicts the manner in which the School manages its financial activities. Investment return, including interest and dividends, net realized and unrealized gains and losses earned, in excess of (or less than) the School's aggregate authorized spending and other investment funds distributed, contributions to endowment funds and funds functioning as endowment, changes in the value of interests in and investment returns on assets held under split-interest agreements, changes in fair value of interest rate swap agreements, and other nonrecurring items are recognized as nonoperating activities.

**(g) Property and Equipment**

Property and equipment are recorded at cost. Property and equipment expenditures in excess of \$25,000 are capitalized. Depreciation and amortization of buildings, building improvements, and furniture, fixtures, and equipment are provided over their estimated useful lives that range from 3 to 40 years, using the straight-line method.

**(h) Capitalized Interest**

Interest costs incurred on bonds payable are capitalized as construction in progress during the construction period, net of interest earned on the unspent bond proceeds, in accordance with ASC Subtopic 835-20, *Capitalization of Interest Costs in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*.

**(i) Deferred Financing Costs**

Deferred financing costs are being amortized on a straight-line basis over the term of the bonds payable.

**(j) Collections**

The School's collections comprise rare instruments and music manuscripts that are held for educational and curatorial purposes. Each of the items is catalogued, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The

## THE JUILLIARD SCHOOL

### Notes to Financial Statements

June 30, 2017 and 2016

collections generally are subject to a policy that requires proceeds from their sales to be used to acquire other items for collections.

The collections, which were acquired through purchases and contributions since the School's inception, are not recognized as assets in the balance sheets. Purchases of collection items are recorded as decreases in unrestricted net assets in the period in which the items are acquired. Contributed collection items are not reflected in the accompanying financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

The value of the School's collections is periodically estimated for insurance purposes.

#### **(k) *Deferred Revenues***

Deferred revenues are comprised primarily of tuition and fees received from students in advance of the school year and advance payments under a collaboration agreement for development and delivery of an arts curriculum in a network of K-12 schools. These amounts are recognized as revenues over the school year or contract period as applicable.

#### **(l) *Derivative Instruments***

The School records the fair value of its interest rate swap agreements and other derivative instruments based on the difference between market interest rates at the date of the agreements and interest rates in effect at the balance sheet date.

#### **(m) *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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of the financial statements include the fair value of alternative investments, fair value of derivative instruments, allowance for uncollectible accounts, split-interest agreements, and guaranteed student loans. Actual results could differ from those estimates.

#### **(n) *Income Taxes***

The School recognizes the effect of income tax positions only if those tax positions are more likely than not to be sustained. Income generated from activities unrelated to the School's exempt purpose is subject to tax under Internal Revenue Code Section 511. The School did not recognize any unrelated business income tax liability for the years ended June 30, 2017 and 2016.

#### **(o) *Authoritative Accounting Pronouncements***

In 2017, the School adopted Accounting Standards Update (ASU) No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the debt liability. The School applied the provision of the update retrospectively to 2016.

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**(p) Reclassifications**

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

**(2) Investments**

Investments at fair value, including those of IMA, comprised the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 63,259,263	54,390,640
Fixed income	30,094,022	26,220,820
Domestic equity securities/funds	40,043,261	31,942,435
International equity securities/funds	—	25,390
Alternative investments:		
Inflation hedges	28,272,502	28,433,324
Global equity	291,397,972	274,886,070
Credit	20,780,267	26,419,138
Emerging markets	84,385,995	67,402,194
Hedged equity	912,674	8,785,554
Event driven	579,285	788,584
Multi-strategy	290,797,036	240,991,507
Distressed securities	3,392,494	9,140,362
Private equity	204,453,022	184,795,828
Total alternative investments	<u>924,971,247</u>	<u>841,642,561</u>
	<u>\$ 1,058,367,793</u>	<u>954,221,846</u>

The School's investment objective is to invest its assets in a prudent manner in order to achieve a long-term rate of return sufficient to fund a portion of its spending and to increase investment value equal to or above inflation. The School uses a diversified investment approach incorporating multiple asset classes, strategies, and managers.

Alternative investments involve investing in nontraditional asset classes and in traditional asset classes structured in a nontraditional manner. Managers are expected to use their specific investment skills to generate long-term equity-like returns that are not highly correlated to traditional asset classes. Alternative investment strategies may be used to enhance investment returns and overall portfolio diversification. The School's alternative investment portfolio is invested in various investments intended to produce the combined or individual effects of reducing overall portfolio risk or to generate expected returns that exceed those available from domestic and international equities. Investments in alternative assets are made primarily via partnerships in which the School is a limited partner relying upon the expertise of experienced general partners.

Alternative investments may indirectly expose the School to securities lending, short sales of securities, and trading in futures and forwards contracts, options, swap contracts, and other derivative products. While

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these financial instruments may contain varying degrees of risk, the School's risk with respect to such transactions is limited to its capital balance in each investment.

The limitations and restrictions on the School's ability to redeem or sell its alternative investments vary by investment and range from required notice periods (generally 10 to 180 days after initial lock-up periods) to longer lock-up terms. Private equity fund structures are usually subject to longer lock-up terms, with remaining fund lives ranging from 1 to 10 years with a series of possible one-year extensions.

The School has remaining commitments of approximately \$154,700,000 for capital contributions to limited partnerships in which it has investments at June 30, 2017. This amount is based on total commitments to all private equity investments and may not be fully called.

During fiscal year 2016, the School outsourced its investment office and transferred a portion of its investments to limited partnership vehicles established by the outsourced investment office. These limited partnership investments represent approximately 67% and 59% of the School's investments at June 30, 2017 and 2016, respectively.

The following tables summarize the School's investment return and classification thereof in the accompanying statements of activities for the years ended June 30, 2017 and 2016:

	2017			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Interest and dividend income, net of investment expenses of approximately \$6,583,000	\$ (1,550,293)	(4,096,589)	—	(5,646,882)
Net realized and unrealized appreciation	41,066,492	103,434,150	—	144,500,642
Total return on investments	39,516,199	99,337,561	—	138,853,760
Investment return distributed in accordance with authorized spending rate, including distribution from the IMA, and other distributed investment returns not subject to spending rate	(5,266,763)	(37,070,921)	—	(42,337,684)
Excess of investment return over authorized spending rate	\$ 34,249,436	62,266,640	—	96,516,076

**THE JULLIARD SCHOOL**  
Notes to Financial Statements  
June 30, 2017 and 2016

	2016			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Interest and dividend income, net of investment expenses of approximately \$5,851,000	\$ (1,303,566)	(3,246,630)	—	(4,550,196)
Net realized and unrealized depreciation	(8,690,084)	(21,732,507)	—	(30,422,591)
Total return on investments	(9,993,650)	(24,979,137)	—	(34,972,787)
Investment return distributed in accordance with authorized spending rate, including distribution from the IMA, and other distributed investment returns not subject to spending rate	(5,269,727)	(36,344,164)	—	(41,613,891)
Deficiency of investment return over authorized spending rate	\$ (15,263,377)	(61,323,301)	—	(76,586,678)

**(3) Contributions and Charitable Trusts Receivable**

Contributions receivable as of June 30, 2017 and 2016 are due to be collected as follows:

	2017	2016
Less than one year	\$ 4,578,737	9,305,262
One to five years	7,939,953	11,789,500
More than five years	500,000	1,000,000
	13,018,690	22,094,762
Less discount on long-term contributions receivable (at discount rates ranging from 0.7% to 5.5%)	(178,082)	(281,764)
Total contributions receivable, at present value	12,840,608	21,812,998
Charitable trusts receivable, at present value	500,133	195,107
	\$ 13,340,741	22,008,105

In 2017 and 2016, contributions and charitable trusts receivable include 78% and 58% due from three donors, respectively. Contribution revenues include 52% and 53%, received from one donor and one estate in 2017, and from two donors and one estate in 2016, respectively.

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June 30, 2017 and 2016

**(4) Property and Equipment, net**

At June 30, 2017 and 2016, property and equipment, net of accumulated depreciation, and construction in progress balances were as follows:

<b>2017</b>					
		<b>Educational Building – 60 Lincoln Center Plaza</b>	<b>Rose Building – 70 Lincoln Center Plaza</b>	<b>Other</b>	<b>Total</b>
Land	\$	—	2,421,438	—	2,421,438
Building		—	33,308,239	—	33,308,239
Building improvements		203,084,922	4,127,598	—	207,212,520
Furniture, fixtures, and equipment		18,940,282	3,413,124	427,701	22,781,107
Musical instruments		3,908,080	327,845	—	4,235,925
		225,933,284	43,598,244	427,701	269,959,229
Less accumulated depreciation		(87,842,852)	(30,253,864)	(115,782)	(118,212,498)
Construction in progress		3,367,204	802,565	—	4,169,769
	\$	141,457,636	14,146,945	311,919	155,916,500
<b>2016</b>					
		<b>Educational Building – 60 Lincoln Center Plaza</b>	<b>Rose Building – 70 Lincoln Center Plaza</b>	<b>Other</b>	<b>Total</b>
Land	\$	—	2,421,438	—	2,421,438
Building		—	33,308,239	—	33,308,239
Building improvements		202,249,543	2,363,139	—	204,612,682
Furniture, fixtures, and equipment		17,845,040	3,353,848	427,701	21,626,589
Musical instruments		3,908,080	327,845	—	4,235,925
		224,002,663	41,774,509	427,701	266,204,873
Less accumulated depreciation		(79,789,798)	(29,411,335)	(73,921)	(109,275,054)
Construction in progress		1,016,729	1,960,403	—	2,977,132
	\$	145,229,594	14,323,577	353,780	159,906,951

## THE JULLIARD SCHOOL

### Notes to Financial Statements

June 30, 2017 and 2016

The School participated with certain constituent members of Lincoln Center for the Performing Arts, Inc. (LCPA) in the development and construction of the Rose Building at Lincoln Center. In accordance with the terms of the participation agreement, the School underwrote a share of the Rose Building's development and construction costs and shares in the costs of operating the building. The Rose Building's property and equipment consist of the School's pro rata share of certain development and construction costs plus furnishings and musical instruments owned by the School.

The School also participated with constituent organizations of Lincoln Center in a capital renewal and expansion project managed by Lincoln Center Development Project, Inc. The project included expansion and renovation of 60 Lincoln Center Plaza, the School's educational building; renovations to 70 Lincoln Center Plaza, in which the School's residence hall and cafeteria facilities are located; renovations to buildings occupied by other constituent organizations of Lincoln Center; and refurbishment of shared facilities and public spaces at Lincoln Center. The School incurred construction and related costs related to this project of approximately \$198,882,000, of which approximately \$194,341,000 was capitalized. The project was funded with a combination of proceeds from tax-exempt bonds (see note 6) and contributions from donors and LCPA.

Title to 60 Lincoln Center Plaza and 70 Lincoln Center Plaza is in the name of LCPA.

#### **(5) Pension Plan**

The School sponsors a defined contribution plan (the Plan), under Section 403(b) of the Internal Revenue Code that covers employees of the School who receive a regular salary (except regular division faculty who work less than 300 hours per year, precollege and evening division faculty members, nonadministrative stage department personnel, enrolled students, and accompanists), have been employed by the School for at least two years, and have attained the age of 21. The entire cost of the Plan is paid by the School. Plan contributions equal to 10% of each participant's regular salary are applied as premiums to individual annuities issued to each participant by Teachers Insurance and Annuity Association and College Retirement Equities Fund.

The total pension expense for fiscal years 2017 and 2016 was approximately \$2,875,000 and \$2,879,000, respectively.

**THE JULLIARD SCHOOL**  
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**(6) Bonds Payable**

As of June 30, 2017 and 2016, bonds payable consist of series that mature as follows and on which interest payments are due as follows:

<u>Maturity</u>	<u>Interest</u>	<u>2017</u>	<u>2016</u>
Series 2015A: Due April 1, 2036	Interest payable each January 1 and July 1, at a variable rate	\$ 44,000,000	44,000,000
Series 2015B: Due July 1, 2032, with sinking fund installments due each July 1 from 2030 through 2032	Interest payable each January 1, April 1, July 1, and October 1, at a variable rate	26,000,000	26,000,000
Series 2009A: Due January 1, 2034, with sinking fund installments due January 1, 2033 and January 1, 2034	Interest payable each January 1 and July 1, at the rate of 5.00%	22,850,000	22,850,000
Due January 1, 2039, with annual sinking fund installments beginning on January 1, 2037	Interest payable each January 1 and July 1, at the rate of 5.00%	25,000,000	25,000,000
Series 2009B: Due January 1, 2036	Interest payable each January 1 and July 1, at the rate of 1.35% through July 31, 2017 and thereafter at interest rates and periods to be determined upon remarketing of the bonds	77,145,000	77,145,000
		194,995,000	194,995,000
Less unamortized deferred financing costs		(1,179,703)	(1,339,700)
Total		<u>\$ 193,815,297</u>	<u>193,655,300</u>

In April 2009, the School borrowed \$194,995,000 through tax-exempt bonds issued by The Trust for Cultural Resources of the City of New York. Bond proceeds were used to repay in full the borrowings outstanding under a bridge line of credit facility of \$160,000,000 that had been used to redeem bonds outstanding under a previous tax-exempt issue, to pay certain bond issuance costs, and to pay for project costs incurred in connection with the Lincoln Center redevelopment project, as described in note 4.

The Series 2015A and Series 2015B bonds were issued on June 25, 2015 and directly placed with two financial institutions through bond purchase and placement agreements on that date. Proceeds from the Series 2015 bonds were used to refund Series 2009C bonds in the amount of \$70,000,000 that had been

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previously outstanding. There are certain financial and other covenants associated with the Series 2015 bonds and as of June 30, 2017, the School was in compliance with those covenants.

The Series 2009B bonds were subject to mandatory tender on July 31, 2017. On July 26, 2017, the bonds were refunded with proceeds from new Series 2017A and Series 2017B bonds in the amounts of \$12,000,000 and \$65,145,000, respectively, which were directly placed with two financial institutions through bond purchase and placement agreements on that date. Interest on the bonds is payable each January 1 and July 1 at a variable rate.

**(7) Derivative Instruments**

Effective October 1, 2009, the School entered into two interest rate swap agreements under a master agreement with one counterparty. One swap has an initial notional amount of \$35,000,000, to be reduced in increments over the period from July 1, 2029 through the termination date of July 1, 2036 to \$18,990,000. In accordance with the terms of the swap and related agreement, the School pays an interest rate of 3.856% and receives interest based on 67% of three-month USD-LIBOR-BBA. The second swap has an initial notional amount of \$125,000,000, to be reduced in increments over the period from July 1, 2029 through the termination date of July 1, 2041 to \$12,050,000. The School pays an interest rate of 3.646% on the notional amount of the swap and receives interest based on 67% of three-month USD-LIBOR-BBA. Net receipts or payments under the swap agreements are recognized as an adjustment to interest expense.

The aggregate estimated fair value of the derivative agreements approximated a liability of \$48,243,000 and \$67,558,000 at June 30, 2017 and 2016, respectively, and is recorded as a liability in the balance sheets. An unrealized gain of approximately \$19,315,000 and an unrealized loss of approximately \$22,365,000 on these derivatives are reflected in the statements of activities for the years ended June 30, 2017 and 2016, respectively.

**(8) Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted for the following purposes at June 30:

	<u>2017</u>	<u>2016</u>
Scholarships and student aid	\$ 117,790,076	96,681,272
Educational programs	105,972,295	95,264,594
Property and equipment renovations	5,446,616	5,955,365
Time restricted only (pledges) and accumulated gains on unrestricted endowments	<u>205,949,227</u>	<u>179,685,842</u>
	<u>\$ 435,158,214</u>	<u>377,587,073</u>

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**(9) Permanently Restricted Net Assets and Endowment Funds**

Income from permanently restricted net assets is used to support the following purposes at June 30:

	<u>2017</u>	<u>2016</u>
Scholarships and student aid	\$ 185,590,303	166,942,196
Educational programs	98,462,653	96,336,616
Unrestricted	<u>88,969,200</u>	<u>88,969,200</u>
	<u>\$ 373,022,156</u>	<u>352,248,012</u>

The New York Prudent Management of Institutional Funds Act (NYPMIFA) imposes guidelines on the management and investment of endowment funds. The School has interpreted the relevant law as allowing the School to appropriate for expenditure or accumulate so much of an endowment fund as the School determines is prudent considering 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 and subsequent correspondence, if applicable.

Accounting guidance associated with the enactment of NYPMIFA as set forth in ASC Topic 958-205-45, *Classification of Donor-Restricted Endowment Funds Subject to UPMIFA*, requires the portion of the donor-restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

The School's endowment consists of approximately 500 individual funds established for a variety of purposes including scholarships and student aid, educational programs, and other purposes. The endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowment. The School classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified in temporarily restricted net assets. Donor-restricted amounts are reflected in temporarily restricted net assets until those amounts are appropriated for spending and released from restrictions.

The School has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the School's programs while seeking to maintain the purchasing power of the fund. The School employs a long-term equity-oriented strategy of investing in both traditional and alternative asset classes. It seeks to maintain the inflation-adjusted value of the portfolio after distributions made to support the School's operating budget. Its goal is to reduce overall portfolio volatility by adhering to a diversified asset allocation mix and rebalancing policy. The School establishes an annual budget for appropriations from its endowment that is approved by the Board of Trustees. Long-term expected returns on endowment assets and the duration and preservation of the endowment funds are considered in determining budgets and appropriations for expenditure.

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To preserve purchasing power, the School limits its spending of investment return to a percentage of a calculated base, unless otherwise specified by the donor. For the years ended June 30, 2017 and 2016, the School made available to be spent the weighted average of: (a) the funds' fiscal year 2016 and fiscal year 2015 spending distribution, respectively, increased by inflation (70% weight) and (b) 5% of the funds' investment fair value as of December 31, 2015 and 2014, respectively (30% weight). Approximately \$42.3 million and \$41.6 million was distributed in fiscal years 2017 and 2016, respectively, in accordance with the spending rate, including spending from funds with distribution requirements other than the standard spending rate. To the extent that ordinary investment income earned or accumulated is less than the spending rate, funds will be transferred from accumulated net realized and unrealized investment gains. The School also expends for operations a portion of the investment earnings on nonendowment investments.

At June 30, 2017 and 2016, the endowment composition (which excludes contributions receivable, charitable trusts receivable, and split-interest agreements) by type of fund consisted of the following:

		<b>2017</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Donor-restricted funds	\$	—	380,821,908	372,367,287	753,189,195
Board-designated funds		280,407,020	12,483,957	—	292,890,977
	\$	<u>280,407,020</u>	<u>393,305,865</u>	<u>372,367,287</u>	<u>1,046,080,172</u>

  

		<b>2016</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Donor-restricted funds	\$	—	316,864,321	346,625,881	663,490,202
Board-designated funds		255,403,416	13,841,374	—	269,244,790
	\$	<u>255,403,416</u>	<u>330,705,695</u>	<u>346,625,881</u>	<u>932,734,992</u>

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Changes in endowment net assets for the years ended June 30, 2017 and 2016 consisted of the following:

	<b>Year ended June 30, 2017</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	
Endowment net assets, beginning of year	\$ 255,403,416	330,705,695	346,625,881	932,734,992
Investment return:				
Investment loss, net	(1,631,704)	(4,096,589)	—	(5,728,293)
Realized and unrealized appreciation in investments	41,064,388	103,426,577	—	144,490,965
Total investment gain	39,432,684	99,329,988	—	138,762,672
Contributions and transfers	(288,342)	341,103	25,741,406	25,794,167
Appropriated and released from restrictions	(5,245,695)	(37,070,921)	—	(42,316,616)
Other investment funds distributed	(8,895,043)	—	—	(8,895,043)
Endowment net assets, end of year	<u>\$ 280,407,020</u>	<u>393,305,865</u>	<u>372,367,287</u>	<u>1,046,080,172</u>
	<b>Year ended June 30, 2016</b>			
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 279,637,809	391,393,313	328,346,254	999,377,376
Investment return:				
Investment loss, net	(1,345,852)	(3,246,630)	—	(4,592,482)
Realized and unrealized depreciation in investments	(8,690,544)	(21,738,336)	—	(30,428,880)
Total investment loss	(10,036,396)	(24,984,966)	—	(35,021,362)
Contributions and transfers	(602,321)	641,512	18,279,627	18,318,818
Appropriated and released from restrictions	(5,240,267)	(36,344,164)	—	(41,584,431)
Other investment funds distributed	(8,355,409)	—	—	(8,355,409)
Endowment net assets, end of year	<u>\$ 255,403,416</u>	<u>330,705,695</u>	<u>346,625,881</u>	<u>932,734,992</u>

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**(10) Commitments and Contingencies**

**(a) Commitments**

The School is a party to a lease with LCPA covering the School's educational building located at 60 Lincoln Center Plaza. The lease terminated in fiscal year 1999 and the School exercised an option to renew the lease for an additional 25-year term. The lease contains options to continue for two additional successive lease terms of 25 years each. It provides that rental charges will consist of the costs LCPA incurs in providing external security and certain other general services to the School. These costs were approximately \$1,826,000 and \$1,796,000 in fiscal years 2017 and 2016, respectively.

The School is a party to a lease with LCPA covering space used by the School for offices and for residence hall and cafeteria facilities in the Rose Building at Lincoln Center. The lease, which terminates in 2085 with options to continue thereafter for an unlimited number of lease terms, provides that rental charges will consist of the School's pro rata share of the costs LCPA incurs to operate the building. These pro rata costs were approximately \$3,437,000 and \$3,170,000 in fiscal years 2017 and 2016, respectively.

**(b) Contingencies**

The School is involved in various legal proceedings and claims arising in the normal course of business. Management of the School does not expect the ultimate resolution of these actions to have a material adverse effect on the School's financial position.

**(11) Functional Expenses**

During fiscal years 2017 and 2016, the School's expenses, on a functional basis, were as follows:

	<u>2017</u>	<u>2016</u>
Program activities (educational)	\$ 85,626,165	81,383,040
Costs of direct benefits to donors (meals and entertainment)	—	461,839
Supporting services:		
General and administrative	23,621,189	21,793,445
Fundraising	<u>4,219,145</u>	<u>4,129,846</u>
Total functional expenses	113,466,499	107,768,170
Costs of direct benefits to donors	<u>—</u>	<u>(461,839)</u>
Total expenses	<u>\$ 113,466,499</u>	<u>107,306,331</u>

**(12) Split-Interest Agreements**

The School is the beneficiary of a number of split-interest agreements with donors, including charitable gift annuities and charitable remainder trusts.

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Under the terms of the School's charitable gift annuity agreements, the School controls donated assets and may share with the donor or donor's designee income generated from those assets until such time as stated in the agreements (usually upon the death of the donor or the donor's designee). These charitable gift annuity agreements are recorded as assets held pursuant to split-interest agreements (at fair value) in the accompanying balance sheets. The School records contribution income and a liability for amounts payable to annuitants based upon actuarial calculations at the time of the gift. Adjustments to the actuarial calculations for changes in assumptions are made and recognized annually. The discount rates used in the calculations at June 30, 2017 and 2016 ranged from approximately 1% to 8%.

Under the terms of the School's charitable remainder trust agreements, the School is not the trustee and does not exercise control over the assets contributed to the trusts. At the time a charitable remainder trust agreement is executed, the School recognizes as contribution revenue and as a receivable the present value of the estimated future benefits to be received by the School when the trust assets are distributed. Amounts receivable under charitable remainder trust agreements are invested in equity and fixed-income securities and are included in contributions and charitable trusts receivable in the accompanying balance sheets.

#### (13) 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 at the measurement date. The three levels of the fair value hierarchy are 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 other than quoted prices or published net asset values included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the School utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers nonperformance risk in its assessment of fair value.

The School follows the provisions of the FASB Accounting Standards Update No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which removed the requirement to categorize within the fair value hierarchy investments for which fair value is measured using the net asset value per share practical expedient.

The following methods and assumptions were used by the School for fair value measurements made in the accompanying financial statements:

*Investments:* Fair values of investments are determined as discussed in note 1.

*Assets held pursuant to split-interest agreements:* These assets represent investments in marketable securities, for which fair values are based on quoted market prices.

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*Interest rate swap agreements:* The School's derivative instruments consist of over-the-counter (OTC) interest rate swap agreements which are not publicly traded on a public exchange. The interest rate swap agreements are valued based on income and market approach using Level 2 inputs from a third-party pricing model. The third-party pricing model incorporates such factors as the Treasury curve, LIBOR, and the pay rate on the interest rate swap agreements. As such, the School categorized its interest rate swap agreements as Level 2.

The following tables summarize the School's assets and liabilities by major category in the fair value hierarchy as of June 30, 2017 and 2016, as well as related liquidity:

	June 30, 2017			Redemption or liquidation
	Level 1	Level 2	Total	
Investments:				
Cash and cash equivalents	\$ 63,259,263	—	63,259,263	Daily
Fixed income	30,094,022	—	30,094,022	Daily
Domestic equity securities	40,043,261	—	40,043,261	Daily
	<u>\$ 133,396,546</u>	<u>—</u>	<u>133,396,546</u>	
Investments measured at net asset value:				
Inflation hedges			28,272,502	Quarterly (33%)/Annually (67%)
Global equity			291,397,972	Monthly (95%)/Quarterly (5%)
Credit			20,780,267	Monthly
Emerging Markets			84,385,995	Quarterly
Hedged equity			912,674	Locked-up
Event driven			579,285	Annually
Multi-strategy			290,797,036	Quarterly (95%)/Locked-up (5%)
Distressed securities			3,392,494	Locked-up
Private equity			<u>204,453,022</u>	Annually (10%)/Locked-up (90%)
Total investments measured at net asset value			<u>924,971,247</u>	
Total investments			<u>\$ 1,058,367,793</u>	
Assets held pursuant to split-interest agreements	\$ 6,135,450	—	6,135,450	
Interest rate swap agreements	—	(48,243,428)	(48,243,428)	

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	June 30, 2016			Redemption or liquidation
	Level 1	Level 2	Total	
Investments:				
Cash and cash equivalents	\$ 54,390,640	—	54,390,640	Daily
Fixed income	26,220,820	—	26,220,820	Daily
Domestic equity securities	31,942,435	—	31,942,435	Daily
International equity index fund	25,390	—	25,390	Daily
	<u>\$ 112,579,285</u>	<u>—</u>	<u>112,579,285</u>	
Investments measured at net asset value:				
Inflation hedges			28,433,324	Quarterly (33%)/Annually (67%)
Global equity			274,886,070	Monthly (90%)/Quarterly (10%)
Credit			26,419,138	Monthly
Emerging Markets			67,402,194	Quarterly
Hedged equity			8,785,554	Annually (70%)/Locked-up (30%)
Event driven			788,584	Annually
Multi-strategy			240,991,507	Quarterly (85%)/Annually (10%)/ Locked-up (5%)
Distressed securities			9,140,362	Quarterly (75%)/Locked-up (25%)
Private equity			<u>184,795,828</u>	Annually (10%)/Locked-up (90%)
Total investments measured at net asset value			<u>841,642,561</u>	
Total investments			<u>\$ 954,221,846</u>	
Assets held pursuant to split-interest agreements	\$ 5,461,996	—	5,461,996	
Interest rate swap agreements	—	(67,558,417)	(67,558,417)	

While the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**(14) Subsequent Events**

The School has evaluated events and transactions occurring from the balance sheet date of June 30, 2017 through December 12, 2017, which is the date that the financial statements were issued, for disclosure and recognition in the financial statements and determined that no additional disclosures were required.

**DEFINITIONS OF CERTAIN TERMS**

The following definitions of certain of the terms used in the General Resolution, the Series 2018A Resolution and the Loan Agreement and used in this Official Statement do not purport to be complete and reference should be made to the aforementioned documents for full and complete definitions.

“*Accounts*” means all accounts created and established by or held pursuant to the Resolution.

“*Act*” means Articles 20 and 21 of Title E of the Arts and Cultural Affairs Laws of New York, as the same may be amended from time to time.

“*Act of Bankruptcy*” means the filing of a petition in bankruptcy by or against the Trust or the commencement of a receivership, insolvency, assignment for the benefit of creditors or other similar proceeding by or against the Trust, unless such case or petition was dismissed and all applicable appeal periods have expired without an appeal having been filed.

“*Additional Payments*” means certain payments to be made by the Institution to the Trustee, the Paying Agent and the Trust pursuant to the Loan Agreement.

“*Agreement*” or “*Loan Agreement*” means the Loan Agreement, by and between the Trust and the Institution, dated as of April 1, 2009, in connection with the issuance of Bonds, and assigned to the Trustee for the benefit of the Bondholders, as amended pursuant to the First Amendment of Loan Agreement dated as of November 1, 2018, as the same may be further amended, supplemented or otherwise modified from time to time.

“*Alternate Liquidity Facility*” means an irrevocable letter of credit, a surety bond, line or lines of credit, standby bond purchase agreement or other similar agreement or agreements or any other agreement or agreements delivered to the Trustee and used to provide liquidity support for payment of the Purchase Price of the Bonds, satisfactory to the Institution, and containing administrative provisions reasonably satisfactory to the Trustee, issued and delivered to the Trustee in accordance with the applicable Series Resolution.

“*Authorized Newspaper*” means THE BOND BUYER or any other newspaper or publication carrying municipal bond notices and devoted primarily to financial news or the subject of state and municipal bonds, printed in the English language and generally circulating at least five days (other than legal holidays) in each calendar week in the Borough of Manhattan, City and State of New York.

“*Authorized Officer*” means: (i) in the case of the Trust, the Chairman, and when used with reference to any act or document also means any other person authorized by resolution of the Trust to perform such act or sign such document; (ii) in the case of the Institution, the President, Chief Operating Officer, Senior Vice President, Vice President, Finance or the Secretary, and when used with reference to any act or document also means any other person authorized by resolution of the Institution to perform such act or sign such document; (iii) in the case of any Credit Enhancement Provider, any President, Vice President, Treasurer or Secretary and when used with reference to any act or document also means any other person authorized by any Credit Enhancement Provider to perform such act or sign such document; (iv) in the case of any Liquidity Facility Issuer, any President, Vice President, Treasurer or Secretary and when used with reference to any act or document also means any other person authorized by any Liquidity Facility Issuer to perform such act or sign such document; and (v) in the case of the Trustee, any officer within the Corporate Trust Office with direct responsibility for the administration of the

Resolution or any other officer of the Trustee and also means any other officer to whom such matter is referred because of such officer's knowledge and familiarity with the particular subject.

“*Bond*” or “*Bonds*” means any of the bonds of the Trust authenticated and delivered under and pursuant to the provisions of the Resolution and any Series Resolution.

“*Bond Counsel*” means any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, selected by the Trust and approved by the Institution.

“*Bondholder*” or “*holder*” or “*Owner*” or any similar term, when used with reference to a Bond or Bonds, means any person who is the registered owner of any Bond Outstanding.

“*Bond Register*” means the registration books for the registration and transfer of Bonds kept by the Trustee.

“*Business Day*” means a day other than (a) a Saturday, Sunday or other day on which banks located in New York, New York, or a city in which the principal offices of the Trustee or the Paying Agent are located are required or authorized by law or executive order to close, (b) a day on which banks in the city in which the office of any Credit Enhancement Provider or any Liquidity Facility Issuer at which a payment under any Credit Enhancement or Liquidity Facility, as the case may be, is to be made are required or authorized by law or executive order to be closed, or (c) a day on which the New York Stock Exchange is closed.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations promulgated thereunder.

“*Continuing Disclosure Agreement*” means any agreement entered into between the Institution and the Trustee with respect to a Series of Bonds, pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

“*Corporate Trust Office*” means the principal corporate trust office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of adoption of the Series 2018A Resolution is located at 100 Wall Street, Suite 1600, New York, New York 10005, Attention: Corporate Trust Services.

“*Credit Enhancement*” means any policy of insurance, surety bond, irrevocable letter of credit, line or lines of credit or any other agreement or instrument used to provide credit support in connection with a particular Series of Bonds, as may be designated and set forth in the Series Resolution authorizing such Series of Bonds, any amendments thereof and any Replacement Credit Enhancement. **There is initially no Credit Enhancement being issued in connection with the Series 2018A Bonds.**

“*Credit Enhancement Payments Account*” means the account within the Debt Service Fund which is created and established by the Resolution.

“*Credit Enhancement Provider*” means each provider of Credit Enhancement, if any, issued in connection with a particular Series of Bonds, as may be designated and set forth in the Series Resolution authorizing such Series of Bonds

“*Credit Enhancement Provider Event of Insolvency*” means the occurrence and continuance of one or more of the following events: (a) the issuance of an order of rehabilitation, liquidation or

dissolution of a Credit Enhancement Provider; (b) the commencement by a Credit Enhancement Provider of a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for itself or any substantial part of its property; (c) the consent of a Credit Enhancement Provider to any relief referred to in the preceding clause (b) in an involuntary case or other proceeding commenced against it; (d) the making by a Credit Enhancement Provider of an assignment for the benefit of creditors; (e) the failure of a Credit Enhancement Provider to generally pay its debts as they become due; or (f) the initiation by a Credit Enhancement Provider of any actions to authorize any of the foregoing.

“*Debt*” means, without duplication, indebtedness for borrowed money, whether or not evidenced by notes, bonds, capitalized leases, debentures or other evidence of indebtedness, including indebtedness under purchase money mortgages and similar security arrangements, indebtedness which is non-recourse and any other obligation which appears as indebtedness on the balance sheet included in the Institution’s annual financial statement; provided, however, that debt service amounts for the payment of which moneys or defeasance securities maturing or redeemable at not less than 100% of the principal amount thereof solely at the option of the holder of such securities prior to the principal payment date or interest payment date on which they are to be applied have been irrevocably set aside to pay such debt service will not be considered Debt for purposes of the Loan Agreement. Debt incurred with respect to a credit facility or liquidity facility will be counted only to the extent the reimbursement obligation on amounts drawn, or in the reasonable judgment of the Institution likely to be drawn, on the credit facility or liquidity facility exceeds the obligation on the Debt for which a credit facility or a liquidity facility is provided.

“*Debt Service Fund*” means the fund so designated which is created and established as such by the Resolution.

“*Defeasance Obligations*” means non-callable obligations described in clause (A), (B) or (C) of the definition of “Permitted Investments”, below.

“*Depository*” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation designated in the Series Resolution authorizing a Series of Bonds or a Series Certificate relating to a Series of Bonds to serve as securities depository for the Bonds of such Series.

“*Development Fund*” means that fund so designated which is created and established as such by the Resolution.

“*Favorable Opinion of Bond Counsel*” means an opinion of Orrick, Herrington & Sutcliffe LLP, or other Bond Counsel, addressed to the Trust, any Remarketing Agent or Broker Dealer, the Institution and the Trustee, and may be relied upon by any Liquidity Facility Issuer to the effect that the action proposed to be taken is authorized or permitted by the laws of the State of New York and the applicable Resolution and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Series 2018A Bonds.

“*Financed Facilities*” means all facilities included in the portion of the Project to which proceeds of Bonds are applied.

“*Fiscal Year*” means with respect to the Institution, the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other successive twelve-month period hereafter selected and designated as the official fiscal year period of the Institution.

“*Funds*” means all funds created and established by or held pursuant to the Resolution.

“*General Resolution*” or “*Resolution*” means the Revenue Bond Resolution (The Juilliard School), adopted by the Board of Trustees of the Trust on March 18, 2009, as the same may be supplemented by one or more Supplemental Resolutions.

“*Indemnification Agreement*” means the Indemnification Agreement, dated as of November 1, 2018, between the Trust and the Institution, as the same may be amended from time to time, and any other Indemnification Agreement entered into by the Trust and the Institution with respect to a Series of Bonds.

“*Institution*” means The Juilliard School, a not-for-profit corporation created and existing under the laws of the State of New York and a participating cultural institution for purposes of the Act.

“*Institution Payments Account*” means the account within the Debt Service Fund which is created and established by the Resolution.

“*Interest Payment Date*” means with respect to the Series 2018A Bonds, each January 1 and July 1, commencing July 1, 2019.

“*Liquidity Facility*” means an irrevocable letter of credit, a surety bond, line or lines of credit, standby bond purchase agreement or other similar agreement or agreements or any other agreement or agreements delivered to the Trustee and providing liquidity support for the Bonds in accordance with a Series Resolution, and any Alternate Liquidity Facility, as the same may be amended or supplemented from time to time pursuant to the terms thereof. **There is initially no Liquidity Facility being issued in connection with the Series 2018A Bonds.**

“*Liquidity Facility Issuer*” means, each issuer of a Liquidity Facility, if any, then in effect with respect to a particular Series of Bonds, as may be designated and set forth in the Series Resolution authorizing such Series of Bonds, and its successors and assigns.

“*Liquidity Facility Issuer Bond*” means each Bond purchased by the Liquidity Facility Issuer with the proceeds of a drawing under the Liquidity Facility pursuant to the applicable Series Resolution and registered and/or held in the name of and/or for the benefit of the Liquidity Facility Issuer or its nominee until the date on which such Bond is remarketed in accordance with the provisions of the applicable Series Resolution and sold by the Liquidity Facility Issuer pursuant to the applicable Series Resolution

“*Loan Payments*” means those payments made by the Institution to the Trustee pursuant to the Agreement as set forth in Appendix E under the caption “Payment for the Bonds.”

“*Minimum Authorized Denominations*” for any Series of Bonds shall have the meaning ascribed to it in the related Series Resolution.

“*Moody’s*” means Moody’s Investors Service, Inc., or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Trust.

“*Outstanding*” when used with reference to Bonds, means as of a particular date and subject to the further provisions of the Resolution, all Bonds authenticated and delivered under the Resolution except: (i) any Bond paid or redeemed or otherwise cancelled by the Trustee at or before such date; (ii) any Bond for the payment of which cash, equal to the principal amount thereof with interest to date of maturity, will have theretofore been deposited with the Trustee prior to maturity pursuant to the

Resolution; (iii) any Bond in lieu of or in substitution for which another Bond will have been authenticated and delivered pursuant to the Resolution, and (iv) any Bond deemed paid under the provisions of the Resolution, except that any Bond described in (ii) or (iv) are considered Outstanding until the maturity or redemption date thereof solely for the purposes of certain provisions of the Resolution relating to the transfer, exchange or replacement of Bonds and provided further: (i) that Liquidity Facility Issuer Bonds and Bonds the principal of or interest on which has been paid by any Credit Enhancement Provider under the Credit Enhancement provided by such Credit Enhancement Provider shall be considered Outstanding until such Credit Enhancement Provider and Liquidity Facility Issuer have been reimbursed in full for all amounts due or to become due with respect to the respective Credit Enhancement or Liquidity Facility; and (ii) that Bonds owned by the Institution shall not be deemed to be Outstanding while so held for the purposes of any exercise by Bondholders of rights under the Resolution.

“*Paying Agent*” means the Trustee appointed in the General Resolution with such duties imposed under the General Resolution and the Series Resolution in the capacity of Paying Agent.

“*Permitted Investments*” means, to the extent permitted by applicable law:

- (A) Cash;
- (B) U.S. Dollar-denominated senior debt securities of the United States of America issued by the U.S. Department of the Treasury (including obligations issued or held in book entry form on the books of the Department of the Treasury) and backed by the full faith and credit of the United States of America;
- (C) U.S. Dollar-denominated obligations, debentures, notes or other evidence of indebtedness issued or guaranteed, directly or indirectly, by any of the following federally sponsored agencies or instrumentalities, which obligations are backed by the full faith and credit of the United States of America:
  - Commodity Credit Corporation
  - Export-Import Bank of the United States
  - Farm Credit System Financial Assistance Corporation
  - Federal Financing Bank
  - Federal Housing Administration
  - General Services Administration
  - Government National Mortgage Association (GNMA)
  - Maritime Administration
  - Rural Economic Community Development Administration  
(formerly, Farmers Home Administration)
  - Rural Electrification Administration
  - Rural Telephone Bank
  - Small Business Administration
  - U.S. Department of Housing and Urban Development (PHAs)
  - U.S. Maritime Administration
  - Washington Metropolitan Area Transit Authority
  - such other federally sponsored agencies or instrumentalities which may hereafter be created or otherwise approved by the Credit Enhancement Provider;

- (D) U.S. Dollar-denominated obligations, debentures, notes or other evidence of indebtedness issued or guaranteed, directly or indirectly, by any of the following federally sponsored agencies or instrumentalities, which obligations are not backed by the full faith and credit of the United States of America:
- Federal Farm Credit Banks Funding Corporation
  - Federal Home Loan Banks (including their Consolidated Obligations issued through the Office of Finance of the Federal Home Loan Bank System)
  - Federal Home Loan Mortgage Corporation (FHLMC)
  - Federal National Mortgage Association (FNMA)
  - Financing Corporation (FICO)
  - Private Export Funding Corporation
  - Resolution Funding Corporation (REFCORP)
  - Student Loan Marketing Association (SALLIE MAE)
  - Tennessee Valley Authority
  - such other federally sponsored agencies or instrumentalities which may hereafter be approved by the Credit Enhancement Provider;
- (E) U.S. Dollar-denominated obligations issued by public agencies, instrumentalities or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary loan notes or project notes issued by public agencies, instrumentalities or municipalities, in each case fully secured as to payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (F) U.S. Dollar-denominated demand deposits, interest-bearing time deposits, certificates of deposit, federal funds, bankers' acceptances or other similar banking arrangements, in each case issued by a domestic commercial bank (including the branch office located in the United States of a foreign bank) whose short term certificates of deposits are rated, on the date of purchase, in the highest ratings category (disregarding any gradations within such category) for comparable types of obligations by a nationally recognized securities rating organization ("NRSRO"), and which mature no more than 360 days after the date of purchase; and deposits which are fully insured by the Federal Deposit Insurance Corporation ("FDIC") in banks that have capital and surplus of at least \$50,000,000;
- (G) Repurchase agreements with (i) registered broker-dealers or (ii) domestic commercial banks that are members of the FDIC or any members of the Corporation of Primary Dealers in United States Government Securities (or any successor thereof), in each case the underlying securities of which are of the type described in (A)-(F) above; provided that, in the case of (ii) above, the long term senior unsecured debt obligations of the issuer (or of any unconditional guarantor) are rated, at the time of purchase, A2 or better by Moody's or A or better by S&P;
- (H) Direct obligations of any state, political subdivision or governmental authority or agency within the territorial United States of America whose debt obligations are rated, at the time of purchase, Aa2 or better by Moody's or AA or better by S&P, or any general obligation fully and unconditionally guaranteed as to principal and interest by any state, political subdivision or governmental authority or agency within the territorial United

States of America whose debt obligations are rated, at the time of the purchase, A2 or better by Moody's or A or better by S&P;

- (I) Commercial paper with an original maturity at issuance of not more than 270 days, which is rated, at the time of purchase, in the highest ratings category (disregarding any gradations within such category) for comparable types of obligations by a NRSRO; other corporate debt instruments or any obligations which are rated, at the time of purchase, in one of the 2 highest ratings categories (disregarding any gradations within such categories) for comparable types of obligations by Moody's or S&P;
- (J) Money market funds rated Aaa by Moody's or AAm (or AAm-G) or better by S&P;
- (K) Municipal obligations, the payment of principal, interest and redemption premium, if any, of which are irrevocably secured by obligations of the type described in (A)-(D) above, and which have been deposited in an escrow arrangement that is irrevocably pledged to the payment of such obligations;
- (L) Investment agreements or guaranteed investment contracts with any company or financial institution; provided, that such agreements or contracts, or the senior unsecured long term debt obligations of the issuer (or of any unconditional guarantor) are rated, at the time such agreements or contracts are entered into, in one of the 2 highest ratings categories (disregarding any gradations within such categories) for comparable types of obligations by a NRSRO;
- (M) Forward purchase agreements pursuant to which the Trustee agrees to purchase securities of the type described in clauses (B), (C), (D), (E), (F), (H) or (I) of this definition of Permitted Investments; and
- (N) Other forms of investment provided for in an applicable Series Resolution.

*"Project"* means any project as permitted under the Act, or as set forth in one or more Series Resolutions.

*"Rating"* means a full letter grade (or its equivalent) rating category such as Aa in the case of Moody's and AA in the case of Standard & Poor's, without regard to "+" or "-" denotations or any other denotations intended by the Rating Agency assigning the rating to indicate qualitative differences within a particular rating category; and when applied to a Credit Enhancement Provider, "Rating" shall refer to the rating assigned to the claims-paying ability of such Credit Enhancement Provider; and when Bonds of the Series of Bonds to which it is being applied bear interest at a rate calculated more frequently than annually, "Rating" shall refer only to a "short-term" rating issued by the Rating Agency and when such Bonds bear interest calculated annually or less frequently than annually, the term shall refer only to a "long-term" rating issued by the Rating Agency (unless short-term and long-term ratings are otherwise said by such Rating Agency in an official announcement to refer to obligations on which interest is calculated at different times, in which case the revised definition of short-term and long-term shall apply herein).

*"Rating Agency"* means any nationally recognized rating agency (as determined by the Trust) having a Rating in effect on any Series of Bonds, which Rating has been affirmatively requested by the Trust.

*"Rebate Fund"* means the fund so designated which is created and established by the Resolution.

“*Redemption Fund*” means the fund so designated which is created and established by the Resolution.

“*Redemption Price*” when used with respect to a Bond, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof pursuant to the Resolution.

“*Replacement Credit Enhancement*” means any policy of insurance, surety bond, irrevocable letter of credit, line or lines of credit or any other agreement or instrument issued in accordance with the provisions of the terms of the applicable Series Resolution which policy of insurance, surety bond, irrevocable letter of credit, line or lines of credit or any other agreement or instrument shall be accepted by the Trustee and the Institution in replacement of the Credit Enhancement then in effect.

“*Resolution*” means the Revenue Bond Resolution (The Juilliard School), adopted by the Board of Trustees of the Trust on March 18, 2009, as supplemented by the Series 2018A Resolution, as each of them may be amended or supplemented from time to time by one or more Supplemental Resolutions.

“*Revenues*” means all payments made or to be made by the Institution pursuant to the Loan Agreement (except for Additional Payments (as defined in the Loan Agreement) and payments made or to be made for deposit in the Rebate Fund).

“*Series*” means all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution and the Series Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

“*Series Certificate*” means a certificate of an Authorized Officer of the Trust establishing final terms, conditions and other details of a Series of Bonds prior to issuance thereof in accordance with the delegation of power to do so under the Resolution or any Series Resolution.

“*Series Resolution*” means a Supplemental Resolution authorizing Bonds under the provisions of the Resolution, including any Series Certificate delivered pursuant thereto.

“*Series 2018A Resolution*” means the Series 2018A Resolution adopted by the Board of Trustees of the Trust on October 11, 2018.

“*Sinking Fund Installment*” means, as of any date of calculation and with respect to any Series of Bonds, the amount of money required by a Series Resolution, pursuant to which such Bonds were issued, to be paid at all events by the Trust on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said date, but does not include any amount payable by the Trust by reason only of the maturity of a Bond, and said future date is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment.

“*Standard & Poor’s*” or “*S&P*” means S&P Global Ratings (formerly known as Standard & Poor’s Ratings Services), or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Trust.

“*State*” means the State of New York.

“*Supplemental Resolution*” means any resolution supplemental to or amendatory of the Resolution or any Series Resolution, adopted by the Trust in accordance with the terms of the Resolution.

“*Tax Certificate and Agreement*” means any Tax Certificate and Agreement with respect to a Series of Bonds, concerning certain matters pertaining to the use of proceeds of such Series of Bonds and the facilities financed thereby executed by and delivered to the Trust, the Institution and the Trustee on the date of issuance of such Series of Bonds, including any and all exhibits attached thereto, as the same may be supplemented or amended with a Favorable Opinion of Bond Counsel.

“*Trust*” means The Trust for Cultural Resources of The City of New York, a corporate governmental agency and a public benefit corporation constituting a political subdivision of the State of New York.

“*Trustee*” means the bank, trust company or national banking association then acting as Trustee in accordance with the Resolution, which at the time of adoption of the Series 2018A Resolution is U.S. Bank National Association.

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**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**

The descriptions contained herein do not purport to be complete, and reference should be made to the General Resolution and the Series 2018A Resolution for a full and complete statement of their provisions.

*Resolution to Constitute Contract.* In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution by those who own the same from time to time, the Resolution is deemed to be a contract among the Trust, the Trustee and the holders from time to time of the Bonds. The pledges and assignments made and the covenants and agreements set forth in the Resolution are for the benefit, protection and security of (i) the holders of any and all of the Bonds, all of which, regardless of the time or times of their issue or maturity, are of equal rank without preference, priority or distinction, except as expressly provided in or permitted by the Resolution and (ii) each Credit Enhancement Provider and Liquidity Facility Issuer, if any, as their interests may appear, as further provided in the Resolution.

*Authorization and Issuance of Bonds.* The Bonds may be issued at any time and from time to time to finance or refinance: (i) the cost of building, constructing, equipping and installing the Project; (ii) the cost of any additions or improvements to the Project; (iii) the payment to the Trust and the Institution of their administrative, legal and other necessary expenses in connection with developing the Project; (iv) the payment of the administrative, legal, accounting, financing and other expenses of the Trust and the Institution incidental to the issuance of the Bonds, the payment of fees, charges, expenses and costs (including, without limitation, attorneys' fees) of the Trustee and the payment of other costs of issuing the Bonds; (v) the payment of the principal and Redemption Price of and interest on the Bonds; (vi) the payment of fees, charges and other costs in connection with Credit Enhancement or other forms of credit support or a Liquidity Facility, if applicable to a particular Series of Bonds; (vii) the payment of capitalized interest and accrued interest on the Bonds; and (viii) the payment of other obligations issued for any of the above purposes.

*Establishment of Funds and Accounts.* The Resolution creates and establishes the following Funds and separate Accounts within Funds to be held and maintained by the Trustee:

Development Fund (including the Costs of Issuance Account, the Capitalized Interest Account and the Project Account therein);

Debt Service Fund (including the Institution Payments Account therein and the Credit Enhancement Payments Account therein);

Redemption Fund (including the Credit Enhancement Payments Account therein); and

Rebate Fund.

*The Development Fund.* The Trustee will pay from the Costs of Issuance Account of the Development Fund the costs of issuing the Bonds, administrative, legal, accounting and other necessary expenses and fees of the Trust and the Institution in connection with the Project, upon requisition. Except as otherwise provided in the Resolution, any moneys deposited in the Development Fund, including net proceeds of any casualty insurance award, will be used only to pay the capitalized interest on the Bonds when due, any capitalized fees, the cost of building, constructing, equipping and installing the Project or repairing or restoring the Project, including necessary incidental expenses, and further including

reimbursement to the Institution for payments made for such purposes, including reimbursement of payments made prior to the issuance of the related Series of Bonds with the expectation of such reimbursement and any ongoing payments to be made pursuant to an interest rate swap agreement entered into by the Institution; provided, however, that moneys on deposit in the Project Account may be used to pay the costs of other capital projects if the Trustee is provided with a Favorable Opinion of Bond Counsel. Transfers may be made from time to time from the Capitalized Interest Account to the Project Account in order to pay costs of the Project. Upon the occurrence and continuance of an Event of Default under the Resolution, no moneys will be disbursed from the Development Fund for the payment of Project costs if the Trustee takes action to prohibit such disbursement.

Upon receipt of a certificate from the Institution as to completion of the Project pursuant to the Loan Agreement, the Trustee will thereupon certify the balance of moneys then remaining in the Development Fund and, as directed in writing by the Institution (i) use such balance, less the amount estimated by the Institution to be necessary to complete the Project or its repair or restoration or fully effectuate the purposes for which such Bonds were issued; (ii) for the costs of other capital projects as permitted by the Resolution or (iii) deposit such balance in the Redemption Fund or the Debt Service Fund for the payment of principal of or Sinking Fund Installments then due, on the appropriate Series of Bonds to which such excess moneys relate or for payment of interest then due on the appropriate Series of Bonds with the delivery of a Favorable Opinion of Bond Counsel; provided, however, that one or more Series of Bonds issued simultaneously will be deemed to be one Series for such purposes. Upon any declaration of acceleration (as described under "Acceleration of Maturity," below), the Trustee may immediately transfer the balance in the Development Fund to the Institution Payments Account of the Debt Service Fund.

*The Debt Service Fund.* Except as may otherwise be provided in a Series Resolution and the Resolution, Revenues will be deposited upon receipt in the Institution Payments Account of the Debt Service Fund. On or before the date on which an interest payment or a principal payment is due on any Series of Bonds, the Trustee shall transfer to each subaccount of the Debt Service Fund for the applicable Series of Bonds for which such interest and/or principal payment is due, an amount sufficient to make such interest and/or principal payment, or, as may be more particularly described in a Series Resolution, to reimburse any Credit Enhancement Provider for such payments of interest and/or principal.

To the extent that Revenues held in the Institution Payments Account are insufficient to make all of such transfers one (1) Business Day before such amounts are due, the Trustee will immediately notify the Institution and any Credit Enhancement Provider and if such deficiency has not been remedied shall allocate the Revenues so held in the Institution Payments Account of the Debt Service Fund proportionately among the Series of Bonds for which an interest payment and/or principal payment is due. There may also be deposited in the Institution Payments Account any amounts remaining in the Development Fund upon any declaration of acceleration pursuant to the Resolution. There will also be deposited in the Debt Service Fund any other amount required to be deposited therein pursuant to the Resolution and any Supplemental Resolution.

On each date on which principal installments are due on any Series of Outstanding Bonds, whether upon redemption, purchase in lieu of redemption, maturity or acceleration, the Trustee will pay, from the sources described below and in the order of priority indicated, the amounts required for the payment of the principal installments due on the Outstanding Bonds on such date, as follows:

*first*, to the extent provided in any Series Resolution, from the Credit Enhancement Payments Account of the Debt Service Fund, and to the extent the moneys therein are insufficient for said purpose,

*second*, from the Institution Payments Account of the Debt Service Fund, and to the extent the moneys therein are insufficient for said purpose,

*third*, from any other moneys held by the Trustee under the Resolution and available for such purpose.

On each interest payment date, the Trustee will pay, from the sources described below and in the order of priority indicated, the amounts required for the payment of the interest due on any Series of Outstanding Bonds on such date, and on or before any redemption date, will pay, from the sources described below and in the order of priority indicated, the amounts required for the payment of accrued interest on Outstanding Bonds to be redeemed, as follows:

*first*, to the extent provided in any Series Resolution, from the Credit Enhancement Payments Account of the Debt Service Fund, and to the extent the moneys therein are insufficient for said purpose,

*second*, from the Institution Payments Account of the Debt Service Fund, and to the extent the moneys therein are insufficient for said purpose,

*third*, from any other moneys held by the Trustee under the Resolution and available for such purpose.

*The Redemption Fund.* There will be deposited in the applicable account of the Redemption Fund (i) excess amounts on deposit in the Development Fund, (ii) all moneys drawn under any Credit Enhancement for the redemption of Bonds and (iii) all moneys to be used to redeem Bonds pursuant to any Series Resolution.

*Application of Moneys in Certain Funds for Retirement of Bonds.* If at any time any funds held on deposit in the Debt Service Fund and the Redemption Fund, together with any funds held in the Development Fund (to the extent such funds will not be needed to pay costs of the Project), are sufficient to effect defeasance and the release of the pledge of the Revenues in accordance with the Resolution, the Trust, upon direction of the Institution, will request the Trustee in writing to retire all Bonds. The Trustee will, upon receipt of any such request or direction in writing by the Trust and the Institution, proceed, as promptly as possible, to comply with such request or direction.

*The Rebate Fund.* The Rebate Fund shall be maintained by the Trustee as a fund separate from any other fund established and maintained under the Resolution. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be required by the Institution in order to comply with the terms and requirements of any Tax Certificate and Agreement. Subject to the provisions of the Resolution, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in a Tax Certificate and Agreement), for payment to the Treasury Department of the United States of America, and the Trust, the Institution, any Credit Enhancement Provider or any provider of any credit facility or liquidity facility with respect to the Bonds or the owner of any Bonds shall not have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Resolution and by the applicable Tax Certificate and Agreement.

Upon the written direction of the Institution, the Trustee shall deposit in the Rebate Fund funds received from the Institution and, to the extent that the Institution has provided insufficient funds the Trustee shall withdraw first, from available amounts held in the Redemption Fund, second, from available amounts held in the Development Fund and, third, from available amounts held in the Debt Service Fund

if and to the extent required, so that the balance of the amount on deposit thereto shall be equal to the Rebate Requirement.

*Investment of Moneys.* Moneys in any of the Funds (other than the Credit Enhancement Payments Account of the Debt Service Fund and the Credit Enhancement Payments Account of the Redemption Fund) will be invested by the Trustee, as directed in writing by an Authorized Officer of the Institution in compliance with the Tax Certificate and Agreement, in Permitted Investments; provided, however, that each such investment shall permit the moneys so deposited or invested to be available for use at the times at which the Institution reasonably believes such moneys will be required for the purposes set forth in the Resolution. Except as otherwise provided in the Resolution, interest or dividends derived on account of the investments in any Fund or account will be deposited in and credited to the Fund or account with respect to which they derived.

Neither the Trust nor the Trustee, subject to the provisions of the Resolution governing the responsibilities of the Trustee, is liable for any depreciation in the value of any securities in which moneys of the Funds are invested, or for any loss arising from any investment.

*Tax Covenant.* The Trust covenants that it will not take any action, or fail to take any action, or permit such action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or failure to take action would adversely affect the exclusion from gross income for federal income tax purposes under Section 103 of the Code of the interest on the Bonds that are issued as tax-exempt bonds. In furtherance of the foregoing covenant, the Trust covenants to comply with the Tax Certificate and Agreement. This covenant will survive payment in full or defeasance of the Bonds.

*Appointment and Acceptance of Trustee.* U.S. Bank National Association is appointed as Trustee and Paying Agent.

*Obligation of Trustee.* The Trustee is under no obligation to institute any suit, or to take any proceeding under the Resolution, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts created by the Resolution or in the enforcement of any rights and powers under the Resolution (other than (1) to draw on each Credit Enhancement or Liquidity Facility in accordance with the terms thereof and as provided by the Resolution and any Series Resolution, (2) to make required payments to Bondholders or to the Paying Agent for the benefit of Bondholders, (3) to accelerate the Bonds in accordance with the directions of the Bondholders or any Credit Enhancement Provider as provided in the Resolution and (4) to direct a mandatory tender or redemption of Bonds following a notice from any Liquidity Facility Provider that the Liquidity Facility will be terminated), until it is indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability, except for liability stemming from its willful misconduct, willful disregard of instructions, negligence or bad faith.

The duties and obligations of the Trustee are determined by the express provisions of the Resolution, and the Trustee will not be liable except for the performance of such duties and obligations as are specifically set forth in the Resolution.

*Property Held in Trust.* All moneys and securities held by the Trustee and any Paying Agent pursuant to the Resolution will be in trust for the purposes and under the terms and conditions of the Resolution.

*Compensation.* Unless otherwise provided by contract with the Trustee, the Trust will pay to the Trustee, from time to time, reasonable compensation for all services rendered by it under the Resolution,

including its services as registrar and Paying Agent, and also all its reasonable expenses, charges, counsel fees and other disbursements and those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under the Resolution. The Trustee will have a lien therefor on any and all funds at any time held by it under the Resolution prior to the Bonds (other than proceeds of any Credit Enhancement, any Liquidity Facility, remarketing proceeds or funds provided by the Institution for optional and mandatory tenders pursuant to a Series Resolution or moneys on deposit in the Rebate Fund or the Debt Service Fund). None of the provisions contained in the Resolution require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

*Resignation of Trustee.* The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations under the Resolution by giving not less than 60 days written notice to the Trust, the Institution, each Credit Enhancement Provider and any Liquidity Facility Issuer and publishing notice of such resignation specifying the date when such resignation will take effect. Resignation will not take effect until a successor is appointed and has accepted such appointment.

*Removal of Trustee.* The Trustee, or any successor thereof, may be removed at any time by (i) the Institution (with the consent of the Trust) except during the continuance of an Event of Default of the Institution, (ii) the Trust, or (iii) the owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding, excluding any Bonds held by or for the account of the Trustee. Such removal shall be effected by an instrument or concurrent instruments in writing signed and acknowledged by the Institution, the Trust or such Bondholders, as applicable, or by their attorneys-in-fact duly authorized and delivered to the Trustee, the Trust, the Institution and the Bondholders. So long as a Series of Bonds is covered by Credit Enhancement, the Credit Enhancement Provider for such Series, at any time, may remove the Trustee for “cause” by notice to the Trust, the Trustee and the Institution. For purposes of this section, “cause” shall mean (i) the negligence or willful misconduct of the Trustee in the performance of its duties under the Resolution or (ii) the failure or unwillingness of the Trustee to perform its duties under the Resolution. Upon receipt by the Trustee of notice of termination, the Trustee shall continue to act as Trustee and have the right to proceed to cure such negligence, willful misconduct or failure or unwillingness to perform its duties, for a period of two (2) weeks. If such cure is not effected within such time, the Trustee’s functions under the Resolution will be terminated immediately upon appointment of a successor trustee by the Institution (with the consent of the Trust), the Trust or such Bondholders with the written approval of each Credit Enhancement Provider. The Trustee or any successor thereof may also be removed at any time for cause or any breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with, any provisions of the Resolution with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon application by the Trust, the Institution, any Credit Enhancement Provider or the owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding. Copies of each such instrument providing for any such removal shall be delivered by the Trust, the Institution, any Credit Enhancement Provider, any Liquidity Facility Issuer or such Bondholders to the Trustee and any successor thereof. Removal of the Trustee shall not take effect until a successor is appointed and has accepted such appointment.

*Successor Trustee.* In case the Trustee, or any successor thereof, resigns, is removed or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property is appointed, or if any public officer takes charge or control of the Trustee, or of its property or affairs, a successor may be appointed by (i) the Institution (with the consent of the Trust) except during the continuance of an Event of Default of the Institution, (ii) the Trust or (iii) the owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding,

in any event with the written consent of each Credit Enhancement Provider. Such appointment will be effected by an instrument or concurrent instruments in writing signed and acknowledged by the Institution, the Trust or such Bondholders, as applicable, or by their attorneys-in-fact duly authorized and delivered to such successor Trustee with notification thereof being given to the Institution, the Trust or such Bondholders, as applicable.

If no appointment of a successor is made within 45 days after the Trust's receipt of the written notice of resignation or after the occurrence of any other event requiring or authorizing such appointment, the Trustee, the Trust, the Institution, any Credit Enhancement Provider or any Bondholder may apply to any court of competent jurisdiction for such appointment.

Any successor is required to be a commercial bank or trust company or national banking association doing business and having its main office located in the State of New York, and having capital funds aggregating at least \$50,000,000, if there be such an entity willing and able to accept the appointment on reasonable and customary terms (including the imposition of commercially reasonable fees) and authorized by law to perform all the duties required by the Resolution.

*The Paying Agents.* The Trustee and such other paying agent as is appointed in the appropriate Series Resolutions are the Paying Agents for the Bonds, with such duties and obligations as are determined by the express provisions of the Resolution. No Paying Agent is liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Resolution. Unless otherwise provided by contract with each Paying Agent, the Trust (but solely from moneys provided by the Institution under the Loan Agreement) will pay each Paying Agent reasonable compensation for all services rendered. In the event of the failure of any Paying Agent to accept its appointment, the resignation of any Paying Agent, or the failure of any Paying Agent to perform its duties satisfactorily, the Institution (with the consent of the Trust), the Trustee and each Credit Enhancement Provider may appoint a successor. Pending such appointment, the Trustee will succeed to the duties of the Paying Agent that resigned or is removed. Each Paying Agent is required to: (i) be a commercial bank or trust company authorized by law to act in such capacity; and (ii) have capital funds aggregating at least \$50,000,000.

*Trustee to Exercise Powers of Statutory Trustee.* The Trustee is vested with all of the rights and powers of a trustee appointed by Bondholders pursuant to the Act and the rights of Bondholders to appoint a separate trustee to represent them pursuant to the Act is abrogated.

*Events of Default.* Each of the following events is an event of default (herein called "Event of Default") under the Resolution:

(a) payment of the principal of, premium, if any, or any installment of interest on any of the Bonds is not made when the same becomes due and payable; or

(b) payment of the purchase price from any source of any of the Bonds tendered or deemed tendered for purchase pursuant to any Series Resolution is not made when the same becomes due and payable; or

(c) the Trust defaults in the due and punctual performance of its tax covenants contained in the Resolution described above under "*Tax Covenant*"; or

(d) the Trust defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolution (other than any default described in paragraphs (a), (b) or (c), above) and such default continues for 30 days after written notice

has been given to the Trust by the Trustee, which may give such notice in its discretion, with the written consent of each Credit Enhancement Provider, and will give such notice at the written request of any Credit Enhancement Provider or the holders of not less than 51% in principal amount of the Bonds Outstanding; or

(e) an Act of Bankruptcy has occurred and is continuing or is deemed to have occurred and be continuing and the Trustee has received written notice thereof from the Trust, the Institution, any Credit Enhancement Provider, any Liquidity Facility Issuer or a Bondholder; provided, however, that the filing of a petition in bankruptcy or similar proceeding against the Trust, if dismissed within 90 days of filing, will not be deemed to be an Act of Bankruptcy for such purposes; or

(f) the occurrence and continuance of an Event of Default under the Loan Agreement after any applicable grace period has run and the Trustee has received written notice thereof provided in the manner specified therein from the Trust, the Institution, the Credit Enhancement Provider, any Liquidity Facility Issuer or a Bondholder; or

(g) receipt by the Trustee of written notice directing acceleration (to the extent permitted by the Resolution) from any Credit Enhancement Provider or any Liquidity Facility Issuer of an “Event of Default” under the documents governing the related Credit Enhancement or Liquidity Facility, as applicable.

*Acceleration of Maturity.* Upon the happening and continuance of any Event of Default, then in every such case, the Trustee may (with the prior written consent of each Credit Enhancement Provider) and, upon the written request of any Credit Enhancement Provider or the holders of not less than 51% in principal amount of the Bonds Outstanding, will (with the prior written consent of each Credit Enhancement Provider) give notice in writing to the Trust, the Governor and Attorney General of the State of New York and the Mayor and Comptroller of The City of New York specifying the Event or Events of Default and stating that the Trustee will declare the principal of all Bonds Outstanding (other than Bonds registered in the name of the Institution) to be immediately due and payable. Unless the Event of Default is fully cured, the Trustee may (with the prior written consent of each Credit Enhancement Provider) and, upon the written request of the Credit Enhancement Provider or the holders of not less than 51% in principal amount of the Bonds Outstanding (subject to indemnification by such Bondholders pursuant to the Resolution), will immediately (with the prior written consent of each Credit Enhancement Provider) declare the principal of all the Bonds Outstanding and the interest accrued thereon to be due and payable immediately, whereupon such principal plus such accrued interest, will become and be immediately due and payable. Upon a declaration of acceleration of the Bonds, the Trustee shall draw on each Credit Enhancement in an amount equal to the principal of and accrued interest on the related Bonds. If then required by law, the Trustee will give the notice described above to the Governor and Attorney General of the State of New York and the Mayor and Comptroller of The City of New York at least 30 days prior to the date of declaration of acceleration. So long as there shall be moneys to pay such acceleration, interest shall cease to accrue on the Bonds upon such declaration of acceleration.

At any time after the principal of the Bonds has been declared to be due and payable, as described above, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Resolution, the Trustee may and, the Trustee will, with the written consent of the holders of not less than 51% in principal amount of the Bonds not then due by their terms and then Outstanding and by written notice to the Trust (in either case with the prior written consent of each Credit Enhancement Provider and subject to the reinstatement of any related Credit Enhancement and/or Liquidity Facility), annul such declaration and its consequences if (i) amounts are deposited in the Debt Service Fund and Redemption

Fund sufficient to pay all arrears of principal and interest, if any, upon all the Bonds Outstanding (other than Bonds registered in the name of the Institution) (including the interest accrued on such Bonds since the last interest payment date); (ii) moneys are deposited or accumulated and available in the Funds and Accounts under the Resolution sufficient to pay the charges, compensation, expenses (including attorneys' fees and expenses), disbursements, advances and liabilities of the Trustee; and (iii) every other default in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Resolution (other than a default in the payment of the principal of such Bonds then due only because of a declaration of acceleration of maturity) have been remedied to the satisfaction of the Trustee.

*Exhaustion of Revenues.* If, following action to realize upon the security interests granted under the Resolution and under the Loan Agreement and otherwise to enforce the payment of all liabilities of the Institution under the Loan Agreement, it appears that no further Revenues will be received by the Trust or the Trustee and that no further recovery from the Institution may be realized and the moneys and investments held by the Trustee, together with earnings reasonably expected thereon, will be insufficient to pay in full the principal of, Sinking Fund Installments and interest on the Bonds as the same become due and payable, or to effect defeasance under the Resolution, the Trustee will proceed to give the required notice and, but only with the prior written consent of the Credit Enhancement Provider, if any, to declare the principal of all the Bonds Outstanding (other than Bonds registered in the name of the Institution) to be due and payable immediately.

*Enforcement of Remedies.* Upon the happening and continuance of any Event of Default, then and in every such case, the Trustee may (with the prior written consent of each Credit Enhancement Provider) proceed, and upon the written request of each Credit Enhancement Provider or the holders of not less than 51% in principal amount of the Bonds Outstanding will proceed (with the prior written consent of each Credit Enhancement Provider and subject to such indemnification as provided by the Resolution) to protect and enforce its rights and the rights of the holders of the Bonds under State law or the Resolution by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolution or in aid or execution of any power therein granted, or for an accounting against the Trust as if the Trust were the trustee of an express trust as to moneys received by the Trust and pledged to the Trustee under the Resolution or for the enforcement of any proper legal or equitable remedy as the Trustee will deem most effectual to protect and enforce such rights.

Upon the occurrence and continuance of any Event of Default, the Trustee may (with the prior written consent of each Credit Enhancement Provider) and shall upon the written request of each Credit Enhancement Provider, take such action, without notice or demand, as it deems advisable to protect and enforce its rights under the Loan Agreement.

*Priority of Payments After Default.* If, at any time, the moneys held by the Trustee under the Resolution (other than proceeds of any Liquidity Facility, remarketing proceeds or moneys provided by the Institution for optional or mandatory tenders pursuant to a Series Resolution) will not be sufficient to pay the principal of or Sinking Fund Installments and interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturity or otherwise under the provisions of the Resolution), such moneys, together with any moneys then available or thereafter becoming available for such purpose, will be applied (after payment of all amounts owing to the Trustee under the Resolution) as follows:

(a) Unless the principal of all the Bonds (other than Bonds registered in the name of the Institution) has become due and payable either by their terms, by redemption or by a declaration of acceleration, all such moneys are applied:

FIRST: To the payment to the persons (other than the Institution) entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the persons (other than the Institution) entitled thereto of the unpaid principal or Redemption Price, if any, of any of the Bonds which have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Resolution) with interest upon such Bonds from the respective dates upon which they have become due, in the order of their due dates, and, if the amount available is not sufficient to pay in full Bonds due on any particular due date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference; and

(b) If the principal of all the Bonds (other than Bonds registered in the name of the Institution) has become due and payable, either by their terms, by redemption, or by a declaration of acceleration or otherwise, to the payment to the Bondholders (other than the Institution) of the principal and interest (at the rate or rates expressed in the Bonds) then due and unpaid upon the Bonds and if applicable to the Redemption Price of the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Amounts so paid are subject to the pledge and assignment set forth in the Resolution and any amounts pledged thereunder to secure the payment of a particular Series of Bonds will not be used for the payment of any other Series of Bonds.

*Bondholders May Control Proceedings.* The holders of no less than 51% in the aggregate principal amount of the Bonds Outstanding will have the right to direct all remedial proceedings to be taken by the Trustee, in accordance with law and the provisions of the Resolution.

*Restrictions Upon Action by Individual Bondholder.* Subject to the provisions of the Resolution and the applicable Series Resolution, no holder of any Bonds will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Resolution or for any other remedy under the Resolution, unless such holder satisfies certain requirements in the Resolution as to notification, request and offer of indemnity. No one or more holders of the Bonds have any right to affect, disturb or prejudice the security of or to enforce any rights under the Resolution except in the manner therein provided.

Subject to the provisions of the Resolution and the applicable Series Resolution, nothing contained in the Resolution will affect or impair, or be construed to affect or impair, the right of any Bondholder (i) to receive payment of the principal of or interest on such Bond, as the case may be, 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 Bondholder 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 of the Resolution for (i) the equal and ratable benefit of all Bondholders and (ii) each Credit Enhancement Provider and Liquidity Facility Issuer, subject, however, to the provisions of the Resolution.

*Remedies Not Exclusive.* No remedy conferred upon or reserved to the Trustee, the Bondholders or any Credit Enhancement Provider or Liquidity Facility Issuer is intended to be exclusive of any other remedy or remedies. Each such remedy is cumulative and in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute.

*Waiver and Non-Waiver.* No delay or omission of the Trustee, of any holder of Bonds or of any Credit Enhancement Provider or Liquidity Facility Issuer, if any, for such Bonds to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver of any such default or an acquiescence therein and each and every power and remedy given by the Resolution to the Trustee, the Bondholders or to any Credit Enhancement Provider or Liquidity Facility Issuer, if any, respectively, may be exercised from time to time and as often as may be deemed expedient.

Subject to the reinstatement of any related Credit Enhancement and/or Liquidity Facility, the Trustee may with the consent of the Credit Enhancement Provider and upon written request of the holders of not less than 51% of the aggregate principal amount of Bonds Outstanding or upon the direction of each Credit Enhancement Provider will, waive any default or any Event of Default before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Resolution or before the completion of the enforcement of any other remedy under the Resolution; provided, however, that no such waiver will extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon; provided further, any such waiver may be for any period of time as may be specified.

*Notice of Default.* The Trustee will mail to all Bondholders, to each Credit Enhancement Provider and to each Liquidity Facility Issuer written notice of the occurrence of any Event of Default described in clause (a) or (b) under the caption “Events of Default” within 30 days after any such Event of Default has occurred.

*Credit Enhancement Provider Control of Remedies.* If Credit Enhancement is in effect with respect to any Series of Bonds and the Credit Enhancement Provider has not failed to make lawful payment under the Credit Enhancement in accordance with the terms of the Credit Enhancement after the presentation of documents strictly complying with the terms of the Credit Enhancement and no Credit Enhancement Provider Event of Insolvency has occurred, (i) the Credit Enhancement Provider is deemed to be the owner of all Bonds then Outstanding to which the Credit Enhancement applies, with the right to exercise or direct the exercise of remedies on behalf of the owners of such Bonds in accordance with the Resolution following an Event of Default and (ii) the Trustee will not take any action with respect to an Event of Default at the direction of the Bondholders of such Series without the prior written consent of the Credit Enhancement Provider for such Series of Bonds.

If any Credit Enhancement Provider fails to make lawful payment under the Credit Enhancement in accordance with the terms of the Credit Enhancement after the presentation of documents strictly complying with the terms of the Credit Enhancement or a Credit Enhancement Provider Event of Insolvency occurs with respect to any Credit Enhancement Provider, then such Credit Enhancement Provider will no longer be deemed to be the owner of the Outstanding Bonds for which its Credit Enhancement was issued and will no longer have the right to exercise or direct the exercise of remedies, or the right to give consent, in accordance with the terms of the Resolution with respect to such Bonds, but will retain such rights with respect to Bonds for which it is the registered or beneficial owner. All such rights of the Credit Enhancement Provider will be reinstated upon the cure of any such failure by the making of the related payment under and in accordance with the terms and provisions of the Credit Enhancement.

*Conflicting Rights.* In the event of a conflict between the rights of the Trustee or the Trust to give consents, directions, appointments or requests under the Resolution and such rights of a Credit Enhancement Provider in connection with Bonds for which such Credit Enhancement Provider has issued its Credit Enhancement, such Credit Enhancement Provider will have priority in the exercise of such rights.

*Modification and Amendment Without Consent.* The Trust, with the prior written consent of an Authorized Officer of the Institution, may adopt at any time or from time to time a Supplemental Resolution supplementing the Resolution or supplementing any Supplemental Resolution so as to modify or amend such Resolutions for one or more of the following purposes:

(a) to add to the covenants and agreements of the Trust contained in the Resolution other covenants and agreements thereafter to be observed which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(b) to surrender any right, power or privilege reserved to or conferred upon the Trust by the Resolution;

(c) to confirm, as further assurance, any pledge or other security interest under and the subjection to any lien or pledge created or to be created by the Resolution;

(d) to provide for the issuance, execution, delivery, authentication, payment, registration, transfer and exchange of Bonds in coupon form payable to bearer or in book-entry form; provided, however, that the Trust may then issue bonds in coupon form payable to bearer or in book-entry form, with interest thereon excludable from gross income for federal income tax purposes;

(e) to amend any provision of the Resolution upon any withdrawal, substitution or replacement of any Credit Enhancement or any Liquidity Facility and the delivery of any Additional Credit Enhancement, Replacement Credit Enhancement or Alternate Liquidity Facility, provided that such amendment shall not adversely affect the security for the Bonds;

(f) to provide for the issuance of Bonds in accordance with the Resolution;

(g) to amend any provision of any applicable Series Resolution relating to the conversion from any variable interest rate determination method on the Bonds to another variable interest rate determination method or to a fixed rate of interest, or to add to such provisions;

(h) to amend any provision of the Resolution or a Series Resolution and to take any action deemed necessary or desirable by the Trust with respect to a Series of Bonds on any mandatory tender date with respect to such Series of Bonds; and

(i) to include any modifications, amendments or supplements as may be required with respect to any Series of Bonds in order to obtain or maintain a favorable Rating or Ratings from one or more Rating Agency;

provided, that (i) notice of any such amendment or modification shall be delivered to each Credit Enhancement Provider and each Liquidity Facility Issuer and (ii) an opinion of Bond Counsel with respect to such proposed amendments and/or additions shall be delivered to the Trust, each Credit Enhancement Provider, each Liquidity Facility Issuer and the Trustee prior to the adoption of such amendments or additions.

Such Supplemental Resolution will become fully effective in accordance with its terms upon the filing with the Trustee of a copy of such Supplemental Resolution, certified by an Authorized Officer, Secretary or Assistant Secretary of the Trust and the original consent of the Institution, and if required by any Series Resolution, the Credit Enhancement Provider.

*Supplemental Resolutions Effective With Consent of Trustee.* At any time or from time to time but subject to the conditions or restrictions contained in the Resolution, a Supplemental Resolution amending or supplementing the Resolution or any Supplemental Resolution may be adopted, with the written consent of an Authorized Officer of the Trustee, the Institution, each Credit Enhancement Provider and each Liquidity Facility Issuer, curing any ambiguity or curing, correcting or supplementing any defect or inconsistent provisions contained in the Resolution or making such provisions in regard to matters or questions arising under the Resolution as may be necessary or desirable and, in the reasonable opinion of the Trustee, not materially prejudicial to the interests of Bondholders. No such Supplemental Resolution, however, will be effective until after the filing with the Trustee of a copy of such Supplemental Resolution certified by an Authorized Officer, Secretary or Assistant Secretary of the Trust and the filing with the Trust of original counterparts of an instrument in writing made by the Trustee, the Institution, each Credit Enhancement Provider and each Liquidity Facility Issuer consenting to such Supplemental Resolution.

*Supplemental Resolutions Effective With Consent of Bondholders.* (a) At any time or from time to time but subject to the conditions or restrictions contained in the Resolution, a Supplemental Resolution amending or supplementing the Resolution, any Supplemental Resolution or the Bonds may be adopted, with the prior written consent of Authorized Officers of the Institution, each Credit Enhancement Provider and each Liquidity Facility Issuer. No such Supplemental Resolution, however, will be effective until after the filing with the Trustee of a copy of such Supplemental Resolution certified by an Authorized Officer, Secretary or Assistant Secretary of the Trust, and original counterparts of the consent of the Institution, each Credit Enhancement Provider and each Liquidity Facility Issuer, and unless such Supplemental Resolution is approved or consented to by the holders of at least 51% in aggregate principal amount of all Bonds Outstanding in accordance with the provisions of the Resolution.

(b) No such modification changing any terms of redemption of Bonds, due date of principal of or interest on Bonds or making any reduction in principal or Redemption Price of and in the rate of interest on any Bond will be made without the consent of the affected Bondholder, nor will any modification of any rights or obligations of the Trustee be made without the consent of the Trustee.

(c) No Supplemental Resolution will be adopted by the Trust, except with unanimous consent, reducing the percentage of consent of Bondholders required for any modifications of the Resolution or diminishing the pledge of Revenues securing the Bonds or granting the Institution additional rights with respect to Bonds owned by the Institution.

*Consent of Bondholders.* Any consent is binding upon the Bondholder giving such consent and on any subsequent holder of such Bonds (whether or not such subsequent holder has notice thereof) unless such consent is revoked in writing by the holder of such Bonds giving such consent or a subsequent holder by filing a revocation with the Trustee prior to the date when notice is first published.

*Rights of Credit Enhancement Provider.* Subject to the provisions set forth in the Series Resolution authorizing a Series of Bonds, for so long as any Credit Enhancement Facility is in effect and the Credit Enhancement Provider has not failed to make lawful payment under the Credit Enhancement in accordance with the terms of the Credit Enhancement after the presentation of documents strictly complying with the terms of the Credit Enhancement and no Credit Enhancement Provider Event of Insolvency has occurred, the Credit Enhancement Provider is deemed to be the Owner of all the Bonds

supported by such Credit Enhancement for all purposes of provisions of the Resolution relating to amendments to the Loan Agreement, Events of Default and remedies, and amendments to the Resolution, to the exclusion of the persons in whose names and such Bonds are registered on the registration books maintained by the Trustee.

*Modifications by Unanimous Action.* The rights and obligations of the Trust and of the holders of the Bonds and the terms and provisions of the Resolution, any Supplemental Resolution or the Bonds may be modified or amended in any respect upon the adoption of the Supplemental Resolution by the Trust, the consents of the Institution, each Credit Enhancement Provider and each Liquidity Facility Issuer, and the consent of the holders of all of the Bonds Outstanding; provided, however, that no such modification or amendment will change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written consent thereto in addition to the consent of the Bondholders.

*Exclusion of Bonds.* Bonds owned or held by or for the account of the Trust or the Institution or any affiliate thereof will not be deemed Bonds Outstanding for the purpose of any consent or other action or any calculation of Bonds Outstanding provided for under the Resolution.

*Defeasance.* If the Trust pays or causes to be paid or there are otherwise paid, (i) to the holders of the Bonds (other than Bonds registered in the name of the Institution) the principal or Redemption Price thereof and interest thereon, at the times and in the manner stipulated therein and in the Resolution, (ii) all fees, expenses and other amounts due and payable under the Resolution and the Loan Agreement and (iii) all amounts due to each Credit Enhancement Provider and each Liquidity Facility Issuer pursuant to the applicable Credit Enhancement or Liquidity Facility, then the pledge of any Revenues or other moneys and securities pledged and the estate and rights granted by the Resolution and all covenants, agreements and other obligations of the Trust to the Bondholders will thereupon cease, terminate, become void and be discharged and satisfied and the Bonds will thereupon cease to be entitled to any lien, benefit or security under the Resolution, except as otherwise provided in the Resolution.

Any Bond or Bonds will, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning of the immediately preceding paragraph if: (i) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Trust, upon the written direction of the Institution, has given to the Trustee, in form satisfactory to the Trustee, irrevocable instructions to give notice of redemption that such Bonds will be redeemed on such date; (ii) there has been deposited with, and held and segregated by, the Trustee either moneys or Defeasance Obligations, the principal of and the interest on which when due will provide moneys which, together with moneys, if any, deposited with the Trustee at the same time for such purpose, are sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds (and if any Bonds bear interest at a variable interest rate, other than a variable interest rate which has been determined through the principal payment date, calculated at the maximum rate of interest payable on such Series of Bonds) on and prior to the redemption date or maturity date thereof, as the case may be, and all fees, expenses and other amounts payable or to become payable under the Resolution and the Loan Agreement; (iii) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Trust, upon the written direction of the Institution, has given the Trustee irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper a notice to the Bondholders that the required deposit has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Resolution and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of such Bonds; (iv) in the event the Bonds are subject to optional or mandatory tender prior to the date of payment of the principal or Redemption Price thereof, there also has been deposited with the Trustee amounts in the form of either moneys in an amount which are sufficient, or Defeasance Obligations the principal of and the interest on which when due will provide moneys

which, together with the moneys, if any, deposited with the Trustee at the same time for such purpose, are sufficient, without reinvestment, to pay when due the purchase price of any Bonds not remarketed or purchased by the Liquidity Facility Issuer for such Bonds, if any, on the date of tender; (v) there has been filed with the Trustee an opinion of Bond Counsel to the effect that the Bonds for which such moneys and Defeasance Obligations have been deposited with the Trustee are, upon such deposit with the Trustee, deemed paid within the meaning of the immediately preceding paragraph; and (vi) there has been filed with the Trustee a verification report, if required by the Trust or any Credit Enhancement Provider, as to the sufficiency of such moneys and Defeasance Obligations. To the extent required for the payment of the principal or Redemption Price, if applicable, and interest on said Bonds, neither Defeasance Obligations nor moneys deposited with the Trustee nor principal or interest payments on any such obligations will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on such Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee, if not then needed for such purpose, will, to the extent practicable, be reinvested, pursuant to the written instructions of the Trust or the Institution, in Defeasance Obligations (subject to certain restrictions contained in the Resolution). Interest earned from such reinvestment will be paid over to the Institution upon written request of the Trust, free and clear of any lien or pledge under the Resolution.

*Moneys and Funds Held for Particular Bonds.* The amounts held by the Trustee and any Paying Agent for the payment of the principal or Redemption Price of and interest on the Bonds due on any date with respect to particular Bonds, pending such payment, will be set aside and held in trust for the holders of the Bonds entitled thereto.

*No Recourse on the Bonds.* No recourse will be had for the payment of the principal or Redemption Price of and interest on the Bonds or for any claims based thereon or on the Resolution against any officer or other trustee of the Trust or any Trustee or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Bondholder by the acceptance of the Bond.

*Resolution of Conflicts Between Documents.* In the event of a conflict between the provisions of the Resolution and any Series Resolution or Supplemental Resolution, the provisions of the Series Resolution or Supplemental Resolution will control with respect to such Series of Bonds.

*Payment on Business Days.* In the event that the date of payment of any amount due under the Resolution is not a Business Day, then such payment will be made on the next succeeding Business Day with the same force and effect as if made on the scheduled date of payment without the accrual of any additional interest.

**SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT**

The descriptions contained herein do not purport to be complete, and reference should be made to the Loan Agreement for a complete statement of its provisions.

*Assignment.* Under the Loan Agreement, the Institution consents to and authorizes the assignment by the Trust to the Trustee for the benefit of the Bondholders, each Credit Enhancement Provider, if any, and each Liquidity Facility Issuer, if any, as their interests may appear, as provided in the Resolution, of all of the Trust's right, title and interest in, to and under the Loan Agreement including, without limitation, the right to receive the Loan Payments, but excluding the Trust's rights to Additional Payments and rights to receive notices and to give consents. Upon such assignment, the Trustee (or any Credit Enhancement Provider and any Liquidity Facility Issuer) shall be fully vested with all of the rights of the Trust so assigned and may thereafter exercise or enforce, by any remedy provided therefor by law or by the Loan Agreement, such rights directly in their respective names.

*Third-Party Beneficiaries.* Any Credit Enhancement Provider and Liquidity Facility Issuer with respect to any Credit Enhancement or Liquidity Facility, if any, issued in connection with a Series of Bonds is a third-party beneficiary of the Loan Agreement. Such Credit Enhancement Provider and Liquidity Facility Issuer may enforce such provisions of the Loan Agreement as inure to its benefit in accordance with the terms of the Loan Agreement and of the Resolution and the Series Resolution authorizing such Series of Bonds. No rights or benefits, including the right to give consent and the right to direct disbursements of funds, granted to any Credit Enhancement Provider or Liquidity Facility Issuer under the Loan Agreement will extend to any such Credit Enhancement Provider or Liquidity Facility Issuer that has failed to make lawful payment under its Credit Enhancement or Liquidity Facility, as applicable, after the presentation of documents strictly complying with the terms and provisions of the applicable Credit Enhancement or Liquidity Facility, or for whom there has occurred a Credit Enhancement Provider Event of Insolvency.

*Covenants.* The Institution makes certain representations in the Loan Agreement for the benefit of the Trust as to its authority to enter into and perform its obligations under certain agreements, its qualification as a participating cultural institution under the Act, its tax-exempt status, and its charitable purposes, among other matters. The Institution covenants in the Loan Agreement with the Trust as to the maintenance of its tax-exempt status, its continued operation as a non-profit institution for educational and cultural purposes as set forth in its Charter, its rights to its properties and the provision of certain financial statements and notices, among other matters. The Institution also covenants that:

- (i) It will at all times procure and maintain or cause to be procured and maintained such insurance on the Financed Facilities as a prudent person owning property similar to the Financed Facilities would customarily obtain at the time; and
- (ii) It will apply all cash and investment type property as defined in the Code received in the future, that are delivered from pledges or other contributions to the Institution the use of which is restricted to costs of the Financed Facilities or debt service in accordance with the provisions of the Tax Certificate and Agreement and the Resolution.

*Continuing Disclosure.* The Institution covenants and agrees that if at any time the Bonds of any Series are subject to the provisions of S.E.C. Rule 15c2-12 (the "Rule") it will enter into a Continuing Disclosure Agreement satisfying the requirements of the Rule. Notwithstanding any other provision of the Loan Agreement, failure of the Institution to comply with any Continuing Disclosure Agreement will

not be considered an Event of Default under the Loan Agreement; however, the Trustee may (and, at the request of the holders of at least 51% aggregate principal amount in the Outstanding Bonds or the Credit Enhancement Provider or the Liquidity Facility Issuer, if any, must) or any Bondholder or any owner of a beneficial interest in a Bond or Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institution to comply with its continuing disclosure obligations under the Loan Agreement.

*Payment for the Bonds.* (a) The Institution unconditionally agrees to pay, subject to certain permitted credits under the Loan Agreement, directly to the Trustee, from any moneys legally available to it, the following amounts, which payments will constitute “Loan Payments”:

(i) To the Rebate Fund, upon at least five (5) Business Days’ notice, such amounts as are required to be paid by the Institution into the Rebate Fund pursuant to the Resolution and the Tax Certificate and Agreement;

(ii) To the Institution Payments Account of the Debt Service Fund, at least one (1) Business Day prior to the Interest Payment Date, the amount of interest due on all Bonds on such applicable Interest Payment Date, including, without limitation, interest on the Liquidity Facility Issuer Bonds, if any, at the Bank Bond Interest Rate (as defined in an applicable Series Resolution) (for purposes of calculating the amount of interest on Bonds bearing interest from the date of such deposit to the Interest Payment Date if such interest rate cannot then be known, the rate of interest will be assumed to be the interest rate in effect on such date of deposit plus one percent per annum);

(iii) To the Debt Service Fund, at least one (1) Business Day prior to each principal or Sinking Fund Installment payment date, an amount equal to the principal or Sinking Fund Installment due on the Bonds on such principal or Sinking Fund Installment payment date;

(iv) To the Redemption Fund on or prior to the date on which Bonds are to be redeemed pursuant to the Resolution, an amount equal to the principal of and interest and premium, if any, on such Bonds payable upon such redemption;

(v) Promptly upon demand by an Authorized Officer of the Trust or the Trustee, all amounts required to be paid by the Institution pursuant to an acceleration of payments owed by the Institution to the Trust as provided in the Loan Agreement;

(vi) Any other amounts that, from time to time, may be required to enable the Trust to pay amounts to the Trustee pursuant to the Resolution equal to the principal or purchase price of, premium, if any, and interest on any Bonds; and

(vii) To the Debt Service Fund for the payment of principal then due or the Sinking Fund Installment, if any, then due on Bonds or to the Redemption Fund at the election of the Institution, all amounts received from pledges, gifts, grants or donations restricted to the Financed Facilities, other than amounts used to pay costs of the Financed Facilities pursuant to the Loan Agreement, or as otherwise permitted by the Loan Agreement.

(b) Notwithstanding any provisions of the Loan Agreement or the Resolution to the contrary (except as otherwise specifically provided for in the Loan Agreement), (i) all moneys paid pursuant to the Loan Agreement by the Institution to the Trustee, or credited against the obligations of the Institution as provided in clause (ii) below, are made in satisfaction of the Institution’s indebtedness to the Trust to the extent of such payment or credit and (ii) investment earnings on moneys held in the Debt Service Fund or

the Redemption Fund, to the extent credited to the account or Fund in which such moneys are held or transferred to any other of such accounts or Funds in accordance with the applicable provisions of the Loan Agreement or the Resolution, are credited, to the extent available to pay principal, premium, if any, or interest on the Bonds, against the obligations of the Institution under the Loan Agreement to make such payments.

To the extent that the Trustee has withdrawn funds from the Debt Service Fund, the Redemption Fund or the Development Fund to provide a sufficient deposit to the Rebate Fund, when due, under the Resolution, the Institution will be obligated under the Loan Agreement to promptly replenish any or all of such Funds to the extent of the amounts which were withdrawn for such payment; provided, however, that the Institution is not obligated to replenish funds withdrawn from the Debt Service Fund to the extent the funds subject to such withdrawal were in excess of the amount required to be on deposit in the Debt Service Fund on the date of such withdrawal.

The Institution shall have no further obligation to make any Loan Payments (except for payments required to be made to the Rebate Fund pursuant to the terms of the Loan Agreement and of the Resolution) with respect to any Series of Bonds to the Trust during the term of the Loan Agreement when and so long as the amount of cash and Defeasance Obligations that has remained on deposit in the Debt Service Fund and the Redemption Fund for such Series of Bonds is sufficient to pay such Series of Bonds and all amounts payable or that may become payable to the Credit Enhancement Provider and the Liquidity Facility Issuer, if any, by the Institution as provided in the Resolution.

*Additional Payments.* The Institution unconditionally agrees to make certain payments and indemnifications specified in the Loan Agreement to the Trustee, the Paying Agent and the Trust from any moneys legally available to it.

*Security for Purchase Price.* The Institution unconditionally agrees to pay or cause to be paid directly to the Paying Agent, from any monies legally available to it, the Purchase Price of the Bonds, pursuant to the provisions of any applicable Series Resolution, on the respective Purchase Dates, in immediately available funds, but only to the extent that proceeds for the purchase of such Bonds so tendered are not available, either from the remarketing effort conducted by the Remarketing Agent or from the Liquidity Facility, if any, on the respective Purchase Dates at the time specified in the relevant provisions of such Series Resolution. The obligations of the Institution under this paragraph will inure to the benefit of the Bondholders.

*General Provisions.*

(a) As security for the performance of its Loan Payment obligations with respect to principal of, Sinking Fund Installments and interest on any particular Series of Bonds, the Institution may, to the extent it deems necessary or desirable, arrange for the delivery of Credit Enhancement with respect to such Series of Bonds to the Trustee. As security for the payment of the Purchase Price of Bonds tendered and not remarketed, the Institution may, to the extent it deems necessary or desirable, arrange for the delivery of a Liquidity Facility with respect to such Series of Bonds to the Trustee.

(b) After all the Bonds have been retired and all interest and applicable premiums, if any, due thereon have been paid or provision for such retirement and payment has been made in accordance with the provisions of the Resolution and the Institution has performed all its other obligations under the Loan Agreement and under the Resolution, and any fees and miscellaneous expenses (including reasonable attorneys' fees and expenses) of each of the Trustee, the Paying Agent, any Auction Agent, any Broker Dealer, any Remarketing Agent, any Credit Enhancement Provider, any Liquidity Facility Issuer, if any, and the Trust required to be paid by the Institution, have been paid or provided for, any excess moneys in

the Funds established under the Resolution will be paid, from whatever source derived: first, to the Rebate Fund to pay any rebate amounts due and owing; second, to the Liquidity Facility Issuer, to the extent any amount remains owing to it; third, to the Credit Enhancement Provider, to the extent amounts remain owing to it; and, fourth, to the order of the Institution as an adjustment of Loan Payments and Additional Payments. This paragraph will survive the termination or expiration of the Loan Agreement for any reason.

(c) The obligation of the Institution to make payments required under the Loan Agreement are absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction the Institution might otherwise have against the Trust, the Trustee, any Paying Agent, the Credit Enhancement Provider, any Liquidity Facility Issuer, any Remarketing Agent, any Broker-Dealer, any Auction Agent, or any purchaser or the holder of any Bond. Until such time as no Bonds are deemed Outstanding and all other payment obligations of the Institution under the Loan Agreement have been satisfied, the Institution will not suspend or discontinue any such payment (except to the extent that the same has been prepaid) or terminate the Loan Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration, failure of title, or commercial frustration of purpose, or any damage to or destruction of the Financed Facilities, or the taking by eminent domain of title to or the right of temporary use of all or any part of the Financed Facilities, or any change in the tax or other laws of the United States, the State or any political subdivision of either thereof, or any failure of the Trust to perform and observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement and the Institution waives all rights now or hereafter conferred by statute or otherwise to grant, terminate, or surrender the Loan Agreement, or any part thereof except as provided in the Loan Agreement or to any abatement, suspension, deferment, diminution or reduction in the payments under the Loan Agreement. Except to the extent provided in the first and second sentences of this paragraph, nothing contained herein will be construed to prevent or restrict the Institution from asserting any rights which it may have against the Trust under the Loan Agreement or under any provision of law.

*Events of Default.* Any one or more of the following events will constitute an “Event of Default” under the Loan Agreement:

(a) Failure to pay any Loan Payment or any payment described under the heading “*Security for Purchase Price*” when due and payable by the terms of the Loan Agreement;

(b) Failure to pay any amount (except the obligation to make Loan Payments or any payment described under the heading “*Security for Purchase Price*”) that has become due and payable under the Loan Agreement, and such failure continues for thirty (30) days after notice thereof from the Trust, any Credit Enhancement Provider, any Liquidity Facility Issuer or the Trustee to the Institution;

(c) Failure of the Institution, in any material respect, to observe and perform any covenant, condition or agreement under the Loan Agreement on its part to be performed (except as set forth in paragraph (a) or (b) above) and continuance of such failure for a period of thirty (30) days after notice thereof is given by the Trust, any Credit Enhancement Provider, any Liquidity Facility Issuer or the Trustee to the Institution; provided that if such failure, cannot be cured within such thirty (30) day period, it will not constitute an Event of Default for a period not to exceed an additional sixty (60) days if the Institution commences corrective action during such thirty (30) day period and diligently pursues such cure of such failure;

(d) The Institution (i) applies for or consents to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admits in writing its inability, or be generally unable, to pay its debts as such debts become due, (iii) makes a general assignment for the benefit of its creditors, (iv) commences a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) fails to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under such Bankruptcy Code or (vii) takes any action for the purpose of effecting any of the foregoing;

(e) A proceeding or case is commenced, without the application or consent of the Institution, in any court of competent jurisdiction, seeking (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Institution or of all or any substantial part of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case continues undismissed, or an order, judgment or decree approving or ordering any of the foregoing is entered and continues unstayed and in effect, for a period of ninety (90) days; or any order for relief against the Institution is entered in an involuntary case under such Federal Bankruptcy Code;

(f) A final nonappealable judgment or order for the payment of money in excess of \$1,500,000 and that is not fully covered by insurance is rendered against the Institution and the same remains undischarged for a period of sixty (60) consecutive days during which execution has not been effectively stayed or in the case of an appealable judgment, the Institution shall fail to deliver a bond satisfactory to the Trust;

(g) Any representation or warranty made (i) by the Institution in any document or statement submitted to the Trust by the Institution, or prepared on its behalf, for approval of the Project, or (ii) by the Institution in the Loan Agreement or (iii) by the Institution in any report, certificate, financial statement or other instrument furnished in writing pursuant to the Loan Agreement or any of the foregoing proves to have been false when made and continues to be misleading or incorrect in any material respect;

(h) The Charter of the Institution is repealed, suspended or revoked for more than ninety (90) days;

(i) An “Event of Default” under the Resolution occurs and is continuing;

(j) An “Event of Default” under the Indemnification Agreement occurs and is continuing and the Trust gives notice of such event to the Trustee; or

(k) A default after any applicable grace period in the payment of the principal of, or interest on, any of its Debts, which Debt is in a principal amount in excess of \$1,500,000.

*Remedies on Default.* Whenever any Event of Default under the Loan Agreement has occurred and is continuing, the Trust, or the Trustee where so provided, may (with the prior written consent of the Credit Enhancement Provider) or shall, upon the request of the Credit Enhancement Provider, take any one or more of the following remedial steps; provided, that, to the extent the Credit Enhancement Provider has failed to make lawful payment under its Credit Enhancement in accordance with the terms of the Credit Enhancement after the presentation of documents strictly complying with the terms and provisions of the Credit Enhancement or a Credit Enhancement Provider Event of Insolvency has

occurred with respect to any Credit Enhancement Provider, such Credit Enhancement Provider shall not have any rights under the Loan Agreement to consent to or to request any remedial steps to be taken:

(a) The Trustee may cause all Loan Payments payable under the Loan Agreement for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same, together with any accrued interest thereon, will become immediately due and payable;

(b) The Trustee may withhold any payments, advances or reimbursement from the Development Fund including, but not limited to, bond proceeds to which the Institution may otherwise be entitled under the Loan Agreement and apply any such proceeds or moneys in the Development Fund for such purposes as are authorized by the Resolution;

(c) The Trust may withhold any or all further performance under the Loan Agreement;

(d) The Trust may take whatever action at law or in equity as may appear necessary or desirable to collect the Loan Payments and Additional Payments then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Institution under the Loan Agreement;

(e) The Trustee may take any action permitted under the Resolution with respect to an Event of Default thereunder including any action to realize its security thereunder, subject to the rights of the Credit Enhancement Provider; and

(f) The Trust may proceed to enforce the Trust's rights by an action for damages, injunction or specific performance.

All rights and remedies given or granted in the Loan Agreement to the Trust or the Trustee (for the benefit of the Bondholders, any Credit Enhancement Provider and any Liquidity Facility Issuer, as their interests may appear) are cumulative, non-exclusive and in addition to any and all rights and remedies that the Trust may have or may be given by reason of any law, statute, ordinance or otherwise. No failure to exercise or delay in exercising any remedy will effect a waiver of the Trust's right to later exercise such remedy.

No such action taken (including by operation of law or otherwise), except as expressly provided in the Loan Agreement, will relieve the Institution from its obligations under the Loan Agreement, all of which will survive any such action.

*Waiver and Non-Waiver.* No delay or omission of the Trustee, of any holder of Bonds or of any Credit Enhancement Provider or of any Liquidity Facility Issuer for such Bonds to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver of any such default or an acquiescence therein and each and every power and remedy given by the Loan Agreement to the Trustee, the holders of such Bonds or to any Credit Enhancement Provider or to any Liquidity Facility Issuer, respectively, may be exercised from time to time and as often as may be deemed expedient.

Subject to the Resolution and the reinstatement of any related Credit Enhancement and/or Liquidity Facility, the Trustee may with the consent of the Credit Enhancement Provider, and upon written request of the holders of not less than 51% of the aggregate principal amount of the Bonds Outstanding of a Series or upon the direction of the Credit Enhancement Provider, if any, will, waive any default or any Event of Default before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Resolution or before the completion of the

enforcement of any other remedy under the Resolution; provided, however, that no such waiver will extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon; provided further, any such waiver may be for any period of time as may be specified.

Notwithstanding the foregoing, the provisions regarding any payments to be made to the Trust in the Loan Agreement may only be waived with the prior written consent of the Trust.

*Tax Covenant.* The Institution covenants that it will not take any action or inaction, nor fail to take any action or permit any action to be taken, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Institution covenants that it will comply with the instructions and requirements of the Tax Certificate and Agreement. The Institution will, on a timely basis, provide the Trust with all necessary information and, with respect to the Institution's Rebate Requirement or Yield Reduction Payments (as defined in the Tax Certificate and Agreement) required to be paid, all necessary funds, in addition to any funds that are then available for such purpose in the Rebate Fund, to enable the Trust to comply with all arbitrage and rebate requirements of the Code as identified in the Resolution when due.

Such covenant will survive the defeasance or payment in full of any and all Bonds.

*Assignment.* The Loan Agreement may not be assigned in whole or in part by the Institution without the prior written consent of the Trust, any Credit Enhancement Provider and any Liquidity Facility Issuer, as applicable.

*Amendment.* The Loan Agreement may be amended by the Institution and the Trust without the consent of the holders of the Bonds but with the prior written consent of the Trustee, so long as in the reasonable judgment of the Trustee, any such amendment cures an ambiguity or cures, corrects or supplements any defect or inconsistent provision of the Loan Agreement, or modifies or supplements the Loan Agreement in any other respect as the Trustee, the Institution and the Trust may consider necessary or desirable and if the same is not materially prejudicial to the interests of Bondholders. Any amendment other than as described in the preceding sentence will only be effective with the prior written consent of the Owners of at least fifty-one percent (51%) in principal amount of all Bonds Outstanding and each Credit Enhancement Provider and Liquidity Facility Issuer, if any. With respect to the consents of Owners, (i) the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase and (ii) the remarketing agent for Bonds of a Series, upon a mandatory tender date for such Bonds, may consent to an amendment, change, modification or waiver of the Loan Agreement with the same effect as a consent given by the Owners of such Bonds.

Notwithstanding the foregoing, for so long as any Credit Enhancement Facility is in effect with respect to any Series of Bonds and the Credit Enhancement Provider has not failed to make lawful payment under the Credit Enhancement in accordance with the terms of the Credit Enhancement after the presentation of documents strictly complying with the terms of the Credit Enhancement and no Credit Enhancement Provider Event of Insolvency has occurred, the Credit Enhancement Provider shall be deemed to be the Owner of all the Bonds of such Series supported by such Credit Enhancement for all purposes of this subsection, to the exclusion of the persons in whose names and such Bonds are registered on the registration books maintained by the Trustee.

*Corporate Obligation.* Any other provision of the Loan Agreement, or of any other document delivered pursuant to or otherwise in connection with the Loan Agreement, to the contrary notwithstanding, all covenants, stipulations, obligations and agreements of the Institution contained in or

arising under the Loan Agreement or any such document: (i) shall be deemed to be corporate covenants, stipulations, obligations and agreements of the Institution that are payable, to the extent constituting payment obligations, solely from unrestricted assets of the Institution; and (ii) shall not be deemed to be covenants, stipulations, obligations and agreements of any member of the Board, of any of the Authorized Officers or of any other Institution employee acting under any of their direction, in his or her individual capacity, and no such person shall be subject to any personal liability or accountability by reason of the execution and delivery of the Loan Agreement or of any other such document or by reason of any action taken by him or her in the good faith discharge of his or her duties in any such capacity.

November 15, 2018

The Trust for Cultural Resources  
of The City of New York  
New York, New York

Re: The Trust for Cultural Resources of The City of New York  
Refunding Revenue Bonds, Series 2018A  
(The Juilliard School)

Ladies and Gentlemen:

We have acted as bond counsel to The Trust for Cultural Resources of The City of New York (the “Trust”) in connection with the issuance of \$42,905,000 aggregate principal amount of The Trust for Cultural Resources of The City of New York Refunding Revenue Bonds, Series 2018A (The Juilliard School) (the “Bonds”), issued pursuant to the provisions of the New York State Cultural Resources Act and The Trust for Cultural Resources of The City of New York Act, said acts being Articles 20 and 21 of Title E of the Arts and Cultural Affairs Law of the State of New York, a Revenue Bond Resolution (The Juilliard School) adopted by the Board of Trustees of the Trust on March 18, 2009, a Series 2018A Resolution, adopted by the Board of Trustees of the Trust on October 11, 2018, and a Series 2018A Certificate, dated as of November 1, 2018, and delivered by the Trust on November 15, 2018 (collectively, the “Resolution”). The Resolution provides that the Bonds are issued for the purpose of making a loan of the proceeds thereof to The Juilliard School (the “Institution”) pursuant to a loan agreement, dated as of April 1, 2009, as amended and supplemented by the First Amendment of Loan Agreement dated as of November 1, 2018 (collectively, the “Loan Agreement”), each between the Trust and the Institution. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution; the Loan Agreement; opinions of counsel to the Trust, the Institution and U.S. Bank National Association, as trustee (the “Trustee”); the Tax Certificate and Agreement, dated the date hereof (the “Tax Certificate”), among the Trust, the Institution and the Trustee; certificates of the Trust, the Trustee, the Institution and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of Nixon Peabody LLP, New York, New York, Special Financing Counsel to the Institution, regarding, among other matters, the current qualification of

The Trust for Cultural Resources  
of The City of New York  
November 15, 2018  
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the Institution as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and the use of the facilities financed or refinanced with the proceeds of the Bonds in activities that are not considered unrelated trade or business activities of the Institution within the meaning of Section 513 of the Code. We note that such opinion is subject to a number of qualifications and limitations. Failure of the Institution to be organized and operated in accordance with the Internal Revenue Service’s requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or use of the bond-financed or refinanced facilities in activities that are considered unrelated trade or business activities of the Institution within the meaning of Section 513 of the Code, may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Trust. We have assumed without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Loan Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Loan Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we

express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or subject to the lien of the Resolution or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Trust.
2. The Resolution has been duly adopted by, and constitutes the valid and binding obligation of, the Trust. The Resolution creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Resolution, except the Rebate Fund, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. The Resolution also creates a valid assignment to the Trustee, for the benefit of the holders from time to time of the Bonds, of the right, title and interest of the Trust in the Loan Agreement (to the extent more particularly described in the Resolution).
3. The Loan Agreement has been duly executed and delivered by, and, assuming the due authorization, execution and delivery thereof by the Institution, constitutes a valid and binding agreement of, the Trust.
4. The Bonds are not a lien or charge upon the funds or property of the Trust except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of New York or of any political subdivision thereof (including The City of New York) is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of New York or The City of New York, and neither said State nor said City is liable for the payment thereof.
5. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds is exempt from personal income taxes imposed by the laws of the State of New York or any political subdivision

The Trust for Cultural Resources  
of The City of New York  
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thereof (including The City of New York). We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

**PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT**

This Continuing Disclosure Agreement (this “Agreement”), dated November 15, 2018, by and between The Juilliard School (the “Institution”) and U.S. Bank National Association, as trustee (the “Trustee”) under the Revenue Bond Resolution (The Juilliard School) (the “General Resolution”), adopted by The Trust for Cultural Resources of The City of New York (the “Issuer”) on March 18, 2009, as supplemented by a Series 2018A Resolution, adopted by the Issuer on October 11, 2018 (the “Series Resolution,” and collectively with the General Resolution, the “Resolution”), is executed and delivered in connection with the issuance of the Issuer’s \$42,905,000 Revenue Bonds, Series 2018A (The Juilliard School) (the “Bonds”). The proceeds of the Bonds are being loaned by the Issuer to the Institution pursuant to a Loan Agreement, dated as of April 1, 2009, as amended by the First Amendment of Loan Agreement, dated as of November 1, 2018 (as amended, the “Loan Agreement”). Capitalized terms used in this Agreement which are not otherwise defined in the Resolution shall have the respective meanings specified in Article IV hereof. Pursuant to Section 3.02 of the Loan Agreement, the parties agree as follows:

ARTICLE I  
*The Undertaking*

Section 1.1. *Purpose; No Issuer Responsibility or Liability.* This Agreement shall constitute a written undertaking for the benefit of the holders of the Bonds, and is being executed and delivered solely to assist the Underwriter in complying with subsection (b)(5) of the Rule. The Institution and the Trustee acknowledge that the Issuer has undertaken no responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Agreement, and shall have no liability to any person, including any holder of the Bonds, with respect to any such reports, notices or disclosures.

Section 1.2. *Annual Financial Information.* (a) the Institution shall provide, or shall cause the Dissemination Agent to provide, Annual Financial Information with respect to each fiscal year of the Institution, commencing with fiscal year ending June 30, 2018, by no later than six months after the end of the respective fiscal year, to the MSRB. The Trustee shall provide notice in writing to the Institution that such Annual Financial Information is required to be provided by such date, at least 45 days but not more than 60 days in advance of such date.

(b) The Institution shall provide, or shall cause the Dissemination Agent to provide, in a timely manner, notice of any failure of the Institution to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. *Audited Financial Statements.* If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Institution shall provide, or shall cause the Dissemination Agent to provide, Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. *Notice Events.* (a) If a Notice Event occurs, the Institution shall provide, or shall cause the Dissemination Agent to provide, in a timely manner not in excess of ten (10) business days of the occurrence of such Notice Event, notice of such Notice Event to (i) the MSRB, (ii) Merrill Lynch, Pierce Fenner & Smith Incorporated, as underwriter of the Bonds (the “Underwriter”), and (iii) the Trustee.

(b) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) The Trustee shall promptly advise the Institution and the Issuer whenever, in the course of performing its duties as Trustee under the Resolution, the Trustee has actual notice of an occurrence which, if material, would require the Institution to provide notice of a Notice Event hereunder; provided, however, that

the failure of the Trustee so to advise the Institution or the Issuer shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement or the Resolution.

(d) Each Notice Event notice relating to the Bonds shall include the CUSIP numbers of the Bonds to which such Notice Event relates or, if the Notice Event relates to all bond issues of the Issuer including the Bonds, such Notice Event notice need only include the CUSIP number of the Issuer.

Section 1.5. *Additional Disclosure Obligations.* The Institution acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Institution, and that, under some circumstances, compliance with the terms of this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Institution under such laws.

Section 1.6. *Additional Information.* Nothing in this Agreement shall be deemed to prevent the Institution from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Agreement. If the Institution chooses to include any information in any Annual Financial Information or notice of Notice Event in addition to that which is specifically required by this Agreement, the Institution shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or notice of Notice Event hereunder.

Section 1.7. *No Previous Non-Compliance.* The Institution represents that it has not previously entered into any undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

## ARTICLE II *Operating Rules*

Section 2.1. *Reference to Other Filed Documents.* It shall be sufficient for purposes of Section 1.2 hereof if the Institution provides or causes to be provided Annual Financial Information (but not notices of Notice Events) by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, [www.emma.msrb.org](http://www.emma.msrb.org)) or (ii) filed with the SEC.

Section 2.2. *Submission of Information.* Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 2.3. *Dissemination Agents.* The Institution may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Institution under this Agreement, and revoke or modify any such designation.

Section 2.4. *Transmission of Information and Notices.* Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is [www.emma.msrb.org](http://www.emma.msrb.org). All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. *Fiscal Year.* Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The Institution's current fiscal year is July 1–June 30, and the Institution shall promptly notify (i) the MSRB, (ii) the Underwriter, and (iii) the Trustee in writing of each change in its fiscal year.

### ARTICLE III

#### *Effective Date, Termination, Amendment and Enforcement*

Section 3.1. *Effective Date; Termination.* (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) If the obligations of the Institution under the Loan Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Agreement in the same manner as if it were the Institution, and thereupon the Institution shall have no further responsibility hereunder.

(c) The obligations of the Institution and the Trustee under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(d) This Agreement, or any provision hereof, shall be null and void in the event that the Institution (1) delivers to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers to the Trustee and the Issuer a notice that this Agreement or any provision hereof is null and void because those portions of the Rule do not or no longer apply to the Bonds to the MSRB.

Section 3.2. *Amendment.* (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Institution or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Institution shall have delivered to the Trustee an opinion of Counsel, addressed to the Institution, the Issuer and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Institution shall have delivered to the Trustee an opinion of Counsel or a determination by a person unaffiliated with the Issuer or the Institution (such as bond counsel or the Trustee) and acceptable to the Institution, addressed to the Institution, the Issuer and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Resolution with the consent of holders of the Bonds pursuant to Section 9.03 of the General Resolution as in effect at the time of the amendment, and (5) the Institution shall have delivered copies of such amendment to the MSRB.

(b) In addition to subsection (a) above, this Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the Institution shall have delivered to the Trustee an opinion of Counsel, addressed to the Institution, the Issuer and the Trustee, to the effect that performance by the Institution and the Trustee under this Agreement as so amended will not result in a violation of the Rule and (3) the Institution shall have delivered copies of such amendment to the MSRB.

(c) In addition to subsections (a) and (b) above, this Agreement may be amended by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the Institution shall have delivered to the Trustee an opinion of Counsel, addressed to the Institution, the Issuer and the Trustee, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of staff, of the SEC, and (2) the Institution shall have delivered copies of such amendment to the MSRB.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the Institution in preparing financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. *Benefit; Third-Party Beneficiaries; Enforcement.* (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that (i) beneficial owners of Bonds shall be third-party beneficiaries of this Agreement and (ii) the Issuer shall be deemed to be a third party beneficiary of this Agreement and shall be entitled to enforce the rights of the Trustee under this Agreement to the extent the Trustee shall fail or refuse or shall be unable to take any enforcement action hereunder. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the Institution to comply with the provisions of this Agreement shall be enforceable: (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding Bonds, or by the Trustee on behalf of the holders of Outstanding Bonds; or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the holders of Outstanding Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the Issuer (but the Issuer shall have no obligation to take any such action), or the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, who shall have provided the Trustee with adequate security and indemnity. The holders' and Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the obligations of the Institution under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the Institution or the Trustee to perform in accordance with this Agreement shall not constitute a default or an "Event of Default" under the Resolution or the Loan Agreement, and the rights and remedies provided by the Resolution upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State of New York, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State of New York, provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

#### ARTICLE IV *Definitions*

Section 4.1. *Definitions.* The following terms used in this Agreement shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively, (a) Audited Financial Statements, if available, or Unaudited Financial Statements of the Institution, (b) to the extent not provided in such Audited or Unaudited Financial Statements of the Institution, the financial and quantitative operating data of the Institution of the types included in the tables appearing in APPENDIX A to the Official Statement titled “College Division Enrollment and Admissions,” “Enrollment,” “Tuition / Room & Board,” “Summary Balance Sheets,” “Summary Statements of Activities,” “Total Endowment Assets,” and “Current Debt Outstanding” and (c) the information regarding amendments to this Agreement required pursuant to Section 3.2(d) of this Agreement.

The descriptions contained in clause (b) above of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) “Audited Financial Statements” means the annual financial statements, if any, of the Institution, audited by such auditor as shall then be required or permitted by applicable law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Section 3.2(a) hereof, the Institution may from time to time, if required by federal or state legal requirements, modify the accounting principles to be followed in preparing its financial statements. The written notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific federal or State law or regulation describing such accounting principles or other description thereof.

(3) “Counsel” means any nationally recognized bond counsel or counsel expert in federal securities laws as they relate to municipal securities.

(4) “Dissemination Agent,” if any, means the person or firm, or any successor Dissemination Agent, designated in writing by the Institution pursuant to Section 2.3 of this Agreement and which has filed with the Institution and the Trustee a written acceptance of such designation.

(5) “GAAP” means generally accepted accounting principles in the United States of America as prescribed from time to time by the Financial Accounting Standards Board or any successor to the duties or responsibilities thereof.

(6) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(7) “Notice Event” means any of the following events with respect to the Bonds, whether relating to the Institution or otherwise:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;

- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bond holders, if material;
- (viii) optional, contingent or unscheduled bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer, or of the Institution;

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

- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or of the Institution, or the sale of all or substantially all of the assets of the Issuer, or of the Institution, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(8) “Official Statement” means the “final official statement,” as defined in paragraph (f)(3) of the Rule.

(9) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(10) “SEC” means the United States Securities and Exchange Commission.

(11) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

ARTICLE V  
*Miscellaneous*

Section 5.1. *Duties, Immunities and Liabilities of Trustee.* Article VI of the Resolution is hereby made applicable to this Agreement as if this Agreement were (solely for this purpose) contained in the Resolution. The Trustee shall have only such duties under this Agreement as are specifically set forth in this Agreement.

Section 5.2. *Counterparts.* 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.

[Signature Page of this Agreement Follows]

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

**THE JULLIARD SCHOOL**

By: \_\_\_\_\_  
An Authorized Representative

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

By: \_\_\_\_\_  
An Authorized Representative



# Juilliard



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