

University of Rochester, New York

Revenue Bonds New Issue Report

Ratings

New Issues^a

\$139,915,000 Monroe County Industrial Development Corporation Revenue Bonds (University of Rochester Project), Series 2017A (Tax-Exempt) AA-

\$92,685,000 Monroe County Industrial Development Corporation Revenue Bonds (University of Rochester Project), Series 2017B (Tax-Exempt) AA-

Outstanding Debt

\$727,225 Monroe County Industrial Development Corporation Revenue Bonds, Series 2011A, 2011B, 2013A, 2013B, 2013C, 2015A, 2015B and 2015C AA-

\$154,332,000 State of New York State Dormitory Authority Revenue Bonds, Series 2007A-2, 2007 B, 2007C, 2009A, 2009B, 2009C and 2009E AA-

^aAmounts are preliminary and subject to change.

Rating Outlook

Stable

Related Research

Fitch Rates Univ of Rochester, NY's Series 2017A&B Revs 'AA-'; Outlook Stable (March 2017)

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New Issue Details

Sale Information: \$139,915,000 Monroe County Industrial Development Corporation Revenue Bonds (University of Rochester Project), Series 2017A (Tax-Exempt), and \$92,685,000 Monroe County Industrial Development Corporation Revenue Bonds (University of Rochester Project), Series 2017B (Tax-Exempt), expected to sell on March 16 via negotiation.

Security: General unsecured obligation of the University of Rochester (UR).

Purpose: To finance various capital improvements, to refinance certain outstanding bonds for savings and to pay costs of issuance. The 2017 bonds will include about \$73 million of new money, and UR will concurrently enter into a \$49.3 million taxable direct purchase arrangement, expected to be on parity with the bonds, for additional new money projects.

Final Maturity: July 1, 2047.

Key Rating Drivers

Solid Credit Characteristics: UR is a comprehensive research university and academic medical center in Rochester, NY. The 'AA-' rating reflects UR's steady margins across the consolidated educational and healthcare enterprises, strong institutional reputation and solid student demand and very manageable debt burden. Offsetting factors include high exposure to the dynamic healthcare sector and mixed balance sheet metrics for the 'AA' rating category. Total new money of \$122 million will not materially change UR's leverage or overall credit profile.

Positive Operations: UR generates consistently positive operating margins due to solid medical center performance and self-supporting traditional university operations. Strong Memorial Hospital (SMH) anchors UR's healthcare operations, which account for over 70% of total operating revenue. SMH's sound financial profile, leading market position and solid profitability support the medical center's teaching and research missions. Fitch Ratings believes UR's strategic planning positions it well for potential changes in healthcare delivery.

Adequate Liquidity: Liquidity metrics are weaker than those of similarly rated universities due to the large operating base and capital-intensive nature of healthcare operations. However, UR's substantial financial resources and endowment have grown significantly in recent years, and metrics compare well to highly rated hospitals and health systems. Additional debt plans over the medium term are offset by roughly equivalent principal amortization.

Unified Structure: UR's unified management structure coordinates its healthcare and higher education enterprises effectively. The structure allows the institution to employ unique joint strategies across its clinical activities, research endeavors and academic programs.

Rating Sensitivities

Balanced Operations: Fitch believes that UR's strong operating profile makes negative rating action unlikely. However, operating deterioration with a trend of consolidated operating deficits and weaker coverage could negatively pressure the 'AA-' rating.

Balance Sheet Growth: Sustained growth over time in financial resources relative to operating expenses and debt could lead to positive rating action.

Rating History

| Rating | Action | Outlook/ Watch | Date |
|--------|----------|-------------------|---------|
| AA- | Affirmed | Stable | 3/10/17 |
| AA- | Affirmed | Stable | 6/10/15 |
| AA- | Affirmed | Stable | 8/29/13 |
| AA- | Affirmed | Stable | 7/26/13 |
| AA- | Affirmed | Stable | 8/11/11 |
| AA- | Assigned | Stable | 12/4/10 |

Credit Profile

Founded in 1850, UR is an independent nonprofit institution of higher education, research and healthcare. The university serves over 11,200 students in its undergraduate, graduate and professional programs across its seven schools and over 200 academic units. UR is accredited by the Middle States Commission on Higher Education and maintains various program-specific accreditations. The university is one of the 62 members of the Association of American Universities and maintains the highest research activity classification under the Carnegie Classification of Institutions of Higher Education.

UR encompasses both the university and the University of Rochester Medical Center (URMC). URMC houses the university's medical, dental and nursing schools, medical research, faculty practice group and SMH. SMH, the largest acute-care hospital in Rochester and a regional referral center for high-acuity cases, is URMC's primary teaching hospital and also anchors UR Medicine. SMH now includes the Golisano Children's Hospital, which opened in 2015. The UR Medicine clinical division includes SMH, the faculty practice group, UR's four additional regional hospitals, related outpatient and skilled nursing facilities, a visiting nurse service and an accountable care provider network with approximately 2,000 participating physicians across eight hospital members. Healthcare operations contribute the majority (71.1%) of the university's \$3.71 billion operating revenue base.

Unified Governance of University and Medical Center

Fitch believes that UR's unified management structure is effective in the coordination of healthcare and higher education operations. With a consolidated structure, UR is able to pursue strategic aims through joint efforts across its clinical activities, research endeavors and academic programs. UR is governed by a 50-member board of trustees with 13 standing committees. The UR board appoints members to and delegates certain responsibilities for SMH and the Eastman Institute for Oral Health to a separate medical center board, although major decisions still require approval by the university board. Fitch considers this delegation a positive governance feature for UR because it accounts for the different governance needs of UR's academic and clinical enterprises without sacrificing overall alignment.

University operations are delegated to the president and administration. Fitch considers UR's stable management team to be strong and experienced. The management structure mirrors the unified governance structure, and key leaders across its divisions remain committed to the comprehensive mission of the university.

Strategic Plan

UR continues to make progress against its strategic plan goals, most recently updated in 2015. University priorities focus on investments in data sciences, neuroscience and medicine, the humanities and performing arts and community revitalization. URMC's strategic plan goals include cementing its local market-leading status and its position as a regional referral center, continuing expansion of its regional network through affiliations and physician alignment, growing the stature of UR's already high level of biomedical research and becoming a leading institution in clinical and research education. Fitch considers the plan appropriate and achievable for URMC due to its strong market position, good cost structure, high quality and aligned physician base.

Manageable Capital Improvement Plan

UR's capital needs are manageable relative to the university's size, and it has invested substantially in academic, research and medical facilities over the past decade. Management

Related Criteria

[U.S. College and University Rating Criteria \(May 2014\)](#)

[U.S. Nonprofit Hospitals and Health Systems Rating Criteria \(June 2015\)](#)

[Revenue-Supported Rating Criteria \(June 2014\)](#)

expects to focus more on renewal and repurposing of existing facilities going forward, with fewer very large new projects.

Completed major projects include the recently opened Wegmans Hall, which houses the newly established Goergen Institute for Data Science, and other projects funded mainly from gifts or series 2015 proceeds: an outpatient imaging center, dining and student space renovations, infrastructure projects, and various leasehold improvements to support community-based medical facilities. A new 150-bed residence hall and athletic facility is also under construction and expected to open for fall 2017.

UR's 2017 capital budget totals about \$239 million of projects to be funded from series 2017 new money, gifts and internal funds. Major projects include construction of pediatric operating rooms and a pediatric ICU (about 40 beds total) at the Golisano Children's Hospital, expansion of clinical labs, further leasehold improvements at community-based medical facilities, student system and other technology upgrades and infrastructure and utility improvement projects. Future capital budgets will likely be similar in overall size and supported by biennial debt issuance that is roughly in line with principal amortization over each two-year period.

Operating Profile

Sound University Demand and Enrollment

The university's student demand profile is strong and has supported consistent growth in net tuition revenue. Enrollment has grown approximately 6.7% to a headcount of 11,209 in fall 2016 from 10,510 in fall 2012, equal to a moderate 1.6% per year on average over that period. Headcount growth will likely remain incremental, as UR does not target material expansion. UR's mostly full-time and residential undergraduate segment makes up about 56% of total headcount.

Admissions metrics are solid across undergraduate and graduate programs. UR has seen undergraduate application growth over time and has maintained stable and selective acceptance rates, including 35.3% in fall 2016. Matriculation rates are somewhat low but steady at 23.7% in fall 2016, and UR has maintained high student quality with steady tuition discounting. Admissions cycle results reflect UR's solid performance in a competitive environment and against peer universities with very strong reputations. Graduate programs are also competitive and well regarded, with growing applications, selective admissions (21.5% combined acceptance rate) and high matriculation rates (38.3%) indicating strong demand. UR has a wide geographic draw, with under 40% of students from the Northeast region, and increasingly international enrollment now totaling roughly a quarter of the student body.

Strong Position for UR Medicine

Leading Market Share

UR Medicine maintains a leading market share in and around Rochester. SMH is the largest hospital and the only tertiary/quaternary care center in the Finger Lakes region. With 1,349 licensed beds between Strong, Highland Hospital, F.F. Thompson Hospital, and the recently acquired Noyes Hospital and Jones Memorial Hospital, UR had overall 54.7% market share based on calendar 2016 discharges. UR's sole hospital competitor in the local market is the Rochester Regional Health System, formed from the 2014 merger of Unity Health with Rochester General Hospital, which has the remaining inpatient share in the local market.

Demand Summary

(Fall Semester of Fiscal Years Ended June 30)

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---------------|---------------|---------------|---------------|---------------|
| Headcount | | | | | |
| Undergraduate – Full-Time | 5,495 | 5,819 | 5,926 | 6,011 | 6,138 |
| Undergraduate – Part-Time | 128 | 226 | 163 | 117 | 97 |
| Total Undergraduate | 5,623 | 6,045 | 6,089 | 6,128 | 6,235 |
| Graduate – Full-Time | 3,251 | 3,418 | 3,434 | 3,371 | 3,399 |
| Graduate – Part-Time | 1,038 | 1,114 | 1,023 | 1,136 | 1,127 |
| Total Graduate | 4,289 | 4,532 | 4,457 | 4,507 | 4,526 |
| Other | 598 | 443 | 514 | 470 | 448 |
| Total Headcount Enrollment | 10,510 | 11,020 | 11,060 | 11,105 | 11,209 |
| Total Undergraduate/Total Headcount Enrollment (%) | 53.5 | 54.9 | 55.1 | 55.2 | 55.6 |
| Admissions | | | | | |
| Undergraduate Applications | 16,033 | 17,244 | 17,428 | 17,912 | 17,484 |
| Undergraduate Admissions | 5,663 | 6,153 | 6,345 | 6,063 | 6,167 |
| Acceptance Rate (%) | 35.3 | 35.7 | 36.4 | 33.8 | 35.3 |
| Undergraduate Matriculants | 1,343 | 1,472 | 1,436 | 1,400 | 1,461 |
| Matriculation Rate (%) | 23.7 | 23.9 | 22.6 | 23.1 | 23.7 |
| Graduate Applications | 15,218 | 16,343 | 15,446 | 16,824 | 18,203 |
| Graduate Admissions | 3,256 | 3,450 | 3,483 | 3,758 | 3,914 |
| Acceptance Rate (%) | 21.4 | 21.1 | 22.5 | 22.3 | 21.5 |
| Graduate Matriculants | 1,626 | 1,836 | 1,683 | 1,534 | 1,501 |
| Matriculation Rate (%) | 49.9 | 53.2 | 48.3 | 40.8 | 38.3 |
| Average SAT | | | | | |
| Freshmen | 1334 | 1345 | 1343 | 1348 | 1354 |
| National Average | 1010 | 1010 | 1010 | 1006 | 1002 |
| Annual Undergraduate Cost of Attendance (\$) | | | | | |
| Tuition | 42,890 | 44,580 | 46,150 | 47,450 | 49,260 |
| Mandatory Fees | 776 | 792 | 810 | 840 | 882 |
| Room and Board | 12,586 | 13,064 | 13,638 | 14,294 | 14,818 |
| Total | 56,252 | 58,436 | 60,598 | 62,584 | 64,960 |

Source: University of Rochester and Fitch.

Regional Network and Physician Alignment

In line with its strategic plan, UR Medicine continues its expansion into the Finger Lakes region. UR acquired two smaller hospitals in the region in early 2016, the 67-bed Noyes Memorial Hospital and the 70-bed Jones Memorial Hospital, and continues its physician recruitment efforts. Central to this effort is Accountable Health Partners, a clinically integrated accountable care network. The network now includes eight hospital members, of which five are owned and one is managed by UR Medicine. The network has grown to nearly 2,000 physicians, of which approximately two thirds are employed.

Fitch believes UR has the ability to achieve further growth through affiliations and physician alignment in the region based on attractive characteristics to potential partners: strong market position, good cost structure, high quality and financial strength. Ongoing investment in primary care physicians and urgent care facilities from its current hospitals should also further the system's ability to perform well in a population health framework.

Generally Stable Volumes

SMH is the largest hospital in the UR Medicine system. It operates near full capacity with 91.2% average occupancy in fiscal 2016; this has resulted in generally flat inpatient volumes throughout

2015 and 2016. An uptick in volumes through the first half of 2017 reflects some additional capacity freed up by successful efforts to reduce the average length of stay to about 6.6 days from 7.2 in mid-2016. A Medicare case mix index of 2.02 in 2016 reflects its focus on complex and high-acuity cases. In line with national trends, outpatient visits and ambulatory surgeries continued to grow across the UR Medicine system. UR hopes to address consistent volume growth in its already busy emergency departments across the system through further expansion of urgent care access points.

Fundraising

UR has superior fundraising capabilities. In 2016, the university concluded its Meliora campaign. UR launched its public phase in 2011 and raised a total of \$1.37 billion for current use, endowment and capital projects; it surpassed the stated goal of \$1.2 billion. Fundraising success, in addition to investment gains and consistent operating surpluses over time, have helped the university to increase its endowment significantly in recent years from about \$1.4 billion in 2010 to \$1.9 billion in 2016. This level of demonstrated fundraising capacity is an important credit factor offsetting liquidity metrics that are somewhat weaker than 'AA' rating category averages.

Financial Profile

Revenue Concentrated in Healthcare Enterprise

UR's revenues are highly (71.1%) concentrated in healthcare operations, with most healthcare revenues coming from core patient care operations at SMH and the faculty practice group. SMH alone accounts for about 44% of total university revenues. SMH's payor mix has been stable. Medicaid exposure is slightly high but not atypical for New York at 18.2% and is offset by low self-pay, typically under 3%. Total governmental payor exposure to Medicaid and Medicare is 52.9%. Blue Cross and other commercial/managed care payors make up 44.2% in aggregate.

Research funding and net student revenues account for 10.0% and 10.4%, respectively of total operating revenues. Investment returns (primarily endowment draw) account for only 2.7% of operating revenues but provide good operating cushion; UR's core operations are generally balanced before taking the endowment draw, which totaled \$93.6 million in fiscal 2016. Fitch considers UR's effective endowment draw of 5.7%, based on a five-year moving market value, slightly high compared to the more typical 5%, but manageable and within policy limits. UR's long-term target spending rate is about 5.5%.

Revenue Growth and Positive Margins

UR has a track record of positive operating margins, including endowment support. Before endowment support, margins are break even on average. Including its endowment support, UR's all-in operating margin was 1.6% in fiscal 2016 and has averaged about 2.9% since 2012.

Financial results are driven by growing and profitable healthcare operations that typically account for the majority of the surplus. URM targets an all-in operating margin of about 2%; the more profitable patient care activities well exceed this margin in order to support less profitable but equally important education and research activities. URM's margins have exceeded that target in recent years but reverted to near-target levels in fiscal 2016 and will likely remain on target in fiscal 2017. The slight dip in performance is largely attributable to an adverse change in the CMS wage index classifications for UR's two largest hospitals, SMH and Highland. In addition, softer performance of a captive insurance carrier 20% controlled by SMH also affected results. Strong nonetheless remained solidly profitable, and URM was able to manage to target levels despite those challenges.

Net tuition revenue growth has also averaged 6.5% annually since 2012 due to sound demand and enrollment trends, continued moderate tuition increases and generally stable discounting. UR's annual endowment draw provides additional operating flexibility.

Financial Ratios

(Audited Years Fiscal Years Ended June 30)

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------|---------|---------|---------|---------|
| Revenue Diversity (% Adjusted Total Unrestricted Operating Revenues) | | | | | |
| Student Fees (Tuition and Auxiliary Revenues) | 10.6 | 10.4 | 10.6 | 11.1 | 10.4 |
| Total Grants and Contracts | 14.2 | 13.1 | 10.8 | 10.1 | 10.0 |
| Healthcare Operations | 66.3 | 68.2 | 70.2 | 71.0 | 71.1 |
| Gifts and Contributions | 0.9 | 1.2 | 1.3 | 1.0 | 0.7 |
| Total Investment Return | 3.3 | 3.2 | 3.2 | 2.7 | 2.4 |
| Net Assets Released From Restrictions for Operations | 1.9 | 1.7 | 1.8 | 1.7 | 2.7 |
| Expense Ratios (% Total Unrestricted Operating Expenses) | | | | | |
| Instruction | 11.5 | 10.8 | 10.4 | 10.3 | 11.0 |
| Research | 11.6 | 10.3 | 9.2 | 9.0 | 8.1 |
| Healthcare Operations | 65.7 | 68.0 | 69.6 | 70.2 | 70.8 |
| Financial Aid Ratios | | | | | |
| Tuition Discounting (%) | 42.0 | 41.7 | 42.2 | 40.6 | 41.3 |
| Net Tuition and Fees (\$000) | 209,265 | 226,871 | 243,493 | 259,855 | 269,323 |
| Change in Net Tuition and Fees (%) | 4.0 | 8.4 | 7.3 | 6.7 | 3.6 |
| Operating Performance Ratios (%) | | | | | |
| Operating Margin | (0.5) | 1.0 | 1.3 | (0.3) | (0.9) |
| Adjusted Operating Margin | 2.7 | 3.8 | 3.9 | 2.3 | 1.6 |
| Balance Sheet Ratios (%) | | | | | |
| Available Funds/Total Unrestricted Operating Expense | 74.0 | 76.7 | 87.8 | 83.6 | 70.1 |
| Available Funds/Total Long-Term Debt | 198.4 | 216.0 | 211.9 | 200.5 | 185.4 |
| Available Funds/Total Pro Forma Long-Term Debt | N.A. | N.A. | N.A. | N.A. | 173.4 |
| Available Funds/MADS (x) | 18.9 | 21.1 | 25.3 | 26.1 | 24.0 |
| Unfunded Capital Commitments/Available Funds | 9.7 | 8.3 | 8.2 | 18.2 | 18.5 |
| Unfunded Capital Commitments/Adjusted Available Funds | 17.3 | 13.6 | 13.1 | 29.2 | 33.3 |
| Leverage Ratios | | | | | |
| Current Debt Service Coverage (x) | 3.7 | 4.0 | 4.9 | 3.5 | 2.9 |
| Current Debt Burden (%) | 2.6 | 2.8 | 2.2 | 2.6 | 2.9 |
| Pro Forma MADS Coverage (x) | 2.5 | 3.1 | 3.3 | 2.9 | 2.9 |
| Pro Forma MADS Burden (%) | 3.8 | 3.5 | 3.3 | 3.1 | 2.9 |
| Pro Forma AADS Coverage (x) | 4.3 | 5.3 | 5.6 | 4.9 | 5.0 |
| Pro Forma AADS Burden (%) | 2.2 | 2.1 | 2.0 | 1.8 | 1.7 |

AADS – Average annual debt service. MADS – Maximum annual debt service. N.A. – Not applicable. Notes: Fitch may have reclassified certain financial statement items for analytical.

Source: University of Rochester and Fitch.

Adequate Balance Sheet Resources

UR's liquidity is sound and adequate for the rating level. Available funds (defined as cash and investments less permanently restricted net assets) totaled a substantial \$2.56 billion as of June 30, 2016. However, available funds equaled 70.1% of operating expenses (\$3.65 billion), which is weaker than the rating category average but typical of universities with very large consolidated healthcare or research enterprises. Available funds equaled a stronger 173.4% of pro forma debt (\$1.48 billion, including noncancellable operating leases and new money), which is slightly below average but not out of line for the 'AA' rating category. These metrics

reflect UR's very large scale of operations and larger, more capital-intensive healthcare enterprise relative to university peers, many of which are legally separate from any related patient care enterprises. In addition, liquidity metrics are generally in line with those of similarly rated hospitals and health systems.

UR benefits from a large \$1.9 billion endowment, \$425.4 million of which is permanently restricted and, therefore, excluded from Fitch's available funds calculation. Approximately one-half of the endowment consists of quasi-endowment funds, which are unrestricted gifts and surpluses designated by the board for use as endowment funds, but not externally restricted as to their use. Of the university's total investments, about one-half are alternative or illiquid, which is typical of universities with large endowments. UR's investments are managed by external investment advisors chosen and overseen by an in-house staff under board-approved investment policies. Fitch believes UR's investment team and policies are effective in managing the large and complex portfolio.

Debt Profile

Primary Security, Covenants and Structure

The bonds are an unrestricted general obligation of UR. There are no material restrictive covenants, which is typical of highly rated university debt. The debt structure is fairly conservative, with front-loaded principal amortization, declining annual debt service in aggregate after about 2022 and no large bullet maturities. Roughly 15% of UR's debt is variable rate. Variable-rate demand bonds are supported by several bank letters of credit and are swapped to fixed with several counterparties. No collateral posting has been required and none are likely.

Low Debt Burden

The university's debt burden remains manageable. Fitch does not believe that the approximately \$122 million of additional debt materially changes UR's leverage or overall credit profile. UR maintains a low maximum annual debt service (MADS) burden of 2.9% of operating revenues and solid MADS coverage of 2.9x from operations. Fitch expects debt metrics to remain generally stable over the next several years as UR's plans for additional debt issuance roughly every two years are approximately matched by principal amortization over that period.

Financial Summary

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

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|------------------|------------------|------------------|------------------|------------------|
| Unrestricted Operating Revenues | | | | | |
| Gross Tuition and Fees | 360,695 | 389,344 | 421,397 | 437,659 | 458,446 |
| Less: Student Aid | 151,430 | 162,473 | 177,904 | 177,804 | 189,123 |
| Net Tuition and Fees | 209,265 | 226,871 | 243,493 | 259,855 | 269,323 |
| Sales and Services of Auxiliary Enterprises | 88,728 | 91,028 | 96,828 | 118,667 | 117,439 |
| Grants Contracts | 397,996 | 400,772 | 347,768 | 342,867 | 369,954 |
| Healthcare Operations | 1,860,382 | 2,078,284 | 2,249,400 | 2,419,776 | 2,638,925 |
| Gifts and Contributions | 25,747 | 37,428 | 41,314 | 34,638 | 25,433 |
| Dividend and Interest Income/(Loss) | 5,537 | 10,878 | 15,539 | 5,326 | (3,223) |
| Net Assets Released from Restrictions for Operations | 53,701 | 52,648 | 56,857 | 57,553 | 98,429 |
| Royalty Income | 34,431 | 24,299 | 26,025 | 23,634 | 23,113 |
| Other Operating Revenues | 42,792 | 40,229 | 43,264 | 55,805 | 78,655 |
| Total Unrestricted Operating Revenue | 2,718,579 | 2,962,437 | 3,120,488 | 3,318,121 | 3,618,048 |
| Unrealized and Realized Gains Portion of Endowment Payout | 88,390 | 86,766 | 85,729 | 87,946 | 93,576 |
| Adjusted Total Unrestricted Operating Revenue | 2,806,969 | 3,049,203 | 3,206,217 | 3,406,067 | 3,711,624 |

Notes: Fitch may have reclassified certain financial statement items for analytical purposes.

Source: University of Rochester and Fitch.

Financial Summary (continued)

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

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|------------------|------------------|------------------|------------------|------------------|
| Unrestricted Operating Expenses | | | | | |
| Instruction | 313,698 | 316,697 | 321,019 | 341,290 | 401,426 |
| Academic Support | 59,377 | 62,211 | 62,359 | 61,850 | 60,059 |
| Institutional Support | 97,600 | 100,417 | 105,462 | 98,170 | 111,625 |
| Student Services | 50,325 | 55,018 | 58,448 | 60,580 | 64,431 |
| Public Service | 8,337 | 8,287 | 9,442 | 16,288 | 17,616 |
| Research | 315,548 | 302,371 | 284,560 | 299,826 | 294,145 |
| Auxiliary Enterprises | 91,216 | 93,194 | 96,626 | 113,909 | 115,741 |
| Healthcare Operations | 1,795,828 | 1,995,611 | 2,143,206 | 2,336,849 | 2,585,635 |
| Total Unrestricted Operating Expense | 2,731,929 | 2,933,806 | 3,081,122 | 3,328,762 | 3,650,678 |
| Change in Unrestricted Net Assets from Operations | (13,350) | 28,631 | 39,366 | (10,641) | (32,630) |
| Adjusted Change in Unrestricted Net Assets from Operations | 75,040 | 115,397 | 125,095 | 77,305 | 60,946 |
| Unrestricted Non-Operating Revenues/(Expenses) | | | | | |
| Realized and Unrealized Gain/(Loss) on Investments | (90,820) | 24,165 | 85,771 | (33,736) | (123,819) |
| Other Non-Operating Expenses | (57,256) | 91,339 | 1,218 | (40,633) | (56,580) |
| Total Unrestricted Non-Operating Revenue/(Expense) | (148,076) | 115,504 | 86,989 | (74,369) | (180,399) |
| Change in Unrestricted Net Assets | (73,036) | 230,901 | 212,084 | 2,936 | (119,453) |
| Adjusted Change in Unrestricted Net Assets from Operations | 75,040 | 115,397 | 125,095 | 77,305 | 60,946 |
| Add Back: Depreciation, Amortization and Other Noncash Items | 162,742 | 184,320 | 187,797 | 196,698 | 206,974 |
| Add Back: Interest Expense | 30,604 | 33,441 | 37,815 | 35,041 | 45,072 |
| Adjusted Net Income Available for Debt Service | 268,386 | 333,158 | 350,707 | 309,044 | 312,992 |
| Current Debt Service | 72,940 | 84,234 | 71,770 | 88,469 | 108,573 |
| Pro Forma Maximum Annual Debt Service (MADS) | 106,789 | 106,789 | 106,789 | 106,789 | 106,789 |
| MADS Fiscal Year | 2019 | 2019 | 2019 | 2019 | 2019 |
| Pro Forma Average Annual Debt Service (AADS) | 62,726 | 62,726 | 62,726 | 62,726 | 62,726 |
| Balance Sheet | | | | | |
| Assets | | | | | |
| Cash and Cash Equivalents | 326,227 | 486,821 | 467,619 | 450,595 | 277,221 |
| Investments | 2,091,177 | 2,176,208 | 2,699,863 | 2,837,280 | 2,803,818 |
| Total Cash and Investments | 2,417,404 | 2,663,029 | 3,167,482 | 3,287,875 | 3,081,039 |
| % Total Investments Classified as Alternative Assets Per Audit | 52 | 49 | 45 | 45 | 50 |
| Property, Plant and Equipment, Net | 1,561,957 | 1,729,770 | 1,814,641 | 1,899,849 | 1,991,438 |
| Liabilities | | | | | |
| Bonds and Notes Payable | 871,544 | 902,213 | 1,119,902 | 1,212,075 | 1,197,370 |
| Capital Leases | 2,665 | 8,471 | 6,363 | 4,557 | 3,448 |
| Noncancellable Operating Leases | 145,290 | 131,293 | 149,740 | 171,520 | 176,577 |
| Total Debt | 1,019,499 | 1,041,977 | 1,276,005 | 1,388,152 | 1,380,150 |
| Total Pro Forma Debt | N.A. | N.A. | N.A. | N.A. | 1,475,850 |
| Unfunded Capital Commitments | 197,069 | 187,085 | 220,718 | 506,909 | 472,318 |
| Net Assets | | | | | |
| Unrestricted Net Assets | 1,745,673 | 1,976,574 | 2,188,658 | 2,191,594 | 2,072,141 |
| Temporarily Restricted Net Assets | 509,533 | 584,307 | 703,531 | 705,512 | 586,163 |
| Permanently Restricted Net Assets | 394,461 | 412,280 | 463,790 | 504,550 | 522,052 |
| Total Net Assets | 2,649,667 | 2,973,161 | 3,355,979 | 3,401,656 | 3,180,356 |
| Balance Sheet Resources and Liquidity | | | | | |
| Available Funds (AF) | 2,022,943 | 2,250,749 | 2,703,692 | 2,783,325 | 2,558,987 |
| N.A. – Not applicable. Notes: Fitch may have reclassified certain financial statement items for analytical purposes. | | | | | |
| Source: University of Rochester and Fitch. | | | | | |

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