

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 28, 2024

NEW ISSUE - BOOK-ENTRY ONLY

Ratings: See "RATINGS" herein

In the opinion of Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain tax covenants of the Board and the University, interest on the Bonds is excludable from the gross income of the owners of the Bonds for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. Under the existing laws of the State of Tennessee, the Bonds and the interest thereon are exempt from all State of Tennessee state, county and municipal taxation except for certain franchise and excise taxes imposed under Tennessee law. 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 Bonds. See "TAX MATTERS" herein.



\$350,000,000*
**THE HEALTH AND EDUCATIONAL FACILITIES BOARD OF
THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE**
Educational Facilities Revenue Refunding and Improvement Bonds
(The Vanderbilt University),
Series 2024
(Fixed Rate Mode)

Dated: Date of Delivery

Due: October 1, as shown on inside cover page

Interest Rate Mode:

The Bonds are being issued in the Fixed Rate Mode. This Official Statement summarizes certain terms of the Bonds only while the Bonds bear interest at fixed rates in the initial Fixed Rate Mode. During the period in which the Bonds are subject to optional redemption at par, the University may elect to convert all or a portion of the Bonds to a different Interest Rate Mode or to a new Fixed Rate Mode. Should all or a portion of the Bonds be converted to operate in a different Interest Rate Mode or to a new Fixed Rate Mode, the Bonds to be converted would be subject to mandatory tender for purchase, and it is expected that a reoffering circular or a supplement to this Official Statement or other disclosure document would be prepared at that time in connection with the remarketing and conversion of such Bonds.

Authorized Denominations:

The Bonds are issuable in denominations of \$5,000 and any integral multiple thereof.

Interest Payment Dates:

Interest on the Bonds will be payable on April 1 and October 1 of each year, beginning April 1, 2025, and calculated on the basis of a 360-day year of twelve 30-day months.

Authorizing Document:

The Bonds will be issued pursuant to and secured by a Trust Indenture dated August 1, 2024 (the "Indenture"), between The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee (the "Board") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

Purpose:

The Bonds are being issued to (i) refund certain prior obligations of the Board that provided financing for the benefit of The Vanderbilt University, a Tennessee nonprofit corporation (the "University"), (ii) finance the cost of capital improvements to the educational and educational support facilities of the University and (iii) pay certain costs of issuance of the Bonds.

Source of Payment:

Proceeds of the Bonds will be loaned by the Board to the University pursuant to a Loan Agreement dated August 1, 2024 (the "Loan Agreement"), between the Board and the University, under which the University will agree to make payments at times and in amounts sufficient to pay the principal, redemption premium (if any) and interest on the Bonds when due. As evidence of its loan payment obligations under the Loan Agreement, the University will deliver a promissory note (the "Note") to the Board. The Board will assign substantially all of its rights under the Loan Agreement and the Note to the Trustee pursuant to the Indenture as security for the Bonds. The University's obligations under the Loan Agreement and the Note will be unconditional, unsecured, full faith and credit obligations of the University.

Regular Record Date:

The Regular Record Date for interest payments on the Bonds is the 15th day (whether or not a Business Day) of the month next preceding each interest payment date.

Redemption Prior to Maturity:

The Bonds are subject to redemption prior to maturity as herein described.

Mandatory Tender and Purchase:

The Bonds are subject to mandatory tender and purchase only in connection with a conversion to another interest rate mode. Conversion to another interest rate mode is permitted only when the Bonds are subject to optional redemption at par.

THE BONDS WILL BE LIMITED OBLIGATIONS OF THE BOARD PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THIS OFFICIAL STATEMENT AND WILL NOT CONSTITUTE OR CREATE ANY DEBT, LIABILITY, OR OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF TENNESSEE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF WILL BE PLEDGED TO THE PAYMENT OF BONDS. THE BOARD HAS NO TAXING POWER.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, YIELDS AND INITIAL CUSIP NUMBERS
(See Inside Cover Page)

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND IS NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL ATTACHED APPENDICES, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Bonds are offered when, as, and if all the Bonds are simultaneously issued and accepted by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to an opinion as to legality by Bass, Berry & Sims PLC, Nashville, Tennessee, as bond counsel to the University. Certain legal matters are subject to the approval of the University's General Counsel and Maynard Nexsen PC, Birmingham, Alabama, as special counsel to the University; Adams and Reese LLP, Nashville, Tennessee, as counsel to the Board; and Norton Rose Fulbright US LLP, as counsel to the Underwriters. The Bonds are expected to be available for credit in book-entry form through the facilities of The Depository Trust Company on or about August __, 2024.

RBC Capital Markets

BofA Securities

TD Securities

Siebert Williams Shank & Co., LLC

Fifth Third Securities, Inc.

The date of this Official Statement is July __, 2024.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

\$350,000,000*
THE HEALTH AND EDUCATIONAL FACILITIES BOARD OF
THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
Educational Facilities Revenue Refunding and Improvement Bonds
(The Vanderbilt University),
Series 2024

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES, YIELDS AND
INITIAL CUSIP NUMBERS

Initial Interest Rate Mode: Fixed Rate Mode

\$ _____ Serial Bonds

Maturity (October 1)	Principal Amount	Interest Rate [†]	Price	Yield	Initial CUSIP Numbers [‡]
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\$ _____ % Term Bond due October 1, 20__ Price ____ Yield ____% Initial CUSIP Number[‡]: _____

\$ _____ % Term Bond due October 1, 20__ Price ____ Yield ____% Initial CUSIP Number[‡]: _____

* Preliminary; subject to change.

[†] The interest rate applicable to the respective maturity of Bonds for so long as such Bonds bear interest in the Fixed Rate Mode described herein.

[‡] CUSIP is a registered trademark of the American Bankers Association (the “*ABA*”). CUSIP data is provided by CUSIP Global Services (“*CGS*”), which is managed on behalf of the ABA by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Bonds only at the time of issuance of the Bonds, and none of the Board, the University, the Trustee or the Underwriters make any representation with respect to such CUSIP numbers or undertake any responsibility for the accuracy now or at any time in the future.

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USE OF THIS OFFICIAL STATEMENT

This Official Statement has been prepared in connection with the sale of securities referred to herein and may not be used, in whole or in part, for any other purpose. The information in this Official Statement is provided as of the date of this Official Statement, except as otherwise expressly noted herein. The information and expressions of opinion set forth 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 Board, the University or any other person since the date of the information set forth herein. This Official Statement does not constitute a contract among or between the Board, the University or the Underwriters and any purchaser of the Bonds.

The information contained herein under “THE BOARD” has been furnished by the Board. The information contained herein under “BOOK-ENTRY SYSTEM” has been furnished by DTC. All other information set forth in this Official Statement has been obtained from the University and other sources that are deemed to be reliable. All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized. All quotations from and summaries and explanations of provisions of laws and documents in this Official Statement do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesman or other person has been authorized by the Board or the University to give any information or to make any representation other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by them. 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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws, and neither the Securities and Exchange Commission (“SEC”) nor any state regulatory agency will pass upon the accuracy, completeness or adequacy of this Official Statement. The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended.

Certain statements contained in this Official Statement reflect forecasts and constitute forward-looking statements rather than historical facts. In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” and similar expressions are intended to identify forward-looking statements. All such forward-looking statements are expressly qualified by the cautionary statements set forth in this Official Statement. The achievement of results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including general financial and operating conditions, legal and regulatory matters and other matters affecting higher education.

References to website 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 websites and the information or links contained therein are not incorporated into, and are not a part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the SEC.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE BONDS. SUCH TRANSACTIONS MAY INCLUDE PURCHASES OF THE BONDS FOR THE PURPOSE OF MAINTAINING THE PRICE OF THE BONDS. SUCH TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

For a discussion of certain considerations that may be relevant to an investment in the Bonds, see “INVESTMENT CONSIDERATIONS” herein.

OFFICIAL STATEMENT

relating to

\$350,000,000*

**THE HEALTH AND EDUCATIONAL FACILITIES BOARD OF
THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
Educational Facilities Revenue Refunding and Improvement Bonds
(The Vanderbilt University),
Series 2024**

INTRODUCTION

This Official Statement is being delivered in connection with the issuance by The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee (the “**Board**”) of its Educational Facilities Revenue Refunding and Improvement Bonds (The Vanderbilt University), Series 2024 (the “**Bonds**”).

Purpose. The Bonds are being issued to (i) refund the Refunded Obligations (as defined herein) of the Board that provided financing for the benefit of The Vanderbilt University, a Tennessee nonprofit corporation (the “**University**”), (ii) finance the cost of capital improvements to the educational and educational support facilities of the University and (iii) pay certain costs of issuance of the Bonds. See “PLAN OF FINANCE” herein.

Source of Payment. The Bonds will be issued pursuant to a Trust Indenture dated August 1, 2024 (the “**Indenture**”), between the Board and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”). The Bonds will be limited obligations of the Board payable solely out of the Trust Estate established under the Indenture. Proceeds of the Bonds will be loaned by the Board to the University pursuant to a Loan Agreement dated August 1, 2024 (the “**Loan Agreement**”), between the Board and the University, under which the University will agree to make payments at times and in amounts sufficient to pay the principal, redemption premium (if any) and interest on the Bonds when due. As evidence of its loan payment obligations under the Loan Agreement, the University will deliver a promissory note (the “**Note**”) to the Board. The Board will assign substantially all of its rights under the Loan Agreement and the Note to the Trustee pursuant to the Indenture as security for the Bonds. The University’s obligations under the Loan Agreement and the Note will be unconditional, unsecured, full faith and credit obligations of the University. See “SOURCE OF PAYMENT AND SECURITY” herein.

The Bonds will be limited obligations of the Board payable solely from the sources described herein and will not constitute or create any debt, liability, or obligation or a pledge of the faith and credit of the State of Tennessee or any political subdivision or agency of the State of Tennessee. Neither the faith and credit nor the taxing power of the State of Tennessee or any political subdivision or agency thereof will be pledged to the payment of Bonds. The Board has no taxing power.

The University. The University is a privately endowed, coeducational, nonprofit, nonsectarian institution of higher learning located in Nashville, Tennessee. See “THE UNIVERSITY” herein and Appendices A and B hereto.

Following are brief descriptions of the Bonds, the plan of finance to be accomplished by the Bonds, the Board, and certain investment considerations. Descriptions of the University and its properties and operations are attached as Appendix A. Consolidated financial statements of the University and its subsidiaries for the fiscal years ended June 30, 2023 and 2022, are attached as Appendix B. Forms of the Indenture and the Loan Agreement are attached as Appendix C, which also includes definitions of capitalized terms used but not otherwise defined herein. A form of Continuing Disclosure Agreement is attached as Appendix E. The descriptions of the Bonds and other documents included herein do not comprise a contract between or among the Board, the University, and the

* Preliminary; subject to change.

bondholders. Their contractual rights are established only by the definitive agreements, forms of which are attached hereto as Appendix C. See "MISCELLANEOUS" herein.

THE BOARD

General. The Board, the issuer of the Bonds, is a Tennessee public, nonprofit corporation and instrumentality of The Metropolitan Government of Nashville and Davidson County, Tennessee (the "**Metropolitan Government**") organized in 1974 pursuant to Chapter 101, Part 3, Title 48 of the Tennessee Code Annotated, as it may from time to time be amended, or any successor statute (the "**Enabling Law**"). The purpose of the Enabling Law, as stated therein, is to provide a measure of assistance and an alternative method to enable hospital institutions and institutions of higher education to develop and maintain appropriate health and educational facilities by authorizing the incorporation of public corporations to finance, acquire, own, lease and dispose of (but not to operate) properties with a view to promoting the health and higher education of the people of the State of Tennessee.

Although the Board is a public instrumentality of the Metropolitan Government, the Metropolitan Government is not liable in any way for payment of the Bonds or for the performance by the Board of its obligations under the Bonds, the Indenture or the Loan Agreement.

Organization and Membership. The Enabling Law provides that the Board shall be governed by a board of not less than seven directors who are elected by the Metropolitan County Council of the Metropolitan Government. Directors hold office for staggered terms and receive no compensation except reimbursement for actual expenses incurred in the performance of their duties.

Certain Powers of the Board. The Enabling Law empowers the Board, among other things, (i) to acquire, improve, maintain, extend and furnish one or more projects, which are defined as structures, machinery, equipment or other property suitable for use by hospital institutions or institutions of higher education in connection with their operations or proposed operations, (ii) to loan to a hospital institution or an institution of higher education the proceeds from the sale of its bonds to finance any or all of such projects upon such terms as the Board shall deem advisable, (iii) to borrow money and issue its bonds, including refunding bonds, for the purposes of carrying out any of its powers, and (iv) to pledge the revenues and receipts therefrom, as security for the payment of the principal of and interest on any bonds so issued and any agreements made in connection therewith.

Indebtedness of the Board. The Board has previously issued and may in the future issue bonds to finance facilities that may compete with the University. Each series of bonds issued by the Board is payable only from revenues provided by the institution for which such series was issued, and general funds of the Board are not available for the payment of such bonds.

Limited Liability of the Board for Payment of the Bonds. The Bonds will be limited obligations of the Board payable solely out of the Trust Estate established under the Indenture, which will include rights to and receipts of payments to be made by the University pursuant to the Loan Agreement and the Note.

The Bonds will not constitute general, or full faith and credit, obligations of the Board. The Board will not assign or pledge any of its assets, properties or rights to the payment of the Bonds other than the property constituting the Trust Estate.

Bonds Not Liability of State or Metropolitan Government. THE BONDS WILL NOT CONSTITUTE OR CREATE ANY DEBT, LIABILITY, OR OBLIGATION OF THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF (WHICH INCLUDES THE METROPOLITAN GOVERNMENT) OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, BUT WILL BE LIMITED OBLIGATIONS OF THE BOARD PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THIS OFFICIAL STATEMENT. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION OR ANY AGENCY THEREOF WILL BE PLEDGED TO THE PAYMENT OF THE BONDS.

Limited Role of Board in Financing. Neither the Board nor its directors, officers, agents and employees control or participate in any way in the management of the operations of the University. The role of the Board in the financing is limited to issuance of the Bonds and payment of the Bonds solely from the limited sources specified in the Indenture.

Limitations on Liability of Directors, Officers, Agents and Employees of Board. The directors, officers, agents and employees of the Board are not personally liable for payment of any costs, losses, damages or liabilities caused or incurred by the Board or the Trustee in connection with the Bonds, the Indenture or the Loan Agreement, or for the payment of any sum or the performance of any obligation of the Board under the Bonds, the Indenture or the Loan Agreement.

THE UNIVERSITY

The University, the beneficiary of the financing provided by the Bonds, is a privately endowed, coeducational, nonprofit, nonsectarian institution of higher learning located in Nashville, Tennessee.

For additional information about the University, see Appendix A, which contains information about the organization, properties, and operation of the University, and Appendix B, which contains consolidated audited financial statements of the University and its subsidiaries as of and for the fiscal years ended June 30, 2023 and 2022. See “FINANCIAL STATEMENTS” herein.

The University will enter into a Continuing Disclosure Agreement with respect to the Bonds, under which it will undertake to provide certain information regarding the University and its business and affairs after the Bonds are issued. See “CONTINUING DISCLOSURE” herein and Appendix E.

PLAN OF FINANCE

General

The proceeds of the Bonds will be used, together with funds from the University, to (i) refund \$100,000,000 aggregate principal amount of the Board’s outstanding tax-exempt commercial paper notes issued for the benefit of the University (collectively, the “**Refunded Obligations**”), (ii) finance the cost of capital improvements to the educational and educational support facilities of the University described within the section titled “The Projects” below, and (iii) pay certain costs of issuance of the Bonds.

The Projects

A portion of the proceeds of the Bonds will be used to pay or reimburse costs of acquiring, constructing and installing certain capital improvements to the educational and educational support facilities of the University (collectively, the “**Projects**”) and paying certain costs of issuance of the Bonds. For additional information on the Projects, see “INTRODUCTION – Strategic Initiatives” in Appendix A.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Bonds are estimated to be applied as set forth below (with all amounts rounded to the nearest whole dollar):

	Total
Sources of Funds	
Par amount	
[Net] Original issue [premium][discount]	
University funds	
Total Sources:	
Uses of Funds	
Refunding of Refunded Obligations	
Costs of Projects	
Costs of issuance ⁽¹⁾	
Total Uses:	

⁽¹⁾ Includes legal fees, Underwriters’ discount, printing costs, rating agency fees and other miscellaneous costs of issuance.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds and to the Indenture for a more detailed description of such provisions. Capitalized terms used in this section and not defined herein are used with the meanings assigned to them in the Indenture. The discussion herein is qualified by such reference. See also APPENDIX C hereto.

Pricing Information and Interest Rates

See the pricing terms on the inside cover page of this Official Statement for maturities, principal amounts, interest rates and payment dates for the Bonds. The Bonds will be subject to redemption prior to maturity. See “Redemption Prior to Maturity” below.

The Bonds are being issued initially in the Fixed Rate Mode. The Bonds have the respective fixed rates specified on the inside cover page of this Official Statement. The applicable fixed rates will remain in effect until the respective maturity dates specified on the inside cover page unless such Bonds are redeemed or converted to another Interest Rate Mode.

Conversion of Interest Rate Modes

The Indenture is a multi-modal indenture that authorizes various Interest Rate Modes for the Bonds. The initial Interest Rate Mode for the Bonds is described above.

On any date when a Bond is subject to optional redemption at par, the University may convert the Interest Rate Mode on that Bond to another Interest Rate Mode. This Official Statement does not purport to describe the terms of the Bonds in any Interest Rate Mode other than the Fixed Rate Mode in which the Bonds are initially issued. However, the terms and conditions for conversion of the Interest Rate Mode are set forth in the form of the Indenture attached as Appendix C. If any Bond is converted to another Interest Rate Mode, such Bond is subject to mandatory tender for purchase on the conversion date. Such Bond may be remarketed to holders in the new Interest Rate Mode.

This Official Statement does not describe the terms of the Bonds in any Interest Rate Mode other than the Fixed Rate Mode. If Bonds are converted to another Interest Rate Mode, a separate official statement or remarketing circular will be prepared and distributed to prospective purchasers of such Bonds describing the new Interest Rate Mode and other information with respect to such Bonds.

Date, Form of Bonds and Denominations

The Bonds will be dated as of the date of their initial delivery. The Bonds, while in the Fixed Rate Mode, will be issuable in denominations of \$5,000 or any multiple thereof, as provided in the Indenture.

Computation of Interest Accrual

Interest on the Bonds, while the Bonds bear interest in the Fixed Rate Mode, shall be computed on the basis of a 360-day year consisting of 12 months of 30 days each.

Book-Entry System

The Bonds are being issued in electronic form under the Book-Entry System procedures of The Depository Trust Company (“DTC”), New York, New York. While the Bonds are in the Book-Entry System, the method and procedures for payment of the Bonds and matters pertaining to registration of transfers and exchanges of the Bonds will be governed by the rules and procedures of the Book-Entry System. If the Book-Entry System is discontinued, the Indenture contains alternate provisions for the method of payment and for transfers and exchanges. See “BOOK-ENTRY SYSTEM” for a description of the DTC Book-Entry System. See Appendix C for the applicable Indenture provisions if the Book-Entry System is terminated.

Persons Deemed Holders of Bonds

While the Book-Entry System is in effect, the Trustee will pay interest on the Bonds to DTC, and interest will be distributed to the Owners in accordance with the rules and regulations of DTC. The Book-Entry System is expected to be in effect until the Bonds are retired. If the Book-Entry System is terminated, the interest due on any Interest Payment Date with respect to the Bonds will be payable to the holders of record on the Record Date for such Interest Payment Date, which is specified in the Indenture.

Redemption Prior to Maturity

Optional Redemption. Any Bond that matures after _____ 1, 20__ may be redeemed in whole or in part on any Business Day on or after _____ 1, 20__ at a redemption price equal to 100% of the principal amount redeemed plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption Prior to Maturity. The Bonds will be subject to mandatory sinking fund redemption as follows:

Mandatory Redemption of Bonds Maturing in 20__ with a __% Coupon. Subject to credits against scheduled mandatory redemption requirements provided below, Bonds with a stated maturity in 20__ and an interest rate of __% are subject to scheduled mandatory redemption, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on dates and in principal amounts as follows, with the principal balance still Outstanding after scheduled mandatory redemption to be paid on the Maturity Date:

Scheduled Mandatory Redemption Date (October 1)	Principal Amount to be Redeemed
--	--

*

*Maturity Date.

Mandatory Redemption of Bonds Maturing in 20__ with a __% Coupon. Subject to credits against scheduled mandatory redemption requirements provided below, Bonds with a stated maturity in 20__ and an interest rate of __% are subject to scheduled mandatory redemption, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on dates and in principal amounts as follows, with the principal balance still Outstanding after scheduled mandatory redemption to be paid on the Maturity Date:

Scheduled Mandatory Redemption Date (October 1)	Principal Amount to be Redeemed
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*

*Maturity Date.

Not later than the date on which notice of scheduled mandatory redemption is to be given to Owners of Bonds, the Trustee shall select the affected Bonds for scheduled mandatory redemption by lot; provided, however, that the University may, upon direction delivered to the Trustee not less than 3 days prior to the date notice of such redemption is to be given to Owners, direct that any or all of the following amounts be credited against the principal amount of Bonds scheduled for redemption on such date: (i) the principal amount of Bonds of the same maturity and interest rate delivered by the Board or the University to the Trustee for cancellation and not previously claimed as a credit; (ii) the principal amount of Bonds of the same maturity and interest rate previously redeemed (other than Bonds redeemed pursuant to the provisions requiring scheduled mandatory redemption) and not previously claimed as a credit; and (iii) the principal amount of Bonds of the same maturity and interest rate otherwise defeased and not previously claimed as a credit.

Optional Redemption Upon Conversion. If any Bonds are converted to a new Interest Rate Mode, the Bonds are subject to optional redemption in accordance with the terms of the Indenture relating to the Interest Rate Mode to which the Bonds are converted. See Appendix C – “Forms of the Indenture and Loan Agreement.”

Optional Redemption Upon Damage, Destruction or Condemnation of Operating Assets. The Bonds may be redeemed in whole or in part on any Business Day at the option of the University at a redemption price equal to 100% of the principal amount of Bonds to be redeemed plus accrued interest thereon to the redemption date if, and to the extent that, the net proceeds of any insurance or condemnation award resulting from damage, destruction or condemnation of operating assets of the University exceed the cost of any repairs or replacements to its operating assets which the University elects to make with such proceeds.

Special Optional Redemption for Remedial Action. If any Bonds are converted to a new Interest Rate Mode and such Bonds are not otherwise subject to optional redemption on terms that would permit remedial action under regulations applicable to tax-exempt bonds, the notice of conversion delivered by the University pursuant to the Indenture may specify special optional redemption provisions that comply with such remedial action regulations if the University delivers a Favorable Tax Opinion with such notice.

Exercise of Optional Redemption Rights. The University may, on behalf of the Board, exercise optional redemption rights provided by the Indenture, including without limitation (i) delivery of all notices to the Trustee with respect to such redemption, (ii) the specification of conditions to such redemption, and (iii) the selection of Bonds for redemption. If the Loan Agreement has been terminated, the Board may exercise optional redemption rights provided by the Indenture without notice to, or consent of, the University.

General Provisions Respecting Redemption

Selection of Bonds for Redemption. Except as otherwise provided in the specific redemption provisions for the Bonds, if less than all Bonds Outstanding are to be redeemed, the principal amount, maturity and interest rate of Bonds to be redeemed may be specified in the notice of election to redeem, or, in the absence of specification in such notice, shall be selected by the Trustee by lot or by such other method as the Trustee shall deem fair and appropriate; provided, however, that the principal amount of Bonds of each maturity and interest rate to be redeemed may not be larger than the principal amount of Bonds of such maturity and interest rate then eligible for redemption and may not be smaller than the smallest Authorized Denomination.

Except as otherwise provided in the specific redemption provisions for the Bonds, if less than all Bonds with the same maturity and interest rate are to be redeemed, the particular Bonds of such maturity and interest rate to be redeemed shall be selected by the Trustee from the Outstanding Bonds of such maturity and interest rate then eligible for redemption by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Bonds of such maturity and interest rate of a denomination larger than the smallest Authorized Denomination.

Notice of Redemption. Notice of redemption shall be given to the affected holders not less than 20 days prior to the redemption date. If the Book-Entry System is in effect, notice of redemption shall be given to DTC and shall be forwarded by DTC to holders through methods established by the rules and regulations of the Book-Entry System. If the Book-Entry System is not in effect, notice of redemption shall be given to Owners by certified mail.

A notice of optional redemption may state that the redemption of Bonds is contingent upon specified conditions, such as receipt of a specified source of funds, or the occurrence of specified events. If the conditions for such redemption are not met, the Board shall not be required to redeem the Bonds (or portions thereof) identified in such notice, and any Bonds surrendered on the specified redemption date shall be returned to the holders of such Bonds.

Purchase of Bonds in Lieu of Redemption. The Indenture provides that the University shall have the option to purchase Bonds subject to optional redemption (“**Callable Bonds**”) in lieu of optional redemption. If a Callable Bond has been called for optional redemption, the University may exercise its right of purchase by delivery to the Trustee on or prior to the Business Day preceding the optional redemption date of written notice from the University specifying that the Callable Bonds shall not be redeemed, but instead shall be purchased. Upon delivery of such notice from the University, the Callable Bonds shall not be redeemed, but shall instead be subject to mandatory tender on the date that would have been the optional redemption date at a purchase price equal to the redemption price that would have been payable with respect to such Callable Bonds. The University’s option to purchase shall be effective whether or not the notice of optional redemption sent to holders indicates that the University has exercised, or intends to exercise, such option. No further or additional notice to Owners shall be required in connection with the purchase in lieu of redemption. The Callable Bonds so purchased (i) shall not be cancelled or retired, but shall continue to be outstanding, (ii) shall be delivered to, or as directed by, the University, and (iii) shall continue to bear interest at the rate provided for in the Indenture.

BOOK-ENTRY SYSTEM

The information in this section concerning DTC and its book-entry system has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Board, the University or the Trustee.

DTC will act as securities depository for the Bonds. The 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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of each such maturity of the Bonds, and will be deposited with DTC.

DTC and Its Participants. DTC, the world’s largest securities depository, 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, as amended. 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**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Beneficial Ownership and Transfers of the Bonds. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

Notices and Other Communication With Bondholders. 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 Trustee and request that copies of notices be provided directly to them.

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

Consents. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Board 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds. All payments on the 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 detail information from the Board or the Trustee, on a payment 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 Participants and not of DTC, the Trustee, the University or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments on the Bonds made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the University, the Board 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.

A Beneficial Owner of the Bonds shall give notice to elect to have its Bonds purchased or tendered, through its Direct or Indirect Participant, to the Trustee and the remarketing agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Direct or Indirect Participant's interest in such Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of the tendered Bonds to the Trustee's DTC account.

Discontinuance of Book-Entry System. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers of the Bonds through DTC (or a successor securities depository). In that event, Bond certificates will be prepared and delivered to beneficial owners or their nominees in exchange for certificates surrendered by DTC, if DTC agrees to transfer such Bonds.

Neither the Board nor the University nor any of their agents will have any responsibility for the performance by DTC or its direct or indirect participants or account holders of their obligations under the rules and procedures governing their operations or arrangements with investors.

SOURCE OF PAYMENT AND SECURITY

Source of Payment

The Bonds will be limited obligations of the Board payable solely from and to the extent of the Trust Estate established under the Indenture under which such Bonds are issued, which will include rights to and receipts of payments to be made by the University pursuant to the Loan Agreement and the Note. The obligations of the University under the Loan Agreement and the Note will be unconditional, unsecured, full faith and credit obligations of the University.

The Bonds will not constitute or create any debt, liability, or obligation of the State of Tennessee or any political subdivision or agency thereof (which includes the Metropolitan Government) or a pledge of the faith and credit of the State of Tennessee or any political subdivision or agency thereof, but will be limited obligations of the Board payable solely from the sources described in this Official Statement. Neither the faith and credit nor the taxing power of the State of Tennessee or any political subdivision or any agency thereof will be pledged to the payment of the Bonds.

Security

The Bonds are secured by the Trust Estate established under the Indenture, which includes (a) the rights of the Board under the Loan Agreement and the Note (except for certain rights to indemnity and expenses) and (b) money and investments from time to time on deposit in the Debt Service Fund to which loan payments are deposited or any other fund or account established under such Indenture (collectively, "**Indenture Funds**").

Unless the Trustee establishes an additional fund under the terms of the Indenture, the following will be the only Indenture Funds:

Debt Service Fund. The Debt Service Fund is established by the Indenture to hold funds provided by the University for the payment of debt service on the Bonds. The University is required by the Loan Agreement to make payments to the Trustee for deposit to the Debt Service Fund at times and in amounts sufficient to pay debt service on the Bonds due on such Bond payment date.

Costs of Issuance Fund. The Costs of Issuance Fund is established by the Indenture to hold Bond proceeds to be used for payment of costs of issuance of the Bonds. If no event of default exists under the Indenture, the University may requisition money from the Costs of Issuance Fund for this purpose.

Acquisition Fund. The Acquisition Fund is established by the Indenture to hold Bond proceeds to be used for payment of Acquisition Costs (as defined in the Indenture) (including reimbursement of the University for any such costs paid by it) with respect to the Projects. If no event of default exists under the Indenture, the University may requisition money from the Acquisition Fund for this purpose.

Pending disbursement for the purposes permitted by the Indenture, money in the Indenture Funds may be invested at the direction of the University as provided by the Indenture. See Appendix C – “Forms of the Indenture and Loan Agreement.”

Neither the Indenture nor the Loan Agreement creates a lien on or other security interest on property of the University other than the lien on Indenture Funds held under the Indenture.

Unconditional, Unsecured, Full Faith and Credit Obligations of the University

The Loan Agreement and the Note constitute unconditional, unsecured, full faith and credit obligations of the University to provide funds for payment of debt service on the Bonds. See Appendix C – “Forms of the Indenture and Loan Agreement.”

Neither the University’s obligations under the Loan Agreement and the Note nor any other outstanding debt obligation of the University is secured by a mortgage on the University’s facilities or a pledge or assignment of or other security interest in any other assets or revenues of the University.

Defaults and Remedies

The Indenture provides that failure to pay debt service on the Bonds and certain other events constitute an Event of Default thereunder. If an Event of Default exists, the Trustee may, and upon the written request of the Owners of at least 25% in principal amount of the Bonds outstanding, the Trustee must, declare the principal of all the Bonds and the interest accrued thereon to be due and payable immediately. The Trustee may also exercise any other legal or equitable remedies available for the payment of debt instruments such as the Bonds. The Indenture contains provisions for the direction of remedies by the holders of specified percentages of the aggregate principal amount of Outstanding Bonds.

The Loan Agreement provides that failure of the University to make Loan Payments at times and in amounts sufficient to pay debt service on the Bonds and certain other events are Loan Defaults. If a Loan Default exists, the Trustee may, on behalf of the Board, (1) declare all Loan Payments to be immediately due and payable in an amount not to exceed the principal amount of all the outstanding Bonds, plus the redemption premium (if any) payable with respect thereto, plus the interest accrued thereon to the day of such declaration; (2) if the Bonds have been so accelerated, declare the principal of the Note to be due and payable immediately, in which case it will be immediately due and payable; and (3) exercise any other legal proceedings necessary or desirable to collect Loan Payments when due, whether by declaration or otherwise, or to enforce any obligation or covenant or agreement of the University under the Loan Agreement or by law.

For a description of the specific remedies and the rights of the Trustee and the Owners under the Indenture upon the occurrence of an Event of Default thereunder, or under the Loan Agreement upon the occurrence of a Loan Default, see the applicable provisions of the Indenture and the Loan Agreement in Appendix C.

INVESTMENT CONSIDERATIONS

A number of factors, including but not limited to those set forth below, may affect the value of the Bonds as well as timely payment of the principal of and interest on the Bonds. Since the Bonds are payable from loan payments to be made by the University, the value and payment of the Bonds will be completely dependent on the financial condition and results of operations of the University.

Endowment Performance and Distributions

Investment income on the University's endowment and similar funds are a significant source of revenue for the University. In addition, the University's ability to pay its short-term debt and debt required to be repurchased is dependent on its ability to preserve sufficient liquid investments as part of its endowment. The University's future financial health depends, in part, on its ability to earn a rate of return on its endowment over time that is sufficient to support current operations while preserving the real purchasing power of distributions over time. The University utilizes various derivative products and other investment tools, the value of which may be affected by interest rate fluctuations and other economic developments. The University has maintained its historical rate of distributions to support current operations during periods of both positive and negative returns on investments. While the University believes its investments are being managed prudently and has adopted policies designed to ensure sound management, there is no assurance that future developments in the securities markets will not have an adverse effect on the market value of its investments and its investment income.

Revenue from Students

The University has historically derived substantial income from tuition, fees, and other charges to students. While the University has consistently demonstrated a high level of student demand for its programs at current fee levels, there is no assurance it will be able to do so in the future. Fees at the University are higher than those at state-supported colleges and many other private schools. Demand for attendance may be subject to a number of factors beyond the control of the University, such as general economic and demographic conditions and public and private funding of financial aid. The U.S. Department of Education has developed a scorecard to assist students in finding cost-effective colleges. Although the authorization of the Higher Education Act of 1965, which provides for federal student loans and Pell Grants, expired in 2013, but it has been extended through various temporary measures since 2014. Federal initiatives have been proposed to condition federal support for institutions of higher education on their ability to manage tuition and other student costs. Any such initiative, if implemented, could adversely affect the University's tuition or research revenue.

Grants and Other Research Funding

As a major national research institution, the University has obtained substantial governmental and private grants and research contracts. The competition for such funding is vigorous, and the availability of such funding may be adversely affected by reductions or discontinuance of both governmental programs and programs sponsored by private businesses and nonprofit foundations. Such funding also may be reduced by economic downturns or tax law or other factors adversely affecting private research funding or charitable donations for such purposes. Most governmental research funding has been obtained from the federal government. Due to substantial recurring federal budget deficits, proposals are made from time to time to reduce federal government expenditures substantially. There can be no assurance that proposed efforts to reduce federal government expenditures, or the effect of competition for funding, will not substantially adversely affect the amount of federal research funding obtained by the University in future years.

Fundraising

The University has consistently demonstrated an ability to raise funds from a variety of benefactors for its operations, capital development programs, and endowment. Future fundraising, however, may be adversely affected by a number of factors, including adverse economic conditions, possible changes in income tax rates, and possible tax law changes affecting the deductibility of charitable contributions.

Financial Assistance

The University has historically provided substantial financial assistance in the form of scholarships, grants and loans. Financial assistance is a significant factor in the decision of many students to attend a particular college or university. The University's ability to maintain current levels of financial assistance is directly affected by both fundraising and federal financial aid programs. Reductions in these sources of funds could reduce the number of qualified applications and the number of students actually enrolling.

Revenues from Medical Center

The University is entitled to receive substantial annual revenue from Vanderbilt University Medical Center ("*VUMC*") under the terms of various agreements and leases between them, including percentages of operating revenues and net income margin, if any, from VUMC operations. See "ACADEMIC ENTERPRISE – VUMC Transaction" in Appendix A. VUMC operates in a highly regulated competitive environment. The future financial condition and results of operation of VUMC could be adversely affected by, among other things, possible changes in the method and amount of payments to VUMC by government and nongovernment payors and their financial viability, competition from other health care entities, costs associated with responding to governmental audits, inquiries and investigations, possible changes in demand for health care, other forms of care or treatment, possible changes in the methods by which employers purchase health care for employees or health care is delivered and paid for (*e.g.*, accountable care organizations and other health reform payment mechanisms), the availability of physicians, nurses and other health care professionals, the capability of management, malpractice claims and other litigation, and possible changes in the economy and demographics within VUMC's service area. Accordingly, there can be no assurance as to the amounts payable by VUMC to the University in the current or any future fiscal year or that the University will be able to collect payments due from VUMC. See Notes 14 and 19 in the audited financial statements included in Appendix B for information regarding the relationship between the University and VUMC, and the University's sale of portions of the payment stream from VUMC pursuant to a Trademark License Agreement between the University and VUMC.

Cybersecurity Risks

Like many other large organizations, the University relies on digital technologies to conduct its customary operations. Despite the University's implementation of network security measures, its information technology systems may be vulnerable to breaches, hacker attacks, computer viruses, physical or electronic break-ins and other similar events or issues. As a recipient and provider of personal, private, or sensitive information, the University may be the target of cybersecurity incidents that could result in adverse consequences to the University and its digital technologies, requiring a response action to mitigate consequences. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the University invests in multiple forms of cybersecurity and operational safeguards, including maintenance of insurance coverage for such events.

While the University's cybersecurity and operational safeguards are periodically tested, no assurances can be given by the University that such measures will ensure against other cybersecurity threats and attacks. As cybersecurity threats continue to evolve, the University may not be able to anticipate certain attack methods in order to implement effective protective measures and may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. Cybersecurity breaches could cause material disruption to the University's finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the University to material litigation and other legal risks, which could cause the University to incur material costs related to such legal claims or proceedings.

Tax-Exempt Status of the University and the Bonds

Tax-Exempt Status of Interest on the Bonds. The Internal Revenue Code of 1986, as amended (the "*Code*"), imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds, limitations on the investment earnings of bond proceeds prior to expenditure, a requirement that certain investment earnings on bond proceeds be paid periodically to the United States, and a requirement that the issuers file an information report with the Internal Revenue Service (the "*IRS*"). The University has agreed under the

Loan Agreement that it will comply with such requirements pursuant to the Tax Certificate and Agreement. Failure to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of the interest on the Bonds as taxable. Such adverse treatment may be retroactive to the date of issuance. See also “TAX MATTERS” below.

Neither the Board nor the University has sought to obtain a private letter ruling from the IRS with respect to the exempt status of interest on the Bonds, and the opinion of Bond Counsel (as defined herein), is not binding on the IRS. There is no assurance that any IRS examination of the Bonds will not adversely affect the market value of the Bonds. See “TAX MATTERS” below.

Tax-Exempt Status of the University. The maintenance by the University of its status as an organization described in section 501(c)(3) of the Code depends on compliance with general rules regarding the organization and operation of tax-exempt entities, including its operation for charitable and educational purposes and its avoidance of transactions that may cause its earnings or assets to inure to the benefit of private individuals, such as the private benefit and inurement rules.

Tax-exempt organizations are subject to scrutiny from and face the potential for sanction and monetary penalties imposed by the IRS. One primary penalty available to the IRS under the Code with respect to a tax-exempt entity engaged in inurement or impermissible private benefit is the revocation of tax-exempt status. Although the IRS has rarely revoked the tax-exempt status of nonprofit organizations engaged in sanctionable conduct, it could do so in the future. Loss of tax-exempt status by the University could result in loss of tax exemption of outstanding tax-exempt bonds issued for their benefit (including the Bonds) and defaults in covenants not to permit the loss would likely be triggered. Loss of tax-exempt status by the University also could result in substantial tax liabilities on its income. For these reasons, loss of tax-exempt status of the University could have material adverse consequences on the financial condition of the University.

With increasing frequency, the IRS has imposed substantial monetary penalties and future charity care or public benefit obligations on tax-exempt organizations in lieu of revoking tax-exempt status, as well as requiring that certain transactions be altered, terminated or avoided in the future and/or requiring governance or management changes. These penalties and obligations typically are imposed on the tax-exempt organization pursuant to a “closing agreement,” a contractual agreement pursuant to which a tax-exempt organization and the IRS agree to settle a disputed matter. Given the exemption risks involved in certain transactions, the University and its affiliates may be at risk for incurring monetary and other liabilities imposed by the IRS. These liabilities could be materially adverse to the financial condition of the University.

Less onerous sanctions, referred to generally as “intermediate sanctions,” have been enacted, which sanctions focus enforcement on private persons who transact business with a tax-exempt organization rather than the tax-exempt organization itself, but these sanctions do not replace the other remedies available to the IRS mentioned above.

The University may be audited by the IRS. Because of the complexity of the tax laws and the presence of issues about which reasonable persons can differ, an IRS audit could result in additional taxes, interest and penalties. An IRS audit ultimately could affect the tax-exempt status of the University, as well as the exclusion from gross income for federal income tax purposes of the interest on tax-exempt debt issued for the University and its affiliates.

Unrelated Business Taxable Income. The IRS and state, county and local taxing authorities may undertake audits and reviews of the operations of tax-exempt organizations with respect to the generation of unrelated business taxable income (“*UBTI*”). The University and its affiliates participate in activities that generate UBTI. The University and its affiliates report such activities annually on IRS Form 990-T. These activities are currently immaterial to the University and there is no material tax liability involved, but these activities could increase in the future. An investigation or audit could lead to a challenge that could result in taxes, interest and penalties with respect to UBTI and, in some cases, ultimately could affect the tax-exempt status of the University, as well as the exclusion from gross income for federal income tax purposes of the interest payable on outstanding tax-exempt obligations issued for its benefit (including the Bonds).

State and Local Tax Exemption. Tennessee has not been as active as the IRS in scrutinizing the tax-exempt status of nonprofit corporations. It is possible that legislation may be proposed to strengthen the role of the Tennessee Attorney General in supervising nonprofit educational institutions. It is likely that the loss by the University of its

federal tax exemption also would trigger a challenge to its state or local tax exemption. Depending on the circumstances, such event could be adverse and material to the financial condition of the University.

It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of nonprofit corporations. There can be no assurance that future changes in the laws and regulations of federal, state or local governments will not materially adversely affect the operations and financial condition of the University by requiring it to pay income or local property taxes.

Other Factors

Various other factors could affect the future financial strength of the University or the value of the Bonds, such as fluctuations in interest rates. A significant portion of the University's budget relates to fixed expenses, including salaries of tenured faculty, which cannot be easily reduced or eliminated to reflect changing economic conditions.

TAX MATTERS

Opinion of Bond Counsel – Federal Income Tax Status

In the opinion of Bass, Berry & Sims PLC, Nashville, Tennessee ("**Bond Counsel**"), based on existing law and assuming the accuracy of certain representations and compliance with certain tax covenants of the Board and the University, is excluded from a bondholder's federal gross income under Section 103 of the Code, and is not a preference item for a bondholder under the federal alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the Board or the University or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Board and the University have covenanted, however, to comply with the requirements of the Code.

A copy of the opinion of Bond Counsel for the Bonds is set forth in Appendix D hereto. The actual legal opinion to be delivered may vary from the text of Appendix D, if necessary, to reflect facts and law on the date of delivery of the Bonds.

Reliance and Assumptions; Effect of Certain Changes

In delivering its opinion regarding the Bonds, Bond Counsel is relying upon (i) certifications of representatives of the Board, the University and other parties as to facts material to the opinion, which Bond Counsel has not independently verified, and (ii) the opinion of Maynard Nexsen PC, special counsel to the University, that the University is an organization described in Section 501(c)(3) of the Code.

In addition, Bond Counsel is assuming continuing compliance with the Covenants (as hereinafter defined) by the Board and the University. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, the requirement that the University maintain its status as an organization described in Section 501(c)(3) of the Code, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the Treasury of the United States (the "**Treasury**"). The Indenture, the Loan Agreement and the Tax Certificate and

Agreement contain covenants (the “*Covenants*”) under which the Board and the University have agreed to comply with such requirements. Failure by the Board and the University to comply with their respective Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes. Compliance by the Board with its respective Covenants does not require the Board to make any financial contribution for which it does not receive funds from the University.

Certain requirements and procedures contained, incorporated or referred to in the Indenture, the Loan Agreement and the Tax Certificate and Agreement, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth therein. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Original Issue Discount

The excess, if any, of the amount payable at maturity of any maturity of the Bonds over the initial public offering price to the public at which price a substantial amount of such maturity is sold constitutes original issue discount, which will be excludable from gross income to the same extent as interest on the Bonds for federal income tax purposes. The Code provides that the amount of original issue discount accrues in accordance with a constant interest method based on the compounding of interest, and that a holder’s adjustable basis for purposes of determining a holder’s gain or loss on disposition of the Bonds with original issue discount (the “*OID Bonds*”) will be increased by such amount. In addition, original issue discount that accrues in each year to an owner of an OID Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed below. Consequently, owners of any OID Bond should be aware that the accrual of original issue discount in each year may result in additional distribution requirements or other collateral federal income tax consequences although the owner of such OID Bond has not received cash attributable to such original issue discount in such year.

Owners of OID Bonds should consult their personal tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount or interest properly accruable with respect to such OID Bonds, other tax consequences of owning OID Bonds and other state and local tax consequences of holding such OID Bonds.

Original Issue Premium

The excess, if any, of the tax basis of any maturity of the Bonds to a purchaser (other than a purchaser who holds such Bonds as inventory, stock in trade or for the sale to customers in the ordinary course of business) over the amount payable at maturity is “bond premium.” Bond premium is amortized over the term of the Bonds for federal income tax purposes (or in the case of a Bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such obligation). Owners of such Bonds are required to decrease their adjusted basis in such Bonds by the amount of amortizable bond premium attributable to each taxable year such Bonds are held. The amortizable bond premium on such Bonds attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium is treated as an offset to qualified stated interest received on such Bonds.

Owners of the Bonds with bond premium should consult their personal tax advisors with respect to all matters relating to such premium.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the “branch profits tax,” an “applicable corporation” as defined in Section 59(k) of the Code, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of, tax-exempt obligations, including the Bonds, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments to any owner of a Bond who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any owner of a Bond who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of interest on the Bonds from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Effect of Future Enforcement, Regulatory and Legislative Actions

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS does audit the Bonds, the IRS will, under its current procedures, treat the Board as the taxpayer. As such, the beneficial owners of the Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including, but not limited to, the selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Bonds.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on tax-exempt obligations from gross income for federal or state income tax purposes.

The Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code. Furthermore, court proceedings may be undertaken, the outcome of which could modify the federal or state tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the Bonds, regulatory interpretation of the Code or actions by a court involving either the Bonds or other tax-exempt obligations will not have an adverse effect on (1) the federal or state tax status of the Bonds, (2) the marketability or market price of the Bonds or (3) the economic value of the tax-exempt status of the interest on the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential consequences of any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Opinion of Bond Counsel – Tennessee Tax

In the opinion of Bond Counsel, under existing law, the Bonds and the interest thereon are exempt from all State of Tennessee state, county and municipal taxation except for (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Bond Counsel will express no opinion, and neither the Board nor the University makes any representation regarding (i) other Tennessee tax consequences arising with respect to the Bonds or (ii) any consequences arising with respect to the Bonds under the tax laws of any state or local jurisdiction other than Tennessee. Prospective purchasers

of the Bonds should consult their own tax advisors regarding state and local tax issues not covered by Bond Counsel's opinion, including the tax status of interest on the Bonds in a particular state or local jurisdiction other than Tennessee.

RATINGS

Moody's Investors Service, Inc. ("**Moody's**") and S&P Global Ratings ("**S&P**"), have assigned ratings of "Aa1" (stable outlook) and "AAA" (stable outlook), respectively, to the Bonds. No application was made to any other rating agency for the purpose of obtaining additional ratings on the Bonds. These ratings reflect Moody's and S&P's current assessment of the creditworthiness of the University. Any explanation of the significance of these ratings may only be obtained from the rating agencies furnishing such ratings. Such ratings reflect only the respective views of each rating agency and are not a recommendation to buy, sell or hold the Bonds.

The University furnished such rating agencies with certain information and materials relating to the Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies, and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. None of the Board, the University, the financial advisor of the University or the Underwriters have undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of the ratings of the Bonds or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such rating could have an adverse effect on the market price or marketability of the Bonds.

CONTINUING DISCLOSURE

General

The University, in accordance with, and as the only obligated person with respect to the Bonds under, Rule 15c2-12 (the "**Rule**") of the SEC, will agree to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "**MSRB**") under a continuing disclosure agreement. The proposed form of agreement is attached as Appendix E. The information, data, and notices will be available through the MSRB internet website at www.emma.msrb.org.

Limitations and Amendments

The University will agree to update information and to provide notices of events only as described in Appendix E. It has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, conditions, or prospects or agreed to update any information that is provided, except as described above. The University makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date.

The University may amend its continuing disclosure agreement on the conditions described in Appendix E without the consent of the Board or the Trustee.

Failure by the University to comply with its continuing disclosure agreement will not constitute an event of default under the Indenture or a Loan Default under the Loan Agreement. If the University breaches its agreement, the sole remedy available to owners of the Bonds will be an action seeking mandamus or specific performance to cause the University to comply with its obligations under the agreement.

Compliance with Prior Undertakings

During the last five years, the University has complied with its prior continuing disclosure undertakings made pursuant to the Rule in all material respects.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements of the University and its subsidiaries as of and for the Fiscal Years ended June 30, 2023 and 2022, attached as Appendix B, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing in Appendix B.

UNDERWRITING

RBC Capital Markets, LLC, on behalf of itself, BofA Securities, Inc. ("**BofA**"), TD Securities (USA) LLC ("**TD Securities**"), Siebert Williams Shank & Co., LLC and Fifth Third Securities, Inc. (collectively, the "**Underwriters**"), has agreed to purchase the Bonds from the Board at a purchase price of \$_____ (equal to the par amount of the Bonds, [plus/less] [net] original issue [premium/discount] of \$_____, less the Underwriters' discount of \$_____). The bond purchase agreement provides that the Underwriters will purchase all of the Bonds, if any are purchased, and contains the agreement of the University to indemnify the Board and the Underwriters against certain liabilities, including certain liabilities arising under federal and state securities laws in connection with the offering and sale of the Bonds.

The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page. The initial offering price may be changed from time to time by the Underwriters.

BofA has entered into a distribution agreement with its affiliate, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("**MLPF&S**"). As part of this arrangement, BofA may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds

TD Securities, one of the Underwriters of the Bonds, has entered into two negotiated dealer agreements (the "**TD Dealer Agreements**") with Charles Schwab & Co., Inc. ("**CS&Co.**") and InvestorLink Capital Markets, LLC ("**ICM**"). These agreements allow CS&Co. and ICM to provide for the retail distribution of certain securities offerings, including the offered Bonds at the original issue prices. Pursuant to the TD Dealer Agreements, ICM and CS&Co. may purchase offered Bonds from TD Securities at the original issue prices less a negotiated portion of the selling concession applicable to any of the offered Bonds ICM or CS&Co. sells.

TD Securities is a wholly-owned subsidiary of The Toronto-Dominion Bank and part of TD Bank Group. TD Securities is not a bank and is a distinct legal entity from TD Bank, N.A. TD Bank, N.A. may have other banking and financial relationships with the Board, the University and its affiliates, or any other party that may be involved in this transaction.

Each of the Underwriters and its affiliates together comprises a full service financial institution engaged in various activities, which include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Such activities may involve or relate to assets, securities and/or instruments of the Board and/or the University (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with (or that are otherwise involved with transactions by) the Board and/or the University. Each of the Underwriters and its affiliates may have, from time to time, engaged, and may in the future engage, in transactions with, and performed, and may in the future perform, various investment banking services for the Board and/or the University for which they received or will receive customary fees and expenses. Under certain circumstances, either of the Underwriters and its affiliates may have certain creditor and/or other rights against the Board and/or the University in connection with such transactions and/or services. In addition, either of the Underwriters and its affiliates may currently have and may in the future have investment and commercial banking, trust and other relationships with parties that may relate to assets of, or be involved in the issuance of securities and/or instruments by, the Board and/or the University. Each of the Underwriters and its affiliates also may communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LEGAL COUNSEL

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel to the University. A complete copy of the proposed form of Bond Counsel's opinion is set forth in Appendix D. Certain legal matters will be passed upon by the University's General Counsel and Maynard Nexsen PC, Birmingham, Alabama, special counsel to the University; by Adams and Reese LLP, Nashville, Tennessee, counsel to the Board; and by Norton Rose Fulbright US LLP, counsel to the Underwriters.

FINANCIAL ADVISOR

The University has retained Kaufman, Hall & Associates, LLC ("*Kaufman Hall*"), Skokie, Illinois, a municipal advisory firm registered with the SEC and the MSRB, as financial advisor in connection with the issuance of the Bonds. Although Kaufman Hall has assisted in the preparation of this Official Statement, Kaufman Hall was not and is not obligated to undertake, and has not undertaken to make, an independent verification and assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

RELATIONSHIP OF PARTIES

Bass, Berry & Sims PLC, bond counsel to the University, and Maynard Nexsen PC, special counsel to the University, represent certain of the Underwriters in unrelated matters.

LITIGATION

There is no litigation pending or, to the knowledge of the Board or the University, threatened seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued or which in any manner questions the right of the Board or the University to engage in the transactions relating to the issuance, sale and delivery of the Bonds. See "MISCELLANEOUS – Litigation" in Appendix A.

MISCELLANEOUS

The references herein to the Bonds, the Indenture, the Loan Agreement and the Note are brief descriptions of certain provisions thereof. Such descriptions do not purport to be complete, and reference is made to such documents for full and complete statements therein. Agreements of the Board and the University with the owners of the Bonds are fully set forth in the Bonds, the Indenture, the Loan Agreement, and the Note, and neither any advertisements of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. So far as any statements made in this Official Statement involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the executed Bond documents will be on file at the corporate trust office of U.S. Bank Trust Company, National Association in Nashville, Tennessee.

The Board has furnished only the information contained herein under the heading "THE BOARD" that relates to the Board and has not reviewed and takes no responsibility for any other information contained in this Official Statement. U.S. Bank Trust Company, National Association has not reviewed and takes no responsibility for any information contained in this Official Statement. The University has reviewed the information contained herein that relates to the University and has approved all such information for use in this Official Statement.

The distribution of this Official Statement has been duly authorized by the Board and approved by the University.

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APPENDIX A

The Vanderbilt University

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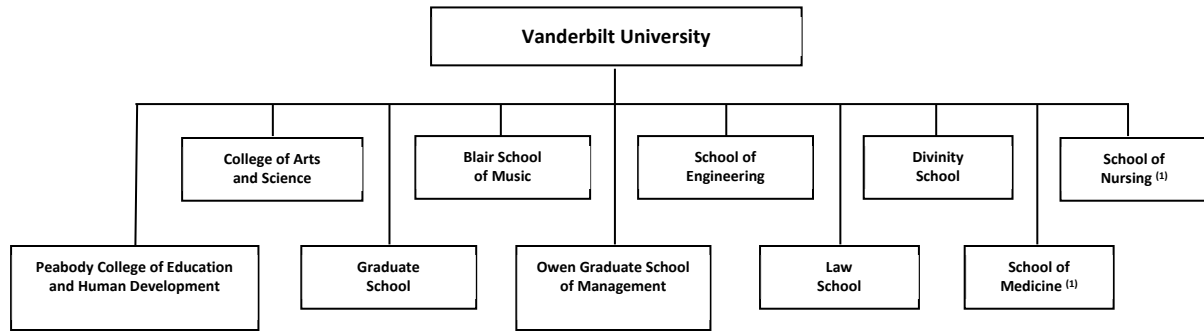
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INTRODUCTION

The Vanderbilt University (the “*University*” or “*Vanderbilt*”) is a privately endowed, coeducational, not-for-profit, nonsectarian institution of higher learning located in Nashville, Tennessee. Founded in 1873, Vanderbilt operated under the auspices of the Methodist Episcopal Church South until 1914. Since that time, it has been governed by an independent, self-perpetuating Board of Trust. Vanderbilt is named for the shipping and railway magnate, Commodore Cornelius Vanderbilt, who gave one million dollars to build and endow the university.

Overview

Vanderbilt is located on an approximately 330-acre campus and provides educational services to approximately 7,200 undergraduate students and 6,300 graduate and professional students in its various undergraduate, graduate, and professional divisions. Below is an organizational chart for Vanderbilt’s academic activities.



(1) Medical and nursing faculty and students also provide patient care services through the Vanderbilt University Medical Center and its Hospitals and Clinics. See “ACADEMIC ENTERPRISE—Faculty and Staff” herein.

Academic Units. Vanderbilt's academic enterprise consists of 10 schools and colleges offering undergraduate, professional, and graduate degrees. All Doctor of Philosophy (Ph.D.) degrees, which are offered in more than 40 separate graduate programs, are conferred by the Graduate School. Approximately 94% of Vanderbilt’s students are considered full-time students. The following table sets forth the fall 2023 student enrollment headcount distribution among Vanderbilt’s 10 schools and colleges.

	Undergraduate Students	Graduate and Professional Students	Total Students
College of Arts and Science	3,963	-(1)	3,963
Graduate School	-	2,418	2,418
Peabody College of Education and Human Development	1,493	1,031	2,524
School of Engineering	1,457	76	1,533
School of Nursing	-	840	840
School of Medicine	-	630	630
Law School	-	578	578
Owen Graduate School of Management	-	615	615
Divinity School	-	191	191
Blair School of Music	231	-	231
Students in unclassified studies	8	-	8
Less: Students in multiple schools	-	(75)	(75)
Total enrollment headcount	7,152	6,304	13,456

(1) Master’s degrees in the College of Arts and Science disciplines are administered through the Graduate School

Facilities. Vanderbilt's principal physical facilities are located on a 330-acre campus in Nashville, Tennessee. These facilities include 38 residential buildings, 29 student services buildings, 57 academic buildings, 23 Fraternity and Sorority buildings owned by Vanderbilt, 22 buildings for administration and support services, and 11 athletic buildings and fields.

Strategic Initiatives

Student Education. Demand for the Vanderbilt educational experience continues to remain strong. Vanderbilt's administration believes that this is in part due to its strategy to build an increasingly strong intellectual and social community, including through programs like the Martha Rivers Ingram Commons at Vanderbilt, where select faculty live among students and participate in student-driven programming. In fall 2023, Vanderbilt achieved its highest ever yield at 57%. Vanderbilt's strategic enrollment plans have yielded better qualifications and ethnic, income, and geographic diversity among its students. The average SAT score for incoming freshmen increased to 1525 in fall 2023, from 1496 in fall 2019, and during that same time the percentage of minority freshmen rose to 50% for the fall 2023 incoming class. Student qualifications and diversity have also improved in Vanderbilt graduate and professional school admissions, where demand continues to be very strong. For Ph.D. and research master's candidates beginning their studies in fall 2023, 25,873 applicants applied, and 6,237 were offered admission (24% selectivity rate). Vanderbilt's School of Medicine garnered more than 6,500 applicants for 95 student slots for the fall of 2023.

Vanderbilt admits students based on talents and ability without regard for the ability to pay. Vanderbilt remains committed to fully meeting the demonstrated need of its undergraduates. As the result of many initiatives, Vanderbilt's undergraduate freshman retention rate for the current academic year was 96%, and its latest undergraduate six-year graduation rate is 93%.

The Projects. The current phase of the Residential College program will conclude with Carmichael College opening August 2024, which will house 305 students. Currently, the University is engaged in strategic planning for the subsequent phase in the Central Neighborhood.

The University has undertaken renovations on select administrative buildings. Notably, Kirkland Hall recently underwent a significant \$54 million remodel. Vanderbilt also continues to improve buildings across various schools including the School of Medicine, the College of Arts and Science, the School of Engineering, the Law School, the Owen Graduate School of Management, and Peabody College, amounting to a total investment of approximately \$250 million.

For additional information on the Projects, see "PLAN OF FINANCE – The Projects" in the front portion of this Official Statement.

Campus Initiatives. Vanderbilt remains committed to enhancing athletics facilities and operations through the \$300 million Vandy United fundraising campaign. Some enhancements that the campaign supports include the renovation of FirstBank Stadium, concluding fall 2026, as well as upgraded practice facilities for both Men's and Women's Basketball, enhancements to Hawkins Field, and renovation of the Vanderbilt Legends Club.

Additionally, Vanderbilt is undertaking extensive upgrades to its utilities and other infrastructure as it prepares for future campus growth including future residential colleges, a science building, additional academic spaces, and upgrades and expansion of Athletics' facilities. The Central Utilities Initiative, which began January 2023, will provide enhancements in support of various Vandy United projects and other future university projects. Planned upgrades include the construction of the Highland Power Plant, an electrical substation designed to achieve LEED certification, along with burying overhead utilities, road improvements, and an enhanced pedestrian-centric environment. The Central Utilities Initiative will support the University's sustainability goals of further offsetting its carbon footprint and investing in access to clean energy. While Vanderbilt has been carbon neutral since 2020, Vanderbilt's sustainability goals include investment in on-site clean energy, investing in large-scale, off-site renewable energy, decreasing the carbon footprint, and reducing waste.

Research. The size, breadth, and impact of Vanderbilt's research enterprise has continued unabated. A significant funding source for Vanderbilt's research is the federal government, particularly the Department of Health and Human Services' National Institutes of Health ("NIH"). Vanderbilt provided approximately \$135.8 million of

research services to the NIH in fiscal year 2023, and a total of \$155.9 million of research to the Department of Health and Human Services.

Further, Vanderbilt internally supports faculty research through initiatives such as the IDEAS (Innovation and Discovery in Engineering And Science) Program, the Research Scholars Grant Program, and the Discovery Grant Program, which enable Vanderbilt researchers to pursue pioneering research and interdisciplinary endeavors. Vanderbilt is committed to supporting researchers who explore solutions to vexing problems and develop life-changing cures and innovations to advance its collective wisdom and potentially transform the world.

GOVERNANCE AND ADMINISTRATION

Board of Trust

Vanderbilt’s governing Board of Trust consists of members drawn from a cross-section of private, public, and community interests and includes the Chancellor of Vanderbilt, who serves *ex officio*. Members of the Board of Trust serve without compensation. Members of the Board of Trust serve five-year terms and can serve no more than two consecutive terms. No current student or member of the faculty or staff of Vanderbilt, other than the Chancellor, may serve on the Board of Trust. There are currently 36 voting members of the Board of Trust.

The Board of Trust has various standing committees composed of Board of Trust members. These include (1) the Athletics Committee, which reviews the operation and provides oversight of the athletic programs of the University; (2) the Audit Committee, which directs appointing, compensating, and overseeing the external auditors, and reviews reports and management letters generated by the external auditors; (3) the Compensation Committee, which oversees and approves Vanderbilt’s general officer evaluation processes and total compensation, and the compensation of any other key employees that would be considered disqualified persons pursuant to IRS regulations; (4) the Development and External Engagement Committee, which serves as a strategic partner in considering and recommending for approval policies relating to philanthropic and fundraising activities of the University; (5) the Executive Committee, which is empowered to act upon all questions and transact business of every kind when the Board is not convened except that which, pursuant to law or the *Code of Bylaws*, requires action by the full Board of Trust; (6) the Governance and Board Affairs Committee, which presents nominations for membership of the Board, for officers of the Board, and for membership of the standing committees of the Board; (7) the Human and Organizational Development Committee, which reviews and advises University administration on matters relating to student success initiatives, the efficacy of the Career Center, online education, institutional innovation and research; and (8) the Investment Committee, which is responsible, subject to any policy and specific instruction of the Board of Trust, for the management, investment, and custody of the University’s endowment assets, and of assets functioning as endowment, and for the investment of the assets of charitable remainder and other trusts where the University is named trustee.

The members of the Board of Trust as of July 1, 2024, and their current or latest professional affiliations are listed below.

Officers of the Board:

Daniel Diermeier ⁽¹⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾, *Nashville, TN*..... Chancellor of the University
Bruce R. Evans, Chairman ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁸⁾, *Boston, MA*.. Senior Advisor, Summit Partners; President, Evans Capital
Jeffrey J. Rothschild, Vice Chairman ⁽⁵⁾⁽⁷⁾⁽⁸⁾, *Palo Alto, CA* Former Vice President, Facebook
Nora Wingfield Tyson, Vice Chairman ⁽²⁾⁽⁵⁾, *Oro Valley, AZ*..... Vice Admiral, US Navy (retired)
Adolpho A. Birch III, Secretary ⁽¹⁾⁽⁵⁾, *Nashville, TN*... Chief External and League Affairs Officer, Tennessee Titans

Members of the Board:

Lamar Alexander ⁽⁵⁾⁽⁶⁾, *Walland, TN*.....Former United States Secretary of Education
Greg S. Allen ⁽¹⁾⁽²⁾, *Charlottesville, VA* Principal and Managing Partner, SJ Investment Management
John Arnold ⁽²⁾⁽⁸⁾, *Houston, TX*..... Co-Chair, Arnold Ventures
Sean Connolly ⁽³⁾⁽⁵⁾⁽⁷⁾, *Winnetka, IL*..... CEO and Director, Conagra Brands
Lawrence Epstein ⁽¹⁾⁽⁵⁾⁽⁶⁾, *Las Vegas, NV*.....Senior Executive Vice President and COO, UFC
Adena T. Friedman ⁽⁵⁾⁽⁸⁾, *New York, NY*..... Chair and CEO, Nasdaq Inc.
Jennifer Frist ⁽⁴⁾⁽⁶⁾, *Nashville, TN*..... Philanthropist

Andrew Hoine ⁽⁴⁾⁽⁵⁾⁽⁸⁾, *New York, NY*... Partner, Co-Portfolio Manager and Director of Research, Paulson & Co. Inc.
George B. Huber ⁽¹⁾⁽²⁾, *Bellevue, WA*..... Co-Founder and Managing Partner, Finback Investment Partners; Founder and Managing Partner, Equity Investment Group
Kito K. Huggins ⁽³⁾⁽⁴⁾, *New York, NY*..... Managing Director, Finsbury Glover Hering
David Ingram ⁽¹⁾⁽²⁾, *Nashville, TN*. Chairman & President, Ingram Entertainment Inc.; Chairman, DBI Beverage Inc.
Justin Ishbia ⁽¹⁾⁽⁸⁾, *Chicago, IL*..... Managing Partner, Shore Capital Partners
Kathleen E. Justice-Moore ⁽⁴⁾⁽⁷⁾, *Palo Alto, CA* Trustee, Gordon and Betty Moore Foundation
Cindy R. Kent ⁽²⁾⁽⁷⁾, *Brentwood, TN* Executive Vice President and President of Senior Living, Brookdale Senior Living Inc
Nina Kohler ⁽¹⁾⁽⁴⁾, *Kohler, WI*..... Strategy and Design, Kohler Company/Independent Retail/Design
Robert M. Levy ⁽⁴⁾⁽⁵⁾⁽⁸⁾, *Richmond Hill, GA* Chairman and CIO, US Equities, Harris Associates LS (retired)
Steve H. Madden, Sr. ⁽³⁾⁽⁴⁾⁽⁵⁾, *Houston, TX* Chairman and CEO, Apex Heritage Group
Peter Marshall ⁽¹⁾⁽⁴⁾, *Miami, FL*..... Cofounder and CEO, Walden Bridge Capital
Mark P. Mays ⁽⁴⁾⁽⁵⁾, *San Antonio, TX*..... CEO, Mays Family Enterprises and Rocking M Capital
Suzanne Perot McGee ⁽³⁾⁽⁴⁾⁽⁵⁾, *Dallas, TX*..... Board of Directors, Petrus Management Holding Company; Board of Directors, The Perot Foundation
Anurag Pardeshi ⁽¹⁾⁽⁷⁾, *Nashville, TN* Partner, A1A Investment Partners
W. Douglas Parker, Jr. ⁽³⁾⁽⁵⁾⁽⁶⁾, *Fort Worth, TX*..... Chairman & CEO, American Airlines (retired)
Shaiza Rizavi ⁽³⁾⁽⁶⁾, *New York, NY* Co-CEO and Money Manager, Gilder, Gagnon, Howe & Co.
Conner Searcy ⁽²⁾⁽⁴⁾, *Dallas, TX*..... Founder and Managing Partner, Trive Capital
Alexander C. Taylor ⁽⁵⁾⁽⁷⁾, *Atlanta, GA*..... President and CEO, Cox Enterprises
Corey E. Thomas ⁽²⁾⁽⁶⁾, *Boston, MA*..... President, CEO, and Director, Rapid7
Cynthia Warner ⁽³⁾⁽⁷⁾, *Ames, IA* Former President and Chief Executive Officer, Renewable Energy Group, Inc.
Mark Wilf ⁽¹⁾⁽⁷⁾, *Short Hills, NJ*..... Owner and President, Minnesota Vikings; Principal, Garden Homes
Makeba Williams, M.D., FACOG, MSCP ⁽²⁾⁽⁷⁾, *Springfield, IL* Vice Chair of Professional Development and Wellness, Associate Professor at Washington University School of Medicine
Jon Winkelried ⁽⁸⁾, *Hobe Sound, FL*..... CEO, TPG Inc.

-
- (1) Member, Athletics Committee
 - (2) Member, Audit Committee
 - (3) Member, Compensation Committee
 - (4) Member, Development and External Engagement Committee
 - (5) Member, Executive Committee
 - (6) Member, Governance and Board Affairs Committee
 - (7) Member, Human and Organizational Development Committee
 - (8) Member, Investment Committee

Administration

The chief executive officer of Vanderbilt is the Chancellor, who is elected by and serves at the pleasure of the Board of Trust. The immediate governance of Vanderbilt is committed to the Chancellor and, through the Chancellor, to assisting officers and the faculty in the schools and colleges. The Chancellor, subject to the approval of the Board of Trust, appoints the principal administrative officers of Vanderbilt and the Deans of the schools and colleges. The current principal administrative officers of Vanderbilt and their years of service are listed in the following table.

Name	Title	Years of Vanderbilt Service
Daniel Diermeier	Chancellor	3
C. Cybele Raver	Provost and Vice Chancellor for Academic Affairs	2
Steven K. Ertel	Vice Chancellor for Communications and Marketing	6
J. Nathan Green	Vice Chancellor for Government and Community Relations	9
W. Anders Hall	Vice Chancellor for Investments and Chief Investment Officer	10
Eric C. Kopstain	Vice Chancellor for Administration	11
Candice S. Lee	Vice Chancellor for Athletics and University Affairs, Athletic Director	20
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Daniel Diermeier, Chancellor. A.M., Philosophy, University of Southern California, 1989; M.A., Political Science, University of Munich, 1990; M.A., Political Science, University of Rochester, 1993; Ph.D., Political Science, University of Rochester, 1995. Prior to joining Vanderbilt, Dr. Diermeier served as the Provost at the University of Chicago, where he was previously dean of the Harris School of Public Policy. Prior to that he was a chaired professor at the Kellogg School of Management at Northwestern University and an Assistant Professor at the Stanford Graduate School of Business.

C. Cybele Raver, Provost, Vice Chancellor for Academic Affairs. B.A., Harvard University, 1986; Ph.D. Yale, 1994. Dr. Raver was named Provost of Vanderbilt in 2021 and oversees all faculty, staff, programs, and initiatives for Vanderbilt's 10 schools and colleges. Dr. Raver is a fellow of the American Association for the Advancement of Science and is the Cornelius Vanderbilt Professor of Psychology and Human Development at Peabody College. Before her tenure at Vanderbilt, Dr. Raver served as deputy provost at New York University. She has held faculty positions at the University of Chicago's Harris School of Public Policy and Cornell University's Department of Human Development. Throughout her career, Dr. Raver has received prestigious awards from the American Psychological Association and the William T. Grant Foundation, and has been granted support from the MacArthur Foundation, the National Institutes of Health, the National Science Foundation, and the Spencer Foundation.

Steve K. Ertel, Vice Chancellor for Communications and Marketing. B.A., Rutgers University, 1999. Steve Ertel was appointed the first Vice Chancellor for Communications and Marketing at Vanderbilt University in 2017. Prior to his appointment, Mr. Ertel served as the Vice President of Strategic Communications for World Wildlife Fund (WWF), the world's leading global conservation organization and one of the most recognized nonprofit brands globally. In 2016, Mr. Ertel was honored as one of PRWeek's "40 Under 40," which highlights "innovators in creativity and influencers positioned to guide the industry toward a new horizon." Before joining WWF, he served in senior communications roles at The Nature Conservancy and the Environmental Defense Fund, as well as in the private sector for technology and biotechnology companies.

J. Nathan Green, Vice Chancellor for Government and Community Relations. B.A., University of Memphis, 1991. Nathan Green was appointed Vice Chancellor for Government and Community Relations at Vanderbilt University in December 2018. Mr. Green joined the university in 2014 as Assistant Vice Chancellor for State Government Relations. Prior to joining Vanderbilt, Mr. Green was partner and owner in the government relations firm RobinsonGreen for 14 years. In that role he took the lead in negotiating agreements on many of the biggest issues before the Tennessee General Assembly. Since joining Vanderbilt, he has advocated for the university on key policy

topics and works with his team on a variety of issues that impact higher education, Vanderbilt and the community at large, and plays a leading role in guiding the vision for Vanderbilt's connection in the greater Nashville area.

W. Anders Hall, Vice Chancellor for Investments and Chief Investment Officer. A.B., Public Policy Studies and Economics, Duke University, 1993; M.B.A., Finance and Economics, New York University, 2000. Anders Hall was named Vanderbilt University's Vice Chancellor for Investments and Chief Investment Officer in 2013. Mr. Hall oversees the Office of Investments and is responsible for managing the University's endowment. Mr. Hall joined Vanderbilt from Duke University, where he worked for over a decade as head of public securities for DUMAC, the university's investment management company. Prior to that, he held positions at Hewitt Investment Group in Atlanta and Rowayton, Conn., and Prudential Financial in Newark, N.J.

Eric C. Kopstain, Vice Chancellor for Administration. B.S. Northwestern University 1991; M.B.A. Kellogg Graduate School of Management 2001. In July 2014, Mr. Kopstain became Vanderbilt's Vice Chancellor for Administration. His portfolio includes auxiliaries, facilities and construction, environmental health and safety, sustainability, public safety, and transportation and mobility. Mr. Kopstain came to Vanderbilt in 2012 as Associate Vice Chancellor for Finance. In this previous role, Mr. Kopstain was responsible for financial reporting, tax, budget and capital planning, financial systems, procurement, disbursements, travel and payment cards and student accounts. Before joining Vanderbilt, Mr. Kopstain served for 7 years at Harvard University, where he began as Assistant Dean for Planning & Budgeting and in 2010 assumed the role of Associate Dean for Finance at Harvard's Faculty of Arts and Sciences. Prior to Harvard, Mr. Kopstain worked for three years as the Director of Budget and Fiscal Planning at Dartmouth College, and for 12 years at Northwestern University in various budget, planning and administrative capacities.

Candice S. Lee, Vice Chancellor for Athletics and University Affairs, Athletic Director. B.S. Vanderbilt University, 2000; M.Ed. Vanderbilt University, 2002; Ed. D. Vanderbilt University, 2012. Dr. Lee was named Vice Chancellor for Athletics and University Affairs in 2020. Prior to this position, she served in a variety of roles at Vanderbilt including Senior Woman Administrator and Deputy Athletic Director. As a former member of the Vanderbilt women's basketball team, Dr. Lee has been an inspirational leader in athletics and the wider Vanderbilt community ever since arriving on campus as a freshman in 1996. Dr. Lee is Vanderbilt's first female athletic director and the first black woman to head an SEC athletics program. Beyond her duties at Vanderbilt, Dr. Lee is a leader in college athletics at a national level. She currently is a member of the NCAA Division I Men's Basketball Championship Committee through 2027, the SEC's Council on Racial Equity and Social Justice and on the executive committee of the Black Athletic Directors Alliance. She formerly served as a member of the NCAA Women's Basketball Rules Committee and as chair of the NCAA Division I Women's Lacrosse Committee.

John M. Lutz, Vice Chancellor for Development and Alumni Relations. A.B., Harvard College, 1984. Mr. Lutz was named Vice Chancellor for Development and Alumni Relations in 2021. Mr. Lutz joined Vanderbilt in 2013 as Vice Chancellor Information Technology, after serving as CEO for IBM Canada. Prior to that role, John served as General Manager for IBM's Global Process Services Business and, from 2005 to 2008, as General Manager for IBM's Global Financial Services Sector. From 1984 to 2004, he served in a wide variety of roles for IBM in the U.S. and internationally.

Sydney Savion, Vice Chancellor for People, Culture and Belonging. B.S., Environmental Health, Old Dominion University, 1990; Ed.D., Human and Organizational Learning, 2009, George Washington University. Dr. Savion, an international leader in workforce development, organizational culture, and employee-centered learning, assumed the role as the first Vice Chancellor for People, Culture and Belonging at Vanderbilt University in 2024. Prior to joining Vanderbilt, her professional experience includes executive roles at Google; the Chief Learning Officer at Air New Zealand, Chief of Education Strategy for Dell Technologies; and as an aerospace officer in the U.S. Air Force.

Ruby Z. Shellaway, Vice Chancellor, General Counsel and University Secretary. B.A., Amherst College, 2000; J.D., Yale Law School, 2005. Ruby serves as Vanderbilt University's Vice Chancellor, General Counsel, and University Secretary, leading the Office of the General Counsel, which includes the university's legal team, the Office of Risk Management, Office of Conflict of Interest and Commitment Management, Compliance, and the institutional liaison to Internal Audit. Ruby works closely with the Office of the Chancellor, the chancellor's leadership team, and the Board of Trust as she advises on key issues facing the Vanderbilt University community and higher education. Before she joined Vanderbilt University in 2015, Ruby served as Deputy Managing Counsel for the U.S. Department

of Homeland Security, where she counseled senior OGC officials on significant legal issues and communications to the Office of the Secretary and supported development and operations for a team of 150 attorneys. Prior to serving as the Deputy, she was the first client-based attorney advisor to the Department's Office for Civil Rights and Civil Liberties, advising on complex and novel civil rights and civil liberties issues.

Brett C. Sweet, Vice Chancellor for Finance, Information Technology and Chief Financial Officer. B.S., U.S. Naval Academy, 1993; M.B.A., Harvard University, 2000. Prior to joining Vanderbilt in 2009, Mr. Sweet served as Dean of Administration and Finance at Harvard University's Faculty of Arts and Sciences and Executive Vice President of Finance and Administration and Chief Financial Officer at Baylor College of Medicine. Before entering university and academic medical center leadership positions, Mr. Sweet was a principal with The Boston Consulting Group, spent five years as a nuclear submarine officer in the U.S. Navy, and served as a special projects officer with the National Security Agency.

ACADEMIC ENTERPRISE

Faculty and Staff

As of November 2023, Vanderbilt’s administrative, teaching, and research faculty (including members of the schools of medicine and nursing) consists of 4,599 full-time faculty members, including 1,009 professors, 924 associate professors, 1,931 assistant professors, 520 instructors, 201 lecturers, and 14 faculty with other academic titles. Faculty data, including administrative, teaching, and research faculty, on a full-time equivalent (FTE) basis is listed below.

	Fall 2023	Fall 2022	Fall 2021
FTE faculty members	4,739	4,719	4,630
FTE tenured faculty members	936	945	949

Vanderbilt grants all faculty appointments. However, as a result of the transfer of clinical services operations, post-graduate training programs, and clinical department research activities from the University to Vanderbilt University Medical Center (“VUMC”) described in “VUMC Transaction” below, a portion of its faculty are employees of VUMC, rather than the University. As of November 2023, 3,054 employees of VUMC held University faculty appointments.

In addition to faculty, as of November 1, 2023, Vanderbilt employs 4,509 full-time and 139 part-time employees in a regular status. In addition, Vanderbilt employs 675 temporary and term staff in varying capacities. Vanderbilt has 675 staff in a regular status who are service and maintenance employees represented by Local No. 386 of the Laborers’ International Union of North America, AFL-CIO (the "Union"). Vanderbilt and the Union recently negotiated a collective bargaining agreement effective for three years commencing on July 1, 2024, and expiring on June 30, 2027. Vanderbilt functions under an Affirmative Action Plan and is an Equal Opportunity Employer.

Student Enrollment

Consistent with Vanderbilt’s admission policy, enrollments have remained relatively stable during the past several years in Vanderbilt’s 10 schools and colleges. All schools and colleges continue to be highly selective in their acceptances, as applicants outnumber places available in each school and college.

Vanderbilt draws its student population from the entire United States and many foreign countries. About 70% of the undergraduate students are from outside the southern region of the United States, and 90% are from outside the State of Tennessee. Approximately 10% of undergraduate students are international students, representing over 70 countries. The following table provides additional enrollment data for undergraduate freshmen.

	Fall 2023	Fall 2022	Fall 2021
<i>Undergraduate Freshmen</i>			
Applications received	46,248	46,377	47,152
Percentage accepted (selectivity)	6%	7%	7%
Percentage enrolled (yield)	57%	52%	48%

The following table provides total enrollment data for Vanderbilt.

	Fall 2023	Fall 2022	Fall 2021
<i>Headcount</i>			
Undergraduate	7,152	7,151	7,111
Graduate and professional	6,304	6,559	6,685
Total enrollment headcount	13,456	13,710	13,796
<i>Full-Time Equivalent (FTE)</i>			
Undergraduate	7,109	7,105	7,065
Graduate and professional	5,850	5,789	5,933
Total enrollment FTE	12,959	12,894	12,998

Tuition and Fees

Tuition rates for Vanderbilt's undergraduate colleges have increased modestly each of the past three academic years. Tuition rates for professional and advanced degree programs differ among Vanderbilt's schools and colleges. Undergraduate tuition rates and fees for each of the past three academic years were as follows:

	<u>2023-2024</u>	<u>2022-2023</u>	<u>2021-2022</u>
Undergraduate tuition	\$ 61,618	\$ 58,130	\$ 54,840
Undergraduate student services fee	\$ 1,554	\$ 1,480	\$ 1,430
Undergraduate student health fee	\$ 774	\$ 738	\$ 696

Average undergraduate room and board charges for each of the past three academic years were as follows:

	<u>2023-2024</u>	<u>2022-2023</u>	<u>2021-2022</u>
Average room and board for undergraduates (includes 100% meals)	\$ 21,054	\$ 19,862	\$ 18,376

Student Financial Aid

Vanderbilt provides financial aid to eligible students based upon documented financial need and/or merit to help cover their cost of attendance, including tuition, education fees, housing, food, books and course materials, plus travel and acceptable miscellaneous expenses. This financial assistance is funded from/through institutional resources, gifts, endowment income, and various externally sponsored/funded (federal, state, and other third party) aid programs. Since the fall 2009, need-based student financial aid packages awarded to eligible incoming and returning undergraduate students have not included any need-based loans. The amount of need-based loans that students would have been offered prior to the fall 2009 to meet their full demonstrated financial need has been replaced each year with grant (gift) assistance funded by Vanderbilt and/or other sources while continuing to meet students' full demonstrated need.

Components of financial aid during each of the past three fiscal years were as follows:

	<i>Fiscal Year Ended June 30,</i>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	<i>(in thousands)</i>		
<i>Financial Aid</i>			
Institutional scholarships	\$ 277,935	\$ 262,475	\$ 238,857
Endowed scholarships	65,032	58,128	54,400
External financial aid	22,945	21,212	20,136
Total financial aid	<u>\$ 365,912</u>	<u>\$ 341,815</u>	<u>\$ 313,393</u>

Vanderbilt also continues to offer and participate in various other student financial aid programs, including the Federal Work-Study Program, the Federal Nursing Loan Program, the Federal Direct Student Loan Program, and the Federal Direct PLUS Programs. (The PLUS acronym refers to a program that initially was available only as a Parent Loan for Undergraduate Students, but subsequently was expanded to also allow graduate and professional students to borrow on their own behalf). Loans for education-related expenses are also available to eligible students through other public and private lending entities and programs.

Research Activities and Programs

Sponsored research and project awards (research and project funding commitments that have not yet been expended and recognized as revenue by Vanderbilt), which include multiple-year grants and contracts from government sources, foundations, associations, and corporations, totaled \$301 million at the end of fiscal year 2023.

Vanderbilt's research expenditures totaled \$316 million in fiscal year 2023, including research-related facilities and administrative costs recovery and research funded by Vanderbilt (including cost sharing), but excluding allocations of institutional and other support costs. Sponsored federal government award expenditures accounted for approximately 82% of the \$316 million in research and project grant and contract revenue realized in fiscal year 2023.

Like other universities, Vanderbilt must continue to win research and project awards and contracts each year to sustain revenue from such sources. Vanderbilt's support from government awards remains relatively unabated, despite pressures on federal funding.

VUMC Transaction

On April 29, 2016, Vanderbilt transferred to VUMC the assets and operations related to the University's medical center, including post-graduate training programs and clinical department research activities, in exchange for a cash purchase price and other consideration ("VUMC Transaction"). The University retained its medical education and academic activities and remains the degree-granting institution for the University's School of Medicine, School of Nursing and clinical master's programs. The University retains control of faculty affairs, graduate school PhD programs in the biomedical sciences, and research in basic science departments and related centers. VUMC is a separate, independent legal entity and is not under common governance with, or controlled by, the University, nor is the University financially responsible for VUMC indebtedness.

As part of the VUMC Transaction, VUMC has licensed, among other things, the use of the Vanderbilt University name from the University pursuant to a Trademark License Agreement (the "TLA"). Since 2018, the University has sold the revenue streams attributable to the TLA to investors in a series of securitization transactions.

For additional information on the VUMC Transaction and the revenue stream securitization, see Notes 14 and 19 to the financial statements attached hereto as Appendix B.

FINANCIAL INFORMATION

Audited Financial Statements

The financial statements of Vanderbilt for the fiscal years ended June 30, 2023 and 2022, and the related opinion of PricewaterhouseCoopers LLP, independent accountants, as of and for the fiscal year ended June 30, 2023, are attached as Appendix B to this Official Statement. The Summary of Assets, Liabilities, and Net Assets and Summary of Revenues and Expenses for fiscal years 2021 through 2023, appearing below, were derived from such audited financial statements and should be read in conjunction with such financial statements and related notes.

Summary of Assets, Liabilities, and Net Assets

A summary of Vanderbilt's total assets, liabilities, and net assets (without donor restriction and with donor restriction) as of the end of the following fiscal years, derived from Vanderbilt's audited financial statements, were as follows (this information should be read in conjunction with the audited financial statements, along with the notes thereto):

	2023	<i>As of June 30,</i> 2022	2021
	<i>(in thousands)</i>		
ASSETS			
Cash and cash equivalents	\$ 937,070	\$ 1,184,069	\$ 1,124,103
Accounts receivable, net	101,503	114,800	94,267
Prepaid expenses and other assets	14,331	14,923	16,874
Contributions receivable, net	165,559	105,568	106,762
Promissory notes receivable	-	-	-
Student loans and other notes receivable, net	17,918	17,926	19,328
Investments	10,037,569	10,384,751	10,924,017
Investments allocable to noncontrolling interests	10,444	17,061	28,808
Right-of-use assets	49,602	58,145	62,359
Property, plant, and equipment, net	1,817,056	1,634,036	1,472,148
Interests in trusts held by others	30,071	31,063	34,829
Total assets	\$ 13,181,123	\$ 13,562,342	\$ 13,883,495
LIABILITIES			
Accounts payable and accrued liabilities	\$ 202,895	\$ 202,284	\$ 123,580
Accrued compensation and withholdings	81,471	89,925	102,478
Deferred revenue, actuarial liabilities, and government advances for student loans	93,919	101,859	97,290
Deferred trademark revenue	1,796,712	1,841,610	1,885,071
Commercial paper	49,688	49,728	-
Long-term debt	614,660	623,504	632,128
Fair value of securities sold short	579,171	614,316	506,093
Fair value of interest rate exchange agreements, net	-	-	-
Lease liabilities	52,027	60,652	64,527
Total liabilities	\$ 3,470,543	\$ 3,583,878	\$ 3,411,167
NET ASSETS			
Without donor restrictions, controlled by Vanderbilt	\$ 5,466,592	\$ 5,614,870	\$ 5,829,618
Without donor restrictions, related to noncontrolling interests	10,444	17,061	28,808
Total net assets without donor restrictions	\$ 5,477,036	\$ 5,631,931	\$ 5,858,426
With donor restrictions	4,233,544	4,346,533	4,613,902
Total net assets	\$ 9,710,580	\$ 9,978,464	\$ 10,472,328
Total liabilities and net assets	\$ 13,181,123	\$ 13,562,342	\$ 13,883,495

Summary of Revenues and Expenses

Below is a summary of Vanderbilt's consolidated revenues and expenses derived from Vanderbilt's audited financial statements. Certain reclassifications have been made to prior year amounts to conform to current presentation format. Non-operating activity from net asset categories without donor restrictions and with donor restrictions are combined.

	<i>Fiscal Year Ended June 30,</i>		
	2023	2022	2021
	<i>(in thousands)</i>		
OPERATING REVENUES			
Tuition and educational fees, net	\$ 395,983	\$ 387,874	\$ 361,041
Government grants and contracts	209,608	181,007	188,306
Facilities and administrative costs recovery	75,241	68,277	64,709
Private gifts, grants, and contracts	60,417	50,462	62,866
Endowment distributions	269,705	244,440	225,569
Investment income ⁽¹⁾	-	-	-
Trademark, license, and royalty revenue	173,974	208,566	113,811
Affiliated entity revenue	195,411	185,527	180,664
Room, board, and other auxiliary services, net	148,124	129,317	96,040
Other sources ⁽¹⁾	116,245	86,898	114,205
Net assets released from restrictions	147,104	138,511	123,981
Total operating revenues and other support	\$1,791,812	\$1,680,879	\$1,531,192
OPERATING EXPENSES			
Salaries, wages, and benefits	\$ 832,612	\$ 766,643	\$ 727,226
Supplies, services, and other	630,222	538,361	429,450
Interest expense	20,820	17,878	19,506
Depreciation	101,335	95,889	104,791
Grants to affiliates	30,845	28,100	25,816
Total operating expenses	\$1,615,854	\$1,446,871	\$1,306,789
Change in net assets without donor restrictions from operating activity	\$ 175,958	\$ 234,008	\$ 224,403
OTHER CHANGES IN NET ASSETS			
Change in appreciation of interest rate exchange agreements, without donor restrictions	-	-	-
Debt defeasance cost, without donor restrictions	-	-	-
Other non-operating activity, without donor restrictions	(324,236)	(448,756)	2,135,741
Total other changes in net assets without donor restrictions	(324,236)	(448,756)	2,135,741
Change in net assets, without donor restrictions	\$ (148,278)	\$ (214,748)	\$ 2,360,144
Change in net assets, with donor restriction	(112,989)	(267,369)	1,550,799
Change in net assets from continuing operations	\$(261,267)	\$(482,117)	\$3,910,943
Change in net assets related to noncontrolling interests	(6,617)	(11,747)	(1,173)
Total increase (decrease) in net assets	\$(267,884)	\$(493,864)	\$3,909,770

(1) Beginning with the fiscal year 2022 annual report, investment income is included in "Other sources" on the consolidated statement of activities.

Endowment

The overarching objective of Vanderbilt's endowment is to preserve and enhance the real purchasing power of the fund in perpetuity, net of distributions. Assets are invested to provide earnings to meet spending needs and attain long-term return objectives without the assumption of undue risks. Vanderbilt utilizes a spending policy based on 5.0% of the average of the previous three calendar year-end market values, up from 4.5% in fiscal year 2015 and before. The effective spending rate (dollars appropriated for spending each year as a percentage of average annual endowment value) over the past five years was 4.2%, which is equal to the endowment's trailing five-year compound nominal investment return.

Endowment Market Value. The market value of Vanderbilt's endowment as of the end of each of the past three fiscal years was as follows:

	2023	<i>As of June 30,</i> 2022	2021
		<i>(in thousands)</i>	
Endowment market value	\$ 9,684,196	\$ 10,206,068	\$ 10,928,512

Investment Allocation. The actual asset allocation percentages of Vanderbilt's endowment portfolio as of June 30, 2023, were as follows:

	Actual
Private equity	36%
Hedged strategies ⁽¹⁾	22
Global equities	20
Inflation hedges ⁽²⁾	9
Fixed income	8
Cash and other	3
Commodities	2
	<u>100%</u>

(1) Hedged strategies investments reflect multiple strategies such as event driven, relative value, and equity funds to diversify risks and reduce volatility in the portfolio generally in hedge fund structures. Investments may include mortgage-backed securities, trade finance, debt and asset-backed securities, repurchase agreements, senior loans, and bank loans.

(2) Inflation hedges include real estate and natural resources.

Management's Discussion and Analysis of Financial Performance

The endowment includes only related net assets that are under the control of Vanderbilt. Endowment-related assets include donor-restricted endowments and institutional endowments (quasi-endowments). Gift annuities, interests in trusts held by others, contributions pending donor designation, and permanently restricted contributions receivable are not reflected in endowment values. Of the \$10,113 million market value of the endowment as of March 31, 2024, \$3,982 million were donor restricted, \$285 million were reinvested distributions, and \$5,846 million were institutional endowments.

Returns and Distributions. Investment returns and distributions of Vanderbilt's endowment assets for each of the past three fiscal years were as follows:

	<i>Fiscal Year Ended June 30,</i>		
	2023	2022	2021
	<i>(in thousands)</i>		
Total endowment investment return	\$ (197,458)	\$ (470,440)	\$ 3,934,881
Endowment distributed per spending formula	(416,050)	(374,448)	(347,540)
Endowment distributed for strategic initiatives	-	-	-
Annual return net of distributions	<u>\$ (613,508)</u>	<u>\$ (844,888)</u>	<u>\$ 3,587,341</u>
Endowment rate of return ⁽¹⁾	(2.0)%	(4.4)%	57.1%
Total endowment distributed ⁽²⁾	4.2%	3.5%	3.9%

(1) Endowment rate of return is calculated before distributions.

(2) The endowment distribution percentages are calculated based on the distributed amounts shown above divided by the average endowment market value during each respective fiscal year. From 2016 to 2023, the endowment distributions per the spending formula were based on 5.0% of the average of the previous three calendar year-end market values.

Fundraising

In March 2021, Vanderbilt publicly launched the Vandy United Fund, a fundraising vehicle with the goal of investing \$300 million in Vanderbilt's student-athletes and athletics programs through major facilities and operational enhancements. The Vandy United campaign reached its goal in May 2023.

In the spring of 2023, Vanderbilt publicly launched a fundraising campaign titled, "Dare to Grow", and through fiscal year 2023 had raised \$2.63 billion toward the \$3.2 billion goal. The Dare to Grow campaign moves through three philanthropic pathways, designed together to empower students and faculty, advance capacity for pioneering discovery, and strengthen all aspects of the One Vanderbilt community.

Property, Plant, and Equipment

The book value, net of accumulated depreciation, of Vanderbilt's land and improvements, buildings, furniture, and equipment as of the end of each of the past three fiscal years were as follows:

	<i>As of June 30,</i>		
	2023	2022	2021
	<i>(in thousands)</i>		
<i>Property, Plant, and Equipment</i>			
Land and improvements	\$ 365,830	\$ 330,226	\$ 274,910
Buildings and leasehold improvements	2,170,639	1,955,019	1,939,648
Furniture and equipment ⁽¹⁾	408,886	413,533	415,118
Construction in progress	269,765	266,091	108,394
Subtotal	<u>\$ 3,215,120</u>	<u>\$ 2,964,869</u>	<u>\$ 2,738,070</u>
Less: Accumulated depreciation	1,398,064	1,330,833	1,265,922
Total property, plant, and equipment, net ⁽²⁾	<u>\$ 1,817,056</u>	<u>\$ 1,634,036</u>	<u>\$ 1,472,148</u>

(1) Includes fixed equipment. In Vanderbilt's most recent audited financial statements, fixed equipment is included in buildings and improvements.

(2) Purchases for the fine art and library collections are not included in the amounts above as Vanderbilt expenses such items at the time of purchase. As of June 30, 2023, the estimated replacement cost, including processing costs to properly identify, catalog, and shelve materials, for library collections totaled \$472.7 million and for fine art collections totaled \$49.0 million. Any proceeds from deaccessioned collection items are used for the direct care of existing collections. Direct care is an investment that enhances the life, usefulness, or quality of the collection.

Outstanding Debt

Vanderbilt had the following debt outstanding as of June 30, 2024:

	Principal Balance <i>(in thousands)</i>	Subject to Repurchase Requirements	Calendar Year Final Maturity
<i>Commercial Paper</i> ⁽¹⁾			
Tax-exempt commercial paper	\$ 100,000	Yes – at maturity, 270 days or less	Not applicable
Subtotal	\$ 100,000		
<i>Long-Term Fixed-Rate Debt</i>			
Series 2016 bonds (taxable)	\$ 109,125	No	2046
Series 2018 Private Placement	293,000	No	2048
Series 2019 Private Placement	97,365	No	2037
Series 2020 Private Placement	100,000	No	2049
Subtotal	\$ 599,490		
Total Debt	\$ 699,490		

(1) As of September 27, 2021, the authorized aggregate principal amount of commercial paper was increased to \$300.0 million.

Debt Repurchase and Amortization Requirements

Commercial Paper. Vanderbilt has an authorized commercial paper program with an aggregate principal amount of \$300 million, which may be comprised of taxable commercial paper, tax-exempt commercial paper, or a combination of the two. Vanderbilt uses taxable commercial paper to finance working capital and cash management needs and to finance other capital projects and uses tax-exempt commercial paper to finance eligible capital projects. Commercial paper may later be retired with the proceeds of long-term debt (tax-exempt or taxable, as applicable) or with working capital. Conversely, commercial paper is, at times, issued to refund outstanding long-term debt. The maturity of each commercial paper note may not exceed 270 days from the date of issuance. If the commercial paper cannot be remarketed or refunded, Vanderbilt expects to retire the maturing commercial paper using one of the sources Vanderbilt relies upon to meet its repurchase obligations. See “Financial Information—Liquidity” below.

Source of Payment of Outstanding Debt

Payment of all debt described above is an unconditional, full faith and credit obligation of Vanderbilt. None of Vanderbilt’s outstanding debt is secured by a mortgage on Vanderbilt’s facilities or a pledge, assignment, or other security interest in any of Vanderbilt’s revenues or property.

Additional Debt

Vanderbilt currently expects to incur approximately \$400 million of additional debt within the next three years to finance capital improvements to its facilities and/or refund portions of its outstanding debt. This expectation could change depending on Vanderbilt’s assessment of the need to finance new capital projects and market conditions. The amount of debt outstanding is not expected to increase significantly as a result of any refunding.

Estimated Annual Debt Service Requirements for Long-Term Debt

The following table contains estimated annual debt service requirements in future fiscal years on all long-term debt of Vanderbilt that will be outstanding after issuance of the Bonds and application of their proceeds, determined on the assumptions noted in the table. This table does not include debt service on commercial paper.

Fiscal Year Ending June 30,	Total Existing Debt Service			Series 2024			New Combined Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2024	\$16,125,000	\$20,701,408	\$36,826,408				
2025	16,345,000	20,198,362	36,543,362				
2026	16,605,000	19,690,134	36,295,134				
2027	17,535,000	19,162,707	36,697,707				
2028	17,815,000	18,620,099	36,435,099				
2029	18,130,000	18,052,939	36,182,939				
2030	18,190,000	17,486,979	35,676,979				
2031	18,230,000	16,916,763	35,146,763				
2032	18,390,000	16,333,962	34,723,962				
2033	18,860,000	15,725,889	34,585,889				
2034	19,465,000	15,101,199	34,566,199				
2035	20,095,000	14,466,973	34,561,973				
2036	20,720,000	13,809,509	34,529,509				
2037	21,395,000	13,118,707	34,513,707				
2038	22,085,000	12,408,156	34,493,156				
2039	22,780,000	11,636,682	34,416,682				
2040	23,600,000	10,814,953	34,414,953				
2041	24,425,000	9,945,523	34,370,523				
2042	25,335,000	9,013,111	34,348,111				
2043	26,290,000	8,047,582	34,337,582				
2044	27,265,000	7,052,601	34,317,601				
2045	28,275,000	6,027,320	34,302,320				
2046	29,320,000	4,970,668	34,290,668				
2047	30,390,000	3,881,734	34,271,734				
2048	31,495,000	2,754,375	34,249,375				
2049	32,645,000	1,596,975	34,241,975				
2050	33,810,000	507,150	34,317,150				
2051	-	-	-				
2052	-	-	-				
2053	-	-	-				
2054	-	-	-				
2055	-	-	-				
Total	\$615,615,000	\$328,042,461	\$943,657,461				

Note: Totals may not foot due to rounding.

Interest Rate Exchange Agreements

Effective June 15, 2020, with the termination of the last remaining notional fixed payer swaps, Vanderbilt has no remaining interest rate exchange agreements.

Treasury Lock

On December 6, 2021, Vanderbilt executed a 24-month Treasury Lock (the “Lock”) with a national, United States bank using the underlying 30-year U.S. Treasury rate. The notional amount of the Lock was \$200.0 million. The all-in locked rate, including the forward and execution premium, was 1.8%. Maturity on the Lock was December 6, 2023. No collateral postings were required during the term of the Lock. Vanderbilt executed this Lock in anticipation of future long-term debt issuances in fiscal years 2024 and 2025. As of June 30, 2023, Vanderbilt terminated \$175.0 million notional of the original \$200.0 million notional Lock for \$55.5 million in total proceeds. As of June 30, 2023, the positive mark-to-market on the remaining \$25.0 million notional of the Lock was \$8.7 million. The final \$25 million notional was terminated August 4, 2023, with proceeds of \$9.6 million.

Liquidity

As of June 30, 2023, Vanderbilt had \$50.0 million of outstanding debt subject to support from its debt portfolio self-liquidity program (\$25.0 million taxable commercial paper and \$25.0 million tax-exempt commercial paper). Subsequent to June 30, 2023, Vanderbilt issued \$75.0 million of tax-exempt commercial paper and terminated \$25.0 million of taxable commercial paper. As of June 30, 2024, Vanderbilt has \$100.0 million of tax-exempt commercial paper outstanding. Vanderbilt schedules commercial paper maturities such that no more than \$50.0 million of maturities will occur on any one date and no more than \$100.0 million of maturities will occur during any rolling one-week period. The maximum amount of Vanderbilt debt that could become due for purchase or payment on the same day would be \$25.0 million. As of June 30, 2023, Vanderbilt estimates that it had \$3,581 million of assets providing liquidity within 30 days, including \$979 million of liquid assets available on a same-day basis. Vanderbilt’s liquid assets fluctuate throughout a given fiscal year primarily due to operating cash cycles related to seasonal tuition collection in the fall and spring, normal operating expenditures, capital expenditures, and asset allocation decisions relating to how management invests working capital within the portfolio. To comply with the ASC 958 accounting rule, Vanderbilt also discloses liquidity and availability in footnote three of its fiscal year 2023 annual financial report attached in Appendix B, which shows financial assets available within one year.

In November 2018, Vanderbilt terminated its dedicated hybrid line of credit. Vanderbilt never borrowed under its hybrid line of credit to support repurchases of debt. Vanderbilt allowed a \$50 million line of credit to expire on May 30, 2022.

As of June 30, 2023, Vanderbilt had two general use lines of credit with two banks totaling \$350 million: a \$250 million line of credit expiring on September 25, 2023, and a \$100 million line of credit expiring on June 18, 2024. No amount was drawn on any of Vanderbilt’s lines of credit as of June 30, 2023. Subsequent to June 30, 2023, and the expiration of these two lines of credit, Vanderbilt opened two new lines of credit with two new banks totaling \$350 million: a \$250 million line of credit expiring on September 23, 2024, and a \$100 million line of credit expiring on June 17, 2025. No amount was drawn on the two new lines of credit.

Vanderbilt maintains a portion of its cash resources and endowment funds in short-term, marketable investments that may be liquidated if required to provide funds for its debt repurchase obligations or for retirement of debt. Although Vanderbilt’s investment practices are a factor in Vanderbilt’s short-term credit rating, Vanderbilt has no contractual obligation to maintain any specific amount of its investment portfolio in short-term investments.

MISCELLANEOUS

Retirement Plan

Vanderbilt's eligible faculty and staff members participate in a defined contribution retirement plan administered by a third-party investment firm. For these employees, this plan requires employee and matching employer contributions. The employee immediately vests in these contributions upon eligibility. Vanderbilt funds the obligations under these plans through payroll transfers to the respective retirement plan administrators with the corresponding expenses recognized in the year incurred. Vanderbilt's retirement plan contributions for fiscal years 2023 and 2022 were \$23.3 million and \$21.5 million, respectively.

Insurance

The University carries general liability insurance, cyber insurance, and insurance covering property damage, with coverage amounts and self-insurance retention amounts that the University considers appropriate. All buildings and their contents are covered by blanket property damage insurance, which includes coverage for business interruption, subject to specified deductibles and other risk retention. The University evaluates and benchmarks its coverages annually and its claim experience at least quarterly.

Litigation

In June 2024, plaintiffs and defendants across several federal antitrust class-action lawsuits on behalf of past and present Division I student athletes reached a tentative settlement. The settlement has not yet been presented to the court for preliminary approval. Once the court grants preliminary approval, members of the relevant classes will have the opportunity to object to the settlement, and may have a range of reasons for doing so. Those objections must be resolved before the court can grant final approval. As a result, the nature of settlement could potentially change between what is currently being reported and final approval. However, if the settlement goes forward as currently structured, it would provide both retroactive damages and forward-looking adjustments to existing rules that would give universities some additional flexibility to enter into licensing agreements with their student athletes up to a currently projected cap of roughly \$20 million annually, depending on the calculation cited.

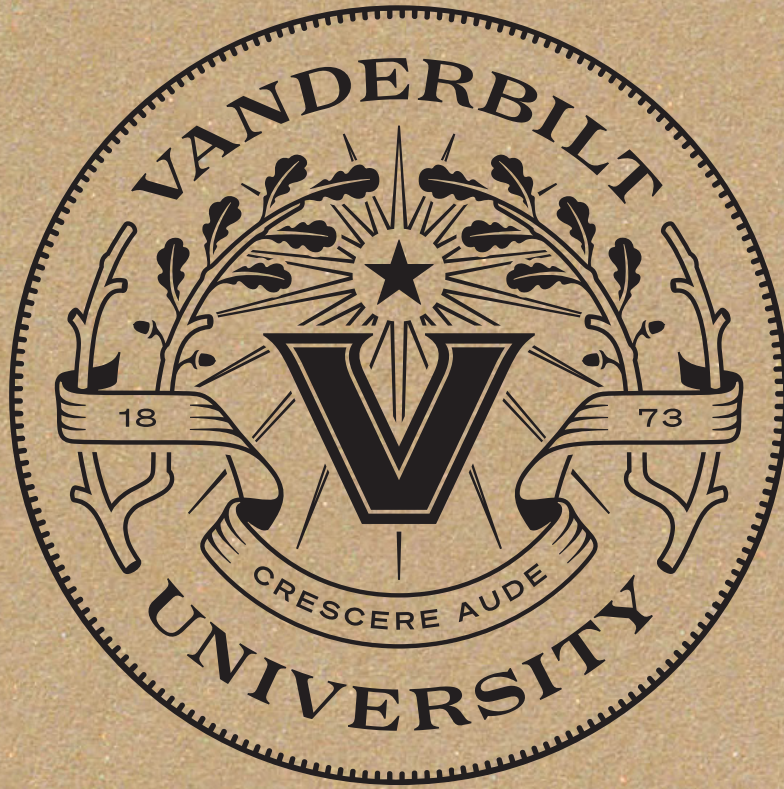
The University is subject to various lawsuits in the normal course of its operations. Certain pending lawsuits are described in note 17B (Commitments and Contingencies) in the audited financial statements attached as Appendix B. The University believes that any monetary damages payable as a result of pending litigation, including as described in the immediately preceding paragraph should be covered by existing insurance or should be in an amount not material to the University's financial condition and operations.

* * *

APPENDIX B

**Consolidated Financial Statements of The Vanderbilt University and its subsidiaries
as of June 30, 2023 and 2022**

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**VANDERBILT
FINANCIAL REPORT**

★ 2023 ★

2023 FINANCIAL REPORT



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Letter from Chancellor Daniel Diermeier

The end of this fiscal year finds Vanderbilt University looking ahead to a great new era. Emboldened by the long tradition of excellence from our past and a surge of momentum from our present success, we are rapidly progressing toward an extraordinary future for our university.

In spring 2023, we launched the yearlong celebration of the 150th anniversary of Vanderbilt's founding. As of today, that first, visionary gift from Cornelius Vanderbilt from which our university was born has grown into an endowment that now stands at \$9.7 billion—enabling our transformative education and pathbreaking research, scholarship, and innovation to create life-changing impact around the globe.

During that same, momentous spring, we also publicly launched the \$3.2 billion Dare to Grow campaign, the most ambitious fundraising campaign in Vanderbilt's history. Fiscal year 2023 was a tremendous success, raising a record \$323 million in new commitments and surpassing the fiscal year fundraising goal of \$195 million. Ending the fiscal year at \$2.63 billion, the Dare to Grow campaign is now moving at full steam ahead through its three philanthropic pathways, designed together to empower our students and faculty, advance our capacity for pioneering discovery, and strengthen all aspects of our collaborative One Vanderbilt community.

Through the campaign, and in all ways, Vanderbilt dares to grow. Today's Vanderbilt students are our most qualified and diverse yet, and our faculty our most expert and accomplished—with stories of scholarly impact that frequently make headlines. Our university's global presence is stronger than ever, too—distinguished by recent events and initiatives such as Clinton Global Initiative University and our second annual Summit on Modern Conflict and Emerging Threats.

But we are determined to do even more—and to grow even more—with an eye toward educating tomorrow's leaders and solving humanity's most pressing problems. Heeding society's call to help solve the rampant political polarization of our times, we are excited to soon be launching Dialogue Vanderbilt: an initiative beginning this fall that aims to promote civil discourse and constructive conversation on our campus and beyond. In this way, and in many more, we are well on track toward our mission to define, and become, the Great University of the 21st Century.

I am pleased to share this year's financial report with you, and I look forward to sharing our future ahead. Thank you for your ongoing dedication to Vanderbilt University.

A handwritten signature in black ink, appearing to read 'Daniel Diermeier', with a stylized flourish at the end.

Daniel Diermeier
Chancellor

Vanderbilt University Statistics

	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
STUDENTS					
Undergraduate	7,151	7,111	7,057	6,886	6,861
Graduate and professional	6,559	6,685	6,480	6,245	5,963
Total fall enrollment	13,710	13,796	13,537	13,131	12,824
Undergraduate admissions					
Applied	46,377	47,152	36,646	37,310	34,313
Accepted	3,093	3,368	4,259	3,402	3,298
Enrolled	1,619	1,626	1,698	1,604	1,602
Selectivity	6.7%	7.1%	11.6%	9.1%	9.6%
Yield	52.3%	48.3%	39.9%	47.1%	48.6%
Degrees conferred					
Baccalaureate	1,820	1,715	1,712	1,691	1,700
Master's	1,797	1,674	1,459	1,512	1,382
M.D.	104	99	97	82	100
Other doctoral	796	735	671	568	599
Total degrees conferred	4,517	4,223	3,939	3,853	3,781
Undergraduate six-year graduation rate	92.6%	92.6%	93.4%	92.6%	93.0%
Undergraduate tuition	\$ 58,130	\$ 54,840	\$ 52,780	\$ 50,800	\$ 48,600
% increase over prior year	6.0%	3.9%	3.9%	4.5%	4.5%

FACULTY AND STAFF ¹

Full-time faculty	1,514	1,465	1,442	1,466	1,468
Full-time staff	4,700	4,362	3,937	4,555	4,245
Part-time faculty	282	271	298	324	348
Part-time staff	547	370	277	448	412
Total faculty and staff	7,043	6,468	5,954	6,793	6,473

GRANT AND CONTRACT FUNDING

(in thousands)

Government sponsors	\$ 209,608	\$ 181,007	\$ 188,306	\$ 165,532	\$ 160,958
Private sponsors	31,454	22,540	31,551	30,199	27,656
Facilities and administrative costs recovery	75,241	68,277	64,709	62,233	60,408
Total grants and contracts	\$ 316,303	\$ 271,824	\$ 284,566	\$ 257,964	\$ 249,022

ENDOWMENT

Market value (in thousands)	\$ 9,684,196	\$ 10,206,068	\$ 10,928,512	\$ 6,917,371	\$ 6,270,877
Endowment return	-2.0%	-4.4%	57.1%	-0.1%	6.7%
Endowment per student	\$ 706,360	\$ 739,785	\$ 807,307	\$ 526,797	\$ 488,995
Endowment payout	4.2%	3.5%	3.9%	4.7%	4.5%

¹ On April 29, 2016, Vanderbilt University ("VU") and Vanderbilt University Medical Center ("VUMC") became two separate legal entities. Vanderbilt transferred clinical services operations, post-graduate training programs, and clinical department research activities, along with related assets and liabilities, to VUMC as a newly incorporated Tennessee not-for-profit corporation in exchange for \$1.230 million of consideration. In addition to the faculty employed by VU for all the years presented, some employees of VUMC held VU faculty appointments. These additional VUMC-employed, VU faculty comprised:

VUMC-employed, VU faculty appointments	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
Full-time	3,044	3,018	2,970	2,892	2,817
Part-time	184	160	104	101	93
Total	3,228	3,178	3,074	2,993	2,910



Financial Overview

FINANCIAL OVERVIEW

The university ended fiscal 2023 with \$176 million of net operating results compared with \$234 million in fiscal 2022. Vanderbilt's net assets without donor restrictions decreased \$155 million from fiscal 2022 to 2023 primarily driven by investment returns.

OPERATING REVENUES

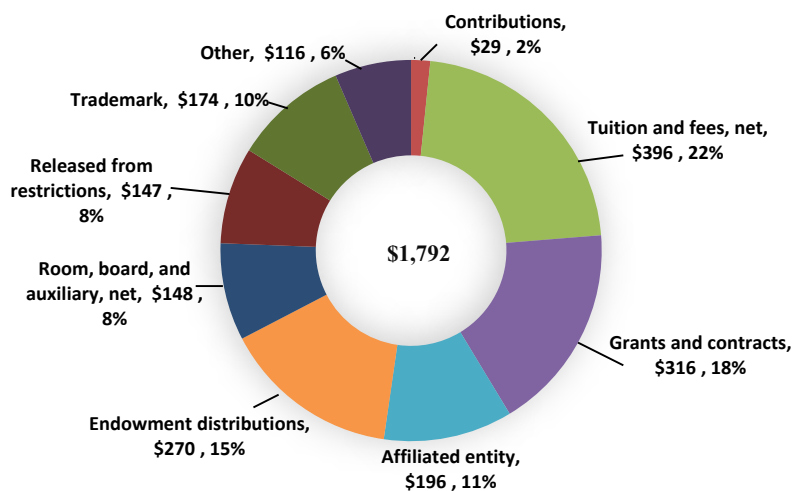
Vanderbilt's operating revenues without donor restrictions for the years ended June 30, 2023, and June 30, 2022, were as follows:

<i>(in millions)</i>	2023	2022
Tuition and educational fees, net	\$ 396	\$ 388
Government grants and contracts	210	181
Private grants and contracts	31	23
F&A costs recovery	75	68
Contributions	29	28
Endowment distributions	270	244
Room, board, and other auxiliary services, net	148	129
Trademark, license, and royalty revenue	174	208
Affiliated entity revenue	196	186
Other sources	116	87
Net assets released from restrictions	147	139
Total operating revenue	\$ 1,792	\$ 1,681

Operating revenues without donor restrictions increased \$111 million, or 7%, to \$1,792 million in fiscal 2023 from \$1,681 million in fiscal 2022. Total revenue related to grants and contracts increased by \$44 million, driven by a \$32 million increase in new grant activity in the academic units and the inclusion of grants supporting emergency relief from the COVID-19 global pandemic. Other sources increased by \$29 million as a result of higher interest rates and related investment income. Endowment distributions increased by \$26 million due to payouts from the additional investments in the endowment based on the endowment spending policy. Room, board, and other auxiliary services, net, increased by \$19 million primarily due to higher residence hall occupancy resulting from the opening of Rothschild College and a reduced number of beds held offline for quarantine and isolation housing. These increases were primarily offset by a decrease in trademark, license, and royalty revenue of \$34 million related to decreased trademark revenues associated with the Vanderbilt University Medical Center and decreased royalty revenues associated with technology transfer.

Operating Revenues without Donor Restrictions by Type (Fiscal 2023)

(in millions)



TUITION, ROOM, AND BOARD

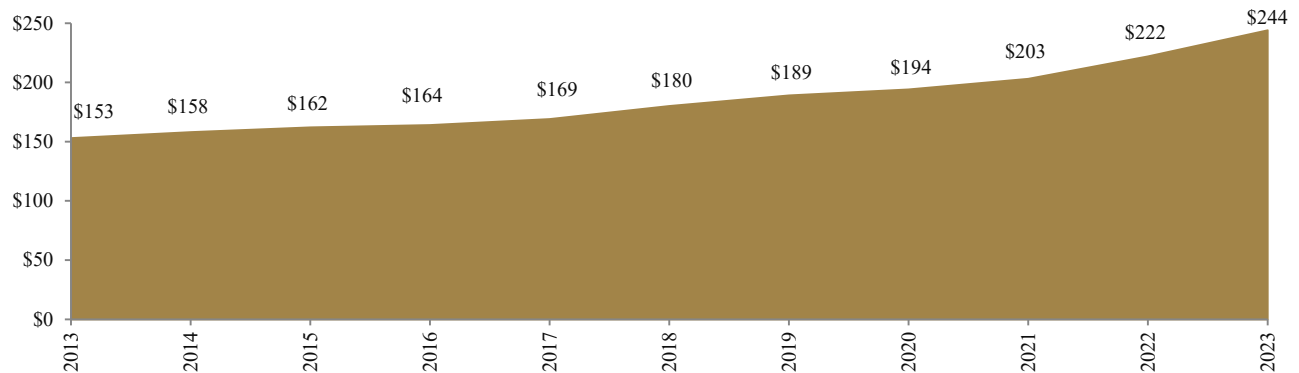
Supporting Vanderbilt's commitment to student access and affordability, the university provides significant financial aid to students and their families. In fiscal 2023, Vanderbilt provided \$366 million in support to its students for tuition, room, and board as shown in the table below.

	Undergraduate		Professional		Graduate		Total
<i>Student count</i>	7,151		4,195		2,364		13,710
<i>(in millions)</i>							
Tuition and fees	\$ 429	\$ 215	\$ 69	\$ 713			
Financial aid ⁽¹⁾	(195)	(64)	(58)	(317)			
Tuition and fees, net	\$ 234	\$ 151	\$ 11	\$ 396			
Room and board	107	-	-	107			
Financial aid ⁽¹⁾	(49)	-	-	(49)			
Room and board, net	\$ 58	\$ -	\$ -	\$ 58			
Total financial aid⁽¹⁾	\$ 244	\$ 64	\$ 58	\$ 366			
Average financial aid per student⁽²⁾	\$ 34,000	\$ 15,000	\$ 25,000	\$ 27,000			

¹ Financial aid excludes Pell Grants of \$7 million as these amounts represent agency funds.

² Rounded to the nearest thousand.

Undergraduate Financial Aid fiscal 2013–2023 (in millions)



Vanderbilt expanded its undergraduate financial aid significantly over the past decade. In fiscal 2023, undergraduate aid as a percentage of gross tuition, room and board, and educational fees was 46%. Since fiscal 2013, undergraduate aid has grown by 59%. The university's Opportunity Vanderbilt no-loan initiative, which began in fiscal 2009, is crucial to this support. Through fiscal 2023, generous donors have committed, through gifts and pledges, \$544 million to support undergraduate financial aid. A portion of operations (\$154 million), endowment distributions and gifts (\$84 million), and external agencies (\$6 million) funded fiscal 2023 undergraduate aid (excludes Pell Grants of \$7 million).

GRANTS AND CONTRACTS

Direct grant revenue increased by \$37 million, or 18%, to \$241 million in fiscal 2023 from \$204 million in fiscal 2022. Government grants and contracts revenue increased \$29 million, or 16%, to \$210 million in fiscal 2023 from \$181 million in fiscal 2022, due to increased grant activity from the Department of Health and Human Services and the National Science Foundation. In addition, the U.S. Department of Homeland Security provided funds in fiscal 2023 in relation to emergency relief from the COVID-19 global pandemic. Private grants and contracts revenues increased \$8 million, or 35%, over the same period to \$31 million in fiscal 2023 from \$23 million in fiscal 2022, due to increased activity in various academic units related to new awards.

As shown in the following table, the largest source of direct government grant and contract revenue was the Department of Health and Human Services (primarily the National Institutes of Health, or NIH).

Grants and Contracts Revenues by Funding Source

<i>(in millions)</i>	2023	%	2022	%
Department of Health and Human Services	\$ 111	53%	\$ 106	59%
National Science Foundation	24	11%	20	11%
Department of Education	16	8%	16	9%
Department of Defense	16	8%	14	8%
Department of Homeland Security	12	6%	-	-
Department of Energy	9	4%	8	4%
Other government agencies	22	10%	17	9%
Total government grants and contracts by funding source	\$ 210	100%	\$ 181	100%

Sponsored research and project awards represent research funding commitments not yet expended by Vanderbilt and include multiple-year grants and contracts from government sources, foundations, associations, and corporations. As of June 30, 2023, and 2022, such awards totaled \$301 million and \$258 million, respectively, as shown in the following table.

Sponsored Program Awards

<i>(in millions)</i>	2023	2022
Government awards	\$ 263	\$ 220
Private awards	38	38
Total sponsored research and project awards	\$ 301	\$ 258

PHILANTHROPY

Vanderbilt reports contributions revenue within the consolidated financial statements based on U.S. GAAP. This basis for measurement differs from guidelines established by the Council for Advancement and Support of Education (CASE). CASE guidelines focus on philanthropic distributions of private resources (primarily gifts and foundation grants) to benefit the public.

GAAP to CASE Reconciliation

<i>(in millions)</i>	2023	2022
Contributions revenue		
Without donor restriction	\$ 29	\$ 28
With donor restriction – time and purpose	77	23
With donor restriction – true endowment	60	67
Total contributions revenue	166	118
Total contributions for capital improvements	23	13
Total consolidated GAAP contributions revenue	\$ 189	\$ 131
Net (increase) decrease in contributions receivable	\$ (61)	\$ 1
Grants and similar agreements meeting CASE guidelines (gifts per CASE standards)	14	6
Other	(5)	(3)
Total CASE reported gifts (cash basis)	\$ 137	\$ 135

Vanderbilt reported \$189 million in consolidated contributions revenue, including pledges and contributions for capital improvements, which is \$58 million higher than the \$131 million fiscal 2022 level due to large contributions received in fiscal 2023 in support of the capital campaign.

Consolidated Contributions (GAAP Basis)

(in millions)



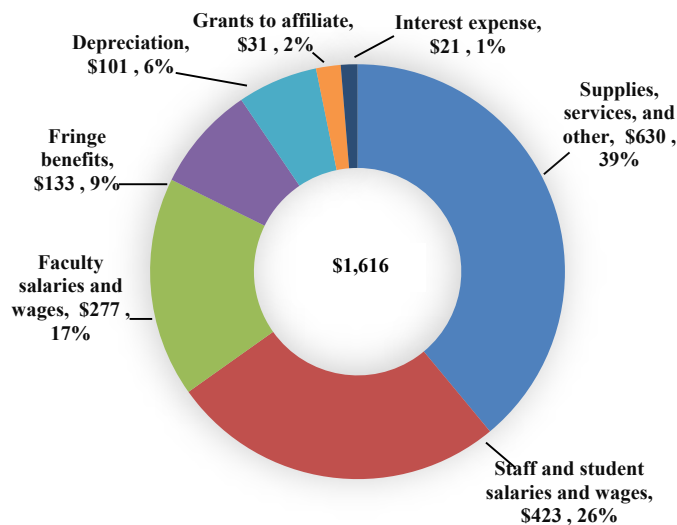
OPERATING EXPENSE

(in millions)	2023	2022
Salaries, wages, and benefits	\$ 833	\$ 767
Supplies, services, and other	630	538
Interest expense	21	18
Depreciation	101	96
Grants to affiliate	31	28
Total operating expenses	\$ 1,616	\$ 1,447

Consolidated operating expenses increased \$169 million to \$1,616 million in fiscal 2023 from \$1,447 million in fiscal 2022. The primary drivers of this increase were a \$92 million increase in supplies, services, and other expenses driven by an increase in professional services fees and travel and entertainment and a \$66 million increase in salaries, wages, and benefits as a result of headcount and merit increases.

Operating Expenses by Type (Fiscal 2023)

(in millions)



OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

<i>(in millions)</i>	2023	2022
Change in appreciation of endowment, net of distributions	\$ (367)	\$ (503)
Change in appreciation of other investments, net of distributions	19	46
Capital contributions and releases from restriction	24	10
Nonoperating net asset reclassifications	-	(2)
Total changes from nonoperating	\$ (324)	\$ (449)

Fiscal 2023 nonoperating activity primarily consisted of a change in appreciation of endowment, net of distributions of \$(367) million, an increase of \$136 million compared with fiscal 2022. The change in value for the endowment resulted from a -2.0% investment return offset by 4.2% of the endowment utilized for distributions during fiscal 2023, compared to a -4.4% investment return and 3.5% of the endowment utilized for distributions during fiscal 2022. Change in appreciation of other investments, net of distributions, decreased \$27 million, which represents the appreciation on the original \$200 million Treasury lock agreement entered into during fiscal 2022 to hedge a portion of a future debt issuance. As of June 30, 2023, \$175 million total notional of the original \$200 million notional Treasury Lock had been terminated for \$56 million in total proceeds. The positive mark-to-market on the remaining \$25 million notional of the Treasury Lock was \$9 million in Vanderbilt's favor in fiscal 2023. In addition, releases from restrictions for capital contributions totaled \$24 million in fiscal 2023. Releases from restrictions for capital contributions occurred at the time the asset or building was placed into service and included \$20 million for the Owen Graduate School of Management renovations, \$3 million for housing projects, and \$1 million related to athletic facilities in fiscal 2023.

Noncontrolling Interests

Net assets related to noncontrolling interests decreased \$7 million to \$10 million in fiscal 2023 from \$17 million in fiscal 2022 due to distributions of \$7 million during fiscal 2023.

SUMMARY OF FINANCIAL POSITION

Vanderbilt's summarized Statements of Financial Position as of June 30, 2023, and June 30, 2022, were as follows:

<i>(in millions)</i>	2023	2022
ASSETS		
Cash and cash equivalents	\$ 937	\$ 1,184
Accounts and contributions receivable, net	267	220
Investments	10,048	10,402
Right of use assets	50	58
Property, plant, and equipment, net	1,817	1,634
Prepaid expenses and other assets	62	64
Total assets	\$ 13,181	\$ 13,562
LIABILITIES		
Payables and accrued liabilities	\$ 329	\$ 345
Deferred revenue	48	49
Deferred trademark revenue	1,797	1,841
Long-term debt and commercial paper	665	673
Securities sold short	579	614
Lease liabilities	52	61
Total liabilities	3,470	3,583
NET ASSETS		
Without donor restrictions	5,477	5,632
With donor restrictions	4,234	4,347
Total net assets	9,711	9,979
Total liabilities and net assets	\$ 13,181	\$ 13,562

Vanderbilt's assets decreased \$381 million, or 3%, from fiscal 2022 to fiscal 2023. Investments decreased \$354 million, or 3%, to \$10,048 million in fiscal 2023 from \$10,402 million in fiscal 2022. The endowment, net of securities sold short, returned -2.0%, and its value decreased to \$9,684 million in fiscal 2023 from \$10,206 million in fiscal 2022 after the impact of distributions in support of operations and the addition of new gifts and quasi-endowments. Cash and cash equivalents decreased \$247 million, or 21%, from fiscal 2022 to fiscal 2023 primarily attributable to a decrease in endowment cash. These decreases are offset by an increase in property, plant, and equipment, net, of \$183 million, or 11%, driven by \$250 million in additions, net, offset by \$67 million in accumulated depreciation and an increase in contributions receivable, net of \$61 million primarily driven by a significant pledge of \$75 million received in June 2023.

Total liabilities decreased \$113 million, or 3%, from fiscal 2022 to fiscal 2023. This decrease is primarily attributable to a decrease of \$44 million in deferred trademark revenue and a decrease of \$35 million in the fair value of securities sold short. The fair value of open short positions is recorded as a liability, \$579 million in fiscal 2023, and the university records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of the open short position. By entering short sales, the university bears the market risk of increases in the value of the security sold short in excess of the proceeds received.

Cash and Liquidity

Vanderbilt continues to invest operating assets in a conservative, diversified manner to ensure adequate security and liquidity under a variety of stress scenarios. Investments, along with cash and cash equivalents, provide liquidity support for Vanderbilt's operations. Of these combined amounts, based on prevailing market conditions as of June 30, 2023, \$979 million of liquid assets were available on a same-day basis and an additional \$3,580 million was available within 30 days. This strong liquidity position contributes to the university's ability to satisfy potential liquidity risks. Vanderbilt maintains the highest short-term ratings from the major credit rating agencies.

To provide supplemental liquidity support, Vanderbilt maintains two separate lines of credit in the amounts of \$250 million and \$100 million with two different banks. These lines of credit may be drawn upon for any general use purpose.

Capital Expenditures

Maintaining the university's campus, which dates back to 1873, and investing in the university's capital assets are fundamental to achieving Vanderbilt's mission.

Over the past decade, Vanderbilt has focused increasingly on revitalizing the campus and student experience through the continued construction and renovation of residential colleges in direct support of the academic strategic plan:

- Offering students a rich and diverse intellectual community that educates the whole person and cultivates lifelong learning;
- Investing in multidisciplinary and interdisciplinary programs to lead in defining and addressing important problems facing society, while pursuing new and exciting opportunities;
- Transforming education models through technology and research; and
- Building distinctive and distinguished programs that develop and offer effective solutions to pressing health care problems.

Additionally, these investments serve to support FutureVU, Vanderbilt's land use planning initiative, the goal of which is to ensure that the Vanderbilt University campus is designed and prepared at every level to support its students, faculty, and staff in their work each day to carry out the university's mission and values.

Capital Projects

<i>(in millions)</i>	2023	2022
Housing projects	\$ 59	\$ 68
Infrastructure projects	43	2
Academic projects	41	30
Administrative support	40	12
Minor capital expenditures	39	80
Athletics projects	37	10
Property acquisitions	35	55
Total capital projects	\$ 294	\$ 257

During fiscal 2023, Vanderbilt University invested \$294 million in capital projects as compared with \$257 million in fiscal 2022. This enabled progress on several significant projects, including, but not limited to:

- Renovation of Kirkland Hall to transform the building into a welcoming, energetic, and innovative space that reflects the ideals espoused by the university;
- Continued expansion of the residential college program, which contributes to the living and learning experience of upper-division students;
- Completion of the Owen Graduate School of Management renovation and expansion, enhancing Owen's world-class culture of excellence in teaching, research, and placement;
- Continued expansion of the available space in the Engineering and Science Building that positions the School of Medicine, the College of Arts and Science, and the School of Engineering to build collaborations that grow and transform Vanderbilt's national and international reputation;
- Renovations and additions to athletic facilities that enhance the experience for student-athletes and fans, including the basketball practice facility, basketball visitor locker rooms, and the South end zone; and
- Acquisition of property adjacent to Vanderbilt's campus.

As capital projects conclude or new acquisitions occur during the fiscal year, capital asset balances increase. A total of \$280 million of completed projects and purchased property and equipment came into service during fiscal 2023.

The Board of Trust Executive Committee reviews the university's five-year capital plan annually; however, major capital projects are approved individually. The fiscal 2023–28 capital plan brings a continued focus on the academic strategic plan, including the student experience, through investments in new residential colleges, science buildings, acquisitions, infrastructure, and athletics.

ENDOWMENT

For fiscal 2023, Vanderbilt’s endowment portfolio returned -2.0%. For the three years ending June 30, 2023, the endowment’s annualized gain was 13.7%. The endowment ended fiscal 2023 with a total market value of \$9,684 million, compared with \$10,206 million at the end of fiscal 2022. The difference between the investment return and change in absolute value of the endowment was attributable to the net impact of new endowment gifts, additions to institutional endowments (quasi-endowments), costs for managing the endowment (including internal management costs of \$15 million, endowment excise tax of \$7 million, and \$6 million in other taxes), and the distribution of endowment funds to support university operations. During fiscal 2023, the university added \$92 million to the endowment portfolio through new gifts, recapitalizations, and additions to institutional endowments. Endowment distributions totaled \$416 million in fiscal 2023, compared with \$374 million in fiscal 2022. These distributions support the university’s education, research, and public service missions.

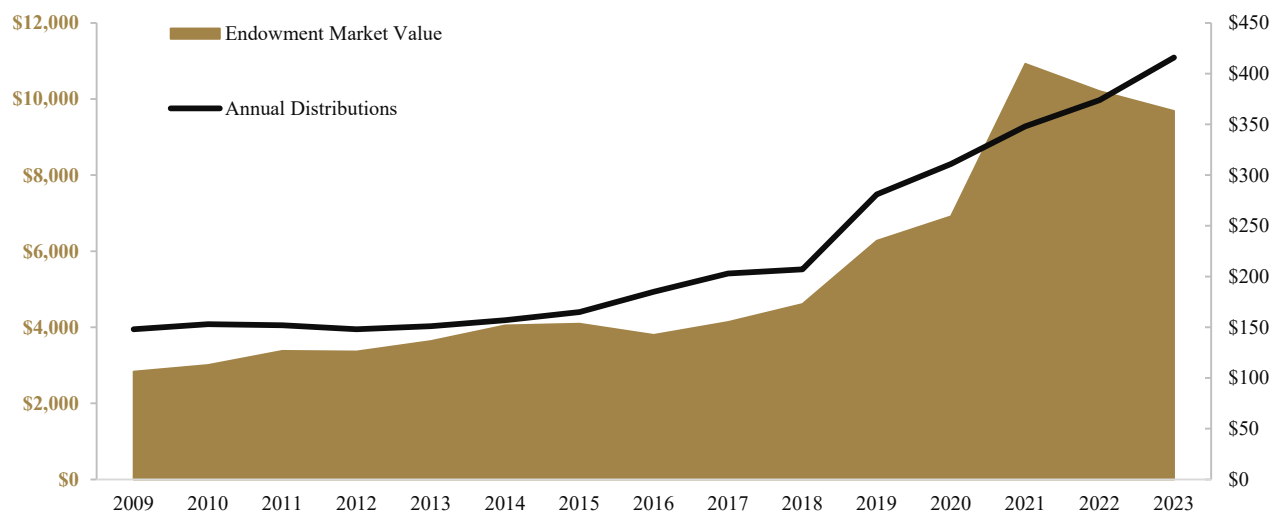
After a tumultuous fiscal 2022, global equity markets rebounded in fiscal 2023 across U.S. large caps (up 20%), U.S. small caps (up 12%), and non-U.S. developed markets (up 17%). Emerging markets generally benefitted from a weakening dollar, with equities (ex-China) up 12%. Chinese equities, however, underperformed and were down 17% as debt problems among real estate developers added to increasing concerns over geopolitical issues and economic growth. Despite tightening credit spreads, U.S. bond markets suffered modest losses (down 1%) as long-term U.S. Treasury yields rose. Commodity prices reversed course (down 18%, after gaining 45% and 57% in each of the prior two fiscal years), with Brent oil prices as a major contributing factor (down from \$115 to \$75 per barrel over the course of the fiscal year).

Global inflation remained elevated in the first half of the fiscal year, and many central banks aggressively raised rates in response. In the U.S., annualized inflation rates declined in the second half of the fiscal year and equities surged, driven primarily by gains in a handful of large U.S. technology companies. In November 2022, OpenAI publicly released ChatGPT, which sparked a frenzy over companies associated with artificial intelligence technologies. Although stalwarts like Microsoft (up 43%) and Alphabet (up 36%) saw substantial gains in the second half of the fiscal year, semiconductor manufacturers were the big winners. Broadly, the sector gained 46% in the second half, while Nvidia, which had declined by 4% in the first half, led the way with a near tripling of its share price in the second half. As additional fuel for the equity rally and as inflation generally slowed, many global central banks paused their rate increases.

In fiscal 2024, markets face some headwinds. U.S. equity valuations remain elevated, as eight companies (Meta, Apple, Amazon, Netflix, Alphabet, Microsoft, Nvidia, and Tesla) accounted for approximately 80% of the recent surge in the S&P 500. The U.S. Federal Reserve has emphasized the need for additional rate hikes, which could pressure equity prices. European markets face ongoing uncertainty regarding the Russia/Ukraine conflict and the risk of price disruptions in commodities such as natural gas and wheat. Geopolitical tensions between the U.S. and China, the world’s two largest economies, represent an ongoing risk to the global capital markets. Times of uncertainty often lead to volatility and temporary market dislocations. Vanderbilt’s endowment is poised to take advantage of such market opportunities through the combination of a strong asset base and partnerships with some of the world’s best investment managers across all major asset classes.

Endowment Market Value and Annual Distributions

(in millions)



Endowment Asset Allocation

<i>As of June 30, 2023 (% of portfolio)</i>	Allocation
Global equities	20%
Hedged strategies	22%
Commodities	2%
Fixed income	8%
Cash and cash equivalents	3%
Total public investments	55%
Private capital	36%
Real estate	3%
Natural resources	6%
Total nonmarketable	45%
Total endowment	100%

LOOKING FORWARD

Vanderbilt officially launched the yearlong celebration of its Sesquicentennial with a full slate of events in March 2023. Among the highlights was a formal ceremony where members of the Vanderbilt community took to the stage in academic regalia to recount details of the university's founding in 1873 and reflect on key moments in Vanderbilt's history. Vanderbilt was created 150 years ago to make the world a better place, and now, in Vanderbilt's 150th year, Vanderbilt continues to "dare to grow."

Two core values that define Vanderbilt and set it apart include a deep belief in realizing our full potential, intellectually and as human beings, and the belief that people grow best as members of a community that supports and challenges them.

Vanderbilt has become a destination for the most talented and ambitious students and faculty across the globe. For all students, Vanderbilt's intentional culture of belonging and empowerment sets in from the moment they join the community and continues until and after their graduation—when they apply their diverse experiences, collaborative mindset, critical thinking, and open-minded perspectives to their roles across business, civil society, medicine, the arts and countless other areas. By investing in students and faculty, Vanderbilt's reputation is strengthened around the world, making the university a destination of choice for the best and brightest.

Life-changing discoveries happen in environments where Vanderbilt students can thrive, where faculty can do their best work and where every member of Vanderbilt's community can grow and learn from one another. Vanderbilt provides the training, resources, and culture to cultivate this environment, while also creating new opportunities for Vanderbilt students and faculty to engage in the kind of innovation and entrepreneurship that puts Vanderbilt in the company of trailblazing leaders in business, science, and industry. By investing in research, discovery and creative expression, visionary philanthropists can catalyze vital work across our labs, archives, and studios, ultimately enriching our partnerships as part of an innovation ecosystem that spans Nashville and well beyond.

Radical collaboration sets us apart, enabling us to have greater impact in everything we do. Vanderbilt embraces this collaborative spirit in every facet of university life, which strengthens our commitment to open discourse and free expression and to the interdisciplinary research programs that solve complex problems by bringing disparate viewpoints together. Together, these elements and others strengthen the collective power of our One Vanderbilt community at large.

Vanderbilt's audited financial statements and other key financial metrics for fiscal 2023 are included in the following pages.



Consolidated Financial Statements



Report of Independent Accountants

Opinion

We have audited the accompanying consolidated financial statements of Vanderbilt University and its subsidiaries (the “University”), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University’s ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Letter from Chancellor Daniel Diermeier, Vanderbilt University Statistics, and the Financial Overview, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

Nashville, Tennessee
September 29, 2023

Vanderbilt University

Consolidated Statements of Financial Position

As of June 30, 2023, and June 30, 2022 (in thousands)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 937,070	\$ 1,184,069
Accounts receivable, net	101,503	114,800
Prepaid expenses and other assets	14,331	14,923
Contributions receivable, net	165,559	105,568
Student loans and other notes receivable, net	17,918	17,926
Investments	10,037,569	10,384,751
Investments allocable to noncontrolling interests	10,444	17,061
Right-of-use assets	49,602	58,145
Property, plant, and equipment, net	1,817,056	1,634,036
Interests in trusts held by others	30,071	31,063
Total assets	\$ 13,181,123	\$ 13,562,342
LIABILITIES		
Accounts payable and accrued liabilities	\$ 202,895	\$ 202,284
Accrued compensation and withholdings	81,471	89,925
Deferred revenue	47,803	48,781
Deferred trademark revenue	1,796,712	1,841,610
Actuarial liabilities	30,614	36,308
Government advances for student loans	15,502	16,770
Commercial paper and other short-term debt	49,688	49,728
Long-term debt	614,660	623,504
Fair value of securities sold short	579,171	614,316
Lease liabilities	52,027	60,652
Total liabilities	3,470,543	3,583,878
NET ASSETS		
Without donor restrictions, controlled by Vanderbilt	5,466,592	5,614,870
Without donor restrictions, related to noncontrolling interests	10,444	17,061
Total net assets without donor restrictions	5,477,036	5,631,931
With donor restrictions	4,233,544	4,346,533
Total net assets	9,710,580	9,978,464
Total liabilities and net assets	\$ 13,181,123	\$ 13,562,342

The accompanying notes are an integral part of the consolidated financial statements.

Vanderbilt University

Consolidated Statement of Activities

Year Ended June 30, 2023 (in thousands)

	2023		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT			
Tuition and educational fees, net	\$ 395,983	\$ -	\$ 395,983
Grants and contracts:			
Government sponsors	209,608	-	209,608
Private sponsors	31,454	-	31,454
Facilities and administrative costs recovery	75,241	-	75,241
Total grants and contracts	316,303	-	316,303
Contributions	28,963	136,416	165,379
Endowment distributions	269,705	146,345	416,050
Room, board, and other auxiliary services, net	148,124	-	148,124
Trademark, license, and royalty revenue	173,974	-	173,974
Affiliated entity revenue	195,411	-	195,411
Other sources	116,245	(1,342)	114,903
Net assets released from restrictions	147,104	(147,104)	-
Total revenues and other support	1,791,812	134,315	1,926,127
EXPENSES			
Salaries, wages, and benefits	832,612	-	832,612
Supplies, services, and other	630,222	-	630,222
Interest expense	20,820	-	20,820
Depreciation	101,355	-	101,355
Grants to affiliate	30,845	-	30,845
Total expenses	1,615,854	-	1,615,854
Results of operations	175,958		
OTHER CHANGES IN NET ASSETS			
Change in appreciation of endowment, net of distributions	(366,394)	(246,798)	(613,192)
Change in appreciation of other investments, net of distributions	18,580	-	18,580
Contributions for capital improvements	-	23,041	23,041
Net assets released from restrictions for capital improvements	23,795	(23,795)	-
Nonoperating net asset reclassifications	(248)	248	-
Other nonoperating activity	31	-	31
Total other changes in net assets	(324,236)	(247,304)	(571,540)
Changes in net assets controlled by Vanderbilt	(148,278)	(112,989)	(261,267)
Changes in net assets related to noncontrolling interests	(6,617)	-	(6,617)
Total changes in net assets	\$ (154,895)	\$ (112,989)	\$ (267,884)
Net assets, June 30, 2022	\$ 5,631,931	\$ 4,346,533	\$ 9,978,464
Net assets, June 30, 2023	\$ 5,477,036	\$ 4,233,544	\$ 9,710,580

The accompanying notes are an integral part of the consolidated financial statements.

Vanderbilt University

Consolidated Statement of Activities

Year Ended June 30, 2022 (in thousands)

	2022		
	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT			
Tuition and educational fees, net	\$ 387,874	\$ -	\$ 387,874
Grants and contracts:			
Government sponsors	181,007	-	181,007
Private sponsors	22,540	-	22,540
Facilities and administrative costs recovery	68,277	-	68,277
Total grants and contracts	271,824	-	271,824
Contributions	27,922	89,878	117,800
Endowment distributions	244,440	130,008	374,448
Room, board, and other auxiliary services, net	129,317	-	129,317
Trademark, license, and royalty revenue	208,566	-	208,566
Affiliated entity revenue	185,527	-	185,527
Other sources	86,898	(14,182)	72,716
Net assets released from restrictions	138,511	(138,511)	-
Total revenues and other support	1,680,879	67,193	1,748,072
EXPENSES			
Salaries, wages, and benefits	766,643	-	766,643
Supplies, services, and other	538,361	-	538,361
Interest expense	17,878	-	17,878
Depreciation	95,889	-	95,889
Grants to affiliate	28,100	-	28,100
Total expenses	1,446,871	-	1,446,871
Results of operations	234,008		
OTHER CHANGES IN NET ASSETS			
Change in appreciation of endowment, net of distributions	(502,778)	(339,586)	(842,364)
Change in appreciation of other investments, net of distributions	45,988	-	45,988
Contributions for capital improvements	-	13,055	13,055
Net assets released from restrictions for capital improvements	9,900	(9,900)	-
Nonoperating net asset reclassifications	(1,869)	1,869	-
Other nonoperating activity	3	-	3
Total other changes in net assets	(448,756)	(334,562)	(783,318)
Changes in net assets controlled by Vanderbilt	(214,748)	(267,369)	(482,117)
Changes in net assets related to noncontrolling interests	(11,747)	-	(11,747)
Total changes in net assets	\$ (226,495)	\$ (267,369)	\$ (493,864)
Net assets, June 30, 2021	\$ 5,858,426	\$ 4,613,902	\$ 10,472,328
Net assets, June 30, 2022	\$ 5,631,931	\$ 4,346,533	\$ 9,978,464

The accompanying notes are an integral part of the consolidated financial statements.

Vanderbilt University

Consolidated Statements of Cash Flows

Years Ended June 30, 2023, and 2022 (in thousands)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in total net assets	\$ (267,884)	\$ (493,864)
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Change in net assets related to noncontrolling interests	6,617	11,748
Realized and unrealized loss on investments, net	336,342	456,930
Contributions for capital improvements and endowment	(40,251)	(56,954)
Contributions of donated securities	(26,624)	(21,821)
Proceeds from sale of donated securities	7,514	3,081
Depreciation	101,355	95,889
Amortization of bond discounts and premiums	41	41
Amortization of right-of-use assets	13,930	12,799
Loss from disposals of property, plant, and equipment	867	603
Change in:		
Accounts receivable, net	13,297	(20,534)
Prepaid expenses and other assets	592	1,951
Contributions receivable, net	(59,991)	1,194
Interests in trusts held by others	1,060	(165)
Accounts payable and accrued liabilities, net of nonoperating items	(20,256)	62,614
Accrued compensation and withholdings	(8,454)	(12,553)
Deferred revenue	(978)	8,229
Deferred trademark revenue	(44,898)	(43,461)
Actuarial liabilities	(5,694)	(1,767)
Lease liabilities	(14,012)	(12,461)
Net cash (used in) operating activities	(7,427)	(8,501)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(6,256,125)	(8,193,224)
Proceeds from sales of investments	5,931,958	8,741,715
Purchases of investments allocable to noncontrolling interests	(55)	-
Proceeds from sales of investments allocable to noncontrolling interests	7,340	8,140
Acquisitions of property, plant, and equipment	(264,376)	(242,288)
Student loans and other notes receivable disbursed	(2,805)	(2,646)
Principal collected on student loans and other notes receivable	2,813	4,048
Net cash (used in) provided by investing activities	(581,250)	315,745
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for capital improvements and endowment	40,251	56,954
Change in gross government advances for student loans	(1,268)	(1,893)
Principal payments of debt	(58,612)	(8,903)
Proceeds from new debt issuances	49,688	49,966
Proceeds from sale of donated securities restricted for capital improvements and endowment	19,110	18,740
Proceeds from noncontrolling interests in investment partnerships	55	-
Payments to noncontrolling interests in investment partnerships	(7,340)	(8,140)
Net cash provided by financing activities	41,884	106,724
Net (decrease) increase in cash, cash equivalents, and restricted cash	(546,793)	413,968
Cash and cash equivalents and restricted cash at beginning of year	\$ 2,100,636	\$ 1,686,668
Cash and cash equivalents and restricted cash at end of year	\$ 1,553,843	\$ 2,100,636
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 21,055	\$ 21,273
Accrued liabilities related to additions of property, plant, and equipment	\$ 61,534	\$ 40,667

The accompanying notes are an integral part of the consolidated financial statements.

Vanderbilt University

Notes to the Consolidated Financial Statements

1. ORGANIZATION

The Vanderbilt University (“Vanderbilt” or the “university”) is a private, coeducational, not-for-profit, nonsectarian institution located in Nashville, Tennessee. Founded in 1873, Vanderbilt owns and operates educational and research facilities as part of its mission to be a leading center for informed and creative teaching, scholarly research, and public service. Vanderbilt provides educational services to approximately 7,200 undergraduate and 6,600 graduate and professional students enrolled across its 10 schools and colleges.

The consolidated financial statements include the accounts of all entities in which Vanderbilt has a significant financial interest and over which Vanderbilt has control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles (“GAAP”). Vanderbilt eliminates all material intercompany accounts and transactions in consolidation.

Net Asset Classifications

Based on the existence or absence of donor-imposed restrictions, Vanderbilt classifies resources into two categories: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are free of donor-imposed restrictions. This classification includes all revenues, gains, and losses not restricted by donors. Vanderbilt reports all expenses as decreases in net assets without donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions that will be met by either actions of Vanderbilt or the passage of time. These net assets may include unconditional pledges, split-interest agreements, interests in trusts held by others, and donor-restricted endowments. Generally, the donor-imposed restrictions of these assets permit Vanderbilt to use a portion of the income earned on related investments for specific purposes.

Vanderbilt reports expirations of donor restrictions on net assets (i.e., the passage of time and/or fulfillment of donor-imposed stipulations) as net assets released from restrictions between the applicable net asset classes in the consolidated statements of activities.

Cash and Cash Equivalents

Cash and cash equivalents are liquid assets with minimal interest rate risk and maturities of three months or less when purchased. Such assets, reported at fair value, primarily consist of depository account balances, money market funds, and short-term U.S. Treasury securities. Cash designated for investment is included within investments in the accompanying consolidated statements of financial position.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position that correspond to the amounts reported in the consolidated statements of cash flows.

	2023	2022
Cash and cash equivalents	\$ 937,070	\$ 1,184,069
Cash included in investments	616,773	916,567
Total cash and cash equivalents and restricted cash shown in the consolidated statements of cash flows	\$ 1,553,843	\$ 2,100,636

Prepaid Expenses and Other Assets

Prepaid expenses and other assets primarily represent prepaid expenses and other segregated investment-related assets managed by third parties related to a legacy deferred compensation program that are earmarked to ultimately settle certain liabilities recorded in accrued payroll and withholdings. Vanderbilt excludes this latter group of assets, reported at fair value, from the investments category.

Fair Value Measurements

Fair value measurements represent the price received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP provides a hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Inputs to the valuation techniques used are prioritized to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Vanderbilt University

Vanderbilt gives consideration to certain investment funds that do not have readily determinable fair values, including private investments, hedge funds, real estate, and other funds. Vanderbilt elected the practical expedient, which allows for the use of net asset value per share or its equivalent in estimating the fair value of interests in investment companies for which a readily determinable fair value is not available. Vanderbilt reports these assets separately from the fair value hierarchy in Note 12.

Investments

Vanderbilt reports investments at fair value using the three-level hierarchy established under GAAP. After review and evaluation, Vanderbilt utilizes estimates provided by fund managers for certain alternative investments, mainly investments in limited partnerships where a ready market for the investments does not exist.

Vanderbilt has exposure to a number of risks, including liquidity, interest rate, counterparty, basis, tax, regulatory, market, and credit risks for both marketable and nonmarketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities will occur to an extent that could materially affect the amounts reported in Vanderbilt's financial statements.

Vanderbilt sometimes uses derivatives to manage investment market risks and exposure. The consolidated financial statements contain derivatives, which consist of both internally managed transactions and those entered into through external investment managers, at fair value. The most common instruments utilized are futures contracts and hedges against currency risk for investments denominated in currencies other than U.S. dollars. For internally managed transactions, Vanderbilt utilizes futures contracts with durations of less than three months.

Vanderbilt records purchases and sales of securities on the trade dates, and realized gains and losses are determined based on the average historical cost of the securities sold. Vanderbilt reports net receivables and payables arising from unsettled trades as a component of investments.

Unless donor-restricted endowment gift agreements require separate investment, Vanderbilt manages all endowment investments as an investment pool.

Investments Allocable to Noncontrolling Interests and Net Assets Related to Noncontrolling Interests

Vanderbilt reports the respective assets for entities in which other organizations are minority equity participants at fair value as investments allocable to noncontrolling interests on the consolidated statements of financial position.

The balance representing such organizations' minority or noncontrolling interests is recorded based on contractual provisions, which represent an estimate of a settlement value assuming the entity was liquidated in an orderly fashion as of the report date.

Leases

Vanderbilt determines if an arrangement is or contains a lease at inception. Vanderbilt has both leases under which it is obligated as a lessee and leases for which it is a lessor. Operating leases in which Vanderbilt is a lessee are included in right-of-use assets and lease liabilities on the consolidated statements of financial position. These assets and liabilities are initially recognized based on the present value of the future minimum lease payments over the lease term at commencement date discounted using an appropriate incremental borrowing rate. Options to extend or terminate a lease are included in the amount recognized to the extent that Vanderbilt is reasonably certain to exercise those options. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable lease payments based on an index or rate, such as the consumer price index, are initially measured using the index or rate in effect at lease commencement. Rental revenue arising from operating leases in which Vanderbilt is a lessor is included in room, board, and other auxiliary services, net, in the consolidated statements of activities.

Vanderbilt has elected the short-term lease exception under ASU 2016-02, Leases (ASC Topic 842) for all leases, and therefore, leases with an initial term of 12 months or less are not included on the consolidated statements of financial position.

Split-Interest Agreements and Interests in Trusts Held by Others

Vanderbilt's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts, charitable gift annuities, and life income funds for which Vanderbilt serves as trustee. Vanderbilt reports assets held in these trusts in investments at fair value. Vanderbilt recognizes contribution revenue at the dates the trusts are established, net of the liabilities for the present value of the estimated future payments to the donors and/or other beneficiaries. Annually, Vanderbilt records the change in fair value of split-interest agreements based on the assets that are associated with each trust and recalculates the liability for the present value of the estimated future payments to the donors and/or other beneficiaries.

Vanderbilt is also the beneficiary of certain trusts held and administered by others. Vanderbilt records its share of these trust assets at fair value as interests in trusts held by others with any resulting gains or losses reported as investment income with donor restrictions.

Property, Plant, and Equipment

Purchased property, plant, and equipment, recorded at cost, includes, where appropriate, capitalized interest on construction financing. Vanderbilt capitalizes donated assets at fair value on the date of donation, expenses repairs and maintenance costs as incurred, and expenses additions to the fine art and library collections at the time of purchase.

Vanderbilt University

Vanderbilt calculates depreciation using the straight-line method to allocate the cost of various classes of assets over their estimated useful lives. Vanderbilt follows the half-year convention to calculate depreciation associated with construction-related assets (e.g., land improvements, buildings, leasehold improvements, and fixed equipment). Under the half-year convention, Vanderbilt treats fixed assets constructed during the year as if placed in service on January 1, regardless of in-service date. All other purchased assets (e.g., moveable equipment) begin depreciation on the in-service date. Vanderbilt removes property, plant, and equipment from the accounting records upon disposal.

Conditional asset retirement obligations related to legal requirements to perform certain future activities associated with the retirement, disposal, or abandonment of assets are accrued utilizing site-specific surveys to estimate the net present value for applicable future costs (e.g., asbestos abatement or removal).

Vanderbilt reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Vanderbilt recognizes an impairment charge when the fair value of the asset or group of assets is less than the carrying value.

Debt Portfolio Financial Instruments

Vanderbilt reports long-term debt at carrying value. The carrying value of Vanderbilt's debt is the par amount adjusted for the net unamortized amount of bond premiums and/or discounts.

Contributions

Vanderbilt recognizes unconditional promises to give (pledges) as contribution revenue upon receipt of a commitment from the donor, with payments due in future periods reported as increases in net assets with donor restrictions at the estimated present value of future cash flows. Vanderbilt recognizes pledges net of an allowance for amounts estimated to be uncollectible based upon past collection experience and other judgmental factors.

Vanderbilt records contributions with donor-imposed restrictions as net assets without donor restrictions revenue if the university receives the contribution and meets the restrictions in the same reporting period. Otherwise, Vanderbilt records contributions with donor-imposed restrictions as increases in net assets with donor restrictions.

After meeting donor stipulations, Vanderbilt releases contributions from restriction and recognizes these contributions as net assets without donor restrictions. Vanderbilt releases from restrictions contributions for capital improvements and recognizes these contributions as nonoperating net assets released from restrictions for capital improvements when the related asset is placed in service.

In contrast to unconditional promises, Vanderbilt does not record conditional promises (primarily bequest intentions and conditional grants) until the university meets donor stipulations.

Measure of Operations

The university's measure of operations, the change in net assets without donor restriction from operating activity, as presented in the consolidated statements of activities, includes revenue from tuition and fees (net of financial aid), grants and contracts, trademark revenue, revenue from affiliates, contributions for operating programs, endowment distributions in support of operations, and other revenues. Vanderbilt reports operating expenses on the consolidated statements of activities by natural classification.

The university's nonoperating activity within the consolidated statements of activities includes endowment and other investment returns, contributions for capital improvements, and other nonrecurring items.

Income Taxes

Vanderbilt is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code ("the Code") and generally is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Vanderbilt is, however, subject to federal and state income tax on unrelated business income, and provision for such taxes is included in the accompanying consolidated financial statements. Vanderbilt regularly evaluates its tax position and does not believe it has any material uncertain tax positions that require disclosure or adjustment to the consolidated financial statements.

The Tax Cuts and Jobs Act ("TCJA") impacts Vanderbilt in several ways, including imposing excise taxes on certain excess compensation and net investment income, and establishing rules for calculating unrelated business taxable income. Vanderbilt has reflected the tax assets, liabilities, and payables in the consolidated financial statements based on reasonable estimates.

Use of Estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

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Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326) Measurement of Credit Losses on Financial Statements. ASU 2016-13 introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. The amendments of ASU 2016-13 are intended to provide financial statement users with more decision-useful information related to expected credit losses on financial instruments and other commitments to extend credit by replacing the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. ASU 2016-13 was originally effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. In November 2019, the FASB issued ASU 2019-10, Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842) Effective Dates. These issuances deferred the effective dates of these standards for certain entities. Based on the updated guidance, ASU 2016-13 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Vanderbilt is evaluating the effect of adoption on the financial statements and related disclosures.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of June 30 were as follows (*in thousands*):

	2023	2022
Total assets	\$ 13,181,123	\$ 13,562,342
Less nonfinancial assets:		
Property, plant, and equipment, net	1,817,056	1,634,036
Prepaid expenses and other assets	14,331	14,923
Right-of-use assets	49,602	58,145
Less assets unavailable for general expenditure within one year:		
Endowment funds, including institutional endowments	9,930,677	10,232,068
Contributions receivable, greater than one year	95,059	48,692
Interests in trusts held by others and investments allocable to minority interests	40,515	48,124
Annuities, trusts and other illiquid investments ¹	31,333	69,183
Student loans and other notes receivable, net	17,918	17,926
Financial assets available within one year	\$ 1,184,632	\$ 1,439,245

¹ Balance includes an \$8.7 million positive mark-to-market on the remaining \$25.0 million notional of the Treasury Lock as of June 30, 2023. As of June 30, 2023, \$175.0 million total notional of the original \$200.0 million notional Treasury Lock was terminated. The positive mark-to-market balance is recorded in "Investments" on the consolidated statements of financial position.

Vanderbilt has \$1,184.6 million of financial assets that are available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$937.1 million, accounts receivable of \$101.5 million, contributions receivable, less than one year of \$70.5 million, and short-term investments of \$75.5 million.

Vanderbilt manages its financial assets for availability when its operating expenditures, liabilities, and other obligations come due. In addition, Vanderbilt invests cash in excess of daily requirements in short-term investments or fixed-income securities. To supplement working capital and investment commitments, Vanderbilt had two general lines of credit of \$250.0 million and \$100.0 million as of June 30, 2023. The line of credit agreement of \$250.0 million was renewed in September 2023 and matures in September 2024. The \$100.0 million line of credit was renewed and matures in June 2024. In fiscal years 2023 and 2022, Vanderbilt did not borrow against any of its general use lines of credit to support operations. Vanderbilt's commercial paper limitation is \$300.0 million; Vanderbilt had \$25.0 million (par) of taxable commercial paper and \$25.0 million (par) tax-exempt commercial paper outstanding as of June 30, 2023, and \$50.0 million (par) of taxable commercial paper outstanding as of June 30, 2022.

Vanderbilt provides liquidity support for debt with short-term remarketing periods through self-liquidity. Additionally, Vanderbilt has institutional endowments of \$5,612.4 million and \$5,945.1 as of June 30, 2023, and June 30, 2022, respectively. Although Vanderbilt does not intend to spend from its institutional endowment funds, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its institutional endowment funds could be made available if necessary. However, both the endowments with donor restrictions and institutional endowments contain investments with lock-up provisions that would reduce the total investments that could be made available (refer to Notes 7 and 12 for disclosures about investments).

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4. ACCOUNTS RECEIVABLE

The major components of accounts receivable as of June 30 were as follows *(in thousands)*:

	2023	2022
Research and sponsored programs	\$ 48,222	\$ 37,887
VUMC-related agreements	35,898	52,055
Royalty distributions receivable	4,664	19,227
Tuition and fees	3,051	3,273
Accrued investment income	571	817
Other	12,192	4,601
Accounts receivable	104,598	117,860
Less: Allowance for uncollectible amounts	(3,095)	(3,060)
Accounts receivable, net	\$ 101,503	\$ 114,800

Vanderbilt records allowances for uncollectible amounts based on management's assessment of expected net collections considering historical trends and current economic factors. Vanderbilt's accounts receivable balance on June 30, 2023, includes \$48.2 million related to research and sponsored programs and \$35.9 million related to agreements with VUMC. These receivables account for 83% of total net receivables as of June 30, 2023.

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30 were as follows *(in thousands)*:

	2023	2022
Unconditional promises expected to be collected:		
less than one year	\$ 70,500	\$ 56,876
between one year and five years	127,659	69,208
in more than five years	3,151	5,577
Contributions receivable	201,310	131,661
Less: Discount	(20,204)	(7,685)
Less: Allowance for uncollectible promises	(15,547)	(18,408)
Contributions receivable, net	\$ 165,559	\$ 105,568

Vanderbilt discounts contributions receivable at a rate commensurate with the scheduled timing of receipt. Vanderbilt applied discount rates ranging from 4.0% to 5.4% and 2.8% to 3.0% to amounts outstanding as of June 30, 2023, and 2022, respectively. Vanderbilt's methodology for calculating the allowance for uncollectible promises consists of analyzing write-offs as a percentage of gross pledges receivable along with assessing the age and activity of outstanding pledges.

Contributions receivable, net as of June 30, were as follows *(in thousands)*:

	2023	2022
Restricted for programs and other operational purposes	\$ 88,080	\$ 31,698
Restricted for capital improvements	36,060	30,742
Restricted for endowment	41,419	43,128
Contributions receivable, net	\$ 165,559	\$ 105,568

In addition to pledges reported as contributions receivable, Vanderbilt had cumulative bequest intentions, conditional grants, and conditional promises to give of approximately \$774.1 million and \$633.9 million as of June 30, 2023, and 2022, respectively. Due to their conditional nature, Vanderbilt does not recognize these intentions to give as assets.

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6. STUDENT LOANS AND OTHER NOTES RECEIVABLE

Student loans and other notes receivable as of June 30 were as follows (*in thousands*):

	2023			2022		
	Receivable	Allowance	Net	Receivable	Allowance	Net
Student loans:						
Federal	\$ 15,879	\$ (107)	\$ 15,772	\$ 16,070	\$ (132)	\$ 15,938
Institutional	963	(131)	832	1,435	(351)	1,084
Total student loans	16,842	(238)	16,604	17,505	(483)	17,022
Faculty mortgages	1,314	-	1,314	904	-	904
Student loans, other notes receivable, and related allowances	\$ 18,156	\$ (238)	\$ 17,918	\$ 18,409	\$ (483)	\$ 17,926

Vanderbilt remains committed to “no loans” for its undergraduate students, meaning that the university is meeting full-demonstrated financial need with scholarship and grant assistance. For other groups (e.g., professional school students), participation in several federal revolving loan programs, including the Perkins, Nursing, and Health Professionals Student Loan programs, has continued.

Vanderbilt carries loans to students at cost, which, based on secondary market information, approximates the fair value of education loans with similar interest rates and payment terms. The availability of funds for new loans under these programs is dependent on reimbursements to the pool from repayments on outstanding loans.

Vanderbilt assigns loans receivable from students under governmental loan programs, also carried at cost, to the federal government or its designees. Vanderbilt classifies refundable advances from the federal government as liabilities in the consolidated statements of financial position. Outstanding loans canceled under a governmental program result in a reduction of the funds available for loan and a decrease in Vanderbilt’s liability to the government.

Vanderbilt establishes bad debt allowances based on prior collection experience and current economic factors, which, in management’s judgment, could influence the ability of loan recipients to repay amounts due. When deemed uncollectible, Vanderbilt writes off institutional loan balances.

In an effort to attract and retain a world-class faculty, Vanderbilt provides various incentives and historically provided home mortgage financing assistance in select situations. Deeds of trust on properties concentrated in the surrounding region collateralize these notes. Vanderbilt has not recorded an allowance for doubtful accounts for loans based on their collateralization and prior collection history.

7. INVESTMENTS

Investments consist of the following as of June 30 (*in thousands*):

	2023	2022
Short-term securities ¹	\$ 212	\$ 196
Global equities ¹	2,087,037	1,977,690
Fixed income ¹	839,102	773,495
Hedged strategies ²	2,218,995	2,575,991
Private capital ³	3,739,760	3,841,567
Real estate ³	297,715	236,009
Natural resources ³	580,514	723,229
Commodities ⁴	212,650	192,619
Trusts ⁵	22,677	23,195
Private credit ¹	15,327	4,411
Other investments ^{5,6}	34,024	53,410
Total value ⁷	\$ 10,048,013	\$ 10,401,812

¹ Quoted prices in active markets determine fair value, or fund managers provide the net asset value per share of the specific investment to establish fair value.

² Quoted prices in active markets determine fair value, or fund managers provide the net asset value per share of the specific investment to establish fair value. Includes \$616.8 million and \$916.6 million of cash and cash equivalents classified as investments in fiscal 2023 and 2022, respectively.

³ Fund managers provide the net asset value of Vanderbilt's ownership interests at the fund level to establish fair value.

⁴ Quoted prices in active markets determine fair value.

⁵ Carrying value provides a reasonable estimate of fair value for certain components.

⁶ Balance includes an \$8.7 million positive mark-to-market on the remaining \$25.0 million notional of the Treasury Lock as of June 30, 2023. As of June 30, 2023, \$175.0 million total notional of the original \$200.0 million notional Treasury Lock was terminated. The positive mark-to-market balance is recorded in "Investments" on the consolidated statements of financial position.

⁷ Net of securities sold short of \$579.2 million and \$614.3 million, total value of investments is \$9,468.8 million and \$9,787.5 million in fiscal 2023 and 2022, respectively.

Included in the amounts above are investments allocable to noncontrolling interests (i.e., minority limited partners) reported at fair value. Changes in noncontrolling interests net assets for the fiscal year ended June 30, 2023, were as follows (*in thousands*):

Fair value as of June 30, 2022	\$ 17,061
Distributions to minority limited partners	(7,340)
Capital commitments funded by minority limited partners	55
Appreciation allocable to minority limited partners	668
Fair value as of June 30, 2023	\$ 10,444

Changes in noncontrolling interests net assets for the fiscal year ended June 30, 2022, were as follows (*in thousands*):

Fair value as of June 30, 2021	\$ 28,808
Distributions to minority limited partners	(8,140)
Capital commitments funded by minority limited partners	-
Appreciation allocable to minority limited partners	(3,607)
Fair value as of June 30, 2022	\$ 17,061

Short-term securities primarily comprise short-term U.S. Treasury bills.

Global equities consist of investment funds globally diversified across public markets including U.S. markets, other developed markets, and emerging and frontier markets. Fund managers of these investments have the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position.

Fixed income includes investments directed toward capital preservation and predictable yield as well as more opportunistic strategies focused on generating return on price appreciation. These investments are primarily public investments such as U.S. Treasuries and other government obligations, investment-grade corporate bonds, high-yield corporate bonds, bank debt, commercial mortgage-backed securities, residential non-agency mortgage-backed securities, asset-backed securities, direct lending, and below investment-grade developed and emerging market sovereign debt. Vanderbilt may make investments through commingled vehicles, separately managed accounts, synthetic transactions, and limited partnership interests.

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Hedged strategies investments reflect multiple strategies such as event driven, relative value, and equity funds to diversify risks and reduce volatility in the portfolio generally in hedge fund structures. These strategies also include investments in long and short primarily credit-oriented securities. Investments may include mortgage-backed securities, trade finance, debt and asset-backed securities, repurchase agreements, senior loans, bank loans, and cash designated for investment. The fair value of open short positions is recorded as a liability and Vanderbilt records an unrealized gain or loss to the extent of the difference between the proceeds received and the value of the open short position. By entering into short sales, Vanderbilt bears the market risk of increases in the value of the security sold short in excess of the proceeds received. Possible losses from short sales differ from losses that could be incurred from purchases of securities because losses from short sales may be unlimited, whereas losses from purchases cannot exceed the total amount invested.

Private capital consists of illiquid investments in buyouts, distressed debt, mezzanine debt, growth equity, and venture capital. Vanderbilt may make investments through commingled vehicles, separately managed accounts, synthetic transactions, limited partnership interests, and direct investments.

Real estate comprises illiquid investments in residential and commercial real estate assets, projects, publicly traded REITs or land held directly through separately managed accounts, limited partnership interests, and direct investments in properties. The nature of the investments in this category is such that distributions generally reflect liquidation of the underlying assets of the funds.

Natural resources include illiquid investments in timber, oil and gas production, mining, energy, and related services businesses held directly or in commingled limited partnership funds.

Commodities include public investments such as commodity futures, commodity-related equities, and private investments in energy, power, infrastructure, and timber. Investments may be made through commingled vehicles, separately managed accounts, synthetic transactions, limited partnership interests, and direct investments.

Trusts are Vanderbilt's split-interest agreements with donors, including charitable gift annuities, life income funds, and other nonendowed trusts.

Private credit includes privately originated or negotiated investments, comprising potentially higher yielding, illiquid opportunities across a range of risk and return profiles. They are not traded on the public markets.

8. ENDOWMENT

Endowment-related assets include donor-restricted endowments and institutional endowments (quasi-endowments). Vanderbilt's endowment does not include gift annuities, interests in trusts held by others, contributions pending donor designation, or contributions receivable.

Interpretation of Relevant Law

The Board of Trust's interpretation of its fiduciary responsibilities for donor-restricted endowments under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") requirements, barring the existence of any donor-specific provisions, is to preserve intergenerational equity. Under this broad guideline, future endowment beneficiaries should receive at least the same level of real economic support as the current generation. The overarching objective is to preserve and enhance the real (inflation-adjusted) purchasing power of the endowment in perpetuity. Vanderbilt invests assets to provide a relatively predictable and stable stream of earnings to meet spending needs and attain long-term return objectives without the assumption of undue risks.

UPMIFA specifies that unless stated otherwise in a gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for expenditure. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, Vanderbilt reports both the historical value for such endowments and the net accumulated appreciation, including recapitalizations, as net assets with donor restrictions. In this context, historical value represents the original value of initial contributions restricted as perpetual endowments plus the original value of subsequent contributions and, if applicable, the value of accumulations made in accordance with the direction of specific donor gift agreements.

Spending Policy

Specific appropriation for expenditure of Vanderbilt's endowment funds occurs each spring when the Board of Trust approves the university's operating budget for the subsequent fiscal year. For fiscal years 2023 and 2022, Vanderbilt's Board of Trust approved endowment distributions based on 5.0% of the average of the previous three calendar year-end market values. Vanderbilt reinvests actual realized endowment return earned in excess of distributions. For years when the endowment return is less than the distribution, the endowment pool's cumulative returns from prior years cover the shortfall.

Vanderbilt may not fully expend Board-appropriated endowment distributions in a particular fiscal year. In some cases, Vanderbilt will reinvest distributions into the endowment. Institutional endowments, which are Board-designated, include amounts for student scholarships and support for faculty research and teaching.

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The table below summarizes Vanderbilt's endowment for the fiscal years ended June 30 (*in thousands*):

2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowments with donor restrictions	\$ -	\$ 3,797,946	\$ 3,797,946
Reinvested distributions	153,789	120,035	273,824
Institutional endowments	5,612,426	-	5,612,426
Endowment net assets as of June 30, 2023	\$ 5,766,215	\$ 3,917,981	\$ 9,684,196

2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowments with donor restrictions	\$ -	\$ 3,974,041	\$ 3,974,041
Reinvested distributions	163,604	123,357	286,961
Institutional endowments	5,945,066	-	5,945,066
Endowment net assets as of June 30, 2022	\$ 6,108,670	\$ 4,097,398	\$ 10,206,068

The purposes of endowments with donor restrictions as of June 30 were as follows (*in thousands*):

	2023	2022
Student scholarships	\$ 1,534,562	\$ 1,613,037
Endowed chairs	1,091,483	1,150,565
Operational support, not yet appropriated	694,479	732,738
Program support	313,378	328,096
Research	94,824	99,266
Faculty support and lectureships	68,516	49,669
Capital improvements	50,762	51,147
Other	69,977	72,880
Total endowments with donor restrictions	\$ 3,917,981	\$ 4,097,398

Return Objectives and Parameters

Currently, the endowment portfolio consists of three primary components designed to serve a specific role in establishing the right balance between risk and return. These three components are global, public, and private equity investments. Vanderbilt expects these three components, including private capital and many hedge funds, to produce favorable returns in environments of accelerated growth and economic expansion. Vanderbilt expects hedged strategies and fixed income investments to generate stable returns and preserve capital during periods of poor equity performance. Vanderbilt uses real estate and natural resources allocations to provide an inflation hedge.

Funds with Deficiencies

From time to time, the fair value of assets associated with an endowed fund may fall below the level that a donor or UPMIFA requires in terms of maintenance of perpetual duration endowments. Vanderbilt has a policy that permits spending from underwater funds, unless specifically prohibited by the donor or relevant laws and regulations. As of June 30, 2023, and 2022, Vanderbilt had 202 and 106 funds, respectively, with deficiencies of this nature resulting from unfavorable market declines that occurred after the investment of recent contributions with donor restrictions. Vanderbilt believes these declines are modest in relation to the total market value for donor-restricted endowments and that these deficiencies will be relatively short-term in nature. The amount of such deficiencies for the fiscal years ended June were as follows (*in thousands*):

	2023	2022
Aggregate original gift amount	\$ 76,946	\$ 29,370
Less aggregate fair value	72,330	27,398
Aggregate deficiency	\$ 4,616	\$ 1,972

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Changes in endowment net assets for the fiscal years ended June 30 were as follows (*in thousands*):

2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of June 30, 2022	\$ 6,108,670	\$ 4,097,398	\$ 10,206,068
Endowment investment return, net	(117,872)	(79,586)	(197,458)
Gifts and additions to endowment, net	24,269	67,367	91,636
Endowment distributions	(248,852)	(167,198)	(416,050)
Endowment net assets as of June 30, 2023	\$ 5,766,215	\$ 3,917,981	\$ 9,684,196

2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of June 30, 2021	\$ 6,569,806	\$ 4,358,706	\$ 10,928,512
Endowment investment return, net	(280,728)	(189,712)	(470,440)
Gifts and additions to endowment, net	44,591	77,853	122,444
Endowment distributions	(224,999)	(149,449)	(374,448)
Endowment net assets as of June 30, 2022	\$ 6,108,670	\$ 4,097,398	\$ 10,206,068

9. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment as of June 30 were as follows (*in thousands*):

	2023	2022
Land	\$ 271,234	\$ 237,573
Buildings and improvements	2,339,073	2,116,130
Moveable equipment	335,048	345,075
Construction in progress	269,765	266,091
Property, plant, and equipment	3,215,120	2,964,869
Less: Accumulated depreciation	(1,398,064)	(1,330,833)
Property, plant, and equipment, net	\$ 1,817,056	\$ 1,634,036

Buildings and improvements include \$14.4 million of leasehold improvements in both the years ended June 30, 2023, and 2022. Vanderbilt reports property, plant, and equipment at cost or, if a gift, at fair value as of the date of the gift, net of accumulated depreciation. Vanderbilt computes depreciation using the straight-line method over the estimated useful lives of the assets: 10 to 50 years for buildings, building improvements, and land improvements; the shorter of the asset life or life of the lease including renewal options for leasehold improvements; and three to 25 years for machinery and equipment.

Purchases for the fine art and library collections are not included in the amounts above as Vanderbilt expenses such items at the time of purchase. As of June 30, 2023, the estimated replacement cost, including processing costs to properly identify, catalog, and shelve materials, for library collections totaled \$472.7 million and for fine art collections totaled \$49.0 million. Any proceeds from deaccessioned collection items are used for the direct care of existing collections. Direct care is an investment that enhances the life, usefulness, or quality of the collection.

Vanderbilt reported capitalized interest of \$2.2 million and \$3.5 million to construction in progress and/or buildings and improvements in the years ended June 30, 2023, and 2022, respectively.

Vanderbilt reviews property, plant, and equipment for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The university recognizes an impairment loss if the carrying amount of a long-lived asset exceeds its fair value and is not recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Vanderbilt did not recognize any impairment losses in fiscal 2023 or 2022.

Vanderbilt identified conditional asset retirement obligations, primarily for the costs of asbestos removal and disposal, resulting in liabilities of \$6.6 million and \$3.8 million as of June 30, 2023, and 2022, respectively. These liability estimates, included in accounts payable and accrued liabilities in the consolidated statements of financial position, use an inflation rate of 8.26% and 4.16% as of June 30, 2023, and 2022, respectively, and a discount rate of 4.98% and 4.37% as of June 30, 2023, and 2022, respectively, based on relevant factors at origination.

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10. LONG-TERM DEBT

Long-term debt consists of bonds and notes payable with scheduled final maturity dates at least one year after the original issuance date.

Outstanding long-term debt reflected in the financial statements at carrying value as of June 30 were as follows (*in thousands*):

	Fiscal Year of Maturity	Fixed Coupon Interest Rates as of June 30, 2023	Fiscal 2023 Effective Interest Rate	Outstanding Principal	
				2023	2022
FIXED-RATE DEBT					
Series 2016 - Taxable	2047	2.03% - 3.44%	3.2%	\$ 112,490	\$ 115,760
Series 2018 – Private Placement	2049	3.93%	3.9%	300,000	300,000
Series 2019 – Private Placement	2038	2.51%	2.5%	103,125	108,740
Series 2020 – Private Placement	2050	3.00%	3.0%	100,000	100,000
Fixed-rate debt (par amount)			3.4%	\$ 615,615	\$ 624,500
Cost of issuance			-	(955)	(996)
Total long-term debt			3.4%	\$ 614,660	\$ 623,504
COMMERCIAL PAPER					
Tax-exempt commercial paper	< 1		3.3%	\$ 25,000	\$ -
Taxable commercial paper	< 1		3.0%	24,688	49,728
Total commercial paper			3.0%	\$ 49,688	\$ 49,728
Total long-term debt and commercial paper			3.4%	\$ 664,348	\$ 673,232

All debt instruments are general obligations of Vanderbilt. Vanderbilt did not pledge any of its assets as collateral for this debt. Payments for interest costs occur on varying scheduled payment dates for debt. Vanderbilt calculates accrued interest expense for its debt based on applicable interest rates for the respective fiscal year. Interest expense of \$20.8 million in fiscal 2023 includes \$0.5 million of other interest expense and is net of capitalized interest of \$2.2 million. Interest expense of \$17.9 million in fiscal 2022 is net of capitalized interest of \$3.5 million.

Principal retirements and scheduled sinking fund requirements based on nominal maturity schedules for long-term debt due in subsequent fiscal years are as follows (*in thousands*):

2024	\$ 16,125
2025	16,345
2026	16,605
2027	17,535
2028	17,815
Thereafter	531,190
Total long-term debt principal retirements	\$ 615,615

In May 2023, Vanderbilt retired \$25.0 million (par) Commercial Paper under its existing Taxable CP Program Series C using working capital and issued \$25.0 million (par) Commercial Paper under its new Taxable Commercial Paper Program to finance a strategic real estate acquisition adjacent to campus and other projects. In February 2023, Vanderbilt retired \$25.0 million (par) Commercial Paper issued under its existing Taxable CP Program Series C using working capital and issued \$25.0 million (par) Commercial Paper under its new Tax-Exempt Commercial Paper Program Number One to finance its residential college program. In July 2021, Vanderbilt issued \$50.0 million (par) Commercial Paper under its existing Taxable CP Program Series C to finance a strategic real estate acquisition adjacent to campus and other projects.

On December 6, 2021, Vanderbilt executed a 24-month Treasury Lock (the “Lock”) with a national, United States bank using the underlying 30-year U.S. Treasury rate. The notional amount of the Lock was \$200.0 million. The all-in locked rate, including the forward and execution premium, is 1.8%. Maturity on the Lock is December 6, 2023. No collateral postings are required during the term of the Lock. Vanderbilt executed this Lock in anticipation of future long-term debt issuances in fiscal years 2024 and 2025. The exact timing and amount of these future debt issuances are still under discussion internally as part of the university’s long-term strategic capital planning evaluation process. As of June 30, 2023, Vanderbilt has terminated \$175.0 million notional of the original \$200.0 million notional Lock for \$55.5 million in total proceeds. As of June 30, 2023, the positive mark-to-market on the remaining \$25.0 million notional of the Lock was \$8.7 million. As of June

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30, 2022, the positive mark-to-market on the \$200.0 million notional was \$46.0 million. The mark-to-market is recorded in “Investments” on the consolidated statements of financial position.

11. NET ASSETS

The following is a summary of net assets as of June 30 (*in thousands*):

2023	Without donor restriction	With donor restriction	Total
Operations	\$ 182,409	\$ -	\$ 182,409
Deferred trademark license revenue	(1,796,712)	-	(1,796,712)
Net investment in plant	1,314,680	206	1,314,886
Endowment funds	5,766,215	3,917,981	9,684,196
Donor pledges and gifts	-	242,647	242,647
Split-interest agreements	-	72,710	72,710
Net assets attributable to Vanderbilt	5,466,592	4,233,544	9,700,136
Net assets related to noncontrolling interests	10,444	-	10,444
Total net assets as of June 30, 2023 ¹	\$ 5,477,036	\$ 4,233,544	\$ 9,710,580

¹ Total net assets with donor restrictions as of June 30, 2023, includes net asset with donor restrictions restricted in perpetuity of \$1,714,305.

2022	Without donor restriction	With donor restriction	Total
Operations	\$ 221,687	\$ -	\$ 221,687
Deferred trademark license revenue	(1,841,610)	-	(1,841,610)
Net investment in plant	1,126,123	-	1,126,123
Endowment funds	6,108,670	4,097,398	10,206,068
Donor pledges and gifts	-	176,944	176,944
Split-interest agreements	-	72,191	72,191
Net assets attributable to Vanderbilt	5,614,870	4,346,533	9,961,403
Net assets related to noncontrolling interests	17,061	-	17,061
Total net assets as of June 30, 2022 ¹	\$ 5,631,931	\$ 4,346,533	\$ 9,978,464

¹ Total net assets with donor restrictions as of June 30, 2022, includes net asset with donor restrictions restricted in perpetuity of \$1,654,864.

12. FAIR VALUE MEASUREMENT

Vanderbilt utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 consist of quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 include inputs other than quoted prices in Level 1 directly or indirectly observable for the assets or liabilities.

Level 3 are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety is classified depends on the lowest level input that is significant to the fair value measurement.

The significance of the unobservable inputs to the overall fair value measurement determines the classification of a financial instrument within level 3.

The fair values of alternative investments (interests in private equity, hedge, real estate, and other similar funds) for which quoted market prices are not available are generally measured based on the reported partner’s capital or net asset value (“NAV”) provided by the associated external investment managers. The reported partner’s capital or NAV is subject to management’s assessment that the valuation provided is representative of fair value.

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The consolidated statements of activities reflect: all realized and unrealized gains and losses net of expenses on investments as appreciation of endowment or appreciation of other investments; gains and losses on investments allocable to noncontrolling interests as a component of appreciation of endowment; and net realized and unrealized gains and losses on interests in trusts held by others as other sources.

Rollforwards of amounts for level 3 financial instruments for the fiscal years ended June 30 follow (*in thousands*):

	Beginning balance as of June 30, 2022	Net realized and unrealized gains(losses) ¹	Purchases	Sales	Transfers into/(out of) level 3	Ending balance as of June 30, 2023
LEVEL 3 ASSETS						
Real estate	\$ 16	\$ (4)	\$ -	\$ -	\$ -	\$ 12
Trusts	23,195	1,814	568	(2,900)	-	22,677
Other investments	1,648	14	750	-	-	2,412
Interests in trusts held by others	31,063	(580)	-	(412)	-	30,071
Total Level 3	\$ 55,922	\$ 1,244	\$ 1,318	\$ (3,312)	\$ -	\$ 55,172

¹ Total unrealized gains/(losses) relating to level 3 investment assets held by the university at June 30, 2023, is \$928.3 and is reflected in "Appreciation of endowment, net of distributions" for private capital and natural resources categories as well as "Other sources" for remaining categories in the consolidated statement of activities.

	Beginning balance as of June 30, 2021	Net realized and unrealized gains(losses) ¹	Purchases	Sales	Transfers into/(out of) level 3	Ending balance as of June 30, 2022
LEVEL 3 ASSETS						
Real estate	\$ 16	\$ -	\$ -	\$ -	\$ -	\$ 16
Natural resources	15,226	859	-	(16,085)	-	-
Trusts	32,813	(3,842)	2,207	(7,983)	-	23,195
Other investments	1,437	63	364	(216)	-	1,648
Interests in trusts held by others	34,829	(3,766)	-	-	-	31,063
Total Level 3	\$ 84,321	\$ (6,686)	\$ 2,571	\$ (24,284)	\$ -	\$ 55,922

¹ Total unrealized gains/(losses) relating to level 3 investment assets held by the university at June 30, 2022, is (\$24,043.7) and is reflected in "Appreciation of endowment, net of distributions" for private capital and natural resources categories as well as "Other sources" for remaining categories in the consolidated statement of activities.

The following tables present the amounts within each valuation hierarchy level for those assets and liabilities carried at fair value: cash and cash equivalents; investments; investments allocable to noncontrolling interests (in Vanderbilt-controlled real estate and other partnerships); interests in trusts held by others; securities sold short; and the fair value of interest rate exchange agreements.

Also included in the following tables, as a measure of liquidity, are the redemption terms and restrictions of investments, along with the numbers of days' notice required to liquidate these investments. Most investments classified as levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings. Vanderbilt's ability to redeem its interest at or near the financial statement date determines the net assets' classification as level 2 or level 3. Vanderbilt defines near-term as within 90 days of the financial statement date. The total asset values for short-term securities, global equities, fixed income, hedged strategies, and commodities provide varying levels of liquidity, with daily to annual redemption frequencies. These strategies allow Vanderbilt to provide notice to the fund managers to exit from the respective funds in the time periods noted.

The total asset values for private capital, real estate, natural resources, private credit, and other investments are illiquid as of June 30, 2023, and as of June 30, 2022. These amounts predominantly consist of limited partnerships. Under the terms of these limited partnership agreements, Vanderbilt is obligated to remit additional funding periodically as capital calls are exercised by the general partner. These partnerships have a limited existence, and the agreements may provide for annual extensions relative to the timing for disposing portfolio positions and returning capital to investors. Depending on market conditions, the ability or inability of a fund to execute its strategy, and other factors, the general partner may extend the terms or request an extension of terms of a fund beyond its originally anticipated existence or may liquidate the fund prematurely. Unforeseen events prevent Vanderbilt from anticipating such changes. As a result, the timing and amount of future capital calls or distributions in any particular year are uncertain and the related asset values are illiquid.

Trusts are restricted by donors according to the underlying gift agreement with assets held to satisfy annuity obligations or until a remainder portion becomes available upon termination. As such, trusts are illiquid until termination, the timing of which is unknown.

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The following tables summarize the fair value measurements and terms for redemptions or liquidations for those assets and liabilities carried at fair value as of June 30 (*in thousands*):

Assets Reported at Fair Value as of June 30, 2023

	Fair Value Measurements					Total
	Level 1	Level 2	Level 3	NAV		
Cash and cash equivalents	\$ 937,070	\$ -	\$ -	\$ -	\$ -	937,070
Short-term securities	212	-	-	-	-	212
Global equities	1,876,446	59,909	-	150,682	-	2,087,037
Fixed income	232,568	543,860	-	62,674	-	839,102
Hedged strategies ¹	1,347,424	494,620	-	376,951	-	2,218,995
Private capital	18,368	31,269	-	3,690,123	-	3,739,760
Real estate	-	-	12	297,703	-	297,715
Natural resources	223	-	-	580,291	-	580,514
Commodities	212,650	-	-	-	-	212,650
Trusts	-	-	22,677	-	-	22,677
Private credit	-	-	-	15,327	-	15,327
Other investments ²	6,735	24,877	2,412	-	-	34,024
Interests in trusts held by others	-	-	30,071	-	-	30,071
Total assets reported at fair value	\$ 4,631,696	\$ 1,154,535	\$ 55,172	\$ 5,173,751	\$ -	\$ 11,015,154

Liabilities Reported at Fair Value as of June 30, 2023

Securities sold short	\$ 513,571	\$ 65,600	\$ -	\$ -	\$ -	579,171
Total liabilities reported at fair value	\$ 513,571	\$ 65,600	\$ -	\$ -	\$ -	\$ 579,171

¹ Includes \$616.8 million of cash and cash equivalents classified as investments.

² Balance includes an \$8.7 million positive mark-to-market on the remaining \$25.0 million notional of the Treasury Lock as of June 30, 2023. As of June 30, 2023, \$175.0 million total notional of the original \$200.0 million notional Treasury Lock was terminated. The positive mark-to-market balance is recorded in "Investments" on the consolidated statements of financial position.

Assets Reported at Fair Value as of June 30, 2022

	Fair Value Measurements					Total
	Level 1	Level 2	Level 3	NAV		
Cash and cash equivalents	\$ 1,184,069	\$ -	\$ -	\$ -	\$ -	1,184,069
Short-term securities	196	-	-	-	-	196
Global equities	1,707,847	59,533	-	210,310	-	1,977,690
Fixed income	234,873	482,167	-	56,455	-	773,495
Hedged strategies ¹	1,559,700	626,787	-	389,504	-	2,575,991
Private capital	17,019	4,825	-	3,819,723	-	3,841,567
Real estate	-	-	16	235,993	-	236,009
Natural resources	122	-	-	723,107	-	723,229
Commodities	192,619	-	-	-	-	192,619
Trusts	-	-	23,195	-	-	23,195
Private credit	-	-	-	4,411	-	4,411
Other investments ²	(12,404)	64,166	1,648	-	-	53,410
Interests in trusts held by others	-	-	31,063	-	-	31,063
Total assets reported at fair value	\$ 4,884,041	\$ 1,237,478	\$ 55,922	\$ 5,439,503	\$ -	\$ 11,616,944

Liabilities Reported at Fair Value as of June 30, 2022

Securities sold short	\$ 511,012	\$ 103,304	\$ -	\$ -	\$ -	614,316
Total liabilities reported at fair value	\$ 511,012	\$ 103,304	\$ -	\$ -	\$ -	\$ 614,316

¹ Includes \$916.6 million of cash and cash equivalents classified as investments.

² Includes the positive mark-to-market on the \$200.0 million notional 24-month Treasury Lock as of June 30, 2022, of \$46.0 million which is recorded in "Investments" on the consolidated statements of financial position.

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Redemption Terms and Restrictions as of June 30, 2023

	2023 Fair Value	Redemption Terms	Redemption Restrictions
Cash and cash equivalents	\$ 937,070	Daily, with same-day to 90-day notice	No restrictions
Short-term securities	212	Daily, with 1-day notice	No restrictions
Global equities	2,087,037	Daily to annually, with 1- to 90-day notice	Lock-up provision ranging from none to 2 years
Fixed income	839,102	Daily to annually, with 1- to 365-day notice	No restrictions
Hedged strategies	2,218,995	Daily to annually, with 15- to 90-day notice	Lock-up provision ranging from none to 2 years
Private capital	3,739,760	N/A	Not redeemable
Real estate	297,715	N/A	Not redeemable
Natural resources	580,514	N/A	Not redeemable
Commodities	212,650	Daily, with 1- to 30-day notice	No restrictions
Trusts	22,677	N/A	Not redeemable
Private credit	15,327	N/A	Not redeemable
Other investments	34,024	N/A	Not redeemable
Interests in trusts held by others	30,071	N/A	Not redeemable

13. LEASES

Vanderbilt has recognized operating right-of-use assets (ROU) and lease liabilities for leases on its consolidated statements of financial position. The balances of prepaid and accrued rent, lease incentives, and unamortized assets and liabilities are presented within operating lease ROU assets on Vanderbilt's consolidated statements of financial position.

Vanderbilt is obligated under numerous operating leases to pay base rent through the respective lease expiration dates. Operating leases primarily consist of equipment and real property for educational campus facilities and office space with remaining lease terms of up to 10 years through fiscal 2032. Variable lease payments based on an index or rate, such as the consumer price index, are initially measured using the index or rate in effect at lease commencement. Vanderbilt has elected the short-term lease exception under Topic 842 for all leases and, as such, leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position. Vanderbilt recognizes lease expense for short-term leases on a straight-line basis over the lease term.

The following tables summarize the total lease expenses components incurred for the fiscal years ended June 30 (*in thousands*):

	2023	2022
Operating lease expense	\$ 13,505	\$ 12,824
Short-term lease expense	5,146	3,846
Total lease expense	\$ 18,651	\$ 16,670

Other lease information	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 13,857	\$ 12,917
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 2,750	\$ 6,560
Weighted-average remaining lease term - operating leases	4.37 years	6.36 years
Weighted-discount rate - operating leases	3.00%	2.08%

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The undiscounted cash flows due by fiscal year related to significant noncancelable operating leases with initial terms in excess of one year as of June 30, 2023, along with a reconciliation to the discounted amount recorded as of June 30, 2023, were as follows (*in thousands*):

2024	\$	14,291
2025		14,250
2026		14,011
2027		5,823
2028		3,104
Thereafter		3,923
<hr/>		
Total undiscounted cash flows	\$	55,402
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Less amount representing imputed interest		3,375
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Total lease obligation	\$	52,027
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Property leases for buildings owned by Vanderbilt University Medical Center (43%) and 2100 West End Avenue (25%) account for approximately 68% of the total future minimum rentals as of June 30, 2023.

Vanderbilt is the lessor in several long-term noncancelable operating leases for commercial space through fiscal year 2114. Property leases owned by Vanderbilt University and leased by Vanderbilt University Medical Center account for approximately 98% of the total future minimum operating rental revenue as of June 30, 2023. Operating rental income was \$25.2 million and \$21.7 million of June 30, 2023, and June 30, 2022, respectively.

Future minimum operating rental revenue due as of June 30, 2023, is summarized below (*in thousands*):

2024	\$	32,628
2025		32,058
2026		30,708
2027		24,111
2028		23,443
Thereafter		1,714,922
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Total future minimum rentals	\$	1,857,870
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14. REVENUE RECOGNITION

The following table presents Vanderbilt's sources of revenue as of June 30 as follows (*in thousands*):

	2023	2022
Tuition and educational fees, net		
Undergraduate [net of financial aid, \$195,094 and \$177,814, respectively]	\$ 234,307	\$ 226,061
Professional [net of financial aid, \$64,503 and \$64,455, respectively]	150,427	152,871
Graduate [net of financial aid, \$57,547 and \$55,092, respectively]	11,249	8,942
Total tuition and educational fees, net	395,983	387,874
Grants:		
Government sponsors ¹	168,926	141,974
Private sponsors ¹	11,274	7,692
Facilities and administrative costs recovery ¹	48,229	42,880
Contracts:		
Government sponsors ²	40,682	39,033
Private sponsors ³	20,180	14,848
Facilities and administrative costs recovery ⁴	27,012	25,397
Total grants and contracts	316,303	271,824
Contributions ¹	165,378	117,800
Endowment distributions ¹	416,051	374,448
Room, board, and other auxiliary services, net		
Room and board, net [net of financial aid, \$48,768 and \$44,453, respectively]	57,798	47,188
Auxiliary revenue from affiliates	36,486	34,837
West Trace	17,558	15,181
Vanderbilt Legends Club	11,328	11,123
External rental revenue ¹	9,907	7,727
Parking and vehicle registration	6,285	5,434
Commissions revenue	2,747	3,183
Other auxiliary services	6,015	4,644
Total room, board, and other auxiliary services, net	148,124	129,317
Trademark, license, and royalty revenue	173,974	208,566
Affiliated entity revenue	195,411	185,527
Other sources		
Television revenue	38,151	37,798
Investment (loss) income ¹	21,490	(14,565)
Tournament revenue	12,717	14,151
Student athletics ticket revenue	7,635	5,726
Child care operations	4,497	3,906
Conference and seminar revenue	4,334	4,697
Miscellaneous revenue from affiliate	2,900	2,780
Other miscellaneous revenue	23,179	18,223
Total other sources	114,903	72,716
Total revenues and other support	\$ 1,926,127	\$ 1,748,072

¹ Not considered revenue from contracts with customers.

² Revenue from government sponsors includes contracts with customers of \$40.3 million and contributions of \$0.4 million in fiscal 2023 and contracts with customers of \$38.0 million and contributions of \$1.0 million in fiscal 2022.

³ Revenue from private sponsors includes contracts with customers of \$20.0 million in fiscal 2023 and contracts with customers of \$15.0 million in fiscal 2022.

⁴ Revenue from facilities and administrative costs recovery includes contracts with customers of \$27.0 million in fiscal 2023 and contracts with customers of \$25.0 million in fiscal 2022.

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Vanderbilt's related revenue recognition policies are:

Tuition and educational fees, net—Vanderbilt recognizes student tuition and educational fees as performance obligations that are satisfied over time in the amount that reflects the consideration expected for providing academic services in the year those services occur. Vanderbilt reflects financial aid provided for tuition and educational fees as a reduction to the expected consideration. Financial aid does not include payments made to students for services provided to Vanderbilt or financial aid applied to undergraduate room and board. In addition, students who adjust their course load or withdraw completely within the first three weeks of the academic term may receive a full or partial refund in accordance with Vanderbilt's refund policy. Refunds issued reduce the amount of tuition recognized. Tuition payments from students are due approximately 30 days after the invoice date.

Grants and contracts—Vanderbilt records revenues related to grants and contracts in two portfolio categories based on the source of the funds:

Government Sponsors provide funding for research largely to advance knowledge for public or academic benefit in direct support of Vanderbilt's mission. Vanderbilt primarily considers these sponsored research agreements to be contributions (nonreciprocal transactions). Vanderbilt recognizes grant and contract revenue associated with contributions from government sponsors as earned when the conditions are met (allowable expenses have been incurred). Additionally, a small portion of government-sponsored awards qualifies as exchange (reciprocal) transactions. The transaction price for exchange transactions is the stated amount of the award. Vanderbilt recognizes grants and contracts revenue related to these exchange transactions as performance obligations that are satisfied based on the terms of the agreement.

Private Sponsors consist of private agencies, professional associations, private foundations, corporate foundations and corporations and may be either donors or sponsors depending on the nature, intent, and expectations of the funding they are providing. Vanderbilt recognizes revenue associated with contributions from private sponsors as the conditions are met. Additionally, some private sponsor awards qualify as exchange (reciprocal) transactions. The transaction price for exchange transactions is the stated amount of the award. Vanderbilt recognizes grants and contracts revenue related to these exchange transactions at the time services are provided.

Facilities and administrative (F&A) costs recovery is recognized by Vanderbilt as revenue. This activity represents reimbursement, primarily from the federal government, of F&A costs on sponsored activities. Vanderbilt's federal F&A cost recovery rate for on-campus research was 58.5% in fiscal 2023 and in fiscal 2022. Vanderbilt's federal F&A off-campus research remote cost recovery rate was 26.0% in fiscal 2023 and in fiscal 2022. Vanderbilt's federal F&A off-campus research adjacent cost recovery rate 29.5% in fiscal 2023 and in fiscal 2022.

Endowment distributions—Endowment distributions reported as operating revenue consist of endowment return (regardless of when such income arose) distributed to support operational needs in the current period. Vanderbilt's Board of Trust approves the distribution amount from the endowment pool on an annual basis, determined by applying a spending rate to an average of the previous three calendar year-end market values. The primary objective of the endowment distribution methodology is to reduce the impact of capital market fluctuations on operational programs.

Trademark, license, and royalty revenue—The Trademark License Agreement ("TML") between Vanderbilt and VUMC comprises the majority of trademark, license, and royalty revenue. Vanderbilt recognizes all trademark, license, and royalty revenues upon satisfaction of the performance obligation in accordance with the terms of the underlying agreements, which generally result in recognition of the revenue over the term of the agreement. In July 2018, Vanderbilt recorded \$1.43 billion related to the securitized trademark revenue stream as deferred revenue on the statement of financial position and recognizes related revenue upon satisfaction of the performance obligation in accordance with the 30-year term of the underlying agreement. In December 2019, Vanderbilt sold 30 years of a portion of the 1%-of-VUMC revenue TML payment stream in exchange for cash consideration of \$331.6 million. In February 2021, Vanderbilt sold 29 years of an additional portion of the 1%-of-VUMC revenue TML payment stream in exchange for cash consideration of \$277.2 million.

Affiliated entity revenue—Affiliated entity revenue represents amounts received from VUMC to support and ensure sustainability of the upstream research pipeline and other academic initiatives and to compensate Vanderbilt for the provision of operating and capital infrastructure services to VUMC, primarily in campus infrastructure, campus safety and security, and various support functions. Vanderbilt recognizes affiliated entity revenues upon satisfaction of the performance obligation in accordance with the terms of the underlying agreements.

Investment income—Investment income consists of distributions associated with working capital assets invested in long-term pooled investments managed in conjunction with endowment funds and dividends, interest, and gains/losses on other university investments. Vanderbilt reports any difference between total returns for pooled working capital assets and the aforementioned distributions as nonoperating activity. Investment income is included in "Other sources" on the consolidated statements of activities.

Other revenue—Vanderbilt recognizes revenue from other sources as the related services are provided and/or amounts are otherwise earned upon satisfaction of the performance obligation in accordance with the terms of the underlying agreements.

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15. FUNCTIONAL CLASSIFICATION OF EXPENSES AND ALLOCATIONS

Vanderbilt presents functional classification of expenses in accordance with the mission of the university. Vanderbilt's primary programs are instruction and academic support, research and public services, and student services. Support activities are incurred in support of these primary programs.

For operating expenses that benefit multiple functional categories, Vanderbilt allocates these expenses to reflect the full cost of all activities. Based on the functional uses of space on its campus, Vanderbilt allocated operation and maintenance of facilities, depreciation, and interest on indebtedness across functional expense categories.

The following tables summarize operating expenses by natural and functional classification for the fiscal years ended June 30 (*in thousands*):

	Instruction & academic support	Research & public service	Student services	Total program expenses	Support activities	Total expenses
2023						
Salaries, wages, and benefits	\$ 391,854	\$ 146,145	\$ 76,383	\$ 614,382	\$ 218,230	\$ 832,612
Supplies, services, and other	237,738	89,200	74,794	401,732	228,490	630,222
Interest	2,513	1,435	1,620	5,568	15,252	20,820
Depreciation	22,713	18,114	10,537	51,364	49,991	101,355
Grants to affiliate	-	30,845	-	30,845	-	30,845
Total expenses	\$ 654,818	\$ 285,739	\$ 163,334	\$ 1,103,891	\$ 511,963	\$ 1,615,854

	Instruction & academic support	Research & public service	Student services	Total program expenses	Support activities	Total expenses
2022						
Salaries, wages, and benefits	\$ 359,736	\$ 131,342	\$ 68,873	\$ 559,951	\$ 206,692	\$ 766,643
Supplies, services, and other	224,535	74,951	63,678	363,164	175,197	538,361
Interest	2,594	975	686	4,255	13,623	17,878
Depreciation	21,921	15,927	9,964	47,812	48,077	95,889
Grants to affiliate	-	28,100	-	28,100	-	28,100
Total expenses	\$ 608,786	\$ 251,295	\$ 143,201	\$ 1,003,282	\$ 443,589	\$ 1,446,871

16. RETIREMENT PLANS

Vanderbilt's eligible faculty and staff members participate in a defined contribution retirement plan administered by a third-party investment firm. For these employees, this plan requires employee and matching employer contributions. The employee immediately vests in these contributions upon eligibility.

Vanderbilt funds the obligations under these plans through payroll transfers to the respective retirement plan administrators with the corresponding expenses recognized in the year incurred. Vanderbilt's retirement plan contributions for fiscal 2023 and 2022 were \$23.3 million and \$21.5 million, respectively.

17. COMMITMENTS AND CONTINGENCIES

(A) *Construction.* As of June 30, 2023, Vanderbilt had contractual commitments for approximately \$305.5 million of projects under construction and equipment purchases. The largest components of this commitment amount were for Highland plant and electrical substation for \$82.6 million, underground corridors for \$82.4 million, a new basketball practice facility for \$46.7 million, Residential College C for \$32.0 million, and ESB construction for \$11.7 million.

(B) *Litigation.* On May 17, 2016, a former Vanderbilt football player filed suit against the NCAA, the SEC, and Vanderbilt in the Middle District of Florida in Orlando seeking class action status for students who played football at Vanderbilt between 1952 and 2010. The suit is styled *Walthour v. Vanderbilt University, et al.*, No. 16-cv-834 (M.D. Fl.). Walthour alleged he suffered "several" concussions and now has cognitive functioning problems, such as loss of memory, mood swings, sensitivity to light, and blackouts. The suit has been transferred to the Northern District of Illinois for pretrial purposes as a tag-along action to the multidistrict litigation styled *In re: National Collegiate Athletic Association Student-Athlete Concussion Injury Litigation*, MDL No. 2492.

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Vanderbilt believes that the outcome of this action will not have a significant effect on its consolidated financial position. Vanderbilt is otherwise involved in various legal actions occurring in the normal course of activities, which will not have a material adverse effect on Vanderbilt's financial position.

(C) *Regulations.* Vanderbilt's compliance with regulations and laws is subject to future government reviews and interpretations, as well as regulatory actions unknown at this time. Vanderbilt believes that any potential liability from such reviews would not have a significant effect on Vanderbilt's consolidated financial position.

(D) *Employee Health and Workers' Compensation Insurance.* Vanderbilt is self-insured for employee health insurance and workers' compensation coverage. Vanderbilt bases estimated liabilities upon studies conducted by independent actuarial firms.

(E) *Federal and State Contracts and Other Requirements.* Expenditures related to federal and state grants and contracts are subject to adjustment based upon review by the granting agencies. Amounts of expenditures that granting agencies might disallow cannot be determined at this time. These amounts affect government grants and contract revenue as well as facilities and administrative cost recovery. Vanderbilt would not expect these costs to materially impact the consolidated financial position.

(F) *Partnership Investment Commitments.* Vanderbilt had \$1,396.8 million of commitments to venture capital, real estate, and private equity investments as of June 30, 2023. At the request of the general partners, Vanderbilt may be required to contribute funds over the next several years. Vanderbilt expects to finance these commitments with available cash and expected proceeds from the sales of securities. Included in these commitments is \$1.2 million of commitments for which Vanderbilt is a secondary guarantor for commitments in certain investment vehicles where minority limited partners in subsidiaries that Vanderbilt controls have the primary obligations.

18. RELATED PARTIES

Intermittently, members of Vanderbilt's Board of Trust or Vanderbilt employees may be directly or indirectly associated with companies engaged in business activities with the university. Accordingly, Vanderbilt has a written conflict of interest policy that requires, among other things, that members of the university community (including trustees) may not review, approve, or administratively control contracts or business relationships when (a) the contract or business relationship is between Vanderbilt and a business in which the individual or a family member has a material financial interest or (b) the individual or a family member is an employee of the business and is directly involved with activities pertaining to Vanderbilt.

Furthermore, Vanderbilt's conflict of interest policy extends beyond the foregoing business activities in that disclosure is required for any situation in which an applicable individual's financial, professional, or other personal activities may directly or indirectly affect, or have the appearance of affecting, an individual's professional judgment in exercising any university duty or responsibility, including the conduct or reporting of research.

The policy extends to all members of the university community (including trustees, university officials, and faculty and staff and their immediate family members). Each applicable person is required to certify compliance with the conflict of interest policy on an annual basis. This certification includes specifically disclosing whether Vanderbilt conducts business with an entity in which he or she (or an immediate family member) has a material financial interest as well as any other situation that could appear to present a conflict with Vanderbilt's best interests. When situations exist relative to the conflict of interest policy, Vanderbilt takes active measures to manage appropriately the actual or perceived conflict in the best interests of the university, including periodic reporting of the measures taken to the Audit Committee of the Vanderbilt University Board of Trust.

See Note 19 to the consolidated financial statements for discussion regarding the ongoing economic relationship between Vanderbilt and VUMC.

19. VANDERBILT UNIVERSITY MEDICAL CENTER

Vanderbilt has an ongoing economic relationship with VUMC in the form of an Academic Affiliation Agreement ("AAA"), a Trademark Licensing Agreement, a Ground Lease, and a Master Service Agreement ("MSA").

The AAA recognizes the ongoing academic, research, and clinical affiliation between the university and VUMC for all of the university's degree-granting, certificate, and research programs. The AAA serves to allocate responsibility between the university and VUMC for jointly administered academic programs, residency programs, and ongoing roles and rights of the university. The AAA will remain in effect until termination of the TML or Ground Lease.

Pursuant to the TML, the university grants, subject to certain consents and approvals, a perpetual license to VUMC to use various university-owned licensed marks in connection with VUMC's fundamental activities. The licensed marks, which VUMC will continue to use as the

Vanderbilt University

primary brands of VUMC, include virtually all those currently in use by VUMC. The TML will remain in effect until termination of the AAA or Ground Lease.

In July 2018, Vanderbilt securitized 30 years of one of the university's trademark revenue streams and sold the remaining \$89.6 million balance of a promissory note receivable. This securitization occurred on a true-sale basis to a group of external investors in exchange for net cash consideration of \$1.43 billion and a special interest obligation equivalent to the remaining future promissory note interest stream. In December 2019, Vanderbilt securitized 30 years of a portion of the 1%-of-VUMC revenue TML payment stream in exchange for cash consideration of \$331.6 million. This securitization occurred on a true-sale basis. In February 2021, Vanderbilt securitized 29 years of a portion of the 1%-of-VUMC revenue TML payment stream in exchange for cash consideration of \$277.2 million. This securitization occurred on a true-sale basis.

The Ground Lease allows VUMC to use the land on which its campus and related buildings are located. The initial term of the Ground Lease ends June 30, 2114, with the option to extend for up to two additional terms of 50 to 99 years each upon mutual agreement by Vanderbilt and VUMC.

Vanderbilt and VUMC provide specified services to one another for agreed-upon consideration as outlined in the MSA. Vanderbilt continues to provide services to VUMC such as IT support, utilities, and law enforcement staffing. VUMC will continue to provide graduate medical education and training to Vanderbilt. The terms of these service agreements between Vanderbilt and VUMC are unique to each agreement.

20. SUBSEQUENT EVENTS

Vanderbilt evaluated events subsequent to June 30, 2023, through September 29, 2023, the date of issuance of the consolidated financial statements.

On August 4, 2023, Vanderbilt terminated the remaining \$25.0 million notional of the Lock described in Note 10. Vanderbilt received \$9.6 million in proceeds as a result of the termination.

Vanderbilt did not identify any other material subsequent events for recognition or disclosure.



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APPENDIX C

Forms of the Indenture and Loan Agreement

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TRUST INDENTURE

Dated August 1, 2024

Between

**THE HEALTH AND EDUCATIONAL FACILITIES BOARD OF THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE**

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

Relating to the issuance of

**[\$Par Amount]
Educational Facilities Revenue Refunding and Improvement Bonds (The Vanderbilt University),
Series 2024**

by

**The Health and Educational Facilities Board of The Metropolitan Government of Nashville and
Davidson County, Tennessee**

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TRUST INDENTURE

THIS TRUST INDENTURE dated August 1, 2024 is entered into by THE HEALTH AND EDUCATIONAL FACILITIES BOARD OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE, a Tennessee public nonprofit corporation (the “Issuer”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association (the “Trustee”).

Recitals

A. The Issuer has duly authorized the issuance of its \$[Par Amount] aggregate principal amount of Educational Facilities Revenue Refunding and Improvement Bonds (The Vanderbilt University), Series 2024 (the “Bonds”) pursuant to this Indenture.

B. The Bonds are being issued to provide financing for the benefit of The Vanderbilt University, a Tennessee nonprofit corporation (the “University”).

C. The Bonds are being issued for the purpose of (i) refunding the obligations described in *Exhibit 5.4(b)* (the “Refunded Obligations”) that provided financing for the benefit of the University (ii) financing the cost of capital improvements (the “Capital Improvements”) to the educational and educational support facilities of the University identified in *Exhibit 9.3(d)* and (iii) paying certain costs of issuance with respect to the Bonds.

D. The proceeds of the Bonds have been loaned by the Issuer to the University pursuant to a Loan Agreement dated August 1, 2024 (the “Loan Agreement”) between the Issuer and the University. Pursuant to the Loan Agreement the University has agreed to make payments at times and in amounts sufficient to pay Debt Service on the Bonds and the Purchase Price of Tendered Bonds. As evidence of its payment obligation, the University has delivered its promissory note (the “Note”) pursuant to the Loan Agreement.

E. The rights of the Issuer under the Loan Agreement and the Note have been assigned to the Trustee pursuant to this Indenture.

F. The Bonds and all other payment obligations under this Indenture are limited obligations of the Issuer payable solely out of the Trust Estate established pursuant to this Indenture, which includes (i) payments by the University pursuant to the Loan Agreement and the Note and (ii) money and investments in the funds and accounts established under this Indenture.

G. This Indenture provides for the issuance of the Bonds in various Interest Rate Modes. The Bonds shall be issued initially in the Fixed Rate Mode. The Bonds may, at the option of the University, be converted to another Interest Rate Mode in accordance with the terms of this Indenture at any time when the Bonds are subject to optional redemption at par.

H. All things have been done which are necessary to make the Bonds, when executed by the Issuer and authenticated and delivered by the Trustee hereunder, the valid obligations of the Issuer, and to constitute this Indenture a valid trust indenture for the security of the Bonds, in accordance with the terms of the Bonds and this Indenture.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

It is hereby covenanted and declared that all the Bonds are to be authenticated and delivered and the property subject to this Indenture is to be held and applied by the Trustee, subject to the covenants, conditions and trusts hereinafter set forth, and the Issuer does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit (except as otherwise expressly provided herein) of all Owners as follows:

ARTICLE 1

**Definitions and Other Provisions
of General Application**

SECTION 1.1 Definitions

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meaning indicated:

“**Acquisition Costs**” means the costs of acquiring, constructing and installing the Capital Improvements, including without limitation (a) interest accruing on the Bonds for a period not to exceed the lesser of (i) 3 years and (ii) 2 years after the estimated date of completion of the Capital Improvements and (b) any rebate due to the United States Treasury with respect to the Bonds pursuant to Section 148(f) of the Internal Revenue Code.

“**Acquisition Fund**” means the fund established pursuant to *Section 9.3*.

“**Act of Bankruptcy**” means the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against a person under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect.

“**Affected Bonds**” means all Bonds to which the Limited Optional Tender Provisions apply. If Bonds to which the Limited Optional Tender Provisions apply are converted to another Interest Rate Mode in which the Limited Optional Tender Provisions do not apply, such Bonds shall no longer be considered Affected Bonds.

“**Affiliate**” of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, “control” when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Alternate Rate**” means the SIFMA Index plus 100 basis points; provided, however, that the notice of conversion of Bonds to a new Interest Rate Mode may specify a different Alternate Rate for Bonds while such Interest Rate Mode is in effect.

“**Applicable Spread**”, when used with respect to the Index Rate, means the margin or spread that is added to, or subtracted from, the Designated Index to determine the Index Rate.

“Authorized Denominations” means: (i) for Bonds in the Daily Rate Mode, the Weekly Rate Mode and the Commercial Paper Rate Mode, \$100,000 or any larger amount that is a multiple of \$5,000, and (ii) for Bonds in the Term Rate Mode, the Index Rate Mode, or the Fixed Rate Mode, \$5,000 or any multiple thereof; provided, however, that the notice of conversion of Bonds to a new Interest Rate Mode may specify different Authorized Denominations for Bonds while such Interest Rate Mode is in effect.

“Authorized Representative of the University” means the chancellor or any vice-chancellor of the University or any other officer or agent of the University authorized by the governing body of the University to act as “Authorized Representative of the University” for purposes of the Bond Documents.

“Authorized Representative of the Issuer” means the chair, the vice chair or the secretary of the Issuer, or any other officer or agent of the Issuer authorized by the governing body of the Issuer to act as “Authorized Representative of the Issuer” for purposes of the Bond Documents.

“Bond Documents” means the Bonds, the Indenture, the Loan Agreement and the Note.

“Bond Payment Date” means each date on which Debt Service is payable on the Bonds, including any date fixed for redemption of Bonds.

“Bond Purchase Fund” means the fund established pursuant to *Section 9.4*.

“Bond Register” means the register or registers for the registration and transfer of Bonds maintained by the Issuer pursuant to *Section 4.2(c)*.

“Bonds” means the bonds issued pursuant to this Indenture.

“Book Entry System” means the book entry system maintained by DTC for the ownership, transfer, exchange and payment of debt obligations.

“Business Day” means any day other than a Saturday, a Sunday, or a day on which the Trustee is authorized to be closed under general law or regulation applicable in the place where the Trustee performs its obligations under the Indenture.

“Calculation Agent”, when used with respect to Bonds in the Index Rate Mode, means the Trustee, until a successor Calculation Agent is appointed pursuant to *Section 15.5*.

“Callable Bonds” means Bonds that are subject to optional redemption.

“Capital Improvements” means the improvements and additions to the University’s educational and educational support facilities being financed by the Bonds, more particularly described in *Exhibit 9.3(d)*.

“Commercial Paper Rate Mode” means the Interest Rate Mode in which a Bond bears interest at the CP Rate for each CP Rate Period.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement entered into by the University in connection with the issuance of the Bonds.

“Conversion Date” means the day on which the Interest Rate Mode on a Bond is successfully converted from one Interest Rate Mode to another Interest Rate Mode, including without limitation (i) the

date on which an automatic conversion occurs pursuant to *Section 5.3(a)* and (ii) the date on which an optional conversion occurs pursuant to *Section 5.3(b)*.

“**Costs of Issuance**” means the expenses incurred in connection with the issuance of the Bonds, including legal, consulting, accounting and underwriting fees and expenses.

“**Costs of Issuance Fund**” means the fund established pursuant to *Section 9.2*.

“**CP Rate**”, when used with respect to any Bond in the Commercial Paper Rate Mode, means the fixed interest rate borne by such Bond during the applicable CP Rate Period.

“**CP Rate Period**”, when used with respect to any Bond in the Commercial Paper Rate Mode, means each period during which such Bond bears interest at a specified CP Rate.

“**Credit Enhancement**” means an undertaking by a third party to provide security for the payment of Debt Service on the Bonds or the Purchase Price of Tendered Bonds, or both, including without limitation bond insurance, a letter of credit, a standby purchase agreement or any other similar agreement.

“**Daily Rate**”, when used with respect to any Bond in the Daily Rate Mode, means the variable interest rate borne by such Bond while such Bond is in the Daily Rate Mode.

“**Daily Rate Mode**” means the Interest Rate Mode in which a Bond bears interest at the Daily Rate.

“**Debt Service**” means the principal, redemption premium (if any) and interest payable on the Bonds.

“**Debt Service Fund**” means the fund established pursuant to *Section 9.1*.

“**Defaulted Interest**” has the meaning assigned in *Section 4.2(l)*.

“**Defeased**”, when used with respect to Indenture Indebtedness, has the meaning assigned in *Section 14.1*.

“**Designated Index**” means an index used to determine the Index Rate.

“**Direct Lender**” means a bank or other financial institution that purchases a Bond to be delivered in Direct Loan Form in accordance with the provisions of *Section 4.6* and, upon transfer of such Bond by the existing Direct Lender to a successor Direct Lender, as provided in *Section 4.6*, means the successor Direct Lender.

“**Direct Loan Form**” means the form of a Bond delivered to a Direct Lender in accordance with the provisions of *Section 4.6*.

“**Direct Payment Agreement**” means a direct payment agreement entered into pursuant to *Section 4.6* to facilitate the payment of a Bond in Direct Loan Form.

“**DTC**” means The Depository Trust Company and its successors and assigns.

“**Enabling Law**” means Chapter 101, Part 3, Title 48 of the Tennessee Code Annotated.

“**Event of Default**” has the meaning assigned in *Section 11.1*. An Event of Default shall “exist” if an Event of Default shall have occurred and be continuing.

“**Failed Remarketing**” means that Affected Bonds were tendered for purchase on an Optional Tender Date but were not purchased as a result of the Limited Optional Tender Provisions.

“**Failed Remarketing Bonds**” means Affected Bonds that were tendered for purchase on an Optional Tender Date but were not purchased as a result of the Limited Optional Tender Provisions.

“**Failed Remarketing Period**” means the period beginning on the date when a Failed Remarketing occurs and ending on the earlier of (i) the date when the Purchase Price of all Failed Remarketing Bonds is paid (whether from Remarketing Proceeds or with funds provided by the University) or (ii) the date when all Affected Bonds are successfully converted to another Interest Rate Mode.

“**Favorable Tax Opinion**” means an Opinion of Counsel stating in effect that the proposed action, together with any other changes with respect to the Bonds made or to be made in connection with such action, will not cause interest on the Bonds to become includible in gross income of the Owners for purposes of federal income taxation.

“**Federal Securities**” means noncallable, nonprepayable, direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America.

“**Financing Participants**” means the Issuer, the University, the Trustee, the Calculation Agent, the Remarketing Agent and the provider of any Credit Enhancement with respect to the Bonds.

“**Fitch**” means Fitch Ratings, Inc.

“**Fixed Rate**”, when used with respect to any Bond in the Fixed Rate Mode, means the fixed interest rate borne by such Bond.

“**Fixed Rate Mode**” means the Interest Rate Mode in which a Bond bears interest at a Fixed Rate.

“**Fixed Rate Period**”, when used with respect to any Bond in the Fixed Rate Mode, means a period during which such Bond bears interest at the specified Fixed Rate.

“**Indenture**” means this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

“**Indenture Funds**” means any fund or account established pursuant to this Indenture.

“**Indenture Indebtedness**” means all indebtedness of the Issuer at the time secured by this Indenture, including without limitation (a) all Debt Service on the Bonds and (b) all reasonable fees, charges and disbursements of the Trustee for services performed and disbursements made under this Indenture.

“**Independent**”, when used with respect to any person, means a person who (i) does not have any direct financial interest or any material indirect financial interest in any Financing Participant or any Affiliate of a Financing Participant, (ii) does not serve as a member of the governing body of any Financing Participant or any Affiliate of a Financing Participant, and (iii) is not employed by any Financing Participant or any Affiliate of a Financing Participant.

“**Index Rate**”, when used with respect to any Bond in the Index Rate Mode, means a variable rate equal to the Designated Index plus or minus the Applicable Spread for the related Index Rate Period.

“**Index Rate Mode**” means the Interest Rate Mode in which a Bond bears interest at the Index Rate.

“**Index Rate Period**”, when used with respect to a Bond in the Index Rate Mode, means a period during which such Bond bears interest at the Designated Index and the Applicable Spread for such period.

“**Interest Payment Date**”, when used with respect to any installment of interest on a Bond, means the date specified in this Indenture as the date on which such installment of interest is due and payable.

“**Interest Rate Mode**” means an interest rate mode authorized pursuant to *Section 5.2*.

“**Issuer**” means The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee, a Tennessee public nonprofit corporation, until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “**Issuer**” means such successor corporation.

“**Limited Optional Tender Provisions**” means the provisions of *Section 6.3* that may, upon election by the University, be applied with respect to the Optional Tender rights of Owners when Bonds are in the Daily Rate Mode or the Weekly Rate Mode.

“**Loan Agreement**” means the Loan Agreement dated August 1, 2024 between the Issuer and the University.

“**Loan Default**” has the meaning given to such term in *Section 6.1* of the Loan Agreement.

“**Loan Payments**” means payments by the University pursuant to the Loan Agreement with respect to payment of Debt Service on the Bonds.

“**Mandatory Tender**” means a required tender of a Bond for purchase pursuant to *Section 6.2*.

“**Mandatory Tender Date**” means a date on which a Bond is to be purchased pursuant to a Mandatory Tender.

“**Maturity Date**”, when used with respect to any Bond, means the date specified herein and in such Bond as the date on which the final payment of principal of such Bond is due and payable.

“**Maximum Rate**” means the lesser of (i) 15% per annum and (ii) the maximum rate permitted by applicable law.

“**Moody’s**” means Moody’s Investors Service, Inc.

“**Note**” has the meaning assigned in the recitals hereof.

“**Obligor Bonds**” means Bonds registered in the name of (or in the name of a nominee for) the Issuer, the University, or any Affiliate of the Issuer or the University. The Trustee may assume that no Bonds are Obligor Bonds unless it has actual notice to the contrary.

“**Office of the Trustee**” means the office of the Trustee for hand delivery of notices, as specified pursuant to *Section 15.1*.

“**Opinion of Counsel**” means an opinion from an attorney or firm of attorneys with experience in the matters to be covered in the opinion. Except as otherwise expressly provided in this Indenture, the attorney or attorneys rendering such opinion may be counsel for one or more of the Financing Participants, including counsel in the full-time employment of a Financing Participant.

“**Optional Tender**” means tender of a Bond for purchase at the option of the Owner thereof pursuant to *Section 6.1*.

“**Optional Tender Date**” means a date on which a Bond is to be purchased pursuant to an Optional Tender.

“**Outstanding**”, when used with respect to Bonds means, as of the date of determination, all Bonds authenticated and delivered under this Indenture, except:

- (a) Bonds cancelled by the Trustee or delivered to the Trustee for cancellation;
- (b) Bonds for whose payment or redemption money in the necessary amount has been deposited with the Trustee in trust for the Owners of such Bonds, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture; and
- (d) Tendered Bonds for the purchase of which money in the necessary amount has been deposited in the Bond Purchase Fund and is held in trust for the Owners of such Tendered Bonds;

provided, however, that in determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Obligor Bonds shall be disregarded and deemed not to be Outstanding. Obligor Bonds which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee’s right so to act with respect to such Bonds and that if such pledgee was the Owner such Bonds would not be considered Obligor Bonds.

“**Owner**”, when used with respect to a Bond, means (i) if the Book Entry System is in effect, the beneficial owner of such Bond under the rules and regulations of the Book Entry System or (ii) if the Book Entry System is not in effect, the person in whose name such Bond is registered on the Bond Register.

“**Post-Default Rate**” means (a) when used with respect to any payment of Debt Service on any Bond and the Purchase Price of any Tendered Bond, the interest rate applicable to such Bond on the date such Debt Service or Purchase Price became due, and (b) when used with respect to all other payments due under this Indenture, a variable rate equal to the Trustee’s prime or base rate plus 2.0% (200 basis points), in each case computed on the basis of a 365 or 366-day year, as the case may be, for actual days elapsed.

“**Proposed Conversion Date**” means the day proposed by the University for conversion of the Interest Rate Mode on a Bond from one Interest Rate Mode to another Interest Rate Mode.

“Purchase Price”, when used with respect to a Tendered Bond, means 100% of the principal amount of such Bond plus accrued interest to the Tender Date. If the Tender Date for a Tendered Bond is also an Interest Payment Date for such Bond, the interest due on such Date shall not be considered part of the Purchase Price; rather, such interest shall be paid in accordance with the provisions of this Indenture governing regular interest payments.

“Qualified Investments” means:

(a) direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America, including unit investment trusts and mutual funds that invest solely in such obligations,

(b) bonds, debentures, notes or other obligations issued or guaranteed by any federal agency if such obligations are (i) backed by the full faith and credit of the United States of America or (ii) rated by at least one Rating Agency in one of the three highest rating categories assigned by such Rating Agency,

(c) money market funds rated by at least one Rating Agency in one of the three highest rating categories assigned by such Rating Agency,

(d) certificates of deposit or other bank deposits that are described in one of the following clauses: (i) certificates of deposit or bank deposits issued by, or made with, a bank whose unsecured, long-term obligations are rated by at least one Rating Agency in one of the three highest rating categories assigned by such Rating Agency, or (ii) certificates of deposit or bank deposits secured at all times by collateral described in paragraphs (a) and (b) above that is held by the Trustee or by a third party custodian acceptable to the Issuer and the Trustee with a perfected first security interest in the collateral,

(e) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the FDIC,

(f) investment agreements, including guaranteed investment contracts, repurchase agreements and forward purchase agreements, provided that (i) any securities purchased or held pursuant to such agreement are otherwise Qualified Investments under this Indenture, (ii) the counterparty’s long-term debt obligations are rated by at least one Rating Agency in one of the three highest rating categories assigned by such Rating Agency, and (iii) the securities, if purchased, are owned by the Issuer or the Trustee and are held by the Trustee or by a third party custodian acceptable to the Issuer and the Trustee or, if held as collateral, are held by the Trustee or a third party custodian acceptable to the Issuer and the Trustee with a perfected first security interest in such collateral,

(g) commercial paper rated, at the time of purchase, not less than “Prime-1” by Moody’s or not less than “A-1” by S & P, and

(h) bonds or notes issued by any state, county or municipality which are rated by at least one Rating Agency in one of the three highest rating categories assigned by such Rating Agency.

For purposes of this definition, rating categories are determined without regard to qualifiers, such as “+” or “1” (for example, ratings of “A-1”, “A-2”, “A-” and “A+” are considered part of the same rating category). Any investment requiring a rating shall be a Qualified Investment if the required rating is applicable on the

date such investment is made. If the University receives notice from the Trustee that the required rating is no longer applicable to any such investment, or if the University has actual knowledge that the required rating is no longer applicable, the University shall promptly give instructions for liquidation of such investment and shall give directions for reinvestment of the proceeds of such investment in another investment that is a Qualified Investment.

“**Rating Agency**” means Moody’s, S&P, Fitch and any other nationally recognized securities rating agency.

“**Refunded Obligations**” means obligations of the Issuer that are being refunded through the issuance of the Bonds. The Refunded Obligations are more particularly described in *Exhibit 5.4(b)*.

“**Regular Record Date**”, when used with respect to the payment of interest on the Bonds, means: (i) with respect to any Bond in the Daily Rate Mode, the Weekly Rate Mode, the Commercial Paper Rate Mode, or the Index Rate Mode, the Business Day immediately prior to each Interest Payment Date for such Bond, and (ii) with respect to any Bond in the Term Rate Mode or the Fixed Rate Mode, the 15th day (whether or not a Business Day) of the month next preceding each Interest Payment Date for such Bond.

“**Remarketing Agent**” means the entity appointed pursuant to *Section 6.7* to serve as Remarketing Agent under this Indenture, until a successor Remarketing Agent shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Remarketing Agent” means such successor.

“**Remarketing Proceeds**” means the proceeds of remarketing of Bonds by the Remarketing Agent in accordance with the provisions of *Section 6.4*.

“**Reset Date**” means the date specified in this Indenture when the interest rate changes on Bonds in the Daily Rate Mode, the Weekly Rate Mode, the Commercial Paper Rate Mode or the Index Rate Mode.

“**S & P**” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies.

“**SIFMA Index**” means the “USD-SIFMA Municipal Swap Index”, which is an index compiled by the Securities Industry and Financial Markets Association (SIFMA) that is currently published each week. If the USD-SIFMA Municipal Swap Index is no longer published, the Trustee shall select an alternative index that, in the judgment of the Trustee, is based on criteria reasonably similar to the current SIFMA Index criteria.

“**Special Record Date**” for the payment of any Defaulted Interest on the Bonds means a date fixed by the Trustee pursuant to *Section 4.2(l)*.

“**Tax Certificate and Agreement**” means that certain Tax Certificate and Agreement entered into by the Issuer and the University in connection with the issuance of the Bonds.

“**Tender Date**” means an Optional Tender Date or a Mandatory Tender Date, as the case may be.

“**Tendered Bonds**” means Bonds tendered (or deemed tendered) for purchase pursuant to the Optional Tender or Mandatory Tender provisions of this Indenture.

“**Term Rate**”, when used with respect to any Bond in the Term Rate Mode, means the fixed interest rate borne by such Bond during the applicable Term Rate Period.

“**Term Rate Mode**” means the Interest Rate Mode in which a Bond bears interest at a Term Rate.

“**Term Rate Period**”, when used with respect to any Bond in the Term Rate Mode, means a period during which such Bond bears interest at a specified Term Rate established for such period.

“**Trust Estate**” shall have the meaning assigned in *Section 3.1*.

“**Trustee**” means U.S. Bank Trust Company, National Association, a national banking association, until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” means such successor.

“**University**” means The Vanderbilt University, a Tennessee nonprofit corporation, and its successors and assigns.

“**Weekly Rate**”, when used with respect to any Bond in the Weekly Rate Mode, means the variable interest rate borne by such Bond while such Bond is in the Weekly Rate Mode.

“**Weekly Rate Mode**” means the Interest Rate Mode in which a Bond bears interest at the Weekly Rate.

SECTION 1.2 General Rules of Construction

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) Defined terms in the singular shall include the plural as well as the singular, and vice versa.

(b) In the event of any inconsistency between the recitals to this instrument and the defined terms in this Article, or definitions incorporated by reference in this Article, the definitions in this Article, or incorporated by reference in this Article, will prevail.

(c) All accounting terms not otherwise defined herein have the meaning assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to “generally accepted accounting principles” refer to such principles as they exist at the date of application thereof.

(d) All references in this instrument to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(e) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) The term “person” shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

(h) The term “including” means “including without limitation” and “including, but not limited to”.

SECTION 1.3 Effect of Action by Owners

Any request, demand, authorization, direction, notice, consent, waiver or other action by the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer or the University in reliance thereon, whether or not notation of such action is made upon such Bond.

SECTION 1.4 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.5 Date of Indenture

The date of this Indenture is intended as and for a date for the convenient identification of this Indenture and is not intended to indicate that this Indenture was executed and delivered on said date.

SECTION 1.6 Separability Clause

If any provision in this Indenture or in the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.7 Governing Law

This Indenture shall be construed in accordance with and governed by the laws of the State of Tennessee.

SECTION 1.8 Counterparts

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 1.9 Designation of Time for Performance

Except as otherwise expressly provided herein, any reference in this Indenture to the time of day means the time of day in the city where the Trustee maintains its place of business for the performance of its obligations under this Indenture.

ARTICLE 2

Source of Payment

SECTION 2.1 Source of Payment of Bonds and Other Obligations

The Bonds and all other payment obligations under this Indenture are limited obligations of the Issuer payable solely out of the Trust Estate established pursuant to this Indenture, which includes

(i) payments by the University pursuant to the Loan Agreement and Note and (ii) money and investments in the funds and accounts established pursuant to this Indenture.

SECTION 2.2 Sponsoring Entity Exempt From Liability

The Bonds and any other payment obligations under this Indenture shall not constitute or give rise to an indebtedness or liability of, and shall not constitute a charge against the general credit or taxing powers of, The Metropolitan Government of Nashville and Davidson County, Tennessee.

SECTION 2.3 Incorporators, Officers and Directors of the Issuer Exempt from Individual Liability

No recourse under or upon any covenant or agreement of this Indenture, or of any Bonds, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future incorporator, officer or director of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the Bonds issued hereunder are solely corporate obligations, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or director of the Issuer or any successor, or any of them, because of the issuance of the Bonds, or under or by reason of the covenants or agreements contained in this Indenture or in any Bonds or implied therefrom.

ARTICLE 3

Security for Payment

SECTION 3.1 Pledge and Assignment

To secure the payment of Debt Service on the Bonds and all other Indenture Indebtedness and the performance of the covenants contained in this Indenture and the Bonds, and to declare the terms and conditions on which the Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the Owners thereof, the Issuer hereby pledges and assigns to the Trustee, and grants to the Trustee a security interest in, the following property:

(a) **Indenture Funds.** Money and investments from time to time on deposit in, or forming a part of, the Indenture Funds.

(b) **Loan Agreement and Note.** All right, title and interest of the Issuer in and to the Loan Agreement and the Note, including all Loan Payments and all other payments by the University pursuant to the Loan Agreement; provided, however, that:

(1) The Issuer shall retain the right to reimbursement of its expenses and indemnity payments pursuant to **Sections 5.7** and **6.6** of the Loan Agreement.

(2) The Issuer shall retain the right to receive notices and other communications to be sent to it under the Loan Agreement.

(3) Nothing contained in this Indenture shall impair, diminish or otherwise affect the Issuer's obligations under the Loan Agreement or impose any of such obligations on the Trustee.

(c) **Other Property.** Any and all property of every kind or description which may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Indenture as additional security by the Issuer or anyone on its part or with its consent, or which pursuant to any of the provisions hereof may come into the possession or control of the Trustee or a receiver appointed pursuant to this Indenture; and the Trustee is hereby authorized to receive any and all such property as and for additional security for the obligations secured hereby and to hold and apply all such property subject to the terms hereof.

TO HAVE AND TO HOLD all such property, rights and privileges (collectively called the “Trust Estate”) unto the Trustee and its successors and assigns.

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the Owners from time to time of the Bonds (without any priority of any such Bond over any other such Bond).

PROVIDED, HOWEVER, that money and investments in the Indenture Funds may be applied for the purposes and on the terms and conditions set forth in this Indenture.

SECTION 3.2 Credit Enhancement

No Credit Enhancement has been provided as of the date of initial delivery of the Bonds. Credit Enhancement may be provided after the date of delivery of the Bonds, subject to the terms and conditions of *Article 17*.

ARTICLE 4

Registration, Transfer, Exchange and Payment of the Bonds

SECTION 4.1 The Book Entry System

(a) Except as otherwise provided in *Section 4.2* or *Section 4.6*, the ownership, transfer, exchange and payment of Bonds shall be governed by the Book Entry System administered by DTC.

(b) While Bonds are in the Book Entry System the following provisions shall govern for purposes of this Indenture and shall supersede any contrary provisions of this Indenture:

(1) DTC shall be the registered holder of the Bonds on the Bond Register maintained by the Trustee pursuant to *Section 4.2(c)*.

(2) Notwithstanding the fact that DTC may hold one or more Bond certificates for purposes of the Book Entry System, the term “Bond” means each separate security credited to a beneficial owner (or entitlement holder) pursuant to the Book Entry System, and the term “Owner” means the person identified pursuant to the Book Entry System as the beneficial owner of the related security.

(3) The terms and limitations of this Indenture with respect to each separate Bond shall be applicable to each separate security credited to a beneficial owner under the Book Entry System.

(4) All payments of Debt Service on the Bonds shall be made by the Trustee through the Book Entry System, and payments by such method shall be valid and effective fully to satisfy and discharge the Issuer’s obligations with respect to such payments.

(5) A tender of a Bond shall be made by the Owner to the Trustee through the Book Entry System.

(c) The Trustee may, in its discretion, discontinue the Book Entry System in accordance with the rules and regulations of the Book Entry System.

(d) If the Book Entry System is discontinued, (i) a physical certificate or physical certificates shall be executed, authenticated and delivered to each beneficial owner, or entitlement holder, under the Book Entry System in accordance with such person's ownership of Bonds, (ii) such certificates shall be registered in the Bond Register maintained by the Trustee, and (iii) the remaining provisions of this Article shall govern the registration, transfer, exchange and payment of Bonds; provided, however, that if a Bond is in Direct Loan Form, the provisions of **Section 4.6** shall control with respect to such Bond in lieu of **Section 4.2**.

SECTION 4.2 Alternate Provisions Regarding Payment, Registration, Transfer and Exchange of Bonds

(a) If the Book Entry System is discontinued, the provisions of this Section shall control the registration, transfer, exchange and payment of Bonds, except as otherwise provided in **Section 4.6**.

(b) Payment of Debt Service on the Bonds shall be made as follows:

(1) Payment of interest on the Bonds which is due on any Interest Payment Date shall be made by check or draft mailed by the Trustee to the persons entitled thereto at their addresses appearing in the Bond Register. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date).

(2) Payment of the principal of (and premium, if any, on) the Bonds and payment of accrued interest on the Bonds due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender thereof at the Office of the Trustee.

(3) Upon the written request of any Owner of at least \$1,000,000 in principal amount of Bonds, the Trustee shall make payments of Debt Service by wire transfer, provided that (i) such request contains adequate instructions for the method of payment, and (ii) payment of the principal of (and redemption premium, if any, on) such Bonds and payment of the accrued interest on such Bonds due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender of such Bonds to the Trustee.

(c) The Issuer shall cause to be kept at the Office of the Trustee a register (herein sometimes referred to as the "Bond Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Bonds and registration of transfers of Bonds entitled to be registered or transferred as herein provided. The Trustee is hereby appointed as agent of the Issuer for the purpose of registering Bonds and transfers of Bonds as herein provided.

(d) Upon surrender for transfer of any Bond at the Office of the Trustee, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same maturity and interest rate, of any Authorized Denominations and of a like aggregate principal amount.

(e) At the option of the Owner, Bonds may be exchanged for other Bonds of the same maturity and interest rate, of any Authorized Denominations and of a like aggregate principal amount, upon surrender of the Bonds to be exchanged at the Office of the Trustee. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Bonds which the Owner making the exchange is entitled to receive.

(f) All Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled by the Trustee.

(g) All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Issuer and entitled to the same security and benefits under this Indenture as the Bonds surrendered upon such transfer or exchange.

(h) Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer.

(i) No service charge shall be made for any transfer or exchange of Bonds, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

(j) The Issuer shall not be required (i) to transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

(k) Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that Bond is registered at the close of business on the Regular Record Date for such Interest Payment Date.

(l) Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date solely by virtue of such Owner having been such Owner; and such Defaulted Interest shall be paid by the Issuer to the persons in whose names such Bonds are registered at the close of business on a special record date (herein called a "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subsection provided and not to be deemed part of the Trust Estate. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner at his address as it appears in the Bond Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds are registered on such Special Record Date.

(m) Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, and neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(n) All Bonds surrendered for payment, redemption, transfer or exchange, shall be promptly cancelled by the Trustee. The Trustee may destroy cancelled certificates. No Bond shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Indenture.

SECTION 4.3 Trustee as Paying Agent

Debt Service on the Bonds shall be payable on behalf of the Issuer by the Trustee, which has been designated as the paying agent of the Issuer for purposes of this Indenture.

SECTION 4.4 Payments Due on Non-Business Days

Except as otherwise expressly provided by this Indenture, if any payment on the Bonds is due on a day which is not a Business Day, such payment may be made on the first succeeding day which is a Business Day with the same effect as if made on the day such payment was due.

SECTION 4.5 Currency for Payment

Payment of Debt Service on the Bonds shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

SECTION 4.6 Bonds in Direct Loan Form

(a) A Bond may be delivered in Direct Loan Form, subject to the following terms and conditions:

(1) If a Bond will be in Direct Loan Form when issued initially, the direction to deliver such Bond in Direct Loan Form will be contained in **Section 5.1**. If a Bond is to be delivered in Direct Loan Form upon conversion to another Interest Rate Mode, the notice of conversion delivered pursuant to **Section 5.3(b)** will contain the direction to deliver such Bond in Direct Loan Form.

(2) A Bond in the Index Rate Mode, the Term Rate Mode or the Fixed Rate Mode may be in Direct Loan Form. A Bond delivered in Direct Loan Form must remain in Direct Loan Form during the entire term of the related Interest Rate Mode.

(3) If a Bond is in Direct Loan Form, any provisions for adjustment of the interest rate upon the occurrence of specified contingencies will be specified (i) in **Section 5.1** if such Bond is issued initially in Direct Loan Form or (ii) in the notice of conversion pursuant to **Section 5.3(b)** if such Bond is being converted to the Index Rate Mode, the Term Rate Mode, or the Fixed Rate Mode.

(4) A Bond in Direct Loan Form will be evidenced by a single physical certificate. The Bond will not be divisible into two or more physical certificates. The provisions regarding Authorized Denominations will not be applicable to a Bond in Direct Loan Form. The Book Entry

System shall not be applicable to a Bond in Direct Loan Form, and a Bond in Direct Loan Form shall not have a CUSIP number.

(5) On the delivery date of any Bond delivered in Direct Loan Form the Direct Lender shall deliver to the Issuer, the Trustee and the University a certificate stating in effect that:

(A) The Direct Lender is purchasing the Bond to evidence and secure a loan to be made for the benefit of the University in the ordinary course of its business.

(B) The Direct Lender is purchasing the Bond for its own account and without any present intention of transferring or distributing the Bond or any interest therein.

(C) The Direct Lender has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of owning the Bond.

(D) The Purchaser is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933 and is able to bear the economic risks of purchasing the Bond and making a loan for the benefit of the University.

(E) If the Direct Lender transfers the Bond it will deliver to the Trustee and the University a certificate of the transferee substantially in the form required by this **Section 4.6(a)(5)**.

(6) A Bond in Direct Loan Form shall be registered in the name of the Direct Lender. The provisions of this Indenture for transfer, registration and exchange of Bonds shall be suspended for a Bond in Direct Loan Form. A Direct Lender may transfer the Bond only upon delivery of the following documentation:

(A) The existing Direct Lender shall deliver the outstanding physical certificate evidencing the Bond to the Trustee, together with a statement by the existing Direct Lender (i) identifying the person to whom the Bond has been transferred (the “successor Direct Lender”) and (ii) confirming the outstanding principal amount of the Bond.

(B) The successor Direct Lender shall deliver to the Trustee and the University a certificate substantially in the form required pursuant to **Section 4.6(a)(5)**.

On the transfer date the Trustee shall deliver to the successor Direct Lender a single physical certificate in the outstanding principal amount of the Bond.

(7) At the request of the Direct Lender, the University and the Trustee shall enter into a Direct Payment Agreement with the Direct Lender that includes the following terms:

(A) Payments of Debt Service on a Bond in Direct Loan Form will be made directly by the University to the Direct Lender.

(B) Principal of the Bond will be subject to optional and mandatory redemption as provided in **Section 6.1** or in the notice of conversion with respect to the related Interest Rate Mode; provided, however, that any required notice of redemption shall be given by the University on behalf of the Trustee and the Issuer directly to the Direct Lender. The University shall provide a copy of the redemption notice to the Trustee. If

principal of the Bond is redeemed, the Direct Lender shall make a notation of such redemption in its records with respect to the Bond. The Direct Lender shall not be required to surrender the Bond to the Trustee for exchange as a result of the redemption. On the date such Bond is surrendered by the Direct Lender in connection with the conversion to another Interest Rate Mode or on the date of transfer of such Bond to another Direct Lender, the Direct Lender shall confirm the outstanding principal amount of the Bond.

(C) At the request of the Trustee or the University, the Direct Lender shall promptly provide information in reasonable detail with respect to all payments of Debt Service received by the Direct Lender on such Bond.

(D) The Trustee shall be entitled to rely conclusively on the provisions of the Direct Payment Agreement, including the representations and warranties contained therein and the information furnished by the Direct Lender to the Trustee pursuant to the Direct Payment Agreement, without further investigation or inquiry, and shall be completely protected in taking action on the same.

(E) The University shall agree to indemnify the Trustee for, and hold the Trustee harmless against, any loss, liability or expense (including reasonable attorneys' fees, costs and expenses) incurred without bad faith or willful misconduct on its part arising out of or in connection with the Trustee's reliance on the terms of the Direct Payment Agreement. Such indemnification shall survive the termination of this Indenture and the Direct Payment Agreement or the sooner resignation or removal of the Trustee.

(F) Such other provisions as the Trustee shall reasonably request for the facilitation or administration of its duties under this Indenture while a Bond is held in Direct Loan Form.

(b) During any period when a Bond is in Direct Loan Form, the provisions of this Section shall supersede any contrary provisions of this Indenture regarding transfer, registration, exchange or payment of the Bond.

(c) If the University and the Direct Lender have entered into a credit agreement, loan agreement, continuing covenants agreement or other similar agreement (each a "credit agreement") that provides the terms for extension of credit by the Direct Lender, (i) the default provisions of this Indenture may be amended to provide a cross default for defaults under the credit agreement and (ii) the credit agreement may contain provisions for adjustment of the interest rate upon the occurrence of specified contingencies that are incorporated by reference in *Section 5.1* (for a Bond issued initially in Direct Loan Form) or in a conversion notice delivered pursuant to *Section 5.3(b)*.

ARTICLE 5

Specific Terms for Bonds and Disposition of Proceeds

SECTION 5.1 Specific Title and Terms

(a) **Title and Amount.** The title of the Bonds shall be "Educational Facilities Revenue Refunding and Improvement Bonds (The Vanderbilt University), Series 2024". If a Bond is converted to another Interest Rate Mode, a different series designation may be assigned to such Bond (or a group of

Bonds) to facilitate identification of such Bond or Bonds in the new Interest Rate Mode. The aggregate principal amount of the Bonds that may be Outstanding is limited to \$[Par Amount].

(b) **Authorized Denominations.** The Bonds shall be in Authorized Denominations.

(c) **Form and Number.** The Bonds shall be issuable as registered bonds without coupons in Authorized Denominations. The Bonds of each series shall be numbered separately from 1 upward. In order to facilitate the Book Entry System, a single physical certificate for all Bonds of the same series, maturity and interest rate shall be delivered to the Trustee. The Bonds and the certificate of authentication shall be substantially as set forth in *Exhibit 5.1(c)*, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture. Each Bond certificate shall identify the Interest Rate Mode applicable to such Bond and may contain only provisions applicable to the Bond in such Interest Rate Mode.

(d) **Initial Interest Rate Mode and Maturity Date.** The Bonds shall mature on [_____] 1 in years and amounts as set forth in the table below. The Bonds shall be issued initially in the Fixed Rate Mode. The Bonds shall have Fixed Rates and Maturity Dates as follows:

Year of Maturity ([_____] 1)	Principal Amount Maturing	Applicable Fixed Rate	Initial CUSIP Number
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(e) **Conversion of Interest Rate Modes.** The Interest Rate Mode applicable to the Bonds may be converted to another Interest Rate Mode in accordance with the provisions of *Section 5.3*. Each Bond shall be in only one Interest Rate Mode at a time, but different Interest Rate Modes may be applicable at the same time to different Bonds. If less than all Bonds of a series with the same Maturity Date and Interest Rate Mode are being converted to a new Interest Rate Mode, the Bonds to be converted shall be selected by the Trustee by lot or by such other method as the Trustee shall deem fair and appropriate. The Trustee shall specify on each Bond certificate, in the space provided, which Interest Rate Mode is in effect with respect to such Bond and the applicable pricing details with respect to such Bond.

(f) **Limited Optional Tender Provisions Not Applicable.** The Limited Optional Tender Provisions will not be applicable to the Bonds when issued initially. The Limited Optional Tender

Provisions may be elected upon conversion to the Daily Rate Mode or Weekly Rate Mode, as provided in **Section 6.3**.

(g) **Date.** The Bonds shall be dated as of the date of initial delivery of the Bonds.

(h) **Interest Payment Dates.** Interest on the Bonds shall be payable in arrears on the following dates:

(1) with respect to interest on any Bond in the Daily Rate Mode, the Weekly Rate Mode, or the Index Rate Mode, (i) on the first Business Day of each month, and (ii) on the Conversion Date if such Bond is converted to another Interest Rate Mode;

(2) with respect to interest on any Bond in the Commercial Paper Rate Mode, the last day of the CP Rate Period;

(3) with respect to interest on any Bond in the Term Rate Mode with a Term Rate Period of 180 days or less, on the last day of the Term Rate Period;

(4) with respect to interest on any Bond in the Term Rate Mode with a Term Rate Period of more than 180 days, (i) on _____ 1 and _____ 1 in each year, (ii) on the Conversion Date if such Bond is converted to another Interest Rate Mode, and (iii) on the last day of the Term Rate Period;

(5) with respect to interest on any Bond in the Fixed Rate Mode, (i) on _____ 1 and _____ 1 in each year, and (ii) on the Conversion Date if such Bond is converted to another Interest Rate Mode; and

(6) with respect to any Bond, (i) on any redemption date with respect to such Bond and (ii) the Maturity Date for such Bond.

(i) **Redemption of Bonds.** The Bonds will be subject to redemption prior to their respective Maturity Dates in accordance with the applicable provisions of **Article 7**. Upon conversion of a Bond to another Interest Rate Mode, the optional redemption provisions for such Bond may be changed as provided in **Section 7.1**. Upon conversion of all Outstanding Bonds to the Fixed Rate Mode, the Maturity Date or Dates for the Bonds and the scheduled mandatory redemption provisions for the Bonds may be changed to the extent permitted by **Section 7.1**.

(j) **Person to Whom Interest Payable.** If the Book Entry System is in effect, the Trustee shall pay interest to DTC, and interest payments shall be distributed by DTC to Owners in accordance with the rules and regulations of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date for the Bonds shall be payable to Owners as of the Regular Record Date for such Interest Payment Date.

(k) **Computation of Interest Accrual.** The Bonds shall bear interest from their date, or the most recent date to which interest has been paid or duly provided for, at the applicable rate per annum set forth in this Article. Interest at the Daily Rate, the Weekly Rate, or the CP Rate shall be computed on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed. Interest at the Index Rate, the Term Rate, or the Fixed Rate shall be computed on the basis of a 360-day year with 12 months of 30 days each.

(l) **Interest on Overdue Payments.** Interest shall be payable on overdue principal on the Bonds and (to the extent legally enforceable) on any overdue installment of interest on the Bonds at the Post-Default Rate. To the extent legally enforceable, interest shall be payable on the overdue Purchase Price of Tendered Bonds at the Post-Default Rate.

(m) **Execution and Authentication.** Physical certificates evidencing the Bonds shall be executed on behalf of the Issuer by its Chair or Vice Chair and attested by its Secretary. The signature of any of these officers on physical certificates may be manual or, to the extent permitted by law, facsimile. Physical certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such physical certificates or shall not have held such offices at the date of such physical certificates. No physical certificates shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such physical certificate a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon any physical certificate shall be conclusive evidence, and the only evidence, that such physical certificate has been duly authenticated and delivered hereunder.

SECTION 5.2 Interest Rate Modes

(a) **Daily Rate.** The Daily Rate shall be a variable rate per annum for any Bond in the Daily Rate Mode, subject to the following terms and conditions:

(1) The Daily Rate shall be set initially on the date of initial delivery of such Bond (if initially issued in the Daily Rate Mode) or on the Conversion Date (if converted to the Daily Rate Mode) and shall change on each Business Day while such Bond is in the Daily Rate Mode (each Business Day being a “Reset Date”). The Daily Rate shall be determined by the Remarketing Agent when set initially and on each Reset Date. The Daily Rate shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Bond being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date. If the Remarketing Agent fails to determine the Daily Rate for any Reset Date, the Daily Rate for such Reset Date shall be the Alternate Rate.

(2) Interest accrual at each Daily Rate so determined shall begin on (and shall include) the date when initially set and each Reset Date, as the case may be, and shall end on (but shall not include) the next Reset Date (or, if sooner, a Conversion Date).

(3) The Daily Rate may not exceed the Maximum Rate.

(4) On each determination date the Remarketing Agent shall give notice to the Trustee of the Daily Rate so determined. Upon the request of any Owner or any Financing Participant, the Trustee shall confirm the Daily Rate then in effect.

(5) A Bond in the Daily Rate Mode shall remain in such Interest Rate Mode until the Maturity Date for such Bond, or, if sooner, the date that the Interest Rate Mode for such Bond is converted to another Interest Rate Mode pursuant to **Section 5.3(b)**.

(b) **Weekly Rate.** The Weekly Rate shall be a variable rate per annum for any Bond in the Weekly Rate Mode, subject to the following terms and conditions:

(1) The Weekly Rate shall be set initially on the date of initial delivery of such Bond (if initially issued in the Weekly Rate Mode) or on the Conversion Date (if converted to the Weekly Rate Mode) and shall change on each Thursday while such Bond is in the Weekly Rate Mode (each Thursday being a “Reset Date”). The Weekly Rate shall be determined by the Remarketing Agent when set initially and on each Reset Date (or, if any Reset Date is not a Business Day, on the Business Day prior to such Reset Date). The Weekly Rate shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Bond being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date. If the Remarketing Agent fails to determine the Weekly Rate for any Reset Date, the Weekly Rate for such Reset Date shall be the Alternate Rate.

(2) Interest accrual at each Weekly Rate so determined shall begin on (and shall include) the date when set initially and each Reset Date, as the case may be, and shall end on (but shall not include) the next Reset Date (or, if sooner, a Conversion Date).

(3) The Weekly Rate may not exceed the Maximum Rate.

(4) On each determination date the Remarketing Agent shall give notice to the Trustee of the Weekly Rate so determined. Upon the request of any Owner or any Financing Participant, the Trustee shall confirm the Weekly Rate then in effect.

(5) A Bond in the Weekly Rate Mode shall remain in such Interest Rate Mode until the Maturity Date for such Bond, or, if sooner, the date that the Interest Rate Mode for such Bond is converted to another Interest Rate Mode pursuant to *Section 5.3(b)*.

(c) **CP Rate.** The CP Rate for any Bond in the Commercial Paper Rate Mode shall be a fixed rate per annum for each CP Rate Period, subject to the following terms and conditions:

(1) The initial CP Rate Period shall be established on the date of initial delivery of such Bond (if initially delivered in the Commercial Paper Rate Mode) or on the Conversion Date for such Bond (if converted to the Commercial Paper Rate Mode), and subsequent CP Rate Periods shall be established on the last day of each expiring CP Rate Period (the last day of each expiring CP Rate Period being a “Reset Date”), subject to the terms and conditions of *Section 5.2(c)(2)*. On the date of initial delivery, the Conversion Date and each Reset Date, the Remarketing Agent shall determine the CP Rate for the related CP Rate Period, which shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Bond being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date. If the Remarketing Agent fails to establish a CP Rate Period or fails to determine the related CP Rate, a CP Rate Period extending to the next Business Day shall be automatically established and the CP Rate for such CP Rate Period shall be the Alternate Rate.

(2) The duration of each CP Rate Period for a Bond shall be subject to the following terms and conditions:

(A) Each Bond shall have only one CP Rate Period at one time, but different CP Rate Periods may be applicable at the same time to different Bonds in the Commercial Paper Rate Mode.

(B) The Remarketing Agent shall establish CP Rate Periods of such duration as, in the judgment of the Remarketing Agent, is likely to provide the lowest average interest rate on Bonds in the Commercial Paper Rate Mode, taking into account demand for particular CP Rate Periods and other market conditions. The Remarketing Agent may seek advice of the University in establishing CP Rate Periods.

(C) Each CP Rate Period may be for any number of days up to 270 days. No CP Rate Period may extend beyond the Maturity Date for such Bond.

(D) A CP Rate Period must end on a Business Day. If the specified end date for a CP Rate Period is not in fact a Business Day, then such CP Rate Period shall be deemed to extend to the next day that is a Business Day.

(E) If the University gives notice of conversion to another Interest Rate Mode, any CP Rate Period established after such notice must end on or before the Proposed Conversion Date.

(F) In order to facilitate the selection of Bonds to be redeemed on any scheduled mandatory redemption date, the Remarketing Agent shall establish CP Rate Periods of such lengths as will assure that the principal amount of Bonds subject to optional redemption at par on any scheduled mandatory redemption date is not less than the principal amount of Bonds subject to scheduled mandatory redemption on such date.

(3) On the last day of each CP Rate Period (which is also a Reset Date) such Bond shall be repurchased from the Owner pursuant to the Mandatory Tender provisions of this Indenture. A new CP Rate for a new CP Rate Period shall be established on the Mandatory Tender Date, and the Bond shall be remarketed by the Remarketing Agent.

(4) Interest accrued at the CP Rate for any CP Rate Period shall begin on (and shall include) the first day of each CP Rate Period and shall end on (but shall not include) the last day of the CP Rate Period.

(5) The CP Rate may not exceed the Maximum Rate.

(6) The Remarketing Agent shall give prompt notice to the Trustee of the CP Rate so determined. Upon the request of any Owner or any Financing Participant, the Trustee shall confirm the CP Rate so determined.

(7) A Bond in the Commercial Paper Rate Mode shall remain in such Interest Rate Mode until the Maturity Date for such Bond, or, if sooner, the date that the Interest Rate Mode for such Bond is converted to another Interest Rate Mode pursuant to *Section 5.3(b)*.

(d) **Index Rate.** The Index Rate shall be a variable rate per annum for any Bond in the Index Rate Mode, subject to the following terms and conditions:

(1) The Index Rate shall be applicable for the related Index Rate Period. The duration of each Index Rate Period is subject to the terms and conditions of *Section 5.2(d)(2)*. If a Bond is initially issued in the Index Rate Mode, the Index Rate Period, the Designated Index, the Applicable Spread and the Reset Date will be specified in *Section 5.1(d)*. If a Bond is converted to the Index Rate Mode, the Index Rate Period, the Designated Index, the Applicable Spread and the Reset Date will be specified in the notice delivered to the Trustee pursuant to *Section 5.3(b)*. Such notice must

include a representation by the University that the Index Rate will result in the resale of the Bond at par on the Conversion Date.

(2) An Index Rate Period must end on a Business Day. If the specified end date for an Index Rate Period is not in fact a Business Day, then such Index Rate Period shall be deemed to extend to the next day that is a Business Day.

(3) The Index Rate shall be set initially on the date of initial delivery of such Bond (if initially issued in the Index Rate Mode) or on the Conversion Date (if converted to the Index Rate Mode) and shall change on each Reset Date. The Index Rate shall be determined by the Calculation Agent based on the publication of the Designated Index on the date initially set and on each Reset Date (or, if not published on any such date, as published most recently prior to such date). The Calculation Agent shall give prompt notice to the Trustee of the Index Rate so determined. Upon the request of any Owner or any Financing Participant, the Trustee shall confirm the Index Rate then in effect.

(4) Interest accrual at the Index Rate shall begin on (and shall include) the date when initially set and each Reset Date, and shall end on (but shall not include) the next Reset Date (or, if sooner, a Conversion Date).

(5) The Index Rate may not exceed the Maximum Rate.

(6) A Bond in the Index Rate Mode shall remain in such Interest Rate Mode until the end of the applicable Index Rate Period, or, if sooner, the date that the Interest Rate Mode for such Bond is converted to another Interest Rate Mode pursuant to **Section 5.3(b)**. The last day of an Index Rate Period shall be a Mandatory Tender Date for such Bond.

(e) **Term Rate and Term Rate Periods.** The Term Rate for any Bond in the Term Rate Mode shall be a fixed rate per annum for the related Term Rate Period, subject to the following terms and conditions:

(1) The Term Rate shall be applicable for the related Term Rate Period. The duration of each Term Rate Period is subject to the terms and conditions of **Section 5.2(e)(2)**. If a Bond is initially issued in the Term Rate Mode, the Term Rate Period and Term Rate will be specified in **Section 5.1(d)**. If a Bond is converted to the Term Rate Mode, the Term Rate Period and the Term Rate will be specified in the notice delivered to the Trustee pursuant to **Section 5.3(b)**. Such notice must include a representation by the University that the Term Rate will result in the resale of the Bond at par on the Conversion Date.

(2) The duration of each Term Rate Period for a Bond shall be subject to the following terms and conditions:

(A) A Term Rate Period shall be not less than 30 days and must end prior to the Maturity Date of such Bond. A Bond with a fixed rate until the Maturity Date is considered a Bond in the Fixed Rate Mode for purposes of this Indenture.

(B) A Term Rate Period must end on a Business Day. If the specified end date for a Term Rate Period is not in fact a Business Day, then such Term Rate Period shall be deemed to extend to the next day that is a Business Day.

(3) On the last day of the Term Rate Period such Bond shall be purchased from the Owner pursuant to the Mandatory Tender provisions of this Indenture, and such Bond shall be converted to another Interest Rate Mode, which may be the Term Rate Mode, in which case a new Term Rate Period and Term Rate shall be established pursuant to *Section 5.3(b)* and this *Section 5.2(e)*.

(4) Interest accrued at the Term Rate for any Term Rate Period shall begin on (and shall include) the date of initial delivery or the Conversion Date, as the case may be, and shall end on (but shall not include) the last day of the Term Rate Period (or, if sooner, a Conversion Date).

(5) The Term Rate may not exceed the Maximum Rate.

(6) A Bond in the Term Rate Mode shall remain in such Interest Rate Mode until the end of the applicable Term Rate Period, or, if sooner, the date that the Interest Rate Mode for such Bond is converted to another Interest Rate Mode pursuant to *Section 5.3(b)*. The last day of a Term Rate Period shall be a Mandatory Tender Date for such Bond.

(f) **Fixed Rate.** The Fixed Rate for any Bond in the Fixed Rate Mode shall be a fixed rate per annum, subject to the following terms and conditions:

(1) The Fixed Rate shall be applicable until the Maturity Date of such Bond (or, if sooner, a Conversion Date). If a Bond is initially issued in the Fixed Rate Mode, the Fixed Rate will be specified in *Section 5.1(d)*. If a Bond is converted to the Fixed Rate Mode, the Fixed Rate will be specified in the notice delivered to the Trustee pursuant to *Section 5.3(b)*. Such notice must include a representation by the University that the Fixed Rate will result in the resale of the Bond at par on the Conversion Date, unless the Bond is being sold with discount or premium in accordance with the provisions of *Section 5.2(f)(2)*.

(2) The University may establish a Fixed Rate that results in discount or premium in the resale price, provided that:

(A) If the Fixed Rate will result in a sale of such Bond on the Conversion Date at a price lower than 100% of the principal amount of such Bond, on or before the Conversion Date the University must deposit in the Bond Purchase Fund an amount equal to the difference between the sale price and par.

(B) If the Fixed Rate will result in a sale of such Bond on the Conversion Date at a price higher than 100% of the principal amount of such Bond, the difference between the sale price and par shall be transferred to the University and applied by the University in such manner as shall be approved by a Favorable Tax Opinion. At the option of the University, such amount may be deposited in the Acquisition Fund or the Costs of Issuance Fund and disbursed from such Funds.

(3) Interest accrued at the Fixed Rate shall begin on (and shall include) the date of initial delivery or the Conversion Date, as the case may be, and shall end on (but shall not include) the Maturity Date of such Bond (or, if sooner, a Conversion Date).

(4) The Fixed Rate may not exceed the Maximum Rate.

(5) A Bond in the Fixed Rate Mode shall remain in such Interest Rate Mode until the Maturity Date for such Bond or, if sooner, the date that the Interest Rate Mode for such Bond is converted to another Interest Rate Mode pursuant to **Section 5.3(b)**.

(g) **Rate Determinations Conclusive.** The interest rates determined as provided in this Section shall be conclusive and binding on the Financing Participants.

SECTION 5.3 Conversion of Interest Rate Modes

(a) **Automatic Conversion to Weekly Rate Mode.** On the last day of any Term Rate Period or Index Rate Period with respect to a Bond, the Interest Rate Mode on such Bond shall automatically convert to the Weekly Rate Mode unless the Interest Rate Mode for such Bond is successfully converted on such date to an Interest Rate Mode specified by the University pursuant to the optional conversion provisions of **Section 5.3(b)**. Any Bond that is converted automatically to the Weekly Rate Mode may be converted to another Interest Rate Mode in accordance with the terms and conditions of **Section 5.3(b)**.

(b) **Optional Conversion to Another Interest Rate Mode.** At the option of the University, any Bond may be converted from one Interest Rate Mode to another Interest Rate Mode, subject to the following terms and conditions:

(1) Unless the Bond is already subject to Mandatory Tender on a Proposed Conversion Date (pursuant to the provisions of **Section 6.2(a)(1)** or otherwise), the University must give the other Financing Participants notice of the proposed conversion not less than 3 Business Days prior to the date when notice of the related Mandatory Tender must be given to the Owner (unless a shorter notice is acceptable to the Trustee). Such notice must specify the Proposed Conversion Date and the principal amount of the Bond or Bonds for which the conversion is requested.

(2) Less than the entire principal amount of a Bond may be converted if both the amount converted and the remaining portion of such Bond will be in Authorized Denominations.

(3) The Proposed Conversion Date must be a date when such Bond is subject to optional redemption at par.

(4) Not later than the last Business Day prior to the Proposed Conversion Date the University shall give notice to the Trustee and Remarketing Agent specifying the Interest Rate Mode to which such Bond is being converted, which may be the same Interest Rate Mode, but with new terms as specified in the notice of conversion. For example, (i) a Bond in the Term Rate Mode may be converted to a new Term Rate Mode with a different Term Rate Period or Term Rate, (ii) a Bond in the Weekly Rate Mode may be converted to a Weekly Rate Mode in which the Limited Optional Tender Provisions apply, and (iii) a Bond in the Fixed Rate Mode may be converted to a new Fixed Rate Mode with a different Fixed Rate. Such notice may specify Authorized Denominations to be in effect during the new Interest Rate Mode that are different from the Authorized Denominations otherwise applicable under this Indenture and may specify an Alternate Rate to be in effect during the new Interest Rate Mode that is different from the Alternate Rate otherwise applicable under this Indenture.

(5) On or before the Conversion Date the University shall give notice to the Trustee specifying the purchaser of such Bond, which may be (i) a Direct Lender, (ii) an underwriter or underwriting group, or (iii) a purchaser to be identified by the Remarketing Agent.

(6) If the Bond is being converted to the Weekly Rate Mode or the Daily Rate Mode and the University is electing to apply the Limited Optional Tender Provisions, the notice of such election must be delivered on or before the last Business Day prior to the Conversion Date.

(7) If the Bond is being converted to the Daily Rate Mode, the Weekly Rate Mode or the Commercial Paper Rate Mode and no Remarketing Agent has been appointed, the University shall appoint a Remarketing Agent on or before the last Business Day prior to the Conversion Date.

(8) If a Bond is being converted to the Index Rate Mode, on or before the Proposed Conversion Date the University shall deliver notice to the other Financing Participants specifying the Designated Index, the Applicable Spread, the Reset Date, and the Index Rate Period, subject to the terms and conditions of **Section 5.2(d)**. Such notice must include a representation by the University that the Index Rate will result in the resale of the Bond at par on the Conversion Date.

(9) If a Bond is being converted to the Term Rate Mode, on or before the Proposed Conversion Date the University shall deliver notice to the other Financing Participants specifying the Term Rate and the applicable Term Rate Period, subject to the terms and conditions of **Section 5.2(e)**. Such notice must contain a representation by the University that the Term Rate will result in the resale of the Bond at par on the Conversion Date.

(10) If a Bond is being converted to the Fixed Rate Mode, on or before the Proposed Conversion Date the University shall deliver notice to the other Financing Participants specifying the Fixed Rate, subject to the terms and conditions of **Section 5.2(f)**. Such notice must contain a representation by the University that the Fixed Rate will result in the resale of the Bond at par, unless the Bond is being sold with discount or premium in accordance with the provisions of **Section 5.2(f)**.

(11) On or before the Proposed Conversion Date the University may deliver notice to the other Financing Participants specifying optional redemption provisions for the new Interest Rate Mode that are different from the optional redemption provisions specified in **Section 7.1**, subject to the provisions of **Article 7**.

(12) If all Bonds are being converted to the Fixed Rate Mode, on or before the Proposed Conversion Date the University may deliver notice to the other Financing Participants specifying serial maturities and scheduled mandatory redemption requirements to be effective after the Conversion Date, subject to the provisions of **Section 7.1(d)**. The terms of such notice shall supersede any contrary provisions of **Section 5.1(d)** for Maturity Dates and **Section 7.1(c)** for scheduled mandatory redemption.

(13) If a Bond is being converted to the Index Rate Mode, the Term Rate Mode or the Fixed Rate Mode, the University may specify in the notice of conversion that such Bond will be delivered in Direct Loan Form. The notice of conversion may also contain provisions for adjustment of the interest rate upon the occurrence of specified contingencies.

(14) On the Proposed Conversion Date the Trustee must receive a Favorable Tax Opinion.

(c) **Revocation of Election to Convert.** The election to convert a Bond to another Interest Rate Mode is subject to revocation as follows:

(1) The election to convert shall automatically be deemed revoked if (i) the conditions for conversion of such Bond to another Interest Rate Mode are not satisfied on the Proposed Conversion Date or (ii) such Bond is not remarketed in the designated Interest Rate Mode on the Proposed Conversion Date.

(2) The University may, at its option, revoke the election to convert a Bond to another Interest Rate Mode by notice delivered to the Trustee and the other Financing Participants before such Bond has been delivered to a purchaser in the new Interest Rate Mode.

(d) **Consequences of Revocation of Election to Convert.** If the election to convert a Bond to another Interest Rate Mode is revoked, as provided in *Section 5.3(c)*, such revocation shall have the following consequences:

(1) If the Proposed Conversion Date was also a Mandatory Tender Date under the terms of *Section 6.2(a)(1)*, such Bond shall nevertheless be subject to Mandatory Tender, and such Bond shall automatically convert to the Weekly Rate Mode as provided in *Section 5.3(a)*. Such Bond may be converted to another Interest Rate Mode at the option of the University in accordance with the terms and conditions of *Section 5.3(b)*.

(2) If the Proposed Conversion Date was not also a Mandatory Tender Date under the terms of *Section 6.2(a)(1)*, the Mandatory Tender on the Proposed Conversion Date shall be deemed cancelled, and the tendered Bond shall be returned to the Owner of such Bond. Such Bond shall remain in the Interest Rate Mode that was applicable on the Proposed Conversion Date.

(3) The revocation of election to convert shall not affect any rights or remedies that an underwriter or the Remarketing Agent may have against the University pursuant to any bond purchase agreement, remarketing agreement, or other agreement entered into in connection with the proposed conversion.

(e) **Bond Certificate in New Interest Rate Mode.** The Interest Rate Mode applicable to a Bond will be specified in the heading to the certificate evidencing such Bond. If a Bond is converted to another Interest Rate Mode, the Bond is subject to Mandatory Tender and a new Bond certificate, with provisions applicable in the new Interest Rate Mode, will be delivered to initial the Owner in the new Interest Rate Mode.

(f) **Exercise of Conversion Rights by the Issuer.** If the Loan Agreement has been terminated, the Issuer may exercise any rights of the University with respect to the conversion of Interest Rate Modes without notice to, or consent of, the University.

SECTION 5.4 Proceeds From Sale of Bonds

The proceeds from the sale of the Bonds to the original purchaser or purchasers thereof shall be applied as follows:

(a) The amount to be used for Costs of Issuance shall be deposited in the Costs of Issuance Fund.

(b) The amount to be used for the retirement of the Refunded Obligations shall be paid to the holders of Refunded Obligations or to the trustee or paying agent for such holders. The Refunded Obligations are more particularly described in *Exhibit 5.4(b)*.

- (c) The amount to be used for Acquisition Costs shall be deposited in the Acquisition Fund.

The amount of Bond proceeds to be applied to each purpose identified in this *Section 5.4* shall be specified by directions from an Authorized Representative of the University delivered to the Trustee.

ARTICLE 6

Purchase and Remarketing of Bonds

SECTION 6.1 Optional Tenders

(a) The Owner of any Bond in the Daily Rate Mode or the Weekly Rate Mode shall have the right to tender such Bond to the Trustee for purchase in whole or in part on any Business Day. Except as otherwise provided with respect to Affected Bonds subject to the Limited Optional Tender Provisions, failure to pay the Purchase Price of a Bond tendered pursuant to the Optional Tender provisions will constitute an Event of Default under *Section 11.1(b)*. In order to exercise the Optional Tender right with respect to any Bond, the Owner thereof must deliver notice to the Trustee, as follows:

(1) If such Bond is in the Daily Rate Mode, such notice must be delivered not later than 10:00 a.m. on the Optional Tender Date.

(2) If such Bond is in the Weekly Rate Mode, such notice must be delivered at least 7 days prior to the Optional Tender Date.

(b) Any such notice of Optional Tender must be duly executed by the Owner and must specify (i) the name of the Owner of the Bond to be tendered for purchase, (ii) the Optional Tender Date, (iii) the principal amount of such Bond, and (iv) the principal amount of such Bond to be purchased (if such amount is less than the entire principal amount, both the amount to be purchased and the amount remaining must be in an Authorized Denomination). The notice of Optional Tender must be substantially as set forth in *Exhibit 6.1(b)* or in such other form as shall be acceptable to the Trustee. The Trustee shall promptly forward a copy of such notice to the other Financing Participants.

(c) If any notice of Optional Tender specifies an Optional Tender Date that is not a Business Day, then such notice shall be deemed to specify the next following Business Day as the Optional Tender Date. Unless a notice of Optional Tender indicates that less than the entire principal amount of the Bond is being tendered for purchase, the Owner will be deemed to have tendered the Bond in its entire principal amount for purchase.

(d) Upon delivery of a written notice of Optional Tender, the election to tender shall be irrevocable and binding upon such Owner and may not be withdrawn, except as provided with respect to the Limited Optional Tender Provisions. The Trustee shall, in its sole discretion, determine whether, with respect to any Bond, notice of Optional Tender was properly completed with respect to such Bond by the Owner thereof.

(e) If a written notice of tender shall have been duly given with respect to any Bond, the Owner of such Bond shall deliver such Bond to the Trustee on the Optional Tender Date. If only a portion of such Bond is to be purchased (as a result of the exercise of the Optional Tender right only with respect to such portion), the Owner shall receive a new Bond or Bonds of the same maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Owner in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of the Bond surrendered. Any

Bond (or portion thereof) that is to be so purchased but that is not so delivered to the Trustee shall nevertheless be deemed to have been tendered by the Owner thereof on the Optional Tender Date.

(f) Except as otherwise provided with respect to Affected Bonds subject to the Limited Optional Tender Provisions, on each Optional Tender Date the Trustee shall pay to the Owner of each Bond (or portion thereof) properly tendered for purchase an amount equal to the Purchase Price. Funds for payment of the Purchase Price of such Bonds shall be paid by the Trustee from the sources specified in **Section 6.5**.

(g) If there has been irrevocably deposited in the Bond Purchase Fund an amount sufficient to pay the Purchase Price of any Bond to be purchased on an Optional Tender Date, such Bond shall be deemed to have been tendered for purchase and purchased from the Owner thereof on such Optional Tender Date, and the Owner of such Bond shall not be entitled to receive interest on such Bond for any period on and after the Optional Tender Date. The Trustee shall issue a new Bond or Bonds in the same aggregate principal amount for any such Bond which is not tendered for purchase on any Optional Tender Date and, upon receipt by the Trustee of any such Bond from the Owner thereof, shall pay, or cause to be paid, the Purchase Price of such Tendered Bond to the Owner thereof and cancel such Tendered Bond.

(h) Owners may exercise Optional Tender rights notwithstanding the existence of an Event of Default.

SECTION 6.2 Mandatory Tenders

(a) The Owner of each Bond shall be required to tender such Bond to the Trustee for purchase on the following dates:

(1) The last day of any Index Rate Period, Term Rate Period or CP Rate Period with respect to such Bond.

(2) Each Proposed Conversion Date with respect to such Bond.

If any of such dates is not a Business Day, the Mandatory Tender Date shall be the next succeeding Business Day.

(b) No notice is required for a Mandatory Tender pursuant to **Section 6.2(a)(1)**, but the Trustee may elect to provide notice of such Mandatory Tender. Notice of a Mandatory Tender for any other purpose under **Section 6.2(a)** shall be given by the Trustee to the affected Owner not less than 15 days prior to the Mandatory Tender Date. The Owner of a Bond subject to a Mandatory Tender for which notice is required may waive the notice of the Mandatory Tender.

(c) Except as provided in **Section 5.3(d)** with respect to a revocation of conversion on a Proposed Conversion Date, on the Mandatory Tender Date with respect to any Bond, the Trustee shall pay to the Owner of such Bond an amount equal to the Purchase Price. Funds for payment of the Purchase Price of such Bond shall be drawn by the Trustee from the sources specified in **Section 6.5**. Except as otherwise provided with respect to a revocation of conversion on a Proposed Conversion Date, failure to pay the Purchase Price of a Bond tendered pursuant to the Mandatory Tender provisions will constitute an Event of Default under **Section 11.1(b)**.

(d) If there has been irrevocably deposited in the Bond Purchase Fund an amount sufficient to pay the Purchase Price of any Bond to be purchased on a Mandatory Tender Date, such Bond shall be deemed to be tendered for purchase and purchased from the Owner thereof on such Mandatory Tender Date

and the Owner of such Bond shall not be entitled to receive interest on such Bond for any period on and after the relevant Mandatory Tender Date. The Trustee shall issue a new Bond or Bonds in the same aggregate principal amount, maturity and interest rate for any such Bond which is not tendered for purchase on any Mandatory Tender Date and, upon receipt by the Trustee of any such Bond from the Owner thereof, shall pay, or cause to be paid, the Purchase Price of such Tendered Bond to the Owner thereof and cancel such Tendered Bond.

SECTION 6.3 Election of Limited Optional Tender Provisions

(a) The University may elect that the Optional Tender provisions otherwise applicable to the Bonds will be subject to, and modified by, the special Limited Optional Tender Provisions of this Section if the election complies with the terms and conditions of **Section 6.3(b)**.

(b) The terms and conditions for electing the Limited Optional Tender Provisions with respect to any Bond are as follows:

(1) Only Bonds in the Daily Rate Mode or Weekly Rate Mode may be subject to the Limited Optional Tender Provisions.

(2) The election must be made (i) on the date of initial issuance of the Bond or (ii) on or before the date of conversion of such Bond to a new Interest Rate Mode. The election may be made in the provisions of this Indenture authorizing the issuance of the Bonds (for Bonds issued initially with Limited Optional Tender Provisions), in a notice of conversion (for Bonds being converted to a new Interest Rate Mode with Limited Optional Tender Provisions), or in a separate notice timely delivered to the Trustee. The election of Limited Optional Tender Provisions shall be noted in the bond form for the Affected Bonds.

(3) The Limited Optional Tender Provisions must be applicable to all Bonds in the same Interest Rate Mode.

(4) If a timely election is made, the Limited Optional Tender Provisions shall become effective on the date of initial issuance or the date of conversion of the Affected Bond to a new Interest Rate Mode, as the case may be, and shall remain in effect until the Affected Bond is converted to another Interest Rate Mode.

(5) If an Affected Bond is converted to another Interest Rate Mode, the University may elect to apply Limited Optional Tender Provisions to such Bond in such new Interest Rate Mode, subject to the terms and conditions of this Section.

(c) If the Limited Optional Tender Provisions are elected with respect to any Bond, the provisions of this Indenture with respect to an Optional Tender shall be deemed modified in accordance with the following terms and conditions:

(1) Funds for the purchase of Affected Bonds that are tendered for purchase pursuant to the Optional Tender provisions shall be derived solely from money on deposit in the Bond Purchase Fund, which may be derived from (i) Remarketing Proceeds or (ii) funds that the University elects to provide for such purchase; provided, however, that the University shall not be required to provide funds for the purchase of Affected Bonds during the period when the Limited Optional Tender Provisions are applicable.

(2) Tendered Bonds shall not be purchased on an Optional Tender Date if adequate funds are not available in the Bond Purchase Fund to pay (i) the Purchase Price of all Affected Bonds tendered for purchase on such Optional Tender Date and (ii) the Purchase Price of all Failed Remarketing Bonds tendered for purchase prior to such Optional Tender Date. No Tendered Bonds or Failed Remarketing Bonds shall be purchased even if available money in the Bond Purchase Fund was sufficient to purchase some, but not all, Bonds for which the Purchase Price was due.

(3) During a Failed Remarketing Period Owners of Affected Bonds may continue to tender Affected Bonds for purchase pursuant to the Optional Tender provisions, and the Remarketing Agent shall continue to use its best efforts to remarket all such Affected Bonds, subject to these Limited Optional Tender Provisions.

(4) On any Optional Tender Date when a Failed Remarketing occurs, any Remarketing Proceeds that were on deposit in the Bond Purchase Fund on such Optional Tender Date shall be returned to the Persons who provided such Remarketing Proceeds, and any money deposited by the University shall be returned to the University.

(5) On any Optional Tender Date when a Failed Remarketing occurs, any Failed Remarketing Bond shall be returned to the Owner, but such Failed Remarketing Bond shall remain subject to purchase pursuant to the original Optional Tender notice if and when funds sufficient for the purchase of all Failed Remarketing Bonds are on deposit in the Bond Purchase Fund; provided, however, that the Owner of a Failed Remarketing Bond may, by written notice delivered to the Trustee, revoke the original notice of Optional Tender delivered by such Owner, in which case such Bond shall no longer be considered a Failed Remarketing Bond. If such a notice of revocation is delivered by an Owner, such Owner's Bond will remain an Affected Bond and such Owner may deliver a subsequent Optional Tender notice, subject to the Limited Optional Tender Provisions.

(6) If and when the Trustee determines that money in the Bond Purchase Fund is sufficient to pay the Purchase Price of all Failed Remarketing Bonds, the Trustee shall complete the purchase of such Failed Remarketing Bonds in accordance with the provisions of **Section 6.5**.

(7) During a Failed Remarketing Period all Affected Bonds (whether or not Affected Bonds are also Failed Remarketing Bonds) shall bear interest at the Maximum Rate, and the Remarketing Agent shall cease determination of the Weekly Rate or the Daily Rate otherwise applicable to such Affected Bonds.

(8) If a Failed Remarketing occurs, all Affected Bonds (whether or not Affected Bonds are also Failed Remarketing Bonds) are subject to special mandatory redemption in accordance with the provisions of **Section 7.1(e)** unless the conditions of **Section 7.1(e)** for avoiding such mandatory redemption have been satisfied.

(d) For the avoidance of doubt, (i) if the Limited Optional Tender Provisions are not applicable to a Bond, failure to pay the Purchase Price of such Bond on an Optional Tender Date constitutes an Event of Default under **Section 11.1(b)**, and (ii) if the Limited Optional Tender Provisions are applicable to a Bond, failure to pay the Purchase Price of such Bond on an Optional Tender Date is not an Event of Default.

SECTION 6.4 Remarketing of Tendered Bonds

(a) The Remarketing Agent will use its best efforts to remarket Tendered Bonds, subject to the following terms and conditions:

(1) The Remarketing Agent shall not remarket Tendered Bonds to the Issuer or the University or any Affiliate of the Issuer or the University; provided, however, that the University may purchase Tendered Bonds with its own funds as provided in **Section 6.5(b)**. The University shall give the Trustee prompt notice of any purchase of Bonds.

(2) The University may direct the Remarketing Agent not to remarket any Bond that the University wishes to purchase.

(3) If a Tendered Bond is not remarketed within 90 days after the Tender Date, such Bond may not be remarketed unless the Trustee receives a Favorable Tax Opinion.

(b) Promptly after arranging for the remarketing of any Bond, the Remarketing Agent shall give the Trustee notice specifying delivery instructions with respect to such Bond, including, to the extent requested by the Trustee, (i) such purchaser's name, (ii) the principal amount, maturity, interest rate and Authorized Denomination of the Bond to be purchased, and (iii) delivery instructions with respect to such Bond.

SECTION 6.5 Purchase of Tendered Bonds

(a) The Trustee shall hold any Tendered Bond delivered to it in trust solely for the benefit of the tendering Owner until money representing the Purchase Price of such Bond shall have been delivered to or for the account of such Owner.

(b) The Trustee shall obtain funds for payment of the Purchase Price of Tendered Bonds from the following sources:

(1) The Remarketing Agent shall deliver all Remarketing Proceeds to the Trustee or shall instruct the purchaser of any remarketed Bond to deliver the purchase price of such remarketed Bond directly to the Trustee. Remarketing Proceeds shall be held in a separate, segregated account in the Bond Purchase Fund and shall not be commingled with other money in the Bond Purchase Fund.

(2) Pursuant to the Loan Agreement the University must provide the Purchase Price of Tendered Bonds that will not be paid with Remarketing Proceeds, unless the Limited Optional Tender Provisions apply to such tender. Funds obtained from the University shall be held in a separate, segregated account in the Bond Purchase Fund and shall not be commingled with other money in the Bond Purchase Fund.

(c) On the Tender Date with respect to any Bond, the Trustee shall pay the Purchase Price to the Owner of such Bond, except as otherwise provided pursuant to the Limited Optional Tender Provisions. Funds available for the Purchase Price of Tendered Bonds shall be applied by the Trustee as follows, in the order and priority indicated:

(1) First, Remarketing Proceeds shall be used to pay the Purchase Price of Tendered Bonds other than Obligor Bonds.

(2) Second, funds provided by the University shall be used to pay the Purchase Price of Tendered Bonds that are not purchased with Remarketing Proceeds.

The Trustee shall not be required to use its own funds to pay the Purchase Price of Tendered Bonds. The Trustee shall not pay the Purchase Price of any Tendered Bond, unless and until the Owner of such Bond

presents such Bond to the Trustee. Any Bond so delivered to the Trustee after the Trustee's close of business on a Business Day shall be deemed delivered on the following Business Day.

SECTION 6.6 Disposition of Purchased Bonds

(a) Tendered Bonds remarketed by the Remarketing Agent shall be delivered to the purchaser in accordance with instructions provided by the Remarketing Agent. Tendered Bonds purchased with funds provided by the University shall be delivered to the University in accordance with instructions provided by the University.

(b) Any remarketed Bond that has been called for redemption shall be delivered with a copy of the redemption notice, and any remarketed Bond as to which notice of Mandatory Tender has been given shall be delivered with a copy of the notice of Mandatory Tender.

(c) Any Bond purchased pursuant to an Optional or Mandatory Tender shall not, by virtue of such purchase, be deemed paid or cancelled, but shall remain Outstanding until Defeased.

(d) If the Issuer or one of its Affiliates acquires Bonds through direct purchase from an Owner, the Issuer shall promptly notify the Trustee. The Loan Agreement provides that if the University or one of its Affiliates acquires Bonds through direct purchase from an Owner, the University shall promptly notify the Trustee. The Trustee may assume that no Bonds are owned by the Issuer, the University or an Affiliate of either of them unless the Trustee has notice to the contrary.

SECTION 6.7 Remarketing Agent

(a) The University has not appointed a Remarketing Agent as of the date of delivery of this Indenture. The University shall appoint a Remarketing Agent not less than 20 days prior to the conversion of any Bond to an Interest Rate Mode that will require a Remarketing Agent to establish the interest rate or rates applicable in such Interest Rate Mode or will require a Remarketing Agent remarket Bonds pursuant to the Optional or Mandatory Tender provisions of this Indenture.

(b) Any Remarketing Agent appointed by the University shall accept such appointment and the duties and obligations imposed by this Indenture by executing and delivering an agreement satisfactory to the University and the Trustee.

(c) The Remarketing Agent may resign at any time by giving 30 days' notice to the other Financing Participants.

(d) The University may remove the Remarketing Agent at any time upon 30 days' notice to the Remarketing Agent and the other Financing Participants.

(e) If the Remarketing Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Remarketing Agent for any cause, the University shall promptly appoint a successor Remarketing Agent. Any successor Remarketing Agent shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by this Indenture by execution and delivery of an agreement satisfactory to the University and the Trustee.

(f) The Trustee shall give notice to Owners of the initial appointment of the Remarketing Agent, each resignation and each removal of the Remarketing Agent, and each appointment of a successor Remarketing Agent.

(g) Compensation and expenses of the Remarketing Agent shall be paid by the University, as provided in the agreement of the Remarketing Agent accepting its appointment.

(h) The Remarketing Agent shall not have a lien on any portion of the Trust Estate, including any Remarketing Proceeds and any money on deposit in the Bond Purchase Fund, for payment of its compensation or expenses.

ARTICLE 7

Redemption of Bonds

SECTION 7.1 Redemption Provisions

The Bonds shall be subject to redemption prior to maturity as follows:

(a) **Optional Redemption in Initial Interest Rate Mode.** In the initial Interest Rate Mode applicable to the Bonds, the Bonds will be subject to optional redemption as follows:

(1) **Bonds Issued Initially in the Fixed Rate Mode.** Any Bond that matures after [_____, ____] may be redeemed in whole or in part on any Business Day on or after [_____, ____] at a redemption price equal to 100% of the principal amount redeemed plus accrued interest thereon to the redemption date.

(b) **Optional Redemption Upon Conversion.** Bonds converted to another Interest Rate Mode are subject to optional redemption as follows:

(1) **Bonds Converted to the Fixed Rate Mode.** Any Bond converted to the Fixed Rate Mode shall be subject to optional redemption on or after the First Optional Call Date (as defined below in this paragraph) at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date. The “First Optional Call Date” shall be: (i) if the period from the Conversion Date to the Maturity Date of such Bond is more than 5 years but less than 10 years, the First Optional Call Date shall be the 5th anniversary of the Conversion Date; and (ii) if the period from the Conversion Date to the Maturity Date of such Bond is more than 10 years, the First Optional Call Date shall be the 10th anniversary of the Conversion Date.

(2) **Bonds Converted to the Term Rate Mode.** Any Bond converted to the Term Rate Mode shall be subject to optional redemption on or after the First Optional Call Date (as defined below in this paragraph) until and including the last day of the Term Rate Period at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date. The “First Optional Call Date” shall be: (i) for any Term Rate Period of one year or less, the First Optional Call Date shall be the last day of the Term Rate Period; (ii) for any Term Rate Period of more than one year but not more than 5 years, the First Optional Call Date shall be the date that is 6 months prior to the last day of the Term Rate Period; (iii) for any Term Rate Period of more than 5 years but not more than 10 years, the First Optional Call Date shall be the 5th anniversary of the beginning of the Term Rate Period; and (iv) for any Term Rate Period of more than 10 years, the First Optional Call Date shall be the 10th anniversary of the beginning of the Term Rate Period.

(3) **Bonds Converted to the Index Rate Mode.** Any Bond converted to the Index Rate Mode shall be subject to optional redemption in whole or in part on any Business Day on or

after the First Par Call Date (defined below) at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date. Prior to the First Par Call Date any Bond converted to the Index Rate Mode shall be subject to optional redemption in whole or in part on any Business Day at a redemption price equal to the greater of (i) 100% of the principal amount to be redeemed or (ii) the Make-Whole Redemption Price (as defined below) of the principal amount to be redeemed, plus, in each case, accrued interest thereon to the redemption date. For purposes of determining the optional redemption price:

“*First Par Call Date*” means (i) for any Index Rate Period of 10 years or less, the date that is 6 months prior to the last day of the Index Rate Period and (ii) for any Index Rate Period of more than 10 years, the 10th anniversary of the beginning of the Index Rate Period (or, if sooner, 6 months prior to the last day of the Index Rate Period).

“*Make-Whole Redemption Price*” means the sum of the present value of the remaining scheduled payments of principal and interest on the Bond (or the portion thereof to be redeemed) to the First Par Call Date, assuming that (i) accrued interest to the redemption date is excluded from remaining interest payments, (ii) the portion of such Bond to be redeemed would have been redeemed at par on the First Par Call Date, and (iii) the Index Rate in effect two Business Days prior to the redemption date will remain in effect from the redemption date until the First Par Call Date. Present value shall be calculated based on a discount rate equal to the Treasury Rate (defined below) plus 25 basis points. Discounting shall be on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months.

“*Treasury Rate*” shall be determined by reference to the Federal Reserve’s publication “H.15 Selected Interest Rates” (or, if H.15 is no longer published, any publicly available source of similar market data selected by the University). The Treasury Rate with respect to the Bond (or portion thereof) to be redeemed shall be the yield to maturity in H.15, as published two Business Days prior to the redemption date, for United States Treasury securities (excluding inflation indexed securities) with a constant maturity most nearly equal to the period from the redemption date to the First Par Call Date; provided, however, that if the period from the redemption date to the First Par Call Date is less than one year, the constant maturity of one year shall be the Treasury Rate.

The Trustee may retain (at the expense of the University) an independent firm (which may be an accounting firm, investment banking firm, or municipal adviser firm) to calculate the Make-Whole Redemption Price. The Make-Whole Redemption Price determined by such firm shall be conclusive and binding on the Financing Participants.

(4) **Bonds Converted to the Daily Rate Mode.** Any Bond converted to the Daily Rate Mode may be redeemed in whole or in part on any Business Day at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date.

(6) **Bonds Converted to the Weekly Rate Mode.** Any Bond converted to the Weekly Rate Mode may be redeemed in whole or in part on any Business Day at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date.

(6) **Bonds Converted to the Commercial Paper Rate Mode.** Any Bond converted to the Commercial Paper Rate Mode may be redeemed in whole or in part on any Reset Date with respect to such Bond at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date.

The notice of conversion delivered by the University pursuant to **Section 5.3(b)** may specify optional redemption provisions that are different from the optional redemption provisions specified in this **Section 7.1(b)** if the University delivers a Favorable Tax Opinion with such notice.

(c) **Scheduled Mandatory Redemption of Bonds.** The Bonds are subject to scheduled mandatory redemption as follows:

(1) **Bonds Maturing in ____ with a ____% Coupon.** Subject to credits against scheduled mandatory redemption requirements provided below, Bonds with a stated maturity in _____ and an interest rate of __% are subject to scheduled mandatory redemption, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on dates and in principal amounts as follows, with the principal balance still Outstanding after scheduled mandatory redemption to be paid on the Maturity Date:

Scheduled Mandatory Redemption Date (_____ 1)	Principal Amount to be Redeemed
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Maturity Date (_____ 1)	Principal Amount to be Paid at Maturity
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(2) **Bonds Maturing in ____ with a ____% Coupon.** Subject to credits against scheduled mandatory redemption requirements provided below, Bonds with a stated maturity in _____ and an interest rate of __% are subject to scheduled mandatory redemption, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, with the principal balance still Outstanding after scheduled mandatory redemption to be paid on the Maturity Date:

**Scheduled Mandatory
Redemption Date**
(_____ 1)

**Principal
Amount to be
Redeemed**

Maturity Date
(_____ 1)

**Principal Amount
to be Paid at Maturity**

(3) Not later than the date on which notice of scheduled mandatory redemption is to be given to Owners of Bonds, the Trustee shall select the Affected Bonds for scheduled mandatory redemption by lot; provided, however, that the University may, upon direction delivered to the Trustee not less than 3 days prior to the date notice of such redemption is to be given to Owners, direct that any or all of the following amounts be credited against the principal amount of Bonds scheduled for redemption on such date: (i) the principal amount of Bonds of the same series, maturity and interest rate delivered by the Issuer or the University to the Trustee for cancellation and not previously claimed as a credit; (ii) the principal amount of Bonds of the same series, maturity and interest rate previously redeemed (other than Bonds redeemed pursuant to the provisions requiring scheduled mandatory redemption) and not previously claimed as a credit; and (iii) the principal amount of Bonds of the same series, maturity and interest rate otherwise Defeased and not previously claimed as a credit.

(4) If Bonds are in the Daily Rate Mode, the Weekly Rate Mode, or the Commercial Paper Rate Mode on the scheduled mandatory redemption date and the scheduled date is not a Business Day, the actual date for such redemption shall be the next succeeding Business Day, and interest shall accrue to the actual redemption date with respect to Bonds being redeemed.

(d) **Changing Maturity Dates and Scheduled Mandatory Redemption Provisions Upon Conversion.** Upon conversion of all Bonds Outstanding to the Fixed Rate Mode or a new Fixed Rate Mode, the University may elect any combination of serial maturities and scheduled mandatory redemption requirements for the Outstanding Bonds after the Conversion Date in lieu of the provisions otherwise applicable under this Indenture, subject to the following terms and conditions:

(1) The University must deliver a Favorable Tax Opinion to the Trustee with respect to such election.

(2) The resulting schedule for retirement of principal of the Outstanding Bonds must be the same as the schedule for principal retirement resulting from the original Maturity Date or Dates of the Bonds and the scheduled mandatory redemption provisions of **Section 7.1(c)**.

(3) The notice of conversion to the Fixed Rate Mode shall specify the serial maturities and the scheduled mandatory redemption provisions for the remaining Bonds. The terms of such notice shall supersede any contrary provisions of **Section 5.1** for Maturity Dates and **Section 7.1(c)** for scheduled mandatory redemption provisions.

(e) **Special Mandatory Redemption of Affected Bonds Subject to Limited Optional Tender Provisions.** On the second anniversary of the beginning of a Failed Remarketing Period (or, if the second anniversary is not a Business Day, on the next succeeding Business Day), all Affected Bonds (whether or not such Affected Bonds are also Failed Remarketing Bonds) shall be redeemed, at a redemption price equal to the principal amount of such Affected Bonds plus accrued interest to the redemption date, unless the Failed Remarketing Period ended at least 30 days prior to such second anniversary.

(f) **Special Optional Redemption Upon Damage, Destruction or Condemnation of Operating Assets.** The Bonds may be redeemed in whole or in part on any Business Day at the option of the University at a redemption price equal to 100% of the principal amount of Bonds to be redeemed plus accrued interest thereon to the redemption date if, and to the extent that, the net proceeds of any insurance or condemnation award resulting from damage, destruction or condemnation of operating assets of the University exceed the cost of any repairs or replacements to its operating assets which the University elects to make with such proceeds.

(g) **Special Optional Redemption for Remedial Action.** If Bonds are converted to a new Interest Rate Mode and such Bonds are not otherwise subject to optional redemption on terms that would permit remedial action under regulations applicable to tax-exempt bonds, the notice of conversion delivered by the University pursuant to *Section 5.3(b)* may specify special optional redemption provisions that comply with such remedial action regulations if the University delivers a Favorable Tax Opinion with such notice.

(h) **Exercise of Optional Redemption Rights.** The University shall have the right to exercise certain optional redemption rights on behalf of the Issuer as provided in *Section 16.1* hereof. If less than the full principal amount of any Bond is redeemed, the principal amount of such Bond not redeemed must be in an Authorized Denomination.

SECTION 7.2 Mandatory Redemption

Bonds shall be redeemed in accordance with the applicable mandatory redemption provisions without any direction from or consent by the Issuer or the University. Unless the date fixed for such mandatory redemption is otherwise specified by this Indenture, the Trustee shall select the date for mandatory redemption, subject to the provisions of this Indenture with respect to the permitted period for such redemption.

SECTION 7.3 Election to Redeem

The election to exercise any right of optional redemption shall be evidenced by notice from an Authorized Representative of the University or an Authorized Representative of the Issuer, as the case may be, to the Trustee not less than 3 days prior to the date when notice of such redemption must be given to affected Owners (unless a shorter notice is acceptable to the Trustee). An election to redeem shall specify (i) the principal amount, series, maturity and interest rate of Bonds to be redeemed, (ii) the redemption date, and (iii) any conditions to such redemption specified in accordance with the provisions of *Section 7.5(d)*.

SECTION 7.4 Selection by Trustee of Bonds to be Redeemed

(a) Except as otherwise provided in the specific redemption provisions for the Bonds, if less than all Bonds Outstanding are to be redeemed, the principal amount of Bonds of each series, maturity and interest rate to be redeemed may be specified in the notice of election to redeem, or, in the absence of specification in such notice, shall be selected by the Trustee by lot or by such other method as the Trustee

shall deem fair and appropriate; provided, however, that the principal amount of Bonds of each series, maturity and interest rate to be redeemed may not be larger than the principal amount of Bonds of such series, maturity and interest rate then eligible for redemption and may not be smaller than the smallest Authorized Denomination.

(b) Except as otherwise provided in the specific redemption provisions for the Bonds, if less than all Bonds with the same series, maturity and interest rate are to be redeemed, the particular Bonds of such series, maturity and interest rate to be redeemed shall be selected by the Trustee from the Outstanding Bonds of such series, maturity and interest rate then eligible for redemption by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Bonds of such series, maturity and interest rate of a denomination larger than the smallest Authorized Denomination.

(c) The Trustee shall promptly notify the Issuer and the University of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

(d) For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond which has been or is to be redeemed.

SECTION 7.5 Notice of Redemption

(a) Notice of redemption shall be given to the affected Owner not less than 20 days prior to the redemption date. If the Book Entry System is in effect, notice of redemption shall be given to DTC and shall be forwarded by DTC to Owners through methods established by the rules and regulations of the Book Entry System. If the Book Entry System is not in effect, notice of redemption shall be given to Owners by certified mail.

(b) All notices of redemption shall state:

(1) the redemption date,

(2) the redemption price,

(3) the principal amount of Bonds to be redeemed, and, if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) that on the redemption date the redemption price of each of the Bonds to be redeemed will become due and payable and that the interest thereon shall cease to accrue from and after said date, and

(5) any conditions to such redemption specified in accordance with the provisions of **Section 7.5(d)**.

(c) Notice of optional redemption shall be given by the University or, at the University's request, by the Trustee on behalf of the University. Notice of redemption of Bonds in accordance with the mandatory redemption provisions of the Bonds shall be given by the Trustee on behalf of the Issuer and the University without any notice to, or consent of, the Issuer or the University.

(d) A notice of optional redemption may state that the redemption of Bonds is contingent upon specified conditions, such as receipt of a specified source of funds, or the occurrence of specified events. If the conditions for such redemption are not met, the University shall not be required to redeem the Bonds (or portions thereof) identified in such notice, and any Bonds surrendered on the specified redemption date shall be returned to the Owners of such Bonds.

SECTION 7.6 Deposit of Redemption Price

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date shall be deposited with the Trustee, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

SECTION 7.7 Bonds Payable on Redemption Date

If notice of redemption is given and any conditions to such redemption specified pursuant to *Section 7.5(d)* are met, the Bonds to be redeemed shall become due and payable on the redemption date at the applicable redemption price and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds shall cease to bear interest.

SECTION 7.8 Bonds Redeemed in Part

(a) If the Book Entry System is in effect, partial redemption of any Bond shall be effected in accordance with the Book Entry System.

(b) If the Book Entry System has been terminated, any Bond which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond or Bonds of the same maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond surrendered.

SECTION 7.9 Purchase of Callable Bonds in Lieu of Redemption

The University shall have the option to purchase Callable Bonds in lieu of optional redemption. If a Callable Bond has been called for optional redemption, the University may exercise its right of purchase by delivery to the Trustee on or prior to the Business Day preceding the optional redemption date of written notice from the University specifying that the Callable Bonds shall not be redeemed, but instead shall be purchased pursuant to this Section. Upon delivery of such notice from the University, the Callable Bonds shall not be redeemed, but shall instead be subject to mandatory tender on the date that would have been the optional redemption date at a purchase price equal to the redemption price that would have been payable with respect to such Callable Bonds. The University's option to purchase pursuant to this Section shall be effective whether or not the notice of optional redemption sent to Owners indicates that the University has exercised, or intends to exercise, such option. No further or additional notice to Owners shall be required in connection with the purchase in lieu of redemption. The Callable Bonds purchased pursuant to this Section (i) shall not be cancelled or retired, but shall continue to be outstanding, (ii) shall be delivered to, or as directed by, the University, and (iii) shall continue to bear interest at the rate provided for in this Indenture.

SECTION 7.10 Exercise of Redemption Rights by Issuer

If the Loan Agreement has been terminated, the Issuer may exercise optional redemption rights on behalf of the University without notice to, or consent of, the University.

ARTICLE 8

No Additional Bonds

This Indenture authorizes the issuance of Bonds described in *Article 5*. No additional bonds may be issued pursuant to this Indenture.

ARTICLE 9

Indenture Funds

SECTION 9.1 Debt Service Fund

(a) There is hereby established a special trust fund which shall be designated the “Debt Service Fund”. The Trustee shall be the depository, custodian and disbursing agent for the Debt Service Fund.

(b) The Loan Agreement requires the University to make Loan Payments for deposit to the Debt Service Fund at times and in amounts sufficient to pay Debt Service on the Bonds.

(c) On each Bond Payment Date money in the Debt Service Fund shall be applied by the Trustee to pay Debt Service on the Bonds.

(d) If money is on deposit in the Debt Service Fund on any Bond Payment Date sufficient to pay Debt Service on the Bonds due and payable on such Bond Payment Date, but the Owner of any Bond that matures on such Bond Payment Date or that is subject to redemption on such Bond Payment Date fails to surrender such Bond to the Trustee for payment of Debt Service due and payable on such Bond Payment Date, the Trustee shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay the Debt Service due and payable on such Bond on such Bond Payment Date. Money so segregated and held in trust shall not be a part of the Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Debt Service.

SECTION 9.2 Costs of Issuance Fund

(a) There is hereby established with the Trustee a trust fund which shall be designated the “Costs of Issuance Fund”. A deposit to the Costs of Issuance Fund is to be made pursuant to *Section 5.4*.

(b) Money in the Costs of Issuance Fund shall be paid out by the Trustee from time to time for the purpose of paying Costs of Issuance with respect to the Bonds upon delivery to the Trustee of a requisition substantially in the form attached as *Exhibit 9.2(b)*, executed by an Authorized Representative of the University.

(c) After an Authorized Representative of the University certifies to the Trustee that money remaining in the Costs of Issuance Fund is not needed to pay Costs of Issuance with respect to the Bonds, any balance remaining in the Costs of Issuance Fund shall be transferred to the Acquisition Fund or the Debt Service Fund, as directed by an Authorized Representative of the University.

SECTION 9.3 Acquisition Fund

(a) There is hereby established with the Trustee a trust fund which shall be designated the “Acquisition Fund”. A deposit to the Acquisition Fund is to be made pursuant to **Section 5.4**.

(b) Money in the Acquisition Fund shall be paid out by the Trustee from time to time for the purpose of paying Acquisition Costs (including reimbursement of the University for any such costs paid by it) upon delivery to the Trustee of a requisition substantially in the form attached as **Exhibit 9.2(b)**, executed by an Authorized Representative of the University.

(c) After an Authorized Representative of the University certifies to the Trustee that remaining proceeds of the Bonds are not needed to pay Acquisition Costs, any balance remaining in the Acquisition Fund shall be deposited in the Debt Service Fund and shall be applied to the redemption of as many Bonds as possible on the next date on which the Bonds are subject to redemption and for which the required notice of redemption can be given, and the balance remaining, if any, after such redemption shall be applied to the payment of Debt Service on the Bonds on the next ensuing Bond Payment Date.

(d) The Capital Improvements are described in **Exhibit 9.3(d)**. The University may cause changes or amendments to be made in the description of the Capital Improvements and may add items to, or delete items from, the list of Capital Improvements; provided that (i) the University delivers to the Trustee a certificate of an Authorized Representative of the University specifying such changes, amendments, additions or deletions, (ii) the University delivers to the Trustee an Opinion of Counsel stating in effect that the Capital Improvements, after giving effect to such changes, amendments, additions or deletions, qualify for financing under the Enabling Law, and (iii) the University delivers to the Trustee a Favorable Tax Opinion.

SECTION 9.4 Bond Purchase Fund

(a) There is hereby established a special trust fund which shall be designated the “Bond Purchase Fund”. The Trustee shall be the depository, custodian and disbursing agent for the Bond Purchase Fund.

(b) **Section 6.5** specifies the sources of funds available to the Trustee for the payment of Tendered Bonds. The Trustee shall keep such funds in separate, segregated accounts within the Bond Purchase Fund as provided in **Section 6.5**.

(c) The Loan Agreement requires the University to make deposits to the Bond Purchase Fund at times and in amounts sufficient to pay the Purchase Price of Tendered Bonds to the extent that funds for payment of such Purchase Price are not obtained from Remarketing Proceeds.

(d) On each Tender Date, money in the Bond Purchase Fund shall be applied by the Trustee to the payment of the Purchase Price of Tendered Bonds as provided in **Section 6.5**.

(e) If money is on deposit in the Bond Purchase Fund on any Tender Date sufficient to pay the Purchase Price on the Bonds to be paid on such Tender Date, but the Owner of any Tendered Bond fails to deliver such Bond to the Trustee for payment of such Purchase Price on such Tender Date, the Trustee shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay such Purchase Price due and payable on such Bond on such Tender Date. Money so segregated and held in trust shall not be a part of the Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Purchase Price.

SECTION 9.5 Investment of Indenture Funds

(a) Except as otherwise expressly provided in this Indenture, any money held as part of an Indenture Fund shall be invested or reinvested in Qualified Investments by the Trustee in accordance with the instructions of the University, to the extent that such investment is, in the opinion of the Trustee, feasible and consistent with the purposes for which such Fund was created. Any investment made with money on deposit in an Indenture Fund shall be held by or under control of the Fund custodian and shall be deemed at all times a part of the Indenture Fund where such money was on deposit, and the interest and profits realized from such investment shall be credited to such Fund and any loss resulting from such investment shall be charged to such Fund.

(b) Any investment of money in the Indenture Funds may be made by the Trustee through its own bond department, investment department or other commercial banking department providing investment services.

(c) The Trustee shall follow the instructions of the University with respect to investments of the Indenture Funds as provided in this Section, but the Trustee shall not be responsible for (i) determining that any such investment complies with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code, or (ii) calculating the amount of, or making payment of, any rebate due to the United States under Section 148(f) of the Internal Revenue Code.

SECTION 9.6 Application of Funds After Indenture Indebtedness Defeased

After all Indenture Indebtedness has been Defeased, any money or investments remaining in the Indenture Funds or otherwise constituting part of the Trust Estate shall be paid to the University if no Event of Default exists.

ARTICLE 10

Representations and Covenants

SECTION 10.1 General Representations

The Issuer makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Under the provisions of the Enabling Law and its organizational documents, it has the power to consummate the transactions described in the Bond Documents to which it is a party.

(b) The Bond Documents to which it is a party constitute legal, valid and binding obligations of the Issuer and are enforceable against it in accordance with the terms of such Documents, except as enforcement thereof may be limited by (i) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases.

SECTION 10.2 Encumbrances on Trust Estate

The Issuer will not create or permit the creation of any pledge, lien, charge or encumbrance of any kind on the Trust Estate or any part thereof prior to or on a parity of lien with this Indenture.

SECTION 10.3 Payment of Bonds

(a) The Issuer will, from funds constituting part of the Trust Estate, duly and punctually pay, or cause to be paid, the Debt Service on the Bonds as and when the same shall become due and will duly and punctually deposit, or cause to be deposited, in the Indenture Funds the amounts required to be deposited therein, all in accordance with the terms of the Bonds and this Indenture.

(b) The Issuer will not extend or consent to the extension of the time for payment of Debt Service on the Bonds or the Purchase Price of Bonds, unless such extension is consented to by the Owner of the Bond affected.

SECTION 10.4 Inspection of Records

The Issuer will at any and all times, upon the request of the Trustee, afford and procure a reasonable opportunity for the Trustee by its representatives to inspect any books, records, reports and other papers of the Issuer relating to the performance by the Issuer of its covenants in this Indenture, and the Issuer will furnish to the Trustee any and all information as the Trustee may reasonably request with respect to the performance by the Issuer of its covenants in this Indenture and the Loan Agreement.

SECTION 10.5 Advances by Trustee

If the Issuer shall fail to perform any of its covenants in this Indenture, the Trustee may, but shall not be required, at any time and from time to time, to make advances to effect performance of any such covenant on behalf of the Issuer. Any money so advanced by the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand and such advances shall be secured under this Indenture prior to the Bonds.

SECTION 10.6 Corporate Existence; Merger, Consolidation, Etc.

(a) The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

(b) The Issuer may consolidate with or merge into any other corporation or transfer its property substantially as an entirety to another person if:

(1) the corporation formed by such consolidation or into which the Issuer is merged or the person which acquires by conveyance or transfer the Issuer's property substantially as an entirety (the "Successor") shall execute and deliver to the Trustee an instrument in form recordable and acceptable to the Trustee containing an assumption by such Successor of the due and punctual payment of the Debt Service on the Bonds and the performance and observance of every covenant and condition of the Bond Documents to be performed or observed by the Issuer; and

(2) the Issuer shall deliver to the Trustee a Favorable Tax Opinion.

(c) Upon any consolidation or merger or any conveyance or transfer of the Issuer's property substantially as an entirety in accordance with this Section, the Successor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Successor had been named as the Issuer herein.

SECTION 10.7 Compliance with the Tax Certificate and Agreement

The Issuer will comply with the covenants and agreements on its part contained in the Tax Certificate and Agreement.

ARTICLE 11

Defaults and Remedies

SECTION 11.1 Events of Default

Any one or more of the following shall constitute an event of default (an “Event of Default”) under this Indenture (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) failure to pay (i) the interest on any Bond when such interest becomes due and payable, or (ii) the principal of (or premium, if any, on) any Bond when such principal (or premium, if any) becomes due and payable, whether at its stated Maturity Date, by declaration of acceleration or call for redemption or otherwise; or

(b) failure to pay the Purchase Price of any Bond due on any Tender Date unless (i) the Purchase Price of such Bond was not paid as a result of the Limited Optional Tender Provisions or (ii) the Purchase Price of such Bond related to a Mandatory Tender in connection with a Proposed Conversion Date and the conversion was revoked pursuant to the provisions of *Section 5.3*; or

(c) default in the performance, or breach, of any covenant or warranty of the Issuer in this Indenture (other than a covenant or warranty a default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after notice of such default or breach, stating that such notice is a “notice of default” hereunder, has been given to the Issuer by the Trustee, or to the Issuer and the Trustee by the Owners of at least 25% in principal amount of the Outstanding Bonds, unless, in the case of a default or breach that cannot be cured by the payment of money, the Issuer initiates efforts to correct such default or breach within 30 days from the receipt of such notice and diligently pursues such action until the default or breach is corrected; or

(d) the occurrence of an event of default, as therein defined, under the Loan Agreement and the expiration of the applicable notice period or grace period, if any.

SECTION 11.2 Remedies

(a) **Acceleration of Maturity.** If an Event of Default exists, the Trustee or the Owners of not less than 25% in principal amount of the Bonds Outstanding may declare the principal of all the Bonds and the interest accrued thereon to be due and payable immediately, by notice to the Issuer (and to the Trustee, if given by Owners), and upon any such declaration such Debt Service shall become immediately due and payable. At any time after such a declaration of acceleration has been made pursuant to this Section, the Owners of a majority in principal amount of the Bonds Outstanding may, by notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if

(1) the Issuer has deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest on all Bonds,

(B) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Bonds,

(C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Bonds, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Event of Defaults, other than the nonpayment of the principal of Bonds which has become due solely by such declaration of acceleration, have been cured or have been waived as provided in *Section 11.10*.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(b) **Rights and Remedies Cumulative.** No right or remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

(c) **Remedies Subject to Applicable Law.** All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

SECTION 11.3 Application of Money Collected

Any money collected by the Trustee pursuant to this Article and any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **First:** To the payment of all undeducted amounts due the Trustee under *Section 12.7*;

(b) **Second:** To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds

shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal (and premium, if any) and interest, without any preference or priority, ratably according to the aggregate amount so due; provided, however, that payments with respect to Obligor Bonds shall be made only after all other Bonds have been Defeased; and

(c) **Third:** To the payment of the remainder, if any, to the Issuer or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

SECTION 11.4 Trustee May Enforce Claims without Possession of Bonds

All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners of the Bonds in respect of which such judgment has been recovered.

SECTION 11.5 Limitation on Suits

No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, unless

(a) such Owner has previously given notice to the Trustee of a continuing Event of Default;

(b) the Owners of not less than 25% in principal amount of the Outstanding Bonds shall have made request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Owner or Owners have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the Owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other Owners of Bonds, or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Bonds.

SECTION 11.6 Unconditional Right of Owners to Receive Principal, Premium and Interest

Notwithstanding any other provision in this Indenture, the Owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the Maturity Date expressed in such Bond (or, in the case of redemption, on the redemption

date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Owner.

SECTION 11.7 Restoration of Positions

If the Trustee or any Owner has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Owner, then and in every such case the Issuer, the Trustee and the Owners shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Owners shall continue as though no such proceeding had been instituted.

SECTION 11.8 Delay or Omission Not Waiver

No delay or omission of the Trustee or of any Owner to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Owners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Owners, as the case may be.

SECTION 11.9 Control by Owners

The Owners of a majority in principal amount of the Outstanding Bonds shall have the right, during the continuance of an Event of Default,

(a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds or otherwise, and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder, including the power to direct or withhold directions for acceleration of the maturity of the Bonds pursuant to *Section 11.2(a)*; provided that

(1) such direction shall not be in conflict with any rule of law or this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction.

SECTION 11.10 Waiver of Past Defaults

(a) Before any judgment or decree for payment of money due has been obtained by the Trustee, the Owners of not less than a majority in principal amount of the Outstanding Bonds may, by notice to the Trustee and the Issuer, on behalf of all Owners waive any past default hereunder or under any other Bond Document and its consequences, except a default

(1) in the payment of Debt Service on any Bond, or

(2) in respect of a covenant or provision hereof which under *Article 13* cannot be modified or amended without the consent of the Owner of each Outstanding Bond affected.

(b) Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 11.11 Suits to Protect the Trust Estate

The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Owners in the Trust Estate and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Owners or the Trustee.

SECTION 11.12 Remedies Under Loan Agreement and Note

(a) Except as otherwise provided in *Section 11.9* and *Article 17*, the Trustee shall have the right, in its own name or on behalf of the Issuer, to declare any default and exercise any remedies available under the Loan Agreement and Note.

(b) Any money collected by the Trustee pursuant to the exercise of any such remedies shall be applied as provided in this *Article 11*.

ARTICLE 12

The Trustee

SECTION 12.1 Certain Duties and Responsibilities of Trustee

(a) Except during the continuance of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) If an Event of Default exists, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) The Trustee shall not incur liability for its action or inaction with respect to the performance of its duties and obligations under this Indenture unless such action or inaction constitutes willful

misconduct or gross negligence under the circumstances. Liability of the Trustee for such action or inaction shall be further limited as follows:

(1) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts;

(2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(3) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 12.2 Notice of Defaults

(a) If a notice event described in *Section 12.2(b)* exists, the Trustee shall notify Owners of such event within 30 days after the Trustee becomes aware of its existence; provided, however, that the Trustee shall be protected in withholding such notice if (1) the notice event has been cured or waived or otherwise ceases to exist before such notice is given; or (2) the Trustee determines in good faith that the withholding of such notice is in the interest of Owners.

(b) For purposes of this Section, the following shall constitute “notice events”:

(1) the occurrence of an Event of Default; and

(2) any event which is, or after notice or lapse of time or both would become, an Event of Default.

SECTION 12.3 Certain Rights of Trustee

Except as otherwise provided in *Section 12.1*:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Representative of the Issuer. Any request or direction of the University mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Representative of the University.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate executed by an Authorized Representative of the Issuer or a certificate executed by an Authorized Representative of the University.

(d) The Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Owners pursuant to this Indenture, unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Issuer, personally or by agent or attorney.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

SECTION 12.4 Not Responsible for Recitals

The recitals contained herein and in the Bonds, except the certificate of authentication on the Bonds, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds.

SECTION 12.5 May Hold Bonds

The Trustee in its individual or any other capacity, may become the Owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee.

SECTION 12.6 Money Held in Trust

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent expressly provided in this Indenture or required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise provided in *Article 9*.

SECTION 12.7 Compensation and Reimbursement

(a) The Issuer agrees to pay to the Trustee, or to reimburse the Trustee for, but solely from the Trust Estate:

(1) reasonable compensation for all services rendered by the Trustee hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust); and

(2) all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's gross negligence or bad faith.

(b) As security for the performance of the obligations of the Issuer under this Section, the Trustee shall be secured under this Indenture by a lien prior to the Bonds, and for the payment of such compensation, expenses, reimbursements and indemnity the Trustee shall have the right to use and apply any money held by it as a part of the Trust Estate.

SECTION 12.8 Corporate Trustee Required; Eligibility

There shall at all times be a Trustee hereunder which shall (i) be a commercial bank or trust company organized and doing business under the laws of the United States of America or of any state, (ii) be authorized under such laws to exercise corporate trust powers, (iii) be subject to supervision or examination by federal or state authority, and (iv) have an investment grade rating for its long-term deposits from each Rating Agency that provides a rating on the Bonds or, if the Bonds are not rated, by any Rating Agency.

SECTION 12.9 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under *Section 12.10*.

(b) The Trustee may resign at any time by giving notice thereof to the Issuer and the University. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by the Owners of a majority in principal amount of the Outstanding Bonds by notice delivered to the Trustee, the Issuer and the University. If the Loan Agreement has not been terminated, the Trustee may be removed at any time by the University by notice delivered to the Issuer and the Trustee.

(d) If at any time:

(1) the Trustee shall cease to be eligible under *Section 12.8* and shall fail to resign after request therefor by the University or by any Owner who has been a bona fide Owner of a Bond for at least 6 months, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case (i) the Issuer (with the consent of the University) may remove the Trustee, or (ii) any Owner who has been a bona fide Owner of a Bond for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, a successor Trustee shall be appointed by the Issuer (with the consent of the University). In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the Owners. If, within 1 year after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed by the Owners of a majority in principal amount of the Outstanding Bonds, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer or the University or by such receiver or trustee. If no successor Trustee shall have been so appointed by the Issuer, the University or the Owners and accepted appointment in the manner hereinafter provided, any Owner who has been a bona fide Owner of a Bond for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Owners.

SECTION 12.10 Acceptance of Appointment by Successor

(a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in *Section 12.7*. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

(b) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article, to the extent operative.

SECTION 12.11 Merger, Conversion, Consolidation or Succession to Business

Any corporation or association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may

adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

ARTICLE 13

Amendment of Bond Documents

SECTION 13.1 General Requirements for Amendments

The Trustee may, on behalf of the Owners, from time to time enter into, or consent to, an amendment of any Bond Document only as permitted by this Article.

SECTION 13.2 Amendments Without Consent of Owners

An amendment of the Bond Documents for any of the following purposes may be made, or consented to, by the Trustee without the consent of the Owners of any Bonds:

(a) to correct or amplify the description of any property at any time subject to the lien of any Bond Document, or better to assure, convey and confirm unto any secured party any property subject or required to be subjected to the lien of any Bond Document, or to subject to the lien of any Bond Document, additional property; or

(b) to evidence the succession of another person to any Financing Participant and the assumption by any such successor of the covenants of such Financing Participant (provided that the requirements of the related Bond Document for such succession and assumption are otherwise satisfied); or

(c) to add to the covenants of any Financing Participant for the benefit of Owners and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants an event of default under the specified Bond Documents permitting the enforcement of all or any of the several remedies provided therein; provided, however, that with respect to any such covenant, such amendment may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available upon such default; or

(d) to surrender any right or power conferred upon any Financing Participant other than rights or powers for the benefit of Owners; or

(e) to cure any ambiguity or to correct any inconsistency, provided such action shall not adversely affect the interests of the Owners; or

(f) to appoint a separate agent of the Issuer or the Trustee to perform any one or more of the following functions: (i) acceptance of delivery of Tendered Bonds, (ii) registration of transfers and exchanges of Bonds, (iii) payment of Debt Service on the Bonds, or (iv) payment of the Purchase Price of Tendered Bonds; provided, however, that any such agent must be a bank or trust company with long-term obligations, at the time such appointment is made, in one of the three highest rating categories of at least one Rating Agency; or

(g) to make any amendment that will be effective on a Conversion Date after the Purchase Price of all Tendered Bonds has been paid.

SECTION 13.3 Amendments Requiring Consent of All Affected Owners

An amendment of the Bond Documents for any of the following purposes may be entered into, or consented to, by the Trustee only with the consent of the Owner of each Bond affected:

(a) to change the stated Maturity Date of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated Maturity Date thereof (or, in the case of redemption, on or after the redemption date); or

(b) to reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners is required for any amendment of the Bond Documents, or the consent of whose Owners is required for any waiver provided for in the Bond Documents; or

(c) to modify or alter the provisions of the proviso to the definition of the term “Outstanding”; or

(d) to modify any of the provisions of this Section or *Section 11.9*, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Owner of each Bond affected thereby; or

(e) to permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any of the Trust Estate or terminate the lien of this Indenture on any property at any time subject hereto or deprive the Owner of any Bond of the security afforded by the lien of this Indenture; or

(f) to eliminate, reduce or delay the obligation of the Issuer or the University to make payments at times and in amounts sufficient to pay Debt Service on the Bonds or the Purchase Price of Tendered Bonds.

SECTION 13.4 Amendments Requiring Majority Consent of Owners

An amendment of the Bond Documents for any purpose not described in *Sections 13.2* or *13.3* may be entered into, or consented to, by the Trustee only with the consent of the Owners of a majority in principal amount of Bonds Outstanding.

SECTION 13.5 Discretion of Trustee

The Trustee may in its discretion determine whether or not any Bonds would be affected by any amendment of the Bond Documents and any such determination shall be conclusive upon the Owners of all Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

SECTION 13.6 Trustee Protected by Opinion of Counsel

In executing or consenting to any amendment permitted by this Article, the Trustee shall be entitled to receive, and, subject to *Section 12.1*, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Indenture.

SECTION 13.7 Amendments Affecting Trustee's Personal Rights

The Trustee may, but shall not be obligated to, enter into any amendment that affects the Trustee's own rights, duties or immunities under the Bond Documents.

SECTION 13.8 Effect on Owners

Upon the execution of any amendment under this Article, every Owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 13.9 Reference in Bonds to Amendments

Bonds authenticated and delivered after the execution of any amendment under this Article shall, if required by such amendment or by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such amendment. New Bonds so modified as to conform to any such amendment shall, if required by such amendment or by the Trustee, be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

SECTION 13.10 Amendments Not to Affect Tax Exemption

No amendment may be made to the Bond Documents unless the Trustee receives a Favorable Tax Opinion.

ARTICLE 14

Defeasance

SECTION 14.1 Payment of Indenture Indebtedness; Satisfaction and Discharge of Indenture

(a) Whenever all Indenture Indebtedness has been Defeased, then (i) this Indenture and the lien, rights and interests created hereby shall cease, terminate and become null and void (except as to any surviving rights of transfer or exchange of Bonds herein or therein provided for), and (ii) the Trustee shall, upon the request of the Issuer, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver to the Issuer or upon the order of the Issuer, all cash and securities then held by it hereunder as a part of the Trust Estate.

(b) A Bond shall be deemed "Defeased" if

(1) such Bond has been cancelled by the Trustee or delivered to the Trustee for cancellation, or

(2) such Bond shall have matured or been called for redemption and, on such Maturity Date or redemption date, money for the payment of Debt Service on such Bond is held by the Trustee in trust for the benefit of the person entitled thereto, or

(3) a trust for the payment of such Bond has been established in accordance with *Section 14.2*, or

(4) such Bond is subject to Optional Tender or Mandatory Tender and, on the Tender Date, money for payment of the Purchase Price of such Bond is held by the Trustee in trust for the benefit of the person entitled thereto.

(c) Indenture Indebtedness other than Debt Service on the Bonds shall be deemed “Defeased” whenever the Issuer has paid, or made provisions satisfactory to the Trustee for payment of, all such Indenture Indebtedness.

SECTION 14.2 Trust for Payment of Debt Service

(a) The Issuer may provide for the payment of any Bond by establishing a trust for such purpose with the Trustee and depositing therein cash and/or Federal Securities which (assuming the due and punctual payment of the principal of and interest on such Federal Securities, but without reinvestment) will provide funds sufficient to pay the Debt Service on such Bond as the same becomes due and payable until the maturity or redemption of such Bond; provided, however, that:

(1) Such Federal Securities must not be subject to redemption prior to their respective maturities at the option of the issuer of such Federal Securities.

(2) If such Bond is to be redeemed prior to its Maturity Date, either (i) the Trustee shall receive evidence that notice of such redemption has been given in accordance with the provisions of this Indenture and such Bond or (ii) the Issuer and the University shall confer on the Trustee irrevocable authority for the giving of such notice.

(3) If such trust relates to a Bond in the Term Rate Mode, such Bond must mature or be called for redemption (if permitted by this Indenture) on or before the last day of the Term Rate Period then in effect.

(4) If such trust relates to a Bond in the Commercial Paper Rate Mode, such Bond must be called for redemption on the last day of the CP Rate Period then in effect.

(5) If such trust related to a Bond that does not have a fixed or determinable amount of interest payable until the date when such Bond will be retired in accordance with the terms of such trust, the trust must provide funds sufficient for payment of interest on such Bond at the Maximum Rate until such Bond will be retired. Such trust may provide that any excess funds in the trust remaining after such Bond has been retired shall be paid to the University.

(6) Prior to the establishment of such trust the Trustee must receive a Favorable Tax Opinion.

(7) Prior to the establishment of such trust, the Trustee must receive verification satisfactory to the Trustee demonstrating that the principal and interest payments on the Federal Securities in such trust, without reinvestment, together with the cash balance in such trust remaining after purchase of such Securities, will be sufficient to make the required payments from such trust.

(b) Any trust established pursuant to this Section may provide for payment of less than all Bonds outstanding or less than all Bonds of any remaining maturity.

(c) If any trust provides for payment of less than all Bonds of the same series, maturity and interest rate, the Bonds of such series, maturity and interest rate to be paid from the trust shall be selected by the Trustee by lot by such method as shall provide for the selection of portions (in Authorized Denominations) of the principal of Bonds of such maturity and interest rate of a denomination larger than the smallest Authorized Denomination. Such selection shall be made within 7 days after such trust is established. This selection process shall be in lieu of the selection process otherwise provided with respect to redemption of Bonds. After such selection is made, Bonds that are to be paid from such trust (including Bonds issued in exchange for such Bonds pursuant to the transfer or exchange provisions of this Indenture) shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The Trustee shall notify Owners whose Bonds (or portions thereof) have been selected for payment from such trust and shall direct such Owners to surrender their Bonds to the Trustee in exchange for Bonds with the appropriate designation. The selection of Bonds for payment from such trust pursuant to this Section shall be conclusive and binding on the Financing Participants.

(d) Cash and/or Federal Securities deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate, irrevocable trust fund for the benefit of the Owner of the Bond to be paid from such fund.

ARTICLE 15

Miscellaneous

SECTION 15.1 Notices to Financing Participants

(a) Notices and other communications to Financing Participants pursuant to this Indenture must be in writing except as otherwise expressly provided in this Indenture. Any specific reference in this Indenture to “written notice” shall not be construed to mean that any other notice may be oral, unless such oral notice is specifically permitted by this Indenture under the circumstances.

(b) Notices and other communications pursuant to this Indenture may be delivered by any method provided in the directions for notices attached as *Exhibit 15.1(b)*. A Financing Participant may change its directions for notices by giving notice to the other Financing Participants.

(c) Any notice shall be deemed given when actually received by the Financing Participant to whom the notice is addressed. In addition, any notice sent by certified mail shall be deemed received 3 days after such notice is deposited in the United States mail, addressed as provided in the notice directions included in *Exhibit 15.1(b)* or, if the designated Financing Participant has delivered a change notice, as specified in such change notice.

(d) Notice to any Financing Participant required by this Indenture may be waived in writing by such Financing Participant, either before or after the event, and such waiver shall be the equivalent of such notice.

SECTION 15.2 Notices to Owners

(a) Notices and other communications to DTC or Owners pursuant to this Indenture must be in writing except as otherwise expressly provided in this Indenture. Any specific reference in this Indenture to “written notice” shall not be construed to mean that any other notice may be oral, unless such oral notice is specifically permitted by this Indenture under the circumstances.

(b) If the Book Entry System is in effect, notices and other communications to Owners will be delivered to Owners through the Book Entry System and shall be deemed delivered to Owners upon receipt by DTC. If the Book Entry System is terminated, notices and other communications to Owners may be delivered to such Owners at their address as it appears in the Bond Register.

(c) Any notice to DTC or an Owner shall be deemed given when received by DTC or the Owner, as the case may be, or when sent by certified mail.

(d) Any defect in a notice to any particular Owner shall not affect the sufficiency of such notice with respect to other Owners.

(e) Notice to any Owner required by this Indenture may be waived in writing by such Owner, either before or after the event, and such waiver shall be the equivalent of such notice.

SECTION 15.3 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer shall bind its successors and assigns, whether so expressed or not.

SECTION 15.4 Benefits of Indenture

Nothing in this Indenture or in the Bonds, express or implied, shall give to any person, other than (i) the parties hereto and their successors hereunder, (ii) the Owners of the Outstanding Bonds, and (iii) the University, any benefit or legal or equitable right, remedy or claim under this Indenture.

SECTION 15.5 Calculation Agent

(a) The Trustee is hereby appointed as “Calculation Agent” for purposes of this Indenture. The acceptance by the Calculation Agent of its duties under this Indenture shall be evidenced by an agreement in form and substance satisfactory to the Issuer, the University and the Trustee.

(b) The Calculation Agent may resign at any time by giving 30 days’ notice to the Issuer and, if the Calculation Agent is not the Trustee, to the Trustee. No such resignation shall become effective until a successor Calculation Agent has been appointed and has accepted its duties and obligations hereunder.

(c) The University may remove the Calculation Agent at any time upon 30 days’ notice to the Calculation Agent and, if the Calculation Agent is not the Trustee, to the Trustee. No such removal shall become effective until a successor Calculation Agent has been appointed and has accepted its duties and obligations hereunder.

(d) If the Calculation Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Calculation Agent for any cause, the Issuer shall, with the consent of the University, promptly appoint a successor Calculation Agent, which may be the Trustee, shall be Independent from the Issuer and the University and, if not the Trustee, shall be acceptable to the Trustee. Any successor Calculation Agent shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by this Indenture by execution and delivery of an agreement satisfactory to the Issuer and the University and, if the Calculation Agent is not the Trustee, to the Trustee.

(e) If the Trustee is the Calculation Agent, its compensation and expenses shall be paid in accordance with the provisions of *Section 12.7*. If a person other than the Trustee is serving as the Calculation Agent, compensation and expenses of such person shall be paid by the University, as provided

in the agreement of such person accepting its appointment as Calculation Agent; provided, however, that such person shall not have a lien on the Trust Estate for payment of its compensation or expenses.

SECTION 15.6 Anti-Israel Boycott

The Trustee hereby certifies, pursuant to Tennessee Code Section 12-4-119, that the Trustee, including any wholly-owned subsidiaries, majority-owned subsidiaries, parent companies or affiliates of the Trustee, is not currently engaged in nor will it engage in a boycott of Israel during the duration of this Indenture. For purposes of this section, boycott of Israel shall mean engaging in refusals to deal, terminating business activities, or other commercial actions that are intended to limit commercial relations with Israel, or companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel to do business, or persons or entities doing business in Israel, when such actions are taken (i) in compliance with, or adherence to, calls for a boycott of Israel, or (ii) in a manner that discriminates on the basis of nationality, national origin, religion, or other unreasonable basis, and is not based on a valid business reason.

ARTICLE 16

The Loan Agreement and Rights of the University

SECTION 16.1 Right of the University to Exercise Redemption and Conversion Rights

(a) If the Loan Agreement has not been terminated, the University may, on behalf of the Issuer, exercise optional redemption rights provided by this Indenture, including without limitation (i) delivery of all notices with respect to such redemption, (ii) the specification of conditions to the redemption, and (iii) the selection of Bonds for redemption.

(b) If the Loan Agreement has not been terminated, the University may exercise rights of the Issuer with respect to the establishment or conversion of Interest Rate Modes with respect to the Bonds.

(c) If the Loan Agreement has been terminated, the Issuer may exercise optional redemption rights and rights with respect to the establishment or conversion of Interest Rate Modes with respect to the Bonds without notice to, or consent of, the University.

SECTION 16.2 Performance by Issuer Under Loan Agreement

The Issuer will perform and observe all covenants required to be performed and observed by it under the Loan Agreement.

SECTION 16.3 Rights of the University With Respect to Defaults by Issuer

Without relieving the Issuer from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the University, on behalf of the Issuer, may perform any such covenant or agreement.

SECTION 16.4 Remedies Under Loan Agreement

(a) The Trustee shall have the right, in its own name or on behalf of the Issuer, to declare any default and exercise any remedies under the Loan Agreement.

(b) Any money collected by the Trustee pursuant to the exercise of any remedies under the Loan Agreement shall be applied as provided in *Article 11*.

SECTION 16.5 The University May Direct Investment of Indenture Funds

If the Loan Agreement is in effect, the University may, on behalf of the Issuer, direct the investment of Indenture Funds pursuant to *Article 9*.

SECTION 16.6 Amendment of Bond Documents

If the Loan Agreement is in effect, no amendment may be made to the Bond Documents without the consent of the University.

SECTION 16.7 Appointment and Removal Powers

If the Loan Agreement is in effect, the University may, on behalf of the Issuer, exercise any right of the Issuer to appoint or remove (i) the Trustee, (ii) the Remarketing Agent, and (iii) the Calculation Agent.

SECTION 16.8 Disposition of Indenture Funds and Trust Estate

If the Loan Agreement is in effect, any remaining Indenture Funds or Trust Estate assets otherwise payable to the Issuer after all Indenture Indebtedness has been Defeased shall be paid or transferred to the University.

SECTION 16.9 Benefits of Indenture for the University

This Indenture shall also be for the benefit of the University to the extent provided herein.

**ARTICLE 17
Credit Enhancement**

SECTION 17.1 Delivery of Credit Enhancement

No Credit Enhancement has been provided with respect to the Bonds as of the date of initial delivery of the Bonds. The University may provide Credit Enhancement after the date of initial delivery of the Bonds, subject to the following terms and conditions:

(a) No amendment or supplement to this Indenture that provides for such Credit Enhancement and affects the rights of Owners of the Bonds shall be effective unless (i) the Owners of all Outstanding Bonds consent to the delivery of such Credit Enhancement and the terms of such supplement or amendment, (ii) the Credit Enhancement and such amendment or supplement become effective on a date when all Bonds were purchased pursuant to a Mandatory Tender and apply only with respect to Owners after such Mandatory Tender Date, or (iii) in the good faith judgment of the Trustee, such provisions do not adversely affect the interests of Owners.

(b) The University must deliver a Favorable Tax Opinion with respect to the delivery of such Credit Enhancement.

[Signature pages follow]

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this instrument to be duly executed by their duly authorized officers.

**THE HEALTH AND EDUCATIONAL FACILITIES BOARD
OF THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE**

By: _____

Name: _____

Title: _____

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION**

By: _____

Name: _____

Title: _____

EXHIBIT 5.1(c)

Form of Bonds

The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee

Educational Facilities Revenue Refunding and Improvement Bonds (The Vanderbilt University), Series 2024

Number:

Principal Amount:

Maturity Date:

Interest Rate Mode:

Date of Initial Delivery of Bonds:

[Other Details Required by Indenture for the Interest Rate Mode]:

Limited Optional Tender Provisions: *[Apply][Do not Apply]*

CUSIP:

THE HEALTH AND EDUCATIONAL FACILITIES BOARD OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE, a Tennessee public nonprofit corporation (the “Issuer”, which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to

_____,

or registered assigns, the principal sum of

_____ **DOLLARS**

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this Bond, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable at the applicable interest rate specified below; provided, however, that all such payments shall be limited obligations of the Issuer payable solely from the sources hereinafter identified.

Authorizing Document

This Bond has been issued pursuant to a Trust Indenture dated August 1, 2024 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, a national banking association (the “Trustee”, which term includes any successor trustee under the Indenture). The bonds issued pursuant to the Indenture are referred to herein as the “Bonds”. Capitalized terms not otherwise defined herein shall

have the meaning assigned in the Indenture. The provisions of the Indenture are hereby incorporated by reference as if fully set forth in this Bond.

Beneficiary of Financing

The Bonds are being issued to provide financing for the benefit of The Vanderbilt University, a Tennessee nonprofit corporation (the “University”). Proceeds of the Bonds have been loaned by the Issuer to the University pursuant to a Loan Agreement dated August 1, 2024 (the “Loan Agreement”). Pursuant to the Loan Agreement the University has agreed to make payments at times and in amounts sufficient to pay Debt Service on the Bonds and the Purchase Price of Tendered Bonds, except as provided with respect to the Limited Optional Tender Provisions. As evidence of its loan payment obligation, the University has delivered its promissory note (the “Note”) pursuant to the Loan Agreement. The Loan Agreement and the Note have been assigned by the Issuer to the Trustee pursuant to the Indenture.

Limited Obligations

The Bonds and all other payment obligations under the Indenture are limited obligations of the Issuer payable solely out of the Trust Estate established pursuant to the Indenture, which includes (i) payments by the University pursuant to the Loan Agreement and the Note and (ii) money and investments in the funds and accounts established pursuant to the Indenture.

Bond Documents

Copies of the Bond Documents are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Owners of the Bonds and the Financing Participants, and the terms upon which the Bonds are, and are to be, authenticated and delivered.

Transfer, Registration, Exchange and Payment Provisions

The ownership, transfer, exchange and payment of the Bonds shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to the terms and conditions of the Indenture. If the Book Entry System is terminated, the Indenture provides alternate provisions for the ownership, transfer, exchange and payment of Bonds.

Interest Rate Modes

The Bonds may be issued in various Interest Rate Modes, as specified in the Indenture. The Interest Rate Mode applicable to this Bond is specified in the heading to this certificate. If this Bond is converted to another Interest Rate Mode, this Bond is subject to Mandatory Tender and a new Bond certificate, with provisions applicable in the new Interest Rate Mode, will be delivered to the initial Owner in the new Interest Rate Mode.

Conversion of Interest Rate Modes

This Bond may be converted to another Interest Rate Mode, subject to the terms and conditions of the Indenture. On the Proposed Conversion Date this Bond shall be subject to Mandatory Tender, as described below.

Applicable Interest Rate

The applicable interest rate for this Bond is determined according to the Interest Rate Mode in effect for this Bond, which is specified above.

[Specify procedures for setting interest rate, as described in applicable provisions of Section 5.2. If Bonds are in the Fixed Rate Mode, no description is necessary.]

Maximum Interest Rate

The interest on this Bond may not exceed the Maximum Rate specified in the Indenture.

Computation of Interest Accrual

Interest on Bonds in the Interest Rate Mode applicable to this Bond shall be computed on the basis of *[specify from Indenture]*.

Interest Payment Dates

Interest on Bonds in the Interest Rate Mode applicable to this Bond is payable on the following dates: *[specify from Indenture]*.

Regular Record Date for Interest Payments

If the Book Entry System is in effect, the Trustee shall pay interest on this Bond to DTC, and interest shall be distributed to the Owner of this Bond in accordance with the rules and regulations of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date with respect to this Bond shall be payable to the Owner of this Bond on the Regular Record Date for such Interest Payment Date, which shall be *[specify from Indenture]*.

Interest on Overdue Payments

Interest shall be payable on overdue principal on this Bond and (to the extent legally enforceable) on any overdue installment of interest on this Bond at the Post-Default Rate specified in the Indenture. To the extent legally enforceable, interest shall be payable on the overdue Purchase Price of this Bond at the Post-Default Rate specified in the Indenture.

Authorized Denominations

Bonds issued in the Interest Rate Mode applicable to this Bond may be in denominations of *[specify from Indenture]*.

Currency of Payment

Payment of Debt Service on this Bond shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

[The following provisions with respect to the Optional Tender of Bonds for purchase are to be included only for Bonds in the Daily Rate Mode or the Weekly Rate Mode.]

Optional Tender

[If the Limited Optional Tender Provisions have been elected, add the following paragraph. If not, the following paragraph can be omitted from the bond certificate delivered.]

The Limited Optional Tender Provisions of the Indenture apply to Bonds in this Interest Rate Mode. The Limited Optional Tender Provisions are incorporated by reference in this Bond. The Limited Optional Tender Provisions provide, among other things, that Tendered Bonds will not be purchased on an Optional Tender Date if adequate funds are not available in the Bond Purchase Fund to purchase all Affected Bonds that have been tendered and that an Owner may revoke an Optional Tender notice.

The Owner of this Bond shall have the right to tender this Bond to the Trustee for purchase in whole or in part on any Business Day. In order to exercise such option, the Owner thereof must deliver notice to the Trustee [not later than 11:00 a.m. on the Optional Tender Date] *[if such Bond is in the Daily Rate Mode]* [at least 7 days prior to the Optional Tender Date] *[if such Bond is in the Weekly Rate Mode]*.

Any such notice of Optional Tender must be duly executed by the Owner and must be substantially as set forth in the Indenture or in such other form as shall be acceptable to the Trustee.

If any notice of Optional Tender specifies an Optional Tender Date that is not a Business Day, then such notice shall be deemed to specify the next following Business Day as the Optional Tender Date. Unless a notice of Optional Tender indicates that less than the entire principal amount of the Bond is being tendered for purchase, the Owner will be deemed to have tendered the Bond in its entire principal amount for purchase.

Except as otherwise provided with respect to the Limited Optional Tender Provisions, upon delivery of a written notice of Optional Tender, the election to tender shall be irrevocable and binding upon the Owner and may not be withdrawn.

If a written notice of tender shall have been duly given with respect to this Bond, the Owner of this Bond shall deliver this Bond to the Trustee on the Optional Tender Date. If only a portion of this Bond is to be purchased (as a result of the exercise of the Optional Tender right only with respect to such portion), the Owner shall receive a new Bond or Bonds of the same maturity and interest rate and of any Authorized Denomination or Denominations as requested by the Owner in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of this Bond. Any Bond (or portion thereof) that is to be so purchased but that is not so delivered to the Trustee shall nevertheless be deemed to have been tendered by the Owner thereof on the Optional Tender Date.

Except as otherwise provided with respect to the Limited Optional Tender Provisions, on each Optional Tender Date the Trustee shall pay to the Owner of each Bond (or portion thereof) properly tendered for purchase an amount equal to the Purchase Price. Funds for payment of the Purchase Price of such Bonds shall be paid by the Trustee from the sources specified in the Indenture.

If there has been irrevocably deposited in the Bond Purchase Fund an amount sufficient to pay the Purchase Price of any Bond to be purchased on an Optional Tender Date, such Bond shall be deemed to have been tendered for purchase and purchased from the Owner thereof on such Optional Tender Date, and the Owner of such Bond shall not be entitled to receive interest on such Bond for any period on and after the Optional Tender Date. The Trustee shall issue a new Bond or Bonds in the same aggregate principal amount for any such Bond which is not tendered for purchase on any Optional Tender Date and, upon receipt by the Trustee of any such Bond from the Owner thereof, shall pay, or cause to be paid, the Purchase Price of such Tendered Bond to the Owner thereof and cancel such Tendered Bond.

Owners may exercise Optional Tender rights notwithstanding the existence of an Event of Default.

Mandatory Tender

The Owner of this Bond shall be required to tender this Bond to the Trustee for purchase on the following dates:

*[Insert applicable Mandatory Tender provisions
from Section 6.2(a)]*

If any of such dates is not a Business Day, the Mandatory Tender Date shall be the next succeeding Business Day.

No notice is required for a Mandatory Tender on the last day of an Index Rate Period, the last day of a Term Rate Period or the last day of a CP Rate Period, even if that day is also a Mandatory Tender Date for a separate reason. For all other Mandatory Tenders notice of the Mandatory Tender shall be given not less than 15 days prior to the Mandatory Tender Date.

On the Mandatory Tender Date with respect to this Bond, the Trustee shall pay to the Owner an amount equal to the Purchase Price. Funds for payment of the Purchase Price of such Bond shall be drawn by the Trustee from the sources specified in the Indenture.

If there has been irrevocably deposited in the Bond Purchase Fund an amount sufficient to pay the Purchase Price of any Bond to be purchased on a Mandatory Tender Date, such Bond shall be deemed to be tendered for purchase and purchased from the Owner thereof on such Mandatory Tender Date and the Owner of such Bond shall not be entitled to receive interest on such Bond for any period on and after the relevant Mandatory Tender Date. The Trustee shall issue a new Bond or Bonds in the same aggregate principal amount, maturity and interest rate for any such Bond which is not tendered for purchase on any Mandatory Tender Date and, upon receipt by the Trustee of any such Bond from the Owner thereof, shall pay, or cause to be paid, the Purchase Price of such Tendered Bond to the Owner thereof and cancel such Tendered Bond.

After notice of a Mandatory Tender has been given by the Trustee with respect to any Bond, such Bond shall be subject to Mandatory Tender notwithstanding the fact that the reasons for giving such notice cease to exist or are no longer applicable.

Redemption Prior to Maturity

This Bond will be subject to redemption prior to its Maturity Date as follows:

[Specify applicable redemption provisions from Section 7.1.]

If less than all Bonds outstanding are being redeemed, the Indenture provides procedures for selection of Bonds to be redeemed.

Notice of redemption of any Bond shall be given to the affected Owner not less than 20 days prior to the redemption date in the manner provided in the Indenture.

A notice of optional redemption may state that the redemption of Bonds is contingent upon specified conditions, such as receipt of a specified source of funds, or the occurrence of specified events. If the conditions for such redemption are not met, the Issuer shall not be required to redeem the Bonds (or

portions thereof) identified in such notice, and any Bonds surrendered on the specified redemption date shall be returned to the Owners of such Bonds.

On the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date shall be deposited with the Trustee, unless the notice of redemption specified contingencies that were not met on the redemption date. Such money shall be held in trust for the benefit of the persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

If notice of redemption is given and any conditions to such redemption are met, the Bonds to be redeemed shall become due and payable on the redemption date at the applicable redemption price, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds shall cease to bear interest.

If the Book Entry System is in effect, partial redemption of any Bond shall be effected in accordance with the Book Entry System. If the Book Entry System has been terminated, any Bond which is to be redeemed only in part shall be surrendered at the Office of the Trustee with all necessary endorsements for transfer, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond or Bonds of the same maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond surrendered.

The Indenture permits the University to purchase Bonds that have been called for optional redemption in lieu of retiring such Bonds on the redemption date. No notice to Owners is required in connection with a purchase in lieu of redemption.

Remedies

If an “Event of Default”, as defined in the Indenture, shall occur, the principal of all Bonds then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Owner of this Bond shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

Amendments

The Indenture permits the amendment of the Bond Documents and waivers of past defaults under such Documents and the consequences of such defaults, in certain circumstances without consent of Owners and in other circumstances with the consent of all Owners or a specified percentage of Owners. Any such consent or waiver by the Owner of this Bond shall be conclusive and binding upon such Owner and upon all future Owners of this Bond and of any Bond issued in exchange for this Bond or in lieu of this Bond, whether or not notation of such consent or waiver is made upon this Bond.

Exoneration of Incorporators, Directors and Officers of the Issuer

No recourse under or upon any covenant or agreement of the Indenture, or of any Bonds, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future incorporator, officer or director of the Issuer, or of any successor, either directly or through the Issuer,

whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and the Bonds are solely corporate obligations, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or director of the Issuer or any successor, or any of them, because of the issuance of the Bonds, or under or by reason of the covenants or agreements contained in the Indenture or in any Bonds or implied therefrom.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed under its corporate seal.

Dated: Date of initial delivery of this Bond identified above.

**THE HEALTH AND EDUCATIONAL FACILITIES BOARD
OF THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE**

By: _____
Chair

Certificate of Authentication

This is one of the Bonds referred to in the within-mentioned Indenture.

Date of authentication: _____

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

By: _____
Authorized Officer

Assignment

For value received, _____ hereby sell(s), assign(s) and transfer(s) unto [Please insert name and taxpayer identification number] _____ this Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney to transfer this Bond on the books of the within named Issuer at the office of the within named Trustee, with full power of substitution in the premises.

Dated: _____

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within bond in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

(Bank or Trust Company)

By _____
(Authorized Officer)

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

EXHIBIT 5.4(b)

Description of Refunded Obligations

The Refunded Obligations include the following obligations issued by The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee for the benefit of the University:

Refunded Obligations	Issue Date	Principal Amount Refunded
\$25,000,000 (original principal amount) Tax-Exempt Commercial Paper Note (The Vanderbilt University)	February 14, 2023	[\$25,000,000]
\$25,000,000 (original principal amount) Tax-Exempt Commercial Paper Note (The Vanderbilt University)	August 11, 2023	[\$25,000,000]
\$25,000,000 (original principal amount) Tax-Exempt Commercial Paper Note (The Vanderbilt University)	October 10, 2023	[\$25,000,000]
\$25,000,000 (original principal amount) Tax-Exempt Commercial Paper Note (The Vanderbilt University)	April 2, 2024	[\$25,000,000]

EXHIBIT 6.1(b)

Form of Optional Tender Notice

U.S. Bank Trust Company, National Association

_____, _____

Re: Educational Facilities Revenue Refunding and Improvement Bonds (The Vanderbilt University), Series 2024, issued by The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee pursuant to a Trust Indenture dated August 1, 2024

The undersigned is the Owner of the following Bond, which is part of the above-referenced issue of Bonds:

CUSIP Number: _____

Principal Amount: _____

The undersigned hereby elects to have (check one as appropriate, and be certain to designate the principal amount tendered, if less than the entire amount):

_____ the entire principal amount

_____ \$ _____ of the principal amount of such Bond (Note: If such amount is less than the entire principal amount, both the amount to be purchased and the remaining amount must be an Authorized Denomination, as defined in the Indenture)

purchased on the following date: _____. (Note: If Bonds are in the Weekly Rate Mode, this notice must be delivered at least 7 days prior to the Optional Tender Date. If Bonds are in the Daily Rate Mode, this notice must be delivered not later than 10:00 a.m. on the Optional Tender Date.)

THE UNDERSIGNED ACKNOWLEDGES THAT THIS ELECTION IS IRREVOCABLE AND BINDING ON THE UNDERSIGNED AND CANNOT BE WITHDRAWN.

Dated: _____.

Print or Type

Name(s) of Owner(s)

Address

Telephone Number

Signature

(The name(s) and signature(s) must correspond exactly to the name appearing on the registration books maintained by the Trustee)

Signature guaranteed:

(Bank or Trust Company)

By _____
(Authorized Officer)

EXHIBIT 9.2(b)

Requisition

To: U.S. Bank Trust Company, National Association, as trustee under the Indenture referred to below No. _____

Re: \$[Par Amount] Educational Facilities Revenue Refunding and Improvement Bonds (The Vanderbilt University), Series 2024, issued by The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee pursuant to a Trust Indenture dated August 1, 2024 (the "Indenture")

Capitalized terms not otherwise defined herein shall have the meanings assigned in the Indenture.

Request for Payment by the University

The University hereby requests payment from

- the Costs of Issuance Fund
- the Acquisition Fund

of \$ _____ to

Name of payee: _____

Address of payee: _____

Such payment will be made for the following purpose(s):

(Note: The University is to describe purpose in reasonable detail. The Trustee shall be entitled to rely upon the certification by the University in the following paragraph with respect to the purpose of this payment and shall not be required to verify that such purpose is authorized by the Indenture or that such purpose will not cause or result in a violation of any covenant in the Tax Certificate and Agreement.)

The University hereby certifies that: (a) such payment is for Costs of Issuance (if the payment is to be made from the Costs of Issuance Fund) or Acquisition Costs (if the payment is to be made from the Acquisition Fund), (b) no Event of Default exists, and (c) such payment will not cause or result in the violation of any covenant contained in the Tax Certificate and Agreement.

Dated: _____.

THE VANDERBILT UNIVERSITY

By: _____
Authorized Representative of the University

EXHIBIT 9.3(d)

Description of Capital Improvements

EXHIBIT 15.1(b)

Directions for Notices

**The Health and Educational Facilities Board of
The Metropolitan Government of Nashville and
Davidson County, Tennessee**

The Health and Educational Facilities Board of
The Metropolitan Government of Nashville
and Davidson County, Tennessee
c/o Adams and Reese LLP
1600 West End Avenue, Suite 1400
Nashville, TN 37203
Attention: Chair
Email: cindy.barnett@arlaw.com

U.S. Bank Trust Company, National Association (as Trustee
and Calculation Agent)

U.S. Bank Trust Company, National Association
333 Commerce St., 9th Floor
Nashville, TN 37201
Attention: Connie Jaco
Email: connie.jaco@usbank.com

The Vanderbilt University

Vanderbilt Treasury Operations
110 21st Avenue South
Suite 900
Nashville, TN 37203
Attention: University Treasurer
Email: vutreasury@vanderbilt.edu
Phone: 615-322-8861

With a copy to:

Office of the General Counsel
2100 West End Ave.
Suite 750
Nashville, TN 37203
Attention: General Counsel
Email: OGC@vanderbilt.edu
Phone: 615-322-5155

LOAN AGREEMENT

Dated August 1, 2024

Between

**THE HEALTH AND EDUCATIONAL FACILITIES BOARD OF THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE**

and

THE VANDERBILT UNIVERSITY

Relating to the issuance of

**[\$Par Amount]
Educational Facilities Revenue Refunding and Improvement Bonds (The Vanderbilt University),
Series 2024**

by

**The Health and Educational Facilities Board of The Metropolitan Government of Nashville and
Davidson County, Tennessee**

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this “Agreement”) dated as of August 1, 2024 is entered into by **THE HEALTH AND EDUCATIONAL FACILITIES BOARD OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE**, a Tennessee public nonprofit corporation (the “Issuer”), and **THE VANDERBILT UNIVERSITY**, a Tennessee nonprofit corporation (the “University”).

Recitals

A. The Issuer has duly authorized the issuance of its \$[Par Amount] Educational Facilities Revenue Refunding and Improvement Bonds (The Vanderbilt University), Series 2024 (the “Bonds”) pursuant to a Trust Indenture dated August 1, 2024 (the “Indenture”) between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

B. The Bonds are being issued to provide financing for the benefit of the University.

C. The recitals to the Indenture are incorporated by reference in this Agreement as if fully set forth herein.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant, agree and bind themselves as follows:

ARTICLE 1

Definitions and Other Provisions of General Application

SECTION 1.1 Definitions

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture.

(2) The terms defined in this Article shall have the meanings assigned to them in this Article. Singular terms shall include the plural as well as the singular, and vice versa.

(3) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to “generally accepted accounting principles” refer to such principles as they exist at the date of application thereof.

(5) All references in this instrument to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(6) The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

(7) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(8) The term “person” shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

SECTION 1.2 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.3 Date of Loan Agreement

The date of this Agreement is intended as and for a date for the convenient identification of this Agreement and is not intended to indicate that this Agreement was executed and delivered on said date.

SECTION 1.4 Separability Clause

If any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.5 Governing Law

This Loan Agreement shall be construed in accordance with and governed by the laws of the State of Tennessee.

SECTION 1.6 Counterparts

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE 2

The Loan

SECTION 2.1 Issuance of Bonds

Simultaneously with the delivery of this Agreement, the Issuer shall issue the Bonds pursuant to the Indenture.

SECTION 2.2 Loan of Bond Proceeds

The Issuer does hereby loan the principal amount of the Bonds to the University, and the University does hereby borrow such amount from the Issuer and instruct the Issuer to apply the proceeds of the Bonds in the manner set forth in *Section 5.4* of the Indenture.

SECTION 2.3 Withdrawals From Costs of Issuance Fund

The University may cause withdrawals to be made from the Costs of Issuance Fund for the payment of Costs of Issuance, but only if the related conditions of the Indenture are satisfied and the University delivers to the Trustee a duly completed requisition for each such withdrawal in the form attached to the Indenture as *Exhibit 9.2(b)*, executed on behalf of the University by an Authorized Representative of the University.

SECTION 2.4 Withdrawals From Acquisition Fund

The University may cause withdrawals to be made from the Acquisition Fund for the payment of Acquisition Costs, but only if the related provisions of the Indenture are satisfied and the University delivers to the Trustee a duly completed requisition for each such withdrawal in the form attached to the Indenture as *Exhibit 9.2(b)*, executed on behalf of the University by an Authorized Representative of the University.

SECTION 2.5 Description of the Capital Improvements

(a) The Capital Improvements to be financed with proceeds of the Bonds are described in *Exhibit 9.3(d)* to the Indenture.

(b) The University may cause changes or amendments to be made in the description of the Capital Improvements as provided in *Section 9.3* of the Indenture.

ARTICLE 3

Loan Payments

SECTION 3.1 Loan Payments

(a) The University shall make payments (collectively, “Loan Payments”) to the Trustee, for the account of the Issuer, on each Bond Payment Date in an amount equal to the Debt Service on the Bonds due on such Bond Payment Date. All Loan Payments shall be made in funds immediately available to the Trustee not later than one hour prior to the Trustee’s deadline for timely payment of such Debt Service.

(b) The University may credit the amount of investment earnings in the Debt Service Fund against any Loan Payment required by *Section 3.1(a)*, provided that if the amount on deposit in the Debt Service Fund is not sufficient for any reason to pay Debt Service due on any Bond Payment Date, the University shall pay the amount of such deficiency in funds immediately available to the Trustee not later one hour prior to the Trustee’s deadline for timely payment of such Debt Service.

SECTION 3.2 Delivery of Note

(a) Simultaneously with the delivery of this Agreement the University shall deliver its Note substantially in the form attached to this Agreement as *Exhibit 3.2(a)*. The Note shall be considered evidence of and security for the University’s obligation to make Loan Payments under this Agreement. All Loan Payments with respect to the Bonds shall be credited against the required payments under the Note, all to the end that the unpaid aggregate principal amount of the Note shall be equal to the unpaid aggregate principal amount of the Bonds.

(b) After all Bonds have been Defeased, the Note shall be deemed fully paid and the Issuer shall cause the Trustee to surrender the Note to the University.

SECTION 3.3 Payment of Purchase Price of Tendered Bonds

(a) The University agrees to pay the Purchase Price of Tendered Bonds due on each Tender Date. All such payments shall be made in funds immediately available to the Trustee on the related Tender Date not later than one hour prior to the Trustee's deadline for timely payment of such Purchase Price on the related Tender Date.

(b) The University may credit the amount of investment earnings in the Bond Purchase Fund against any payment required by *Section 3.3(a)*, provided that if the amount on deposit in the Bond Purchase Fund is not sufficient for any reason to pay the Purchase Price of Tendered Bonds due on such Tender Date, the University shall pay the amount of such deficiency in funds immediately available to the Trustee not later one hour prior to the Trustee's deadline for timely payment of such Purchase Price.

SECTION 3.4 Additional Payments

(a) The University shall pay to the Issuer or to the Trustee, as the case may be, the following:

(1) the acceptance fee of the Trustee and the annual (or other regular) fees, charges and expenses of the Trustee under the Indenture;

(2) any amount to which the Trustee may be entitled under *Section 12.7* of the Indenture; and

(b) The University shall make such payments to the Issuer or the Trustee, as the case may be, within 10 days after receipt of an invoice therefor.

SECTION 3.5 Overdue Payments

Any Loan Payments required by *Section 3.1* that are overdue shall bear interest from the related Bond Payment Date until paid at the Post-Default Rate for overdue Debt Service payments specified in the Bonds. Any other payments required by this *Article 3* that are overdue shall bear interest from the date due until paid at the Post-Default Rate specified in the Indenture.

SECTION 3.6 Full Faith and Credit Obligation

The University's obligation to make Loan Payments and the other payments required by this Agreement shall be a full faith and credit obligation of the University. The University's obligation to make such payments and to perform and observe the other agreements and covenants on its part contained in this Agreement shall be absolute and unconditional, irrespective of any rights of set off, recoupment or counterclaim it might otherwise have against the Issuer or the Trustee.

ARTICLE 4

Concerning the Bonds, the Indenture and the Trustee

SECTION 4.1 Assignment by Issuer

(a) Simultaneously with the delivery of this Agreement the Issuer shall, pursuant to the Indenture, assign and pledge to the Trustee all right, title and interest of the Issuer in and to the Loan

Agreement (except for certain rights personal to the Issuer) and the Note. The University hereby consents to such assignment and pledge.

(b) Until the Indenture Indebtedness has been Defeased, the Trustee shall have all rights and remedies herein accorded to the Issuer and any reference herein to the Issuer shall be deemed, with the necessary changes in detail, to include the Trustee; provided, however, that the Issuer shall retain the rights to indemnification and reimbursement of expenses granted to it by this Agreement.

SECTION 4.2 Redemption of Bonds and Prepayment of Note

(a) The Issuer will redeem any or all of the Bonds in accordance with the scheduled mandatory redemption provisions of the Bonds and upon the occurrence of any event or contingency requiring the mandatory redemption of Bonds, all in accordance with the applicable provisions of the Bonds and the Indenture.

(b) The University may exercise any optional redemption rights with respect to the Bonds on behalf of the Issuer. If this Agreement has been terminated, the Issuer may exercise any right of optional redemption without prior notice to the University.

(c) Upon the redemption of Bonds pursuant to any optional or mandatory redemption provisions, the Note shall be deemed prepaid in the amount equal to the principal amount of the Bonds redeemed.

SECTION 4.3 Amendment of Indenture or Bonds

The Issuer will not cause or permit the amendment of the Indenture or the Bonds without the prior written consent of the University.

SECTION 4.4 The Indenture Funds

(a) If no Loan Default exists, any money held as part of an Indenture Fund shall be invested or reinvested in Qualified Investments by the Trustee in accordance with the terms of the Indenture and instructions of the University.

(b) The University shall be solely responsible for (i) determining that any such investment complies with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code, and (ii) calculating the amount of, and making payment of, any rebate due to the United States under Section 148(f) of the Internal Revenue Code.

(c) As security for the performance by the University of the covenants hereunder, the University hereby assigns and pledges to the Issuer, and grants to the Issuer a security interest in, all right, title and interest of the University in and to all money and investments from time to time on deposit in, or forming a part of, the Indenture Funds, subject to the provisions of this Agreement and the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein and in the Indenture. The University acknowledges that the rights of the Issuer created by this Section shall be assigned by the Issuer to the Trustee pursuant to the Indenture.

SECTION 4.5 Defeasance of Indenture Indebtedness

(a) After the Indenture Indebtedness is Defeased, all references in this Agreement to the Bonds, the Indenture and the Trustee shall be ineffective and neither the Trustee nor the Owners of the

Bonds shall thereafter have any rights hereunder, except those rights that shall have vested prior to termination.

(b) If any money or investments remain in the Indenture Funds after the Indenture Indebtedness has been Defeased, the Issuer will pay and deliver such money and investments to the University.

ARTICLE 5

Representations and Covenants

SECTION 5.1 General Representations

The University makes the following representations and warranties as the basis for the undertakings on its part contained in this Agreement:

(1) It is duly organized as a private nonprofit corporation under the laws of the State of Tennessee and is not in default under any of the provisions contained in its organization documents or in the laws of the State of Tennessee.

(2) It is a charitable organization under Section 501(c)(3) of the Internal Revenue Code and has done nothing to impair its status as such.

(3) It has the power to consummate the transactions contemplated by the Bond Documents to which it is a party.

(4) By proper corporate action it has duly authorized the execution and delivery of the Bond Documents to which it is a party and the consummation by the University of the transactions described in the Bond Documents.

(5) It has obtained all consents, approvals, authorizations and orders of governmental authorities that are required to be obtained by it as a condition to the execution and delivery of the Bond Documents to which it is a party.

(6) The execution and delivery by it of the Bond Documents to which it is a party and the consummation by it of the transactions described therein will not (i) conflict with, be in violation of, or constitute (upon notice or lapse of time or both) a default under its organization documents or any agreement, instrument, order or judgment to which it is a party or is subject, or (ii) result in or require the creation or imposition of any lien of any nature upon or with respect to any of its properties now owned or hereafter acquired, except as provided by the Bond Documents.

(7) The Bond Documents to which it is a party constitute legal, valid and binding obligations and are enforceable against it in accordance with the terms of such instruments, except as enforcement thereof may be limited by (i) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases.

SECTION 5.2 Eligibility of Financing Under Enabling Law

The University makes the following representations and warranties regarding the eligibility of the financing under the Enabling Law:

- (a) The University is an “institution for higher education” as defined in the Enabling Law.
- (b) The Capital Improvements to be financed with proceeds of the Bonds constitute “projects” as defined in the Enabling Law.

SECTION 5.3 Compliance with Tax Certificate

The University will comply with all covenants and agreements on its part contained in the Tax Certificate and Agreement.

SECTION 5.4 Compliance with Continuing Disclosure Agreement

The University will comply with all covenants and agreements on its part contained in the Continuing Disclosure Agreement.

SECTION 5.5 Corporate Existence

(a) Except as provided in *Section 5.5(b)*, the University will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

(b) The University may consolidate with or merge into any other nonprofit corporation or transfer its property substantially as an entirety to any person if:

(1) such consolidation, merger, conveyance or transfer shall be on such terms as shall fully preserve the rights and powers of the Trustee and the Owners of the Bonds;

(2) the corporation formed by such consolidation or into which the University is merged or the person which acquires by conveyance or transfer the University’s property substantially as an entirety (the “Successor”) shall execute and deliver to the Trustee an instrument in form recordable and acceptable to the Trustee containing an assumption by such Successor of the performance and observance of every covenant and condition of this Agreement and the other Bond Documents to be performed or observed by the University;

(3) immediately after giving effect to such transaction, no Loan Default, or any event which upon notice or lapse of time or both would constitute such a Loan Default, shall have occurred and be continuing;

(4) the University delivers to the Issuer and the Trustee a Favorable Tax Opinion; and

(5) the University shall have delivered to the Trustee a certificate executed by an Authorized Representative of the University and an Opinion of Counsel, each of which shall state in effect that such consolidation, merger, conveyance or transfer complies with this Section and that all conditions precedent herein provided relating to such transactions shall have been complied with.

(c) Upon any consolidation or merger or any conveyance or transfer of the University’s property substantially as an entirety in accordance with this Section, the Successor shall succeed to, and be substituted for the University under this Agreement with the same effect as if such Successor had been named as the University herein.

SECTION 5.6 Advances by Issuer or Trustee

If the University shall fail to perform any of its covenants in this Agreement, the Issuer or the Trustee may, at any time and from time to time, after written notice to the University if no Loan Default exists, make advances to effect performance of any such covenant on behalf of the University. Any money so advanced by the Issuer or the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand.

SECTION 5.7 Indemnity of Issuer and Trustee

(a) To the extent permitted by law, the University agrees to indemnify the Issuer and the Trustee for, and hold each of them harmless against, any loss, liability or expense (including reasonable attorneys' fees) incurred without bad faith or willful misconduct on their part, arising out of or in connection with the issuance of the Bonds, the acceptance of their duties and responsibilities under the Bond Documents, or their performance or observance of any agreement or covenant on their part to be observed or performed under the Bond Documents, including without limitation (i) the offer and sale of the Bonds or a subsequent sale or distribution of any of the Bonds, (ii) the exercise, or failure to exercise, any right, privilege or power of the Issuer or the Trustee under the Bond Documents, and (iii) the administration of the trust established by the Indenture.

(b) The covenant of indemnity by the University contained in this Section shall survive the termination of this Agreement.

ARTICLE 6

Remedies

SECTION 6.1 Events of Default

Any one or more of the following shall constitute an event of default (a "Loan Default") under this Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any Loan Payment required by *Section 3.1* when such Loan Payment becomes due and payable; or

(2) default in the payment of the Purchase Price of Tendered Bonds pursuant to *Section 3.3* when such Purchase Price becomes due and payable; or

(3) default in the performance, or breach, of any covenant or warranty of the University in this Agreement (other than a covenant or warranty, a default in the performance or breach of which is elsewhere in this Section specifically dealt with), and the continuance of such default or breach for a period of 30 days after notice to the University by the Issuer or by the Trustee specifying such default or breach and requiring it to be remedied and stating that such notice is a "notice of default" hereunder; or

(4) an Act of Bankruptcy shall occur with respect to the University.

The Continuing Disclosure Agreement contains the exclusive remedies for breach by the University of the covenants on its part contained in such Continuing Disclosure Agreement, and no such breach shall constitute a Loan Default or an event of default under this Agreement or any other Bond Document.

SECTION 6.2 Remedies on Default

If a Loan Default occurs and is continuing, the Issuer (or the Trustee, as provided in *Section 4.1*) may exercise any of the following remedies:

- (1) declare all Loan Payments to be immediately due and payable in an amount not to exceed the principal amount of all Outstanding Bonds, plus the redemption premium (if any) payable with respect thereto, plus the interest accrued thereon to the date of such declaration;
- (2) declare the principal of the Note to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Agreement or in the Note to the contrary notwithstanding; and
- (3) take whatever legal proceedings may appear necessary or desirable to collect the Loan Payments then due, whether by declaration of acceleration or otherwise, or to enforce any obligation or covenant or agreement of the University under this Agreement or by law.

SECTION 6.3 Rights With Respect to Note

The University acknowledges that if any Loan Default exists the Trustee shall be entitled to exercise all rights and remedies afforded to the holder of the Note.

SECTION 6.4 Proceedings in Bankruptcy

In case there shall be pending proceedings for the bankruptcy or for the reorganization or arrangement of the University under the Federal Bankruptcy Code or any other similar federal or state law, or in case a receiver or trustee shall have been appointed for its property, the Issuer, irrespective of whether all Loan Payments or the entire principal amount of the Note shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Issuer or the Trustee shall have made any demand pursuant to the provisions of *Section 6.2* hereof, the Issuer or the Trustee (as the case may be) shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of Loan Payments and Note owing and unpaid, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Issuer allowed in such judicial proceedings relative to the University, its creditors or its property, and to collect and receive any money or other property payable or deliverable on any such claims.

SECTION 6.5 No Remedy Exclusive

No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient.

SECTION 6.6 Agreement to Pay Attorneys' Fees and Expenses

If the University should default under any of the provisions of this Agreement and the Issuer or the Trustee (in its own name or in the name and on behalf of the Issuer) should employ attorneys or incur other expenses for the collection of Loan Payments or the enforcement of performance or observance of any agreement or covenant on the part of the University herein contained, the University will on demand therefor pay to the Issuer or the Trustee (as the case may be) the reasonable fee of such attorneys and such other expenses so incurred.

SECTION 6.7 No Additional Waiver Implied by One Waiver

In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

SECTION 6.8 Remedies Subject to Applicable Law

All rights, remedies and powers provided by this Article may be exercised only to the extent the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Agreement invalid or unenforceable.

ARTICLE 7

Miscellaneous

SECTION 7.1 Incorporators, Officers and Directors of Issuer Exempt from Individual Liability

No recourse under or upon any covenant or agreement of this Agreement, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future incorporator, officer or director of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Agreement is solely a corporate obligation, and that no personal liability whatever shall attach to, or is or shall be incurred by, any incorporator, officer or director of the Issuer or any successor, or any of them, because of the execution and delivery of this Agreement, or under or by reason of the covenants or agreements contained in this Agreement or implied therefrom.

SECTION 7.2 Corporate Existence of Issuer

The Issuer shall not consolidate with or merge into any other corporation or transfer its property substantially as an entirety, except as provided in *Section 10.6* of the Indenture.

SECTION 7.3 Notices

(a) Notices and other communications to Financing Participants pursuant to this Agreement must be in writing except as otherwise expressly provided in this Agreement. Any specific reference in this Agreement to "written notice" shall not be construed to mean that any other notice may be oral, unless such oral notice is specifically permitted by this Agreement under the circumstances.

(b) Notices and other communications pursuant to this Agreement may be delivered by any method provided in the directions for notices attached as *Exhibit 15.1(b)* of the Indenture. A Financing Participant may change its directions for notices by giving notice to the other Financing Participants.

(c) Any notice shall be deemed given when actually received by the Financing Participant to whom the notice is addressed. In addition, any notice sent by registered mail shall be deemed received 3 days after such notice is deposited in the United States mail, addressed as provided in the notice directions included in *Exhibit 15.1(b)* of the Indenture or, if the designated Financing Participant has delivered a change notice, as specified in such change notice.

(d) Notice to any Financing Participant required by this Agreement may be waived in writing by such Financing Participant, either before or after the event, and such waiver shall be the equivalent of such notice.

SECTION 7.4 Successors and Assigns

All covenants and agreements in this Agreement by the Issuer or the University shall bind their respective successors and assigns, whether so expressed or not.

SECTION 7.5 Benefits of Loan Agreement

Nothing in this Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, the Trustee and the Owners of the Outstanding Bonds, any benefit or any legal or equitable right, remedy or claim under this Agreement.

[Signature pages follow.]

IN WITNESS WHEREOF, the Issuer and the University have caused this instrument to be duly executed by their authorized officers.

**THE HEALTH AND EDUCATIONAL FACILITIES BOARD
OF THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE**

By: _____

Name: _____

Title: _____

THE VANDERBILT UNIVERSITY

By: _____

Name: _____

Title: _____

EXHIBIT 3.2(a)

Form of Note

The Vanderbilt University, a Tennessee nonprofit corporation (the “University”), for value received, hereby promises to pay to **The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee**, a Tennessee public corporation (the “Issuer”), the principal sum of

_____ **DOLLARS**
(\$ _____)

together with interest on the unpaid principal amount of this Note, as provided in (i) that certain Loan Agreement dated August 1, 2024 between the Issuer and the University and (ii) the Indenture and the Bonds referred to below.

The Loan Agreement was entered into in connection with the issuance by the Issuer of its \$[Par Amount] Educational Facilities Revenue Refunding and Improvement Bonds (The Vanderbilt University), Series 2024 (the “Bonds”) pursuant to a Trust Indenture dated August 1, 2024 (the “Indenture”) between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Bonds were issued by the Issuer to provide financing for the benefit of the University, and the proceeds of the Bonds were loaned to the University pursuant to the Loan Agreement. Pursuant to the Indenture the University has agreed to make Loan Payments at times and in amounts sufficient to pay Debt Service on the Bonds when due. This Note is being delivered by the University to evidence and secure the University’s loan repayment obligation under the Loan Agreement. Capitalized terms not otherwise defined in this Note shall have the meaning assigned in the Indenture. The payment provisions with respect to the Bonds are hereby incorporated by reference in this Note.

The University agrees to make payments of principal and interest on this Note at times and in amounts corresponding to the required payments of Debt Service on the Bonds. All payments of under this note shall be made in lawful money of the United States of America and in immediately available funds at the Office of the Trustee (or at such other address as the Trustee shall specify by notice to the University).

All Loan Payments with respect to the Bonds shall be credited against the required payments under this Note, all to the end that the unpaid aggregate principal amount of this Note shall be equal to the unpaid aggregate principal amount of the Bonds.

The University may at its option redeem all or any portion of the principal of this Note prior to maturity upon the terms and subject to the conditions provided in the Indenture and Loan Agreement for the redemption of Bonds.

If a Loan Default shall occur, the principal of this Note may become or be declared due and payable in the manner and with the effect provided in the Loan Agreement and the Indenture.

IN WITNESS WHEREOF, the University has caused this Note to be duly executed.

Dated: _____.

THE VANDERBILT UNIVERSITY

By: _____

Name: _____

Title: _____

Assignment

All right, title and interest of the Issuer (except for certain rights of the Issuer reserved in the Indenture) in and to this Note are hereby assigned, without recourse as to the Issuer, to U.S. Bank Trust Company, National Association, as trustee under the Indenture.

Dated: _____.

**THE HEALTH AND EDUCATIONAL FACILITIES BOARD
OF THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY, TENNESSEE**

By: _____

Name: _____

Title: _____

APPENDIX D

Proposed Form of Opinion of Bond Counsel

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[Closing Date]

The Health and Educational Facilities Board of The Metropolitan
Government of Nashville and Davidson County, Tennessee
Nashville, Tennessee

RBC Capital Markets, LLC, as Representative of the Underwriters
Charlotte, North Carolina

U.S. Bank Trust Company, National Association, as Trustee
Nashville, Tennessee

**Re: \$ _____ The Health and Educational Facilities Board of
The Metropolitan Government of Nashville and Davidson County, Tennessee
Educational Facilities Revenue Refunding and Improvement Bonds
(The Vanderbilt University) Series 2024**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee (the “Issuer”) of its \$ _____ Educational Facilities Revenue Refunding and Improvement Bonds (The Vanderbilt University) Series 2024 (the “Bonds”). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. Reference is made to the forms of the Bonds for additional information concerning their details, payment and redemption provisions and the proceedings pursuant to which they were issued.

The Bonds are issued pursuant to a Trust Indenture dated August 1, 2024 (the “Trust Agreement”), between the Issuer and U.S. Bank Trust Company, National Association, a national banking association, as trustee. The proceeds from the sale of the Bonds will be loaned by the Issuer to The Vanderbilt University, a not-for-profit corporation incorporated under the laws of the State of Tennessee (the “University”), under a Loan Agreement dated August 1, 2024 (the “Loan Agreement”), between the University and the Issuer, which loan will be evidenced by a promissory note issued by the University to the Issuer thereunder (the “Note”).

Under the Loan Agreement and the Note, the University has agreed to make payments to be used to pay when due the principal of and premium, if any, and interest on the Bonds, and such payments and other revenues under the Loan Agreement and the Note (collectively, the “Revenues”) and the rights of the Issuer under the Loan Agreement (except certain rights to indemnification, reimbursement and administrative fees) are pledged and assigned by the Issuer as security for the Bonds. The Bonds are payable solely from the Revenues.

Reference is made to the opinions of even date herewith of the University’s General Counsel and Maynard Nexsen PC, with respect, among other matters, to the corporate status, good standing and qualification to do business of the University, the corporate power of the University to enter into and

perform the Loan Agreement and the Note and the authorization, execution and delivery of the Loan Agreement and the Note by the University and with respect to the Loan Agreement and the Note being binding and enforceable upon the University and with respect to the University's status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the University contained in the Loan Agreement, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by or on behalf of the University (including certifications as to the use of bond proceeds and other bond issues which are material to paragraph 4 below), without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is duly created and validly existing as a public, nonprofit corporation, organized and existing under the laws of the State of Tennessee with the corporate power to enter into and perform its obligations under the Trust Agreement and the Loan Agreement and to issue the Bonds.

2. The Trust Agreement and the Loan Agreement have been duly authorized, executed and delivered by the Issuer and are valid and binding obligations of the Issuer enforceable against the Issuer. The Trust Agreement creates a valid lien on the Revenues and on the rights of the Issuer (except certain rights to indemnification, reimbursement and administrative fees) for the benefit of the Bonds.

3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligation of the Issuer, payable solely from the Revenues.

4. Interest on the Bonds (a) will not be included in gross income for federal income tax purposes and (b) will not be an item of tax preference for purposes of the federal alternative minimum income tax imposed on individuals under the Internal Revenue Code of 1986, as amended (the "Code"); however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer and the University comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal tax purposes. The Issuer and/or the University have covenanted to comply with all such requirements. Failure by the Issuer or the University to comply with such covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The Bonds and the income therefrom shall be exempt from all state, county and municipal taxation in Tennessee except (a) excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Trust Agreement and the Loan Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights heretofore and hereafter enacted to the extent

[Closing Date]

Page 3

constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Our services as bond counsel have been limited to rendering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the excludability of the interest on the Bonds from gross income for federal income tax purposes. We have not made any investigation concerning the financial resources of the University and, therefore, we express no opinion as to the business or financial resources of the University, its ability to provide for the payment of the Bonds or the accuracy or completeness of any information.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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APPENDIX E

Proposed Form of Continuing Disclosure Agreement

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CONTINUING DISCLOSURE AGREEMENT

§ _____
**The Health and Educational Facilities Board of
The Metropolitan Government of Nashville and Davidson County, Tennessee
Educational Facilities Revenue Refunding and Improvement Bonds (The Vanderbilt University), Series 2024**

This Continuing Disclosure Agreement (this “*Disclosure Agreement*”), dated as of August 1, 2024, is executed and delivered by The Vanderbilt University (the “*Borrower*”) and _____ (the “*Dissemination Agent*”) in connection with the issuance of The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee Educational Facilities Revenue Refunding and Improvement Bonds (The Vanderbilt University), Series 2024 in the aggregate principal amount of \$ _____ (the “*Bonds*”). The Bonds are being issued pursuant to a Trust Indenture, dated as of August 1, 2024 (the “*Indenture*”), between The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee (the “*Issuer*”) and U.S. Bank Trust Company, National Association, as trustee (the “*Trustee*”). In connection with the Indenture, the Borrower and the Issuer executed a Loan Agreement, dated as of August 1, 2024 (the “*Loan Agreement*”).

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is executed and delivered by the Borrower and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds. The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices, or disclosures provided or required under this Disclosure Agreement and has no liability to any person, including any Holder or Beneficial Owner of any Bond, with respect such reports, notices, and disclosures.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 hereof.

“*Beneficial Owner*” shall mean any person that (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Disclosure Representative*” shall mean the Vice Chancellor for Finance and Chief Financial Officer of the Borrower or his or her designee, or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” shall mean _____, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent which is designated in writing by the Borrower and which has filed with _____ a written acceptance of such designation, but only until the Borrower exercises its option in Section 11 hereof to discharge the Dissemination Agent without replacement, following which all references to the “Dissemination Agent” herein shall be disregarded.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Official Statement*” means the Official Statement dated July __, 2024 relating to the Bonds.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*SEC*” shall mean the Securities and Exchange Commission.

“*Specified Event*” means the occurrence of any of the events with respect to the Bonds set forth in Exhibit C hereto.

“*State*” shall mean the State of Tennessee.

SECTION 3. Provision of Annual Reports.

(a) Submission of Annual Report to MSRB. The Borrower shall, or shall cause the Dissemination Agent to, not later than six months after the end of the Borrower’s fiscal year (currently June 30), commencing with the report for the fiscal year ending June 30, 2024, provide to the MSRB an Annual Report meeting the requirements of Section 4 hereof. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 hereof. If the Borrower’s fiscal year changes, the Borrower shall give notice of such change in the same manner as for Specified Events under Section 5 hereof.

(b) Communication with Dissemination Agent. Not later than 15 Business Days prior to the date specified in paragraph (a) of this Section for providing the Annual Report to the MSRB, the Borrower shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Borrower to determine if the Borrower is in compliance with the first sentence of this paragraph (b) of this Section.

(c) Notice of Failure to Provide. If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in paragraph (a) of this Section, the Dissemination Agent shall promptly send a notice to the MSRB in substantially the form attached as **Exhibit A** hereto.

(d) Confirmation of Filing. If so requested in writing by the Borrower, the Dissemination Agent shall confirm to the Borrower that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement and the date on which it was provided.

SECTION 4. Content of Annual Reports. The Borrower’s Annual Report shall contain or include by reference in the manner permitted by the Rule the following:

(a) Financial Statements. The audited financial statements of the Borrower for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by the Financial Accounting Standards Board.

(b) Other Financial and Operating Data. If and to the extent not included in the report required by paragraph (a) of this Section, financial and operating data for or as of the end of the prior fiscal year or academic year, as applicable, of the general type appearing in the sections of or tables to Appendix A to the Official Statement described in Exhibit B hereto. For the avoidance of doubt, any data may be provided in the report required by paragraph (a) of this Section or in a separate document, and need not be provided for exactly the same categories or in the same format as in such sections and tables. If the data described in Exhibit B hereto no longer can be generated because the operations to which it relates have been materially changed or discontinued, the Borrower shall provide (or cause the Dissemination Agent to provide) to the MSRB a statement to that effect in lieu of such information. Any Annual Report 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. Any or all data may be included in an Annual Report by specific reference to other documents, including official statements of debt issues with respect to which the Borrower is an “obligated person” (as defined by the Rule), that have been filed with the MSRB or with the SEC. If the document included by reference is a final official statement, it must be available from the MSRB. The Borrower shall clearly identify each such other document so included by reference.

SECTION 5. Notice of Specified Events and Failure to Provide Annual Information.

(a) Notice of Specified Events. The Borrower shall, or shall cause the Dissemination Agent to, provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner not more than 10 business days after the occurrence of the event:

(i) Specified Events: any Specified Event; and

(ii) Failure to File Annual Report: any failure to provide or cause to be provided to the MSRB an Annual Report on or prior to the date on which such Annual Report is due.

(b) Dissemination Agent to Provide. Upon receipt of a notice from the Borrower pursuant to paragraph (a) of this Section, the Dissemination Agent shall promptly, but in any case not more than 10 business days after the occurrence of the event described therein, file such notice with the MSRB, in all cases with a copy to the Borrower. Notwithstanding the foregoing, the Borrower and the Dissemination Agent acknowledge that (i) the Borrower must make a determination whether Specified Events 2, 6 (as applicable), 7, 8 (with regards to Bond calls), 10, 13, 14, and 15 are material in order to determine whether a filing is required, and (ii) notice of the occurrence of a mandatory, scheduled redemption, not contingent upon the occurrence of an event, is not required if the terms of the redemption under which the redemption is to occur are set forth in detail in the Official Statement and the only open issue is which Bonds will be redeemed in the case of a partial redemption (such as mandatory sinking fund redemption).

(c) No Implied Obligations. The Dissemination Agent shall have no obligation to make disclosure on any other matter except as provided herein. The Dissemination Agent shall not be deemed to have knowledge of any event except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent shall not be responsible for reviewing or for verifying the accuracy or completeness of any notice received.

SECTION 6. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Specified Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any such additional information in any Annual Report or notice of occurrence of a Specified Event, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Specified Event.

SECTION 7. Format Changes. The format for the information required to be provided by this Disclosure Agreement may be altered to reflect changes in accounting principles, reporting procedures, operational reorganizations of the Borrower, or applicable law and regulations so long as the substance of all of the required information that is available is supplied and readily identifiable as such.

SECTION 8. Default. In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Holders of at least 25% in aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed to be an Event of Default under the Indenture or the Loan Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 9. Amendment. The Borrower may modify its obligations hereunder without the consent of the Holders, provided that (a) this Disclosure Agreement as so modified complies with the Rule as it exists at the time of modification and (b) such amendment, in the opinion of independent counsel expert in the federal securities laws reasonably acceptable to the Dissemination Agent and the Trustee, is an amendment consistent with the requirements

of the Rule, taking into account any amendments or interpretations of the Rule. In the event of any amendment of this Disclosure Agreement, the Borrower shall describe such amendment in its next Annual Report and shall include therein, as applicable, a narrative explanation of the reason for the amendment or waiver and its effect on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (a) notice of such change shall be given in the same manner as for a Specified Event under Section 5 hereof, and (b) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Termination of Reporting Obligation. The Borrower's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Borrower's obligations under the Loan Agreement are assumed in full by some other entity, the Borrower shall cause such person to assume the Borrower's obligations hereunder as if it were the Borrower, whereupon the original Borrower shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination or substitution in the same manner as for a Specified Event under Section 5 hereof.

SECTION 11. Dissemination Agent. The Borrower may from time to time appoint or engage a replacement Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent, in each case by written notice to the Dissemination Agent then serving and the Trustee. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this Disclosure Agreement. If at any time the Borrower discharges and does not replace the Dissemination Agent, then the Borrower shall remain obligated hereunder for the benefit of the Beneficial Owners for the full remaining term of this Disclosure Agreement, but the Dissemination Agent shall have no further right or obligation hereunder.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borrower and the Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

SECTION 13. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article 12 of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent (other than as the Trustee) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Borrower agrees to indemnify and to save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and the payment of the Bonds.

SECTION 14. Notices. Any notices or communications to or between the parties to this Disclosure Agreement may be given as follows:

If to the Dissemination Agent:

and, if to the Trustee, addressed to it at its designated corporate trust office.

If to the Borrower:

The Vanderbilt University
Finance Department
2201 West End Avenue
Nashville, Tennessee 37240
Attention: Vice Chancellor for Finance and Chief Financial Officer

SECTION 15. Governing Law. This Disclosure Agreement shall be construed and interpreted in accordance with the laws of the State; provided, however, that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

SECTION 16. Counterparts. This Disclosure 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 follows]

IN WITNESS WHEREOF, the Borrower and the Dissemination Agent have caused this Disclosure Agreement to be executed and delivered by its duly authorized representatives, all as of the date first written above.

THE VANDERBILT UNIVERSITY

By: _____
Brett C. Sweet
Vice Chancellor for Finance and Chief Financial
Officer

_____,
as Dissemination Agent

By: _____
Its: _____

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: The Health and Educational Facilities Board
of The Metropolitan Government of Nashville and
Davidson County, Tennessee

Name of Bond Issue: Educational Facilities Revenue Refunding and Improvement
Bonds (The Vanderbilt University), Series 2024

Name of Borrower: The Vanderbilt University

Date of Issuance: August __, 2024

NOTICE IS HEREBY GIVEN that the Borrower has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Borrower's Continuing Disclosure Agreement and such Annual Report has not been filed as contemplated by such Continuing Disclosure Agreement. The Borrower anticipates that the Annual Report will be filed by _____.

Dated: _____

_____,
on behalf of the Borrower

cc: Borrower

EXHIBIT B

The financial and operating data referred to in Section 4(a) of this Disclosure Agreement is financial data and operating data of the general type appearing in the following sections of or tables to Appendix A to the Official Statement:

- (i) in the table under “INTRODUCTION–Overview–Academic Units”;
- (ii) under the caption “ACADEMIC ENTERPRISE”:
 - (A) under the heading “Faculty and Staff” (listing the number of faculty and other employees);
 - (B) in the two tables under the heading “Student Enrollment”;
 - (C) in the two tables under the heading “Tuition and Fees”;
 - (D) in the table under “Student Financial Aid”; and
 - (E) under the heading “Research Activities and Programs” (the amount of federally funded and total research and program awards);
- (iii) under the caption “FINANCIAL INFORMATION”:
 - (A) in the table under the heading “Summary of Assets, Liabilities, and Net Assets”;
 - (B) in the table under the heading “Summary of Revenues and Expenses”;
 - (C) in the two tables under the heading “Endowment”;
 - (D) in the table under the heading “Management’s Discussion and Analysis of Financial Performance”;
 - (E) under the heading “Fundraising,” (pledges, gifts and commitments);
 - (F) in the table under the heading “Property, Plant, and Equipment”;
 - (G) in the table under the heading “Outstanding Debt”;
 - (H) in the table under the heading “Estimated Annual Debt Service Requirements for Long-Term Debt”; and
 - (I) under the heading “Liquidity” (the amounts of lines of credit and liquid-assets).

EXHIBIT C

SPECIFIED EVENTS

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. 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 or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or similar event of the Issuer or Borrower, which shall occur as described below;
13. The consummation of a merger, consolidation, or acquisition involving the Borrower, or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower, any of which affect holders of the Bonds, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower, any of which reflect financial difficulties.

For these purposes, any event described in item (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer or Borrower in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer or Borrower, as the case may be, 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 Borrower, as the case may be.

For these purposes, “*Financial Obligation*” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of a debt obligation or any such derivative instrument. The term Financial Obligation shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.



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