

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that such interest will be taken into account in computing the alternative minimum tax imposed on certain corporations. Under existing law, interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX EXEMPTION" herein.



\$434,080,000
MASSACHUSETTS DEVELOPMENT FINANCE AGENCY
REVENUE BONDS
HARVARD UNIVERSITY ISSUE, SERIES 2025A



CONSISTING OF

\$217,040,000 SERIES 2025A-1

\$217,040,000 SERIES 2025A-2

Dated: Date of Delivery

Due: As shown on the inside cover page

The Massachusetts Development Finance Agency Revenue Bonds Harvard University Issue, Series 2025A-1 (the "Series A-1 Bonds") and Series 2025A-2 (the "Series A-2 Bonds" and, together with the Series A-1 Bonds, the "Bonds," and each individually, a "Series") will be issued only as fully-registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in book-entry-only form. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. The Bank of New York Mellon Trust Company, N.A. will act as Trustee.

Each Series of the Bonds will be issued initially in the Long-Term Mode bearing interest at the Long-Term Rates and for the Initial Long-Term Periods, and be subject to mandatory tender for purchase on the Initial Long-Term Rate Mandatory Purchase Dates, all as shown on the inside cover page hereof. While in the Long-Term Mode, the Bonds will be delivered in Authorized Denominations of \$5,000 and any integral multiple thereof.

Principal and interest on the Bonds will be paid by the Trustee. So long as DTC or its nominee, Cede & Co. is the Bondowner, such payments will be made directly to the Bondowner, as more fully described herein. During the Initial Long-Term Period, the Bonds will bear interest from its date of delivery and interest will be payable semiannually each May 15 and November 15, commencing May 15, 2025, and on the day next succeeding the last day of the Initial Long-Term Period.

During the Initial Long-Term Periods, the Bonds are not subject to optional tender for purchase by the Holders thereof and are not subject to redemption prior to maturity. Capitalized terms used on this cover page and not defined are defined elsewhere in this Official Statement.

The Bonds shall be special obligations of the Massachusetts Development Finance Agency (the "Issuer") payable solely from the Revenues of the Issuer paid to the Trustee for the account of the Issuer by President and Fellows of Harvard College (the "Institution") in accordance with the provisions of the Loan and Trust Agreement, dated as of March 1, 2025 (the "Agreement"), among the Issuer, the Institution and the Trustee. The payments pursuant to the Agreement are general obligations of the Institution. The proceeds of the Bonds are expected to be used to (i) finance and refinance certain capital projects, including repaying a portion of the Institution's commercial paper, the proceeds of which were used to finance a portion of such projects, and (ii) pay costs of issuance of the Bonds, as more fully described under "PLAN OF FINANCING" herein.

Subject to the requirements and restrictions set forth in the Agreement, the Bonds may be converted to bear interest in another Interest Rate Mode. This Official Statement describes the Bonds only while the Bonds are in the Long-Term Mode for the respective Initial Long-Term Periods. There are significant differences with respect to the terms of the Bonds while in any other Interest Rate Mode or during a subsequent Long-Term Period. Investors should not rely upon the information in this Official Statement if the Bonds are converted to another Interest Rate Mode or a new Long-Term Period. In such circumstances, investors must rely upon the offering document used in connection with such conversions.

THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER OR A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF. THE PRINCIPAL AND PURCHASE PRICE OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT UNDER THE AGREEMENT. THE ISSUER HAS NO TAXING POWER UNDER THE ACT.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of their legality and certain other matters by Hinckley, Allen & Snyder LLP, Boston, Massachusetts, Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Institution by its counsel, Ropes & Gray LLP, Boston, Massachusetts, and for the Underwriters by its counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. It is expected that the Bonds will be available in definitive form for delivery to DTC in New York, New York or its custodial agent on or about March 18, 2025.

Goldman Sachs & Co. LLC

Morgan Stanley

Barclays

Wells Fargo Securities

BofA Securities

J.P. Morgan

RBC

TD Securities

Huntington

Loop Capital Markets

Drexel Hamilton

Dated: March 5, 2025

MATURITY SCHEDULE

\$434,080,000

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

Revenue Bonds

Harvard University Issue, Series 2025A

\$217,040,000 Series 2025A-1

Interest Rate Mode: Long-Term Mode

<u>Maturity Date</u> <u>(May 15)</u>	<u>Last Day of Initial</u> <u>Long-Term Period</u>	<u>Initial Long-</u> <u>Term Rate</u> <u>Mandatory</u> <u>Purchase Date</u>	<u>Initial</u> <u>Long-Term Rate</u>	<u>Yield</u>	<u>CUSIP</u> [†]
2055	May 12, 2032	May 13, 2032	5.000%	2.830%	57585BGT9

\$217,040,000 Series 2025A-2

Interest Rate Mode: Long-Term Mode

<u>Maturity Date</u> <u>(May 15)</u>	<u>Last Day of Initial</u> <u>Long-Term</u> <u>Period</u>	<u>Initial Long-Term</u> <u>Rate Mandatory</u> <u>Purchase Date</u>	<u>Initial</u> <u>Long-Term</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> [†]
2055	November 14, 2035	November 15, 2035	5.000%	3.040%	57585BGU6

[†] Copyright 2025, American Bankers Association. CUSIP® is a registered trademark of American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services (“CGS”), managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP® numbers listed above are being provided solely for the convenience of Bondowners only at the time of issuance of the Bonds, and no representation is made with respect to the correctness thereof. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity. None of the Institution, the Issuer, the Underwriters or the Trustee has agreed to, nor is there any duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP® numbers printed above.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS (INCLUDING DEALERS DEPOSITING BONDS INTO INVESTMENT TRUSTS) AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE INSIDE COVER PAGE HEREOF AND SAID OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

No dealer, broker, salesperson or other person has been authorized by the Issuer, the Institution or the Underwriters to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement and the Appendices hereto, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not 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 Issuer neither has nor assumes any responsibility as to the accuracy or completeness of the information contained in this Official Statement, other than that appearing under the captions "THE ISSUER" and "LITIGATION – The Issuer" (but only insofar as it relates to the Issuer). The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof.

Certain information contained herein has been obtained from the Institution, The Depository Trust Company, and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Issuer or the Underwriters. 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 responsibility 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. The information herein relating to the Institution and its affairs and condition has been provided by such entity, and none of the Issuer or the Underwriters make any representation with respect to or warrants the accuracy of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The Institution has agreed to enter into a Continuing Disclosure Agreement pursuant to which the Institution will provide certain continuing disclosure to the extent required by law. The purpose of the Continuing Disclosure Agreement is to assist the Underwriters in complying with Rule 15c2-12, as amended, of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE" herein.

This Official Statement is submitted 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 and expression of opinions 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 parties referred to above since the date hereof. The order and placement of materials in this Official Statement, including the Appendices, are not deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

UPON ISSUANCE, THE BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAW, AND THE AGREEMENT HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON THE EXEMPTIONS CONTAINED IN SUCH ACTS. THE BONDS WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE AND NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY HEREOF. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Official Statement, including Appendix A, contains statements which should be considered “forward-looking statements,” meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as “plan,” “expect,” “estimate,” “budget” or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Issuer nor the Institution expect or intend to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

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 part of, this Official Statement for the purposes of Rule 15c2-12 by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

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OFFICIAL STATEMENT

Relating to

\$434,080,000

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

Revenue Bonds

Harvard University Issue, Series 2025A

consisting of

\$217,040,000 SERIES 2025A-1

\$217,040,000 SERIES 2025A-2

INTRODUCTION

Purpose of this Official Statement

This Official Statement, including the cover page, and appendices hereto, sets forth certain information in connection with the issuance and sale of the Revenue Bonds, Harvard University Issue, Series 2025A-1 (the “Series A-1 Bonds”) and Series 2025A-2 (the “Series A-2 Bonds” and, together with the Series A-1 Bonds, the “Bonds” and each a “Series” of Bonds) of the Massachusetts Development Finance Agency (the “Issuer”), a body corporate and politic and a public instrumentality of The Commonwealth of Massachusetts (the “Commonwealth”). The Issuer is authorized under Chapter 23G and, to the extent incorporated therein, Chapter 40D of the Massachusetts General Laws (said Chapters, collectively and as amended, the “Act”), and pursuant to a resolution of the Issuer adopted on February 13, 2025 (the “Resolution”), to issue the Bonds. The Bonds will be issued pursuant to Loan and Trust Agreement dated as of March 1, 2025 (the “Agreement”) by and among the Issuer, President and Fellows of Harvard College (the “Institution”) and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”).

The information contained in this Official Statement is provided for use in connection with the initial sale of the Bonds. The definitions of certain terms used and not defined herein are contained in Appendix C – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT.”

Plan of Financing

The proceeds of the Bonds will be used to (i) finance and refinance certain capital projects, including repaying a portion of the Institution’s commercial paper, the proceeds of which were used to finance such projects, and (ii) pay costs of issuance of the Bonds.

See “PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

The Issuer, the Institution and the Trustee shall execute the Agreement, which provides that, to the extent permitted by law, the obligation of the Institution to make the payments thereunder is a general obligation of the Institution and that the full faith and credit of the Institution are pledged to its performance. The Agreement also provides, among other things, that the Institution shall make payments to the Trustee equal to principal and interest on the Bonds and certain other payments required by the Agreement. The Agreement shall remain in full force and effect until such time as all of the Bonds and the interest thereon

have been fully paid or until adequate provision for such payments has been made. The obligation of the Institution to make payments under the Agreement is unsecured.

The Bonds are special obligations of the Issuer, equally and ratably secured by and payable from a pledge of and lien on, to the extent provided by the Agreement, the moneys received with respect to the Bonds by the Trustee for the account of the Issuer pursuant to the Agreement.

Under the Agreement, the Issuer assigns and pledges to the Trustee in trust upon the terms of the Agreement (i) all Revenues to be received from the Institution or derived from any security provided thereunder, (ii) all rights to receive such Revenues and the proceeds of such rights, (iii) all funds and investments held from time to time in the funds established under the Agreement and (iv) all of its right, title and interest in the Agreement, including enforcement rights and remedies but excluding certain rights of indemnification and to reimbursement of certain expenses as set forth in the Agreement. Under the Act, to the extent authorized or permitted by law, the pledge of Revenues is valid and binding from the time when such pledge is made and the Revenues and all income and receipts earned on funds held by the Trustee for the account of the Issuer shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

The assignment and pledge by the Issuer does not include (i) the rights of the Issuer pursuant to provisions of the Agreement for consent, concurrence, approval or other action by the Issuer, notice to the Issuer, or the filing of reports, certificates or other documents with the Issuer, (ii) the right of the Issuer to any payment or reimbursement pursuant to the Agreement or (iii) the powers of the Issuer as stated in the Agreement to enforce the rights set forth in subclauses (i) and (ii) of this sentence.

As additional security for its payment obligations under the Agreement, the Institution, pursuant to the Agreement, grants to the Trustee a security interest in the moneys and other investments and any proceeds thereof held in the funds established under the Agreement.

The Institution's payment obligations under the Agreement constitute unsecured general obligations of the Institution. Such payment obligations are not secured by a reserve fund, mortgage lien or security interest on or in any funds or other assets of the Institution. The Institution is not required to pay to the Trustee amounts necessary to pay the principal of and interest on the Bonds on the Business Day next preceding the date on which such payment is due; therefore, the funds held from time to time by the Trustee for the benefit of Bondowners under the Agreement are expected to be minimal.

The Institution has other unsecured general obligations outstanding. As of June 30, 2024, the Institution had approximately \$6.8 billion principal amount of indebtedness outstanding, including long-term debt and commercial paper. Subsequent to June 30, 2024, the Institution paid down approximately \$42.6 million principal amount of long-term debt and drew down an additional \$46.0 million of commercial paper (unaudited). Upon delivery of the Bonds, excluding the commercial paper to be repaid with the proceeds of the Bonds, the total outstanding principal amount of indebtedness, including the Bonds, is expected to be approximately \$7.2 billion. See, "PLAN OF FINANCING" herein.

The Institution is not restricted by the Agreement or otherwise from incurring additional indebtedness. Such additional indebtedness, if issued, may be either secured or unsecured and may be entitled to payment prior to the Institution's payment obligations under the Agreement. The Agreement also does not contain any financial covenants limiting the ability of the Institution to encumber or dispose of its property or merge with any other entity, or any covenants. Further, the Institution is not required by

the Agreement to produce revenues at any specified level or to obtain any insurance with respect to its property or operations.

Acceleration

The Trustee may declare all of the Bonds immediately due and payable prior to maturity at par, plus accrued interest, upon an Event of Default under the Agreement. See Appendix C – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT – Summary of Certain Provisions of the Agreement – Default and Remedies.”

THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER OR A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER OR A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF. THE PRINCIPAL OR PURCHASE PRICE OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT UNDER THE AGREEMENT. THE ISSUER HAS NO TAXING POWER UNDER THE ACT.

THE ISSUER

The Issuer is authorized and empowered under the laws of the Commonwealth, including the Act, to issue the Bonds for the purposes described herein and to enter into the Agreement and other agreements and instruments necessary to issue and secure the Bonds.

Except for the information contained herein under the caption “THE ISSUER” and “LITIGATION – The Issuer”, the Issuer has not provided any of the information contained in this Official Statement. The Issuer is not responsible for and does not certify as to the accuracy or sufficiency of the disclosures made herein or any other information provided by the Institution, the Underwriters or any other person.

THE BONDS

The Bonds will be issued initially in the Long-Term Mode as Long-Term Bonds for the Initial Long-Term Period. The terms of the Bonds while in the Initial Long-Term Period are described below. See also Appendix C – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT – Summary of Certain Provisions of the Agreement” for additional information relating to the Bonds.

This Official Statement describes the Bonds only while the Bonds are in the Long-Term Mode for the respective Initial Long-Term Periods. Under the Agreement, the Institution, may, at its option and subject to the requirements of the Agreement, convert any Series of Bonds to operate in a Daily Mode, a Weekly Mode, a Short-Term Mode, an FRN Mode, a Term Floater Rate Mode, a Window Mode, a Flexible Mode, a Direct Purchase Mode or a Fixed Mode, or into another Long-Term Period. There are significant differences with respect to the terms of the Bonds while in any other Interest Rate Mode or during a subsequent Long-Term Period. Investors should not rely upon the information in this Official Statement if the Bonds are converted to another Interest Rate Mode or a new Long-Term Period. In such circumstances, investors must rely upon the offering document used in connection with such conversions.

General

The Bonds will be dated the date of their delivery and will mature (subject to prior redemption) on the dates set forth on the inside cover page of this Official Statement. The Bonds of each Series will be issued in the aggregate principal amounts set forth on the cover page of this Official Statement. Each Series of Bonds will be issued in the Long-Term Mode bearing interest at the Long-Term Rates and for the Initial Long-Term Periods, all as shown on the inside cover page hereof. While in the Long-Term Mode, the Bonds will be delivered in Authorized Denominations of \$5,000 and interest will be payable as described below.

The Bonds will be registered in the name of “Cede & Co.,” as nominee of DTC and will be evidenced by one bond for each Series of Bonds, each in the principal amount of such Series. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth in the Agreement. See “Book-Entry Only System” below.

Principal of the Bonds will be payable at the principal corporate trust office of the Trustee, and interest on the Bonds will be paid by check or draft mailed to the registered owner as of the first (1st) day of the month in which interest is to be paid for the Bonds (the “Record Date”) or by wire transfer as provided in the Agreement.

Interest Payment

Interest shall be payable on each Interest Payment Date by wire transfer to the Depository for the Bonds or its nominee, at the wire transfer address therefor. “Interest Payment Date” means, (i) each May 15 and November 15, (ii) the day next succeeding the last day of an Interest Rate Mode, (iii) any Conversion Date for each Series of Bonds, and (iv) the maturity date of the Bonds.

Notwithstanding the foregoing, interest on the Bonds will be paid, at the request of a registered owner of at least one million dollars (\$1,000,000) in principal amount of Bonds, by wire transfer to such registered owner at the wire transfer address in the continental United States to which such registered owner has not later than five (5) days prior to the Record Date immediately preceding such Interest Payment Date directed the Trustee to wire such interest payment.

The Bonds shall bear interest from, and including, their date of issuance to, but excluding, the date on which the Bonds mature or are earlier redeemed. Interest will be computed on the basis of a three hundred sixty (360) day year consisting of twelve thirty (30) day months. Interest will be payable on each Interest Payment Date for the period commencing on (and including) the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date.

“Interest Accrual Date” during the Initial Long-Term Period means the first day of the Initial Long-Term Period, and, thereafter, each Interest Payment Date during such period, other than the last such Interest Payment Date.

Initial Long-Term Period

Each Series of Bonds will be issued in the Long-Term Mode bearing interest at the Long-Term Rates during the Initial Long-Term Periods, all as shown on the inside cover page hereof. Each Series of Bonds will be subject to mandatory tender for purchase on the respective Initial Long-Term Rate Mandatory Purchase Dates described on the inside cover page. If the Purchase Price of a Series of Bonds is not paid on the applicable Initial Long-Term Rate Mandatory Purchase Date, an Event of Default will be deemed to have occurred pursuant to the Agreement.

The Institution will provide its own liquidity in connection with any mandatory tenders of the Bonds and will not be obtaining any liquidity facility to support this obligation.

Mandatory Tender for Purchase

Mandatory Tender for Purchase on Initial Long-Term Rate Mandatory Purchase Dates. The Bonds of each Series will be subject to mandatory tender for purchase at the Purchase Price on the respective Initial Long-Term Rate Mandatory Purchase Dates (each, a “Mandatory Purchase Date”). The “Purchase Price” of Bonds subject to mandatory tender on the Initial Long-Term Rate Mandatory Purchase Dates is 100% of the principal amount thereof. As the Initial Long-Term Rate Mandatory Purchase Date is also an Interest Payment Date, Purchase Price will not include accrued and unpaid interest, which shall be paid to the Holder of record on the applicable Record Date.

Notice of mandatory tender of Bonds will be given by the Trustee to the Holders of the Bonds subject to mandatory tender (at their addresses as they appear on the registration books as of the date of such notice) by Electronic Notice, confirmed by first class mail not fewer than 10 days prior to the applicable Mandatory Purchase Date. Bonds that are subject to mandatory tender for purchase are to be delivered by the Holders thereof to the Trustee (together with necessary assignments and endorsements) at or prior to 12:00 noon, New York City time, on the applicable Mandatory Purchase Date. At or before 3:00 p.m. New York City time on each Mandatory Purchase Date and upon receipt by the Trustee of the Purchase Price of the tendered Bonds, the Trustee shall pay the Purchase Price of such Bonds to the Holders by bank wire transfer in immediately available funds. Any Bonds subject to mandatory tender for purchase that are not delivered for purchase on or prior to the Mandatory Purchase Date, for which there has been irrevocably deposited in trust with the Trustee an amount sufficient to pay the Purchase Price of such Bonds, will be deemed to have been tendered to the Trustee for purchase, and the Holders of such Bonds will not be entitled to any payment (including any interest to accrue on or after the Mandatory Purchase Date) other than the respective Purchase Prices of such Bonds, and such Bonds will not be entitled to any benefits of the Agreement, except for payment of such Purchase Price out of the moneys deposited for such payment.

Mandatory Tender for Purchase on Conversion Date and on First Day of each Interest Rate Mode. The Bonds are subject to mandatory tender for purchase on any Conversion Date or on the first day of each Interest Rate Mode with respect to such Bonds. During the Initial Long-Term Period, the Bonds of each Series may only be converted on its applicable Initial Long-Term Rate Mandatory Purchase Date at the Purchase Price of 100% of the principal amount thereof. As a Conversion Date is an Interest Payment Date, Purchase Price will not include accrued and unpaid interest, which shall be paid to the Holder of record on the applicable Record Date.

Not fewer than 15 days prior to the proposed Conversion Date, the Trustee shall give Electronic Notice, confirmed by first-class mail, of the Conversion and of the mandatory tender of such Bonds to the Holders of such Bonds at their addresses as they appear on the registration books as of the date Electronic Notice of the election is received by the Trustee from the Institution. The Purchase Price of any Bond so purchased shall be payable only upon surrender of such Bond to the Trustee at its Principal Office at or prior to 12:00 noon, New York City time, on such Mandatory Purchase Date. At or before 3:00 p.m. New York City time on such Mandatory Purchase Date and upon receipt by the Trustee of the aggregate Purchase Price of the tendered Bonds, the Trustee shall pay the Purchase Price of such Bonds to the Holders by bank wire transfer in immediately available funds. Any Bonds subject to mandatory tender for purchase that are not delivered for purchase on or prior to the Mandatory Purchase Date, for which there has been irrevocably deposited in trust with the Trustee an amount sufficient to pay the Purchase Price of such Bonds, will be deemed to have been tendered to the Trustee for purchase, and the Holders of such Bonds will not be entitled to any payment (including any interest to accrue on or after the Mandatory Purchase Date) other than the

respective Purchase Prices of such Bonds, and such Bonds will not be entitled to any benefits of the Agreement, except for payment of such Purchase Price out of the moneys deposited for such payment.

No Optional Tender. The Bonds, while in the Initial Long-Term Period, are not subject to optional tender for purchase by the Holders thereof.

Failure to Pay Purchase Price. The failure to purchase Bonds on a Mandatory Purchase Date will constitute an Event of Default. If the funds available for the purchase of Bonds subject to purchase on a Mandatory Purchase Date are insufficient to purchase all of such Bonds on such Mandatory Purchase Date, then no purchase of any Bond shall occur on such Mandatory Purchase Date and, on such Mandatory Purchase Date, the Trustee shall return all of such Bonds that were tendered to the Holders thereof.

Conversion of Interest Rate Modes

The Institution may elect to convert the interest rate on the Bonds to another Interest Rate Mode or a new Long-Term Interest Rate Period (such election, a “Conversion”). Any Conversion may be with respect to all or a portion of any Series of the Bonds, and the portion of a Series of Bonds to be converted will be designated as a new subseries to distinguish such portion from the portion of such Bonds not to be converted. All Bonds of a Series or subseries will be in the same Interest Rate Mode and operate in the same Interest Rate Period.

While in the Initial Long-Term Period, the Bonds of each Series may be converted only on the Initial Long-Term Rate Mandatory Purchase Date. Interest will accrue on such Bonds at the designated interest rate commencing on such Conversion Date, whether or not a Business Day. Any action required to be taken on such Conversion Date, if such day is not a Business Day, may be taken on the next succeeding Business Day as if it had occurred on such Conversion Date.

Not fewer than 15 days prior to the proposed Conversion Date, the Trustee shall give Electronic Notice, confirmed by first-class mail, of the Conversion and of the mandatory tender of such Bonds to the Holders of such Bonds at their addresses as they appear on the registration books as of the date Electronic Notice of the election is received by the Trustee from the Institution. Such notice shall specify the proposed Conversion Date, the Series of Bonds to which the Conversion will be applicable and the Interest Rate Mode that will be effective upon the Conversion.

Neither the failure to mail the foregoing notice to any Holders of the Bonds to be converted nor any defect therein shall affect the validity of any interest rate, the change in the Interest Rate Mode, the mandatory tender of Bonds to be converted, or extend the period for tendering any Bonds for purchase. The Trustee will not be liable to any Holder of a Bond by reason of its failure to mail such notice or any defect therein.

Notwithstanding the Institution’s delivery of notice of the exercise of its option to effect a conversion, such Conversion will not take effect if any of the following events occur: (A) the Institution withdraws such notice of the exercise of its option to effect the Conversion on or prior to 10:00 a.m., New York City time, on the date on which the interest rate for the designated Interest Rate Mode is to be determined; (B) failure to determine the interest rate for the designated Interest Rate Mode at the times required under the Agreement; (C) the Electronic Notice to Holders of Bonds of the Conversion is not given when required; (D) failure to deliver an Opinion of Bond Counsel to the effect that the Conversion is authorized by the Agreement and will not, in and of itself, cause the interest on the Bonds to be included in the gross income of the Holders for federal income tax purposes; or (E) sufficient funds are not available by 3:00 p.m., New York City time, on the Conversion Date to purchase all of the Bonds required to be purchased on such Conversion Date.

If, on a Conversion Date, any condition precedent to a proposed Conversion is not satisfied, then such Conversion will not occur. However, during the Initial Long-Term Period, as the Conversion Date would also be the Initial Long-Term Rate Mandatory Purchase Date for a Series of Bonds, such Series of Bonds will be subject to mandatory tender for purchase and the failure to purchase such Bonds on such date will constitute an Event of Default. See “Mandatory Tender for Purchase – *Failure to Pay Purchase Price*” above.

No Redemption

While in the Initial Long-Term Period, the Bonds are not subject to redemption prior to maturity.

Book-Entry-Only System

DTC will act as the 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 such maturity, and will be deposited with DTC.

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

Purchases of the 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 the 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 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.

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.

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

Payments of principal of and interest 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 Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Underwriters, the Trustee, the Institution or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, such Bond certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bond certificates will be printed and delivered to DTC. See "Certificated Bonds" below.

The information herein concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer, the Institution and the Underwriters believe to be reliable, but the Issuer, the Institution and the Underwriters take no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. **NONE OF THE ISSUER, THE INSTITUTION, THE UNDERWRITERS OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS.**

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to Bondowners or registered owners of the Bonds (other than under the heading "TAX EXEMPTION" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

For every transfer and exchange of Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Issuer, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the Issuer determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the Issuer or restricted registration is no longer in effect, Bond certificates will be delivered.

NONE OF THE ISSUER, THE INSTITUTION OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE AGREEMENT; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION, IF ANY, OF THE BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE WITH RESPECT TO THE BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE BONDS; OR (VI) ANY OTHER MATTER.

Certificated Bonds

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. In addition, the Issuer may determine that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners. If for either reason the Book-Entry-Only system is discontinued, Bond certificates will be delivered as described in the Agreement and the Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Bondowner. Thereafter, the Bonds may be exchanged for an equal aggregate principal amount of the Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the principal corporate trust office of the Trustee. The transfer of any Bond may be registered on the books maintained by the Trustee for such purpose only upon assignment in form satisfactory to the Trustee. For every exchange or registration of transfer of the Bonds, the Issuer and the Trustee may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the Bondowner for any exchange or registration of transfer of the Bonds.

PLAN OF FINANCING

The proceeds of the Bonds are expected to be applied to (i) finance and refinance certain capital projects (and as further defined below, the “Projects”), including repaying approximately \$37 million of the Institution’s outstanding commercial paper (the “Commercial Paper”), the proceeds of which financed certain of the Projects (as defined below), and (ii) pay costs of issuance of the Bonds.

Projects

The Institution expects that the portion of the Bond proceeds to be used for the Projects will be held with the Trustee and will be applied by the Institution to the payment of Projects. A portion of the Bond proceeds will be applied by the Institution to the repayment of the Commercial Paper on or after the date of issuance of the Bonds (and in any event within ninety (90) days following the issuance of the Bonds).

Specifically, the capital projects currently expected to be financed or refinanced, in whole or in part, with proceeds of the Bonds (the “Projects”) include renovations to undergraduate student housing at the main campus, renovations to teaching and administrative buildings at the main campus, renovations to research facility buildings in the main campus and the Longwood campus, and renovation of the Newell Boathouse building at the Allston campus.

ESTIMATED SOURCES AND USES OF FUNDS

The table below sets forth the estimated sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds:	<u>Total</u>
Principal Amount of Bonds	\$434,080,000.00
Net Premium	68,764,783.20
Total Sources	<u><u>\$502,844,783.20</u></u>
Uses of Funds:	
Projects ⁽¹⁾	\$500,000,000.00
Costs of Issuance ⁽²⁾	2,844,783.20
Total Uses	<u><u>\$502,844,783.20</u></u>

⁽¹⁾ Includes refinancing the Commercial Paper, the proceeds of which financed certain Projects. See “PLAN OF FINANCING” herein.

⁽²⁾ Includes the Underwriters’ compensation and other costs of issuing the Bonds.

RATINGS

Moody’s Investors Service, Inc. has assigned a rating of Aaa with a stable outlook to the Bonds and S&P Global Ratings has assigned a rating of AAA with a stable outlook to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained only from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that they will not be revised, either downward or upward, or withdrawn entirely by the rating agencies, if in the judgment of

such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Goldman Sachs & Co. LLC, as representative of the underwriters named on the cover page hereof (collectively, the “Underwriters”), will agree to purchase the Bonds at an aggregate purchase price of \$501,387,533.30 (representing the principal amount of the Bonds, plus an original issue premium of \$68,764,783.20 and less an underwriting discount of \$1,457,249.90), pursuant to a purchase contract. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The contract for the purchase of the Bonds by the Underwriters is subject to certain conditions and provides that the Underwriters will purchase all the Bonds if any are purchased and requires the Institution to make certain representations and to indemnify the Underwriters and the Issuer and certain other parties against losses, claims, damages or liabilities arising out of any incorrect statements or information, including any omission of material facts, contained in certain portions of this Official Statement described in the fifth paragraph under the heading “MISCELLANEOUS.” The public offering prices set forth on the inside cover page hereof may be changed after the initial offering by the Underwriters.

BofA Securities, Inc., as one of the Underwriters of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. 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 Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue prices less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Morgan Stanley & Co. LLC (“Morgan Stanley”) has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

TD Securities (USA) LLC, one of the Underwriters of the Bonds, has entered into a negotiated dealer agreement (the “TD Dealer Agreement”) with InvestorLink Capital Markets, LLC (“ICM”) for the retail distribution of certain securities offerings, including the offered Bonds at the original issue prices. Pursuant to the TD Dealer Agreement, ICM may purchase Bonds from TD Securities (USA) LLC at the original issues prices less a negotiated portion of the selling concession applicable to any of the Bonds ICM sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells

Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Issuer or the Institution, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer or the Institution.

CONTINUING DISCLOSURE

The Issuer

No financial or operating data concerning the Issuer is material to any decision to purchase, hold or sell the Bonds and the Issuer will not provide any such information. The Institution has undertaken all responsibilities for any continuing disclosure to the holders and beneficial owners of the Bonds as described below, and the Issuer shall have no liability to the holders and beneficial owners of the Bonds or any other person with respect to such disclosures.

The Institution

The Institution has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Institution (the “Annual Report”) by not later than March 1 of each year and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and the notices of material events are to be filed by the Institution, or by the Trustee on behalf of the Institution, in electronic form with the Electronic Municipal Market Access system (“EMMA”) maintained by the Municipal Securities Rulemaking Board (the “MSRB”). These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). On the date of delivery of the Bonds, the Institution and the Trustee will enter into the Continuing Disclosure Agreement substantially in the form attached hereto as Appendix E – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” The Institution has entered into previous continuing disclosure undertakings in connection with certain bonds issued by the Issuer or its predecessor

issued for the benefit of the Institution. The Institution complied in all material respects with its obligations under such undertakings during the previous five years, except that notices of the incurrences of financial obligations in connection with the Institution's Credit Agreement dated as of March 4, 2021 and Taxable Bonds, Series 2022A were each filed subsequent to the applicable deadline.

TAX EXEMPTION

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel to the Issuer ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that under Section 56A of the Code such interest will be included in the computation of "adjusted financial statement income" of applicable corporations (as defined in Section 59(k) of the Code) and accordingly will be taken into account in the computation of the alternative minimum tax applicable to such corporations. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Issuer and the Institution have covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and that the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondowners should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds or the income therefrom under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel with respect to the Bonds is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, in general, the issue price of a particular maturity of the Bonds may be established by reference to the first price at which a substantial amount of such maturity of the Bonds is sold to the public. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondowners should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the issue price established therefor.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondowner’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondowner. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective Bondowners should be aware that certain requirements and procedures contained or referred to in the Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondowners also should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondowners from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondowners are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondowner’s federal or state tax liability. The nature and extent of these other collateral tax consequences will depend upon the particular tax status of the Bondowner or the Bondowner’s other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other collateral tax consequences, and Bondowners should consult with their own tax advisors with respect to such consequences.

LEGALITY OF BONDS FOR INVESTMENT AND DEPOSIT

The Act provides that the Bonds are securities in which all public officers and public bodies of the Commonwealth and its political subdivisions, all Massachusetts insurance companies, trust companies, savings banks, co-operative banks, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Under the Act, the Bonds are securities which may properly and legally be deposited with and received by any Commonwealth or municipal officer of any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or obligations of the Commonwealth is now or may hereafter be authorized by law.

LITIGATION

The Issuer

There is no litigation pending against the Issuer or, to the knowledge of the officers of the Issuer, threatened against the Issuer seeking to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting the existence or the powers of the Issuer relating to the issuance of the Bonds.

The Institution

See Appendix A with respect to the absence of material litigation affecting the Institution.

COMMONWEALTH NOT LIABLE ON BONDS

The Bonds are not a general obligation of the Issuer and shall not be deemed to constitute a debt or liability of the Commonwealth or any political subdivision thereof, or a pledge of the faith and credit of the Issuer or the Commonwealth or any such political subdivision, but shall be payable solely from and to the extent of the payments made by the Institution pursuant to the Agreement and any other funds held under the Agreement for such purpose. Neither the faith and credit of the Issuer or the Commonwealth nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Act does not in any way create a so-called moral obligation of The Commonwealth of Massachusetts or of any political subdivision thereof to pay debt service in the event of default by the Institution. The Issuer has no taxing power under the Act.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Bonds by the Issuer are subject to the approval of Hinckley, Allen & Snyder LLP, Boston, Massachusetts, Bond Counsel, whose opinion approving the validity and tax exempt status of the Bonds will be delivered with the Bonds. A copy of the proposed form of such opinion is attached hereto as Appendix D – “PROPOSED FORM OF BOND COUNSEL OPINION.” Certain legal matters will be passed on for the Institution by its counsel, Ropes & Gray LLP, Boston, Massachusetts, and for the Underwriters by its counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

INDEPENDENT AUDITORS

The consolidated balance sheet as of June 30, 2024, the related consolidated statements of changes in net assets with general operating account detail and of changes in net assets of the endowment for the year ended June 30, 2024 and of cash flows for the years ended June 30, 2024 and 2023, included in Appendix B to this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their report appearing therein.

MISCELLANEOUS

The references to the Act and the Agreement are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to the Act and the Agreement for full and complete statements of such provisions. The agreements of the Issuer with the Bondowners are fully set forth in the Agreement, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the Bondowners. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the offices of the Issuer and the Trustee.

Appendix A to this Official Statement sets forth certain operating and financial information of the Institution. Appendix B to this Official Statement sets forth the “Harvard University Financial Report Fiscal Year 2024,” which includes the audited financial statements of the Institution for the fiscal year ended June 30, 2024. While the information contained in such Report is believed to be reliable, neither the Issuer nor the Underwriters make any representations or warranties whatsoever with respect to such information.

Appendix C – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT” and Appendix D – “PROPOSED FORM OF BOND COUNSEL OPINION,” attached hereto, have been prepared by Hinckley, Allen & Snyder LLP, Bond Counsel to the Issuer.

All appendices hereto are incorporated herein as an integral part of this Official Statement.

The Institution has reviewed the portions of this Official Statement describing the Institution, “PLAN OF FINANCING,” “ESTIMATED SOURCES AND USES OF FUNDS” and “CONTINUING DISCLOSURE – The Institution,” has furnished Appendix A and Appendix B to this Official Statement, and has approved all such information for use with this Official Statement. At the closing, the Institution will certify that such portions of this Official Statement do not contain an untrue statement of a material fact or omit a statement of material fact necessary to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

The Issuer has consented to the use of this Official Statement. The Issuer is responsible only for the statements contained under the caption “THE ISSUER” and the information pertaining to the Issuer under the caption “LITIGATION – The Issuer,” and the Issuer makes no representation as to the accuracy, completeness or sufficiency of any other information contained herein. Except as otherwise stated herein, neither the Issuer nor the Underwriters make any representations or warranties whatsoever with respect to the information contained herein.

APPENDIX A

CERTAIN INFORMATION CONCERNING THE INSTITUTION

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HARVARD UNIVERSITY

MASSACHUSETTS HALL
CAMBRIDGE, MASSACHUSETTS 02138

The following is information with respect to President and Fellows of Harvard College (“Harvard” or the “University”).

The University

Harvard is one of the nation’s oldest and most prestigious institutions of higher education, dedicated to teaching and research to advance the boundaries of human knowledge. Harvard is an educational corporation incorporated in 1650 by act of the Colony of Massachusetts Bay confirmed, as amended, in the Constitution of 1780 of The Commonwealth of Massachusetts. It is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. The University consists of Harvard College, eleven graduate schools and several research institutes and museums. The University’s campus consists of approximately 26.3 million gross square feet spanning 631 acres across its principal sites in Cambridge, Massachusetts and the Allston and Longwood areas of Boston, Massachusetts.

By charter, Harvard has two governing boards – President and Fellows (also known as the “Corporation”) and the Board of Overseers. The Corporation consists of the President and Treasurer, along with eleven Fellows. Members of the Corporation (including the President and Treasurer) are elected by the Corporation, subject to the counsel and consent of the Board of Overseers. The Corporation oversees the management of the financial affairs of the University without need of consent by the Board of Overseers to specific transactions. The members of the Corporation are:

Name	Title
Alan M. Garber	President, Harvard University
Timothy R. Barakett	Treasurer, Harvard University Chairman, TRB Advisors
Penny Pritzker	Senior Fellow, Harvard University Founder and Chairman, PSP Partners
Joseph Y. Bae	Co-CEO, KKR
Kenneth I. Chenault	Chairman and Managing Director, General Catalyst
Mariano-Florentino Cuéllar	President, Carnegie Endowment for International Peace
Kenneth C. Frazier	Chair of Health Assurance Initiatives, General Catalyst Former Executive Chairman and CEO, Merck & Co
Biddy Martin	Past President, Amherst College; Professor, Amherst College
Karen Gordon Mills	Senior Fellow, Harvard Business School President, MMP Group
Diana Nelson	Co-Chair, Carlson Holdings, Inc.
Tracy Pun Palandjian	Co-founder and CEO, Social Finance
Shirley M. Tilghman	President Emerita, Princeton University Professor Emerita, Princeton University
Theodore V. Wells, Jr.	Partner, Paul, Weiss, Rifkind, Wharton & Garrison LLP

The Board of Overseers consists of the President and the Treasurer *ex-officiis* and 30 persons elected by the alumni of the University for six-year staggered terms. A member of the Board of Overseers may serve more than one term. The consent of the Board of Overseers is required for certain acts of the Corporation, including the election of successors to Fellows, certain academic and administrative appointments (including the President and

the Treasurer) and the awarding of degrees. The Board of Overseers also reviews the academic performance of the University through more than 50 visiting committees composed of both members of the Board of Overseers and others.

Administration

The academic affairs of the University are managed by the President, the Provost and the deans of the University’s faculties. The non-academic affairs of the University are managed by the President, the Treasurer, the Executive Vice President, and the Vice Presidents. The principal administrative officers of the University are as follows:

Name	Title
Alan M. Garber	President
John F. Manning	Provost
Timothy R. Barakett	Treasurer
Meredith Weenick	Executive Vice President
Paul Andrew	Vice President for Public Affairs and Communications
Sean Caron	Vice President for Campus Services
Manuel Cuevas-Trisán	Vice President for Human Resources
Marc Goodheart ¹	Vice President and Secretary of the University
Ritu Kalra	Vice President for Finance and Chief Financial Officer
Klara Jelinkova	Vice President and Chief Information Officer
Brian K. Lee ²	Vice President for Alumni Affairs and Development
Peggy Newell	Vice President and Deputy to the President
Jennifer O’Connor	Vice President and General Counsel
Martha Whitehead	Vice President for the Harvard Library

Harvard Management Company

Harvard Management Company, Inc. (“HMC”) was formed in 1974 to manage investments for Harvard University. HMC has been delegated authority to manage the General Investment Account (which includes the University’s endowment and constitutes the majority of the financial assets of the University) pursuant to an Investment Advisory Agreement. Led by its Chief Executive Officer, N. P. “Narv” Narvekar, HMC’s mission is to help ensure that Harvard University has financial resources to maintain and expand its teaching, learning, and research activities.

HMC is governed by a Board of Directors, which includes the President, the Treasurer, and the Vice President for Finance and Chief Financial Officer of the University, as well as the Chief Executive Officer of HMC. Information on other members of HMC’s management and governance is available on HMC’s website.

HMC invests the majority of capital with external asset managers who are selected based on attributes such as track record, strategy, sector and geography. HMC’s internal investment team, following a generalist model, monitors the risk of individual funds and the liquidity of the overall endowment portfolio to ensure regular distributions in support of Harvard University’s operations.

¹ Marc Goodheart is retiring as Vice President and Secretary in May 2025. His successor has not yet been designated.

² Brian Lee is retiring as Vice President for Alumni Affairs and Development in March 2025. He will be replaced by James J. Husson as of April 1, 2025.

For the fiscal year ended June 30, 2024 the return on the Harvard endowment was 9.6%. The value of the endowment on June 30, 2024 was \$53.2 billion.

Student Applications and Enrollment

The University receives applications substantially in excess of the number of students it can accept into its undergraduate and graduate programs. The following table shows applications received and the number of first-year students admitted to and enrolled in Harvard College (the University's principal undergraduate unit) for the fall terms of the academic years indicated.

Recent Application Statistics					
Academic Year	First-Year Student Applications Received	First-Year Students Admitted	First-Year Students Enrolled	Selectivity (%)	Yield (%)
2020-21	40,428	2,015	1,407	5.0%	69.8%
2021-22	57,786	2,318	1,951	4.0%	84.2%
2022-23	61,221	1,984	1,646	3.2%	83.0%
2023-24	56,937	1,965	1,645	3.5%	83.7%
2024-25	54,008	1,970	1,647	3.6%	83.6%

Source: University Records

The following table shows the total number of full-time-equivalent undergraduate students and graduate-degree students enrolled for the fall term of the academic years indicated. (Figures do not include the Harvard Division of Continuing Education.)

Student Enrollment			
Academic Year	Undergraduate	Graduate	Total
2020-21	5,198	12,763	17,961
2021-22	7,095	13,565	20,660
2022-23	7,178	13,728	20,906
2023-24	7,063	13,450	20,513
2024-25	6,975	13,437	20,412

Source: University Records

Tuition, Fees and Room & Board

The following table shows undergraduate charges for the academic years indicated.

Tuition, Fees and Room & Board			
Academic Year	Tuition and Fees	Average Room and Board	Total
2020-21	\$53,968	\$18,389	\$72,357
2021-22	\$55,587	\$18,941	\$74,528
2022-23	\$57,261	\$19,502	\$76,763
2023-24	\$59,076	\$20,374	\$79,450
2024-25	\$61,676	\$21,190	\$82,866

Source: University Records

Student Financial Aid

The University undergraduate admissions policy provides that admissions to Harvard College are need-blind, which allows the University to bring the best students to Harvard College, regardless of their ability to pay. Undergraduate aid packages typically consist of grants and employment, with a small percentage of students electing loans. In the 2023-2024 academic year, approximately 55% of Harvard College students received need-based scholarships, and 25% of Harvard College students paid nothing to attend. In that year, the average family contribution toward the cost of attendance (including tuition, fees, room & board, and travel) was \$15,700 for the students who received need-based aid. Commencing with the 2023-2024 academic year, Harvard College expanded its financial aid program so students from families with incomes below \$85,000 could attend for free. Further expansion of financial aid is under consideration.

Faculty and Staff

Harvard employs approximately 2,500 faculty. Faculty tenure decisions are subject to the approval of the President, while certain other appointments (such as the Provost, Faculty Deans, Vice Presidents, University Professors, and selected others) are subject to the approval of the Joint Committee on Appointments, a joint committee of the University's two governing boards (the Corporation and the Board of Overseers). The University had approximately 20,279 full time equivalent (FTE) employees as of fall 2024 (including faculty and staff, but not including graduate student appointments and similar positions and temporary or less than half-time workers). Each school at the University has significant autonomy in establishing its own staffing policies, which include hiring and wage and salary administration.

Labor Relations

Approximately 6,400 of the University's employees are covered under six collective bargaining agreements, represented by nine labor unions. Bargaining units consist of clerical and technical workers (including museum and parking workers and security guards); dining service workers; custodians; arborists and gardeners; maintenance tradespersons; and police officers. The collective bargaining agreements have varying expiration dates through 2027.

The University also has a collective bargaining agreement with the union representing approximately 5,000 graduate student workers. This agreement expires in June 2025 and the parties are currently preparing for negotiations on a successor agreement.

Additionally, approximately 400 undergraduate student workers have organized as Harvard Undergraduate Workers Union, approximately 90 undergraduate student workers have organized as Harvard University Fabrication Workers Union, and approximately 5,000 of the University's non-tenure-track academic workers have organized as Harvard Academic Workers. Collective bargaining has commenced with all groups except the Fabrication Workers Union.

Campus Development

Harvard's primary campus is located in Cambridge and includes many historic buildings. Development efforts in Cambridge are primarily focused on renewal of existing structures for continued academic, research, housing, and support functions. A new building

for the Economics Department behind the Littauer Center at the intersection of Cambridge Street and Massachusetts Avenue is currently in planning stages.

Like the main Cambridge campus, the University's medical campus in Longwood is not anticipated to change materially in the near term, with current development efforts focused on renewal and improvement of existing structures.

Harvard also has significant real estate holdings in Allston, across the river from its main Cambridge campus. Development in Allston is ongoing, consisting of both institutional development and commercial development efforts. Institutional development in Allston is governed by the University's ten-year Institutional Master Plan ("IMP"). Under an approved amendment to the IMP filed in 2013, two new institutional projects are under construction at 175 North Harvard Street: a research and performance center for the American Repertory Theater, and a housing complex for people affiliated with Harvard. Similarly, an institutional conference center approved under the 2013 IMP is under construction on Western Avenue. A new IMP featuring six major institutional projects totaling approximately 140,000 square feet of renovation and approximately 700,000 square feet of new construction was filed in November 2024. Regarding commercial development in Allston, the University has engaged several third-party real estate partners for a variety of mixed-use projects on land ground-leased from the University. The largest of these is the Enterprise Research Campus (ERC) which is currently under construction along Western Avenue. Phase A of the ERC consists of two lab buildings, an apartment building, a hotel, the University-owned conference center mentioned above, and three acres of open green space. Phase B is in the planning stages and will undergo a separate permitting process.

In 2018, expanding on earlier initiatives, Harvard established a goal to be fossil fuel-free by 2050 by eliminating the use of fossil fuels to heat, cool, and power buildings and vehicles, as well as an interim goal to be fossil fuel-neutral by 2026. In 2023, both the City of Cambridge and the City of Boston announced requirements for many buildings to achieve net zero emissions by 2035 through 2050. These goals and requirements are incorporated in the University's campus development planning efforts across its Cambridge, Allston and Longwood campuses.

Litigation, Investigations, and Other Proceedings

The University is subject to individual and class action lawsuits and other legal proceedings such as audits and investigations in the course of its operations. For a large institution such as the University, such lawsuits and proceedings may involve substantial claims, judgments and settlements. While the outcome and consequences, if any, are not determinable at present, no such lawsuits or proceedings are pending or threatened that, in management's opinion, would be likely to have a material adverse effect on the University's ability to meet its commitments related to the Bonds (as defined in the Official Statement to this transaction).

Additional Considerations

Harvard's standing in the higher education sector and its revenues, expenses and net assets may be impacted by numerous conditions and events. These include, among other things, actions at the federal level that may have the direct or indirect effect of reducing federal support for the University's research costs including facilities and administrative overhead, reducing the University's fundraising or other revenue sources, increasing taxes

or other costs borne by the University, or otherwise adversely affecting the section 501(c)(3) status or other tax benefits accorded to the University.

The University historically has received substantial support for research from the federal government, totaling 11% of operating revenues in the fiscal year ending June 30, 2024, through both direct and indirect research funding. The University is monitoring and responding to developments regarding this funding. Among other developments: The National Institutes of Health (NIH) recently announced that institutions of higher education would be limited to a 15% indirect cost recovery rate on new and existing NIH grants. While this limit on indirect cost recovery has been challenged in court, if it takes effect it will result in a substantial reduction in federal funding for the University's research. Further, the U.S. Department of Education has indicated that it views as unlawful racial discrimination a wide variety of actions that may be taken by institutions of higher education to increase diversity, and that such actions may result in the loss of federal funding.

While the financial impact on the University resulting from the totality of potential developments at the federal level cannot be quantified at this time, any such developments may, directly or indirectly, have a material adverse effect on the current and future financial profile and operating performance of the University.

APPENDIX B

HARVARD UNIVERSITY FINANCIAL REPORT FISCAL YEAR 2024

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HARVARD
UNIVERSITY

Financial Report

FISCAL YEAR 2024

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16	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>
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Message from the President

I am pleased to submit Harvard University's financial results for fiscal year 2024.

This annual accounting offers a broad financial perspective on our core mission of teaching, learning, and research, and gives a glimpse of what we accomplish as a community committed to those ends. Last year was not an ordinary one. Yet it was typical in important ways: In classrooms and laboratories, students faced challenges and found inspiration; researchers and students pursued, expanded, and disseminated knowledge in nearly every field and discipline; and news of discoveries and breakthroughs from every corner of the University came daily. Our faculty and students garnered some of the world's most coveted academic accolades—one Nobel and ten Rhodes among them—as our Harvard Olympians and Paralympians prepared to compete in Paris. For me, the excellence of our community, especially during a challenging period for the University, was an ever-present source of optimism and pride.

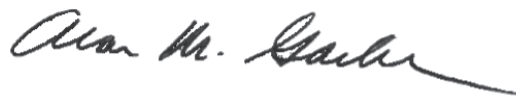
Our institutional strength supports that excellence every day. We at Harvard are incredibly fortunate to have at our disposal resources of extraordinary diversity that support and speed our work—from cutting-edge equipment in our facilities to unmatched collections in our libraries and museums to one-of-a-kind sites for academic research on our campus and far beyond it. Around the world and at home in Harvard Yard, we find ourselves heirs to centuries of generosity motivated, in part, by the promise of perpetual contributions to knowledge and progress. And, year after year, our thoughtful stewardship of physical and financial resources ensures their endurance for generations to come.

Despite the superlatives they invite, our resources are not our greatest strength. Our community is what matters most. That is why its renewal and care are paramount, and why we have launched efforts to

understand where and how we can improve. Our task forces to combat antisemitism and anti-Israel bias, and anti-Arab, anti-Muslim, anti-Palestinian bias are focused on rebuilding not only a sense of belonging but also genuine acceptance among members of our community. Our Institutional Voice Working Group and our Open Inquiry and Constructive Dialogue Working Group have outlined paths to more meaningful communication and constructive disagreement. Our future as an institution depends, in part, on our ability to reinvigorate a robust culture in which ideas are exchanged freely in a spirit of mutual respect, so that every person at Harvard has the opportunity to grow and thrive.

The work ahead demands much of each of us. Fortunately, we are people supported by generous physical and financial resources whose ambitions are limited only by our imaginations. Our University will emerge stronger from this time—not in spite of being tested, but because of it. I will do my utmost to work with our community to pursue excellence in our core mission as I continue to acknowledge and celebrate the many ways in which that excellence manifests itself—and the many ways in which we make the world better.

Sincerely,



Alan M. Garber
PRESIDENT

October 2024

Financial Overview

From the Vice President for Finance and the Treasurer

This year's financial report for Harvard University offers much to unpack. While fiscal year 2024 brought its share of challenges, it was also a year of tireless efforts and initiatives, less in the spotlight, that continued to drive Harvard forward. This report reflects those efforts, which have strengthened the University's financial position and lay a robust foundation for progress.

The University generated an operating surplus of \$45 million on a revenue base of \$6.5 billion, which increased a robust 6% in fiscal year 2024. Demand for a Harvard education was evident in the strength of the undergraduate applicant pool (the fourth largest in Harvard's history) with the highest matriculation rate in five decades, along with an 8% growth in executive and continuing education programs, also referred to as Professional and Lifelong Learning (PLL). These programs—which span across all of Harvard's Schools and disciplines—offer expanded access to a world-class education, both on campus and virtually around the globe.

About 8% of fiscal year 2024 operating revenue came from gifts for current use, primarily payments on prior pledges. At over \$525 million, current use giving reached the second highest level in Harvard's history. While still surpassing \$1 billion of fundraising, such levels may not be sustainable looking forward. We are grateful to those who have continued to direct their philanthropy to the University as a reflection of their commitment to Harvard's academic mission.

Distributions from the endowment provided \$2.4 billion or 37% of total revenue for the year, a vital source of support. Seeded by 388 years of University supporters and stewarded by Harvard Management Company (HMC), Harvard's endowment funds propel the University's ability to advance its academic priorities. This year, Narv Narvekar and his colleagues at HMC generated a healthy 9.6% return.

These contributions made possible the University's ongoing commitment to affordability, as reflected in the more than \$749 million in financial aid across the University, including \$250 million for undergraduates enrolled in Harvard College—a 6% increase over fiscal year 2023. For families with annual incomes below \$85,000, the cost to attend Harvard College, including tuition, housing, and food, is free.

This year also saw significant investments in the University's technology infrastructure, both underground and in the cloud. Harvard expanded access to artificial intelligence capabilities across the University and launched digital initiatives to make our vast library collections accessible to scholars and students worldwide. On terra firma, development of the Allston campus continues in full force: the construction of the new home for the American Repertory Theater (A.R.T.) at the David E. and Stacey L. Goel Center for Creativity & Performance, adjacent affiliated student housing at 100 South Campus Drive, and the David Rubenstein Treehouse Conference Center are all underway.

To support long-term capital projects, the University issued \$1.6 billion in debt in fiscal year 2024 through a two-part bond issuance: \$750 million taxable and \$855 million tax-exempt, including a tender to refinance outstanding bonds for interest savings. Harvard secured favorable borrowing costs with historically low credit spreads, a reflection of confidence in the University's long-term stability.

We do not take that confidence for granted. We live in a world of persistent uncertainty, underpinned by economic volatility and geopolitical unrest. Increasing pressures on our operating performance demand that we take seriously the need to improve our financial capacity.

For a second consecutive year, expense growth (9%) outpaced revenue growth (6%), leading to a smaller surplus than had been budgeted and a substantially lower operating margin, at under 1% of revenue, than has been characteristic of recent years.

Fiscal year 2024 expense increase was driven primarily by our investments in people. Our commitment to attracting and retaining top talent through competitive salaries accounted for just over half of the increase in compensation, with the balance from new faculty and staff to support University activities. Benefits expenses increased in line with higher compensation and an expanded workforce, further fueled by higher healthcare and pharmaceutical costs. These dynamics are not unique to Harvard; research universities across the country face similar challenges, with rising labor costs, increased operational expenses, and heavier burdens from regulatory and oversight demands.

In such a rapidly evolving landscape, safeguarding the University's financial resilience is vital. With an endowment of \$53.2 billion, Harvard's resources are significant. Equally important is why those resources matter. Harvard's financial capital acts as both a catalyst to accelerate learning and discovery today, and as a stabilizing force to ensure that future generations of scholars have the same opportunities. The principle of intergenerational equity is foundational: Harvard's endowment funds — of which 80% are restricted to particular purposes, including financial aid, professorships, and specific fields of scholarships within specific schools — exist to support the University's teaching and research in perpetuity. Our financial resources, built over years through disciplined planning and sound financial management, allow Harvard's schools and units to withstand shocks. They also provide the capacity to invest in new programs and pedagogies, fostering the academic excellence that is both Harvard's hallmark and its aim.

We thank each member of the community — faculty, students, staff, donors and alumni — for their dedication and steadfast commitment to the University through a difficult and trying year. We remain energized by the prospects for progress, as the University is a community of remarkable resilience that strives continuously and with humility to deliver on its extraordinary promise.



Ritu Kalra
VICE PRESIDENT FOR FINANCE



Timothy R. Barakett
TREASURER

October 2024

Harvard University's stewardship of its financial resources is aimed at advancing teaching, learning, and research priorities to make a positive impact in the world. This includes expanding access to education across the globe, supporting students with our strong financial aid program, fulfilling our ongoing dedication to public service, and transforming how problems are understood and addressed through research. The key financial highlights for fiscal year 2024 included in this report demonstrate the University's continued commitment to advancing these priorities.

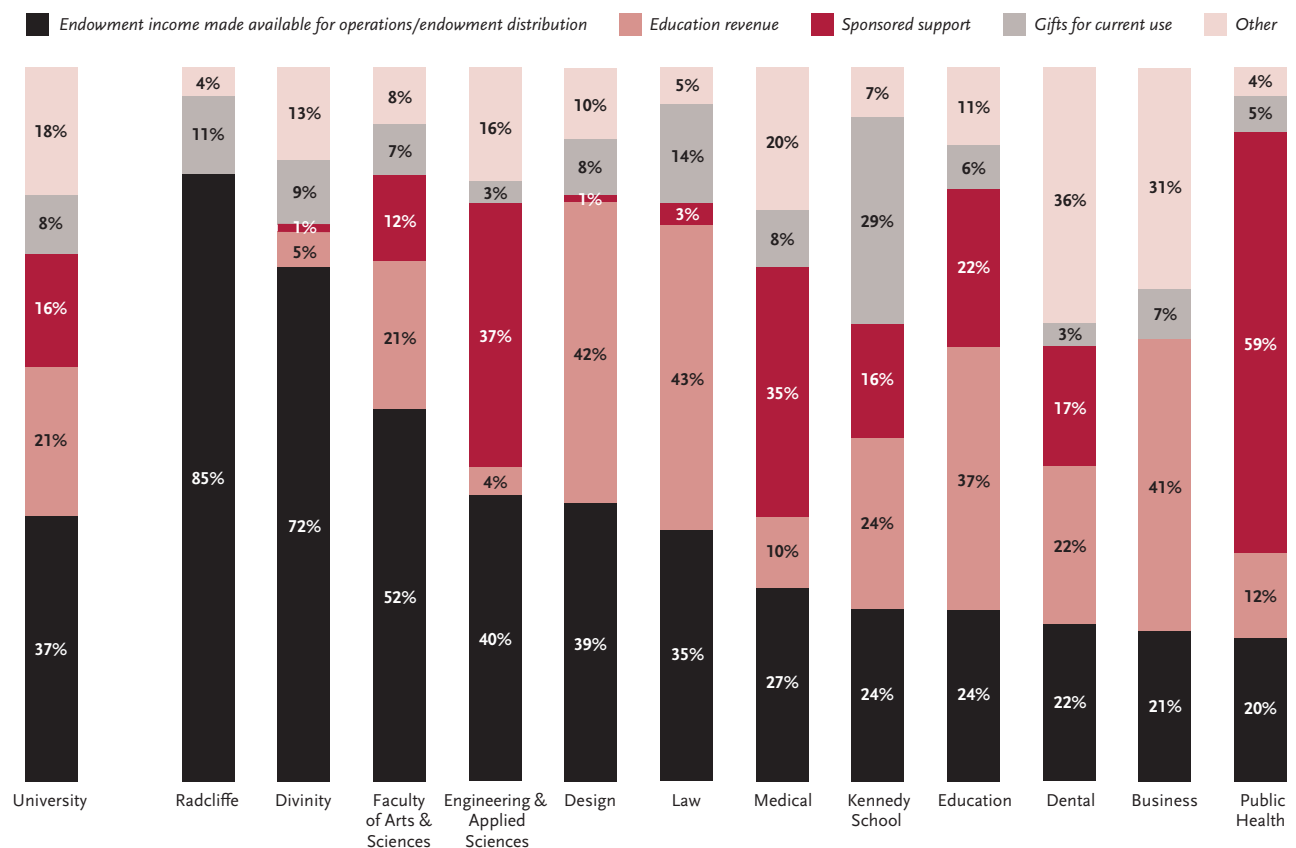
FINANCIAL OVERVIEW

The University ended fiscal year 2024 with an operating surplus of \$45 million compared to \$186 million in fiscal year 2023, on an operating revenue base of \$6.5 billion. Revenue grew an impressive 6% or \$375 million but was outpaced by expense growth of 9% or \$515 million, reflecting continued investments in the University's workforce and rising overall costs.

OPERATING REVENUES

The revenue profiles of Harvard's many schools and units vary widely, as each draws a different proportion of its budget from the primary sources as depicted in the following table:

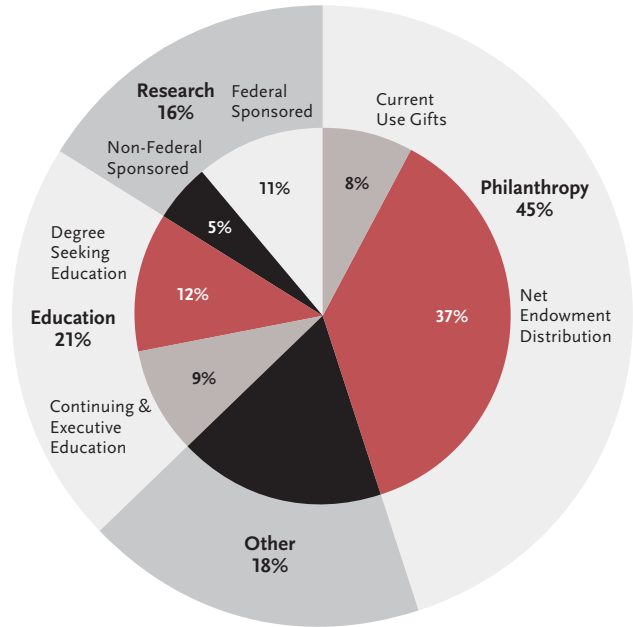
FISCAL YEAR 2024 SOURCES OF OPERATING REVENUE BY SCHOOL



Harvard's diversified, mission-driven activities rely on three main sources of revenue: education or tuition, sponsored research, and philanthropy, both past and present.

Total **education** revenue comprised 21% of revenue. This includes tuition, housing and food income, net of financial aid, from both traditional degree seeking students (undergraduate, graduate, and professional), as well as professional and lifelong learners. In support of **research**, our faculty are awarded external grants by governmental and private partners to advance new academic knowledge; this sponsored funding made up 16% of revenue. Revenues generated each year from our educational programs and research endeavors are not sufficient to fund operations and as such, the University relies on **philanthropy** to fill in the gap. In fiscal year 2024, support from past and present donors provided 45% of revenue through current use gifts and endowment income, reflecting their generosity and belief in the broad impact of education and research at Harvard.

FISCAL YEAR 2024 OPERATING REVENUES

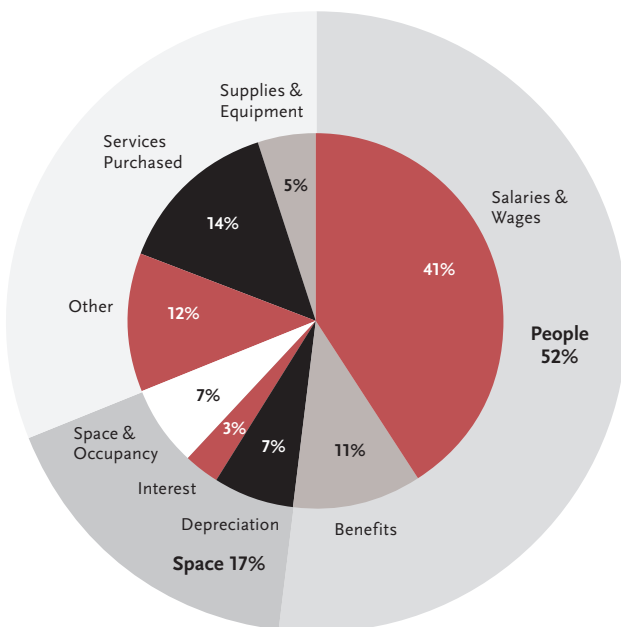


OPERATING EXPENSES

Harvard's spending encompasses three primary categories, related to the faculty, staff and other **people** who make Harvard's work come alive; the classrooms, labs and other **spaces** in which their work is done; and the **supplies and services** they use to advance the work.

The University's operating expenses rose by \$515 million or 9% to \$6.4 billion for fiscal year 2024.

FISCAL YEAR 2024 OPERATING EXPENSES



The growth was driven primarily by higher compensation costs, increased spending on information technology services, and the ongoing maintenance of our campus. Compensation, or **people**, expenses—including salaries, wages, and benefits—accounted for over half of the University's total operating costs in fiscal year 2024, with salaries and wages increasing by 9%, or \$211 million, to \$2.6 billion. This growth stemmed from wage increases and investments in new faculty and staff across campus along with targeted expansion in key initiatives. Employee growth has been robust following the pandemic, though we anticipate this pace of growth to moderate in fiscal year 2025 and beyond, as the University filled many prior vacancies. Employee benefit expenses grew 10% or \$62 million resulting from growth in headcount and increased healthcare costs.

Space-related expenses grew by 8% or \$78 million, driven by a focus on addressing deferred maintenance projects. **Supplies and Services** grew by 13% or \$136 million as the University made significant investments in information technology, with a focus on enhancing security, integrating artificial intelligence, and developing advanced cross-campus learning platforms such as the Learning Experience Platform to expand access and enable more students to benefit from a Harvard education.

BALANCE SHEET

Investments and endowment

The return on the endowment in fiscal year 2024 was 9.6%. Its value (after the impact of distributions from the endowment for operations, and the addition of new gifts to the endowment during the year) stood at \$53.2 billion, an increase of \$2.5 billion from \$50.7 billion at the end of fiscal year 2023. Additional information is available in the *Message from the CEO of Harvard Management Company*, found later in this report.

The University has a policy of maintaining liquidity outside of the endowment for operating purposes. These liquid, short-term investments totaled \$2.0 billion at June 30, 2024 compared to \$1.4 billion at June 30, 2023 (see *Note 2*), well above our minimum policy requirement.

Debt

Bonds and notes payable increased from \$6.2 billion at June 30, 2023 to \$7.1 billion at June 30, 2024. The increase was driven by the issuance of \$750 million in taxable bonds (Series 2024A) and \$855 million in tax-exempt bonds (Series 2024B) in Spring 2024 to

fund capital spending as well as to refinance a portion of the University's outstanding tax-exempt Series 2016A bonds. The University maintained its AAA rating by S&P Global Ratings and Aaa by Moody's Investor Services.

Fixed assets

The University invested \$639 million in capital for fiscal year 2024 compared to \$512 million in fiscal year 2023. The increase in capital expenditure is due to a combined increase in the number of active projects and the average cost of each project. Construction market escalation stabilized at an average of 4% in fiscal year 2024, while supply chain availability for electrical and major mechanical continued to see long lead times. The construction market in Cambridge and Boston continues to be strong, driving up contractor and material costs. The permitting process in both cities is lengthy and will continue to add time and expense to project schedules. Elevated construction costs are not anticipated to abate in coming years.

EDUCATION

In fiscal year 2024, across its 12 schools, Harvard enrolled 24,596 students from around the globe, including 7,063 undergraduates at Harvard College.

Total education revenue

Student income increased 4% or \$51 million to \$1.4 billion in fiscal year 2024. Revenue from traditional student programs (undergraduate and graduate) grew by 2% or \$25 million. Food and housing revenue of \$231 million grew 4%. Executive and continuing education revenue totaled \$587 million, growing 8% or \$43 million. Financial aid applied to student income increased 5% or \$26 million to \$557 million in fiscal year 2024.

Undergraduate and graduate programs and financial aid

Harvard is committed to cultivating a diverse community of bright and talented students regardless of their ability to pay. In fiscal year 2024, net undergraduate tuition, food and housing decreased \$3 million as a result of a 6% or \$14 million increase in financial aid outpacing the 2% or \$11 million increase in tuition, food and housing costs. Thanks to our robust financial aid program, approximately 55% of Harvard College students receive need-based

scholarships and pay an average of \$15,700 for tuition, fees, housing and food. Since launching the Harvard Financial Aid Initiative in 2004, the College has awarded more than \$3 billion in grant aid, and the undergraduate financial aid budget has more than tripled from \$80 million in 2005 to \$260 million in 2024. The average net cost of attendance for all Harvard College students is \$42,943.

Harvard College has continued its ongoing efforts to expand financial aid by raising the family income threshold for full assistance by \$10,000 in 2023-2024 to \$85,000. This change means that nearly 25% of families do not have to contribute anything to tuition, fees, housing or food. In addition, to ensure that students can participate fully in the Harvard experience, Harvard provides the most highly aided students with funding for health insurance, emergency expenses, event fees, and other activities. First-year students from families making under \$85,000 also receive a \$2,000 Start-up Grant to help with the costs of starting at Harvard. New this year, juniors from the same highly aided category receive a \$2,000 Launch Grant to help with the costs of getting ready for life post-graduation.

ADVANCING THE PUBLIC GOOD

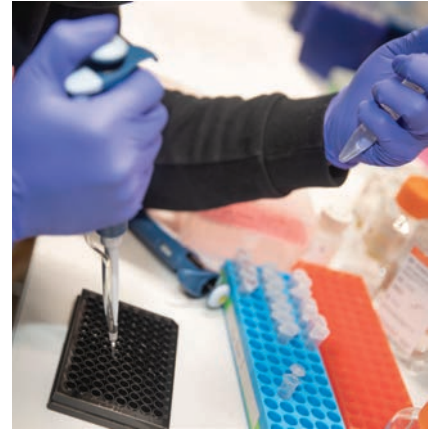
Every day, Harvard students, faculty, staff, and alumni all across the globe use their time and talents to serve the public good. They are at the forefront of their scholarly disciplines, experts in their professional domains, and leaders in their communities. Each one is united by the University's commitment to making the world a better place through the extension of knowledge.



Harvard's Global Day of Service brings together community members worldwide to foster civic engagement through **public service** projects. Over 1,000 volunteers each year partner with local governments, nonprofit organizations, and advocacy groups to serve their local communities. Many of these experiences motivate students to continue exploring civic engagement opportunities at Harvard and inspire lifelong commitments to public service.



Through the Office of Technology Development, the University advances science, fosters **innovation**, and translates new inventions into useful products that are beneficial to society. There were 402 innovations reported by Harvard researchers, 155 U.S. patents issued, and 14 startups launched from Harvard labs in fiscal year 2024. Their impact spans society—addressing health care, climate change, energy, sustainability, high-tech goods, and much more.



In addition to the nearly \$500 million Harvard invested to advance **research** and support early-stage ideas, our faculty were awarded \$1 billion in external grants by government and private partners in fiscal year 2024. This funding fuels Massachusetts's knowledge economy supporting local jobs, businesses, and organizations.



For more than 200 years, Harvard Medical School (HMS) affiliates have been key partners in the School's education, research, and patient care endeavors. Unlike many medical schools, HMS relies on **collaboration** agreements with 15 clinical affiliates and research institutes that employ many physicians and scientists with faculty appointments. The Faculty of Medicine includes more than 12,000 individuals working in classrooms, clinics, and laboratories across Boston and Cambridge.



To help close the gap in executive development in the public sector, the University's Bloomberg Harvard City Leadership Initiative—a program of the Bloomberg Center for Cities—equips global mayors and senior city officials with research-backed management and **leadership** training to tackle complex city challenges and improve residents' the quality of life. This yearlong, high-impact program has provided training to 314 mayors and over 550 senior city leaders across 47 U.S. states, 34 countries, and six continents since its launch in 2017.



The Harvard Ed Portal is a dynamic hub that connects the Allston-Brighton community to **education** resources across Harvard's campus. Over the past decade, the Ed Portal has reached over 45,000 participants, hosted, more than 2,400 events, awarded over 800 scholarships, and collaborated with 68 Harvard departments and units and 96 partners throughout Allston-Brighton and the Boston community to provide responsive programs and local benefits.

RESEARCH

Harvard scholars conduct research across a vast array of fields, striving to expand human knowledge through analysis, innovation, and insight. In 2024, this research was supported by \$1 billion of sponsored funds, alongside an additional \$489 million funded directly by the University, as reported in the 2023 National Science Foundation Higher Education and Research Development (HERD) Survey. Research efforts are carried out across the departments of the schools and at more than 100 research centers, both on campus and globally. Researchers include faculty members, visiting scholars, post-doctoral fellows, and graduate and undergraduate students, who collaborate with colleagues across the University, affiliated institutions, and other research institutions.

Federal funding plays a pivotal role in these endeavors, supporting groundbreaking scientific discoveries that fuel innovation and economic growth in our local community and around the world. During fiscal year 2024, federal funding of \$686 million made up approximately 68% of total sponsored revenue and increased by 1% or \$10 million. Federal funding is the University's largest source of support for research, playing a pivotal role in enabling studies that deliver widespread societal benefits.

In addition to federal support, the University received \$326 million in non-federal sponsored revenue in fiscal year 2024, which includes funding from corporations, foundations, and other non-federal sponsors. This represents a decrease of 7% or \$23 million, as certain large projects wound down in fiscal year 2024. Non-federal sponsored revenue fluctuates from year to year due to the variable nature of private grants and contracts, which are often project-specific and time-limited.

Harvard allocates substantial institutional resources to amplify these federal and non-federal investments. The University's nearly \$500 million of internal funding provides vital incubation for early-stage research ideas, seeds new initiatives, subsidizes projects with insufficient external funding, and empowers faculty to explore new areas of scientific inquiry. These efforts ensure a robust ecosystem for innovation and discovery that not only advances Harvard's research mission but also drives progress to address society's most significant challenges.

MAPPING NEURAL CONNECTIONS IN THE BRAIN

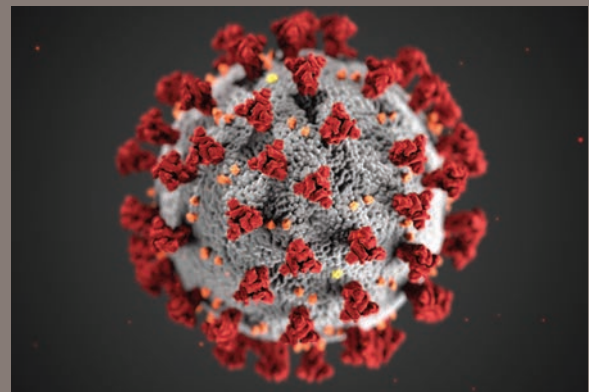
A Harvard team of researchers helped create the largest 3D brain reconstruction to date, showing in vivid detail each cell and its web of connections in a piece of temporal cortex about half the size of a rice grain. It is the latest development in a collaboration with scientists in the field of connectomics to construct the first comprehensive diagram of every neural connection inside a mouse brain, which could lead to new approaches in diagnosing and treating disorders of the brain, from autism to schizophrenia.



Six layers of excitatory neurons color-coded by depth.
Credit: Google Research and Lichtman Lab

STAYING AHEAD OF VIRUS MUTATIONS WITH AI

A new artificial intelligence tool named EVEscape, developed by researchers at Harvard Medical School and the University of Oxford, can predict the variants most likely to occur as a virus evolves. The tool uses evolutionary sequences and structural information about the virus to make predictions about new viral variants before they emerge. This information could help scientists develop more effective vaccines and therapies that are future-proof.

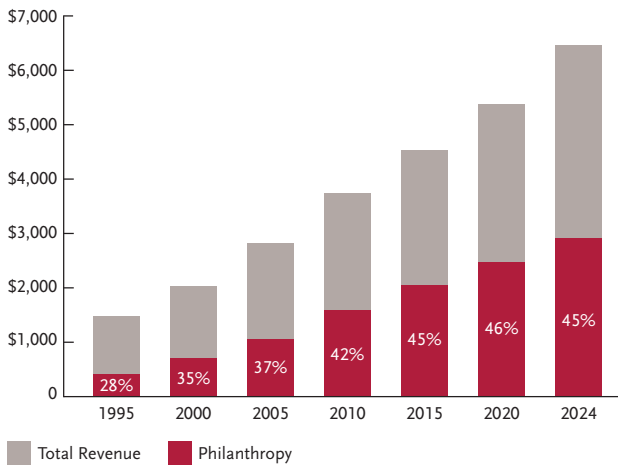


An illustration of the ultrastructural morphology exhibited by coronaviruses created by the Centers for Disease Control and Prevention (CDC).
Credit: Alissa Eckert, MSMI; Dan Higgins, MAMS

PHILANTHROPY

Combining gifts for current use and the endowment distribution, philanthropy accounted for 45% of Harvard’s revenue in fiscal year 2024. Today, excellence and affordability in higher education rely heavily on philanthropy to support nearly every aspect of university life. Every gift helps Harvard to support excellence in our teaching and research, recruit and retain our world class faculty, help students thrive, and provide greater access through financial aid.

PHILANTHROPY AS A PERCENTAGE OF TOTAL REVENUE OVER TIME



Gifts for current use

In fiscal year 2024, Harvard received current use gifts from alumni, foundations, and others totaling \$528 million, representing approximately 8% of operating revenues and an increase of 9% or \$42 million. Support for the University comes from donations of all sizes; more than 75% of the number of gifts in fiscal year 2024 averaged \$150 per donor.

The Harvard endowment

Harvard’s endowment has existed for nearly four centuries and serves as a crucial resource for current and future generations of Harvard students, faculty, and researchers. Comprising over 14,000 individual funds, the endowment supports nearly every facet of the University’s mission—from student financial aid to neighborhood programs, from museum and library preservation to campus activities, from faculty and fellow positions to scientific advancement.

Donor contributions to the endowment have enabled leading financial aid programs, groundbreaking scientific discoveries, and the establishment of

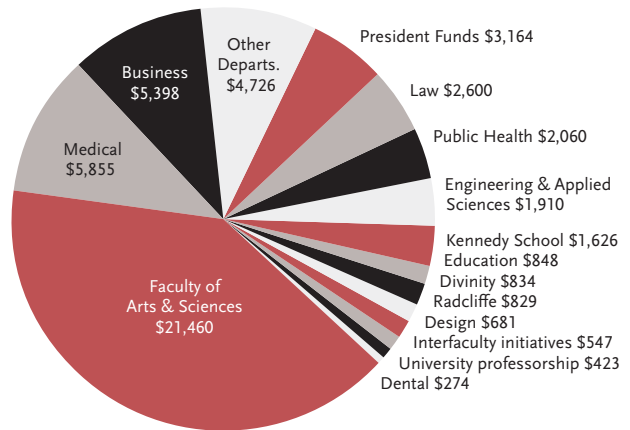
hundreds of professorships across a wide range of academic fields. Each year, a portion of the endowment is paid out as an annual distribution to support the University’s operations. The University strives to maximize its responsible draw each year, while balancing both present and future needs.

Guided by the principle of intergenerational equity, Harvard’s endowment is meticulously managed to ensure that future generations benefit just as much as the current one.

Gifts for the endowment were \$368 million in fiscal year 2024; over the past ten years, gifts to the endowment have ranged from a high of \$646 million to a low of \$338 million.

MARKET VALUE OF THE ENDOWMENT AS OF JUNE 30, 2024

In millions of dollars



TOTAL MARKET VALUE \$53,235

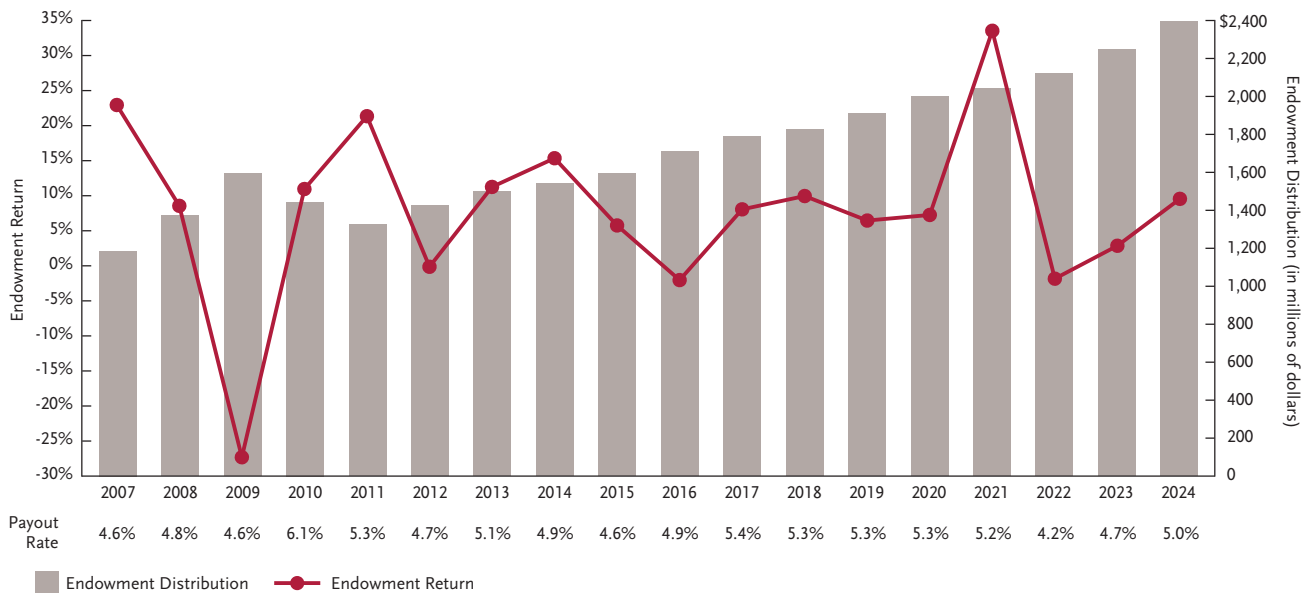
Endowment returns made available for operations

The University’s endowment spending practices balance two competing goals: the need to provide a stable and sufficient distribution to fund the operating budget, and the obligation both legally and to our donors to maintain the long-term value of the endowment. There is a common misconception that endowments, including Harvard’s, can be easily accessed like checking accounts, available for any purpose at any time as long as funds exist. In reality, Harvard’s flexibility in spending from the endowment is limited by donor conditions and the principle that endowed funds are designed to last forever, crucial for serving future generations of students and advancing new knowledge.

Harvard is obligated to preserve the endowment's purchasing power by spending only a sustainable portion of its value each year. Spending significantly more than that over time would favor the present at the expense of future generations, undermining the endowment's fundamental purpose of maintaining intergenerational equity. Generally, the annual

endowment payout range is 5.0 to 5.5% of its market value, though the actual payout rate can vary each year based on endowment returns. This critical source of funding distributed \$2.4 billion in the fiscal year ending June 30, 2024—representing 37% of Harvard's total operating revenue—and is the single largest source of revenue supporting the University.

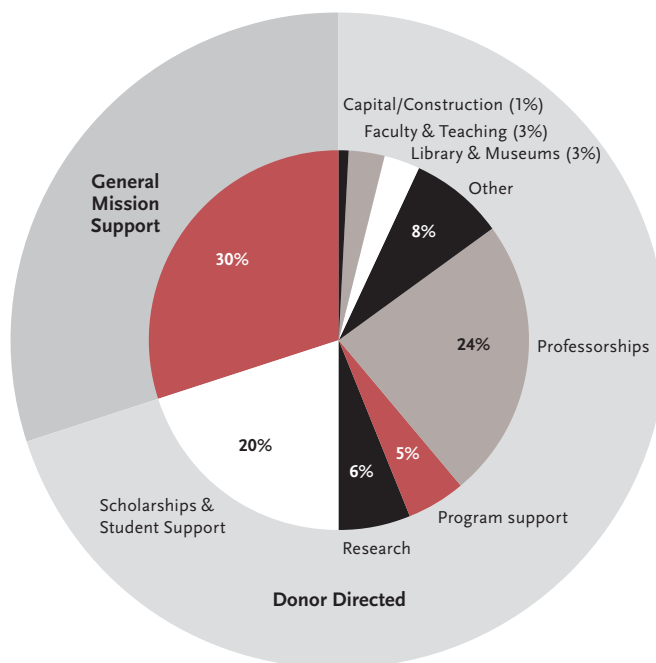
ENDOWMENT RETURNS MADE AVAILABLE FOR OPERATIONS BY YEAR



Endowment payout

While the endowment is a critical source of funding, 70% of the annual distribution is directed by donor terms to specific programs, departments, or purposes. Funds without donor restriction offer more flexibility, although they are often restricted at a high level such as to a particular school. These less restricted funds are essential for general mission support and transformative, strategic initiatives. In this way, the endowment bridges the gap between revenue from tuition and research grants and the critical costs associated with the University's teaching and research activities.

ENDOWMENT SPENDING FLEXIBILITY



Harvard Management Company

Message from the Chief Executive Officer

Harvard's endowment generated a 9.6% return for fiscal year 2024 (FY24) and the value stood at \$53.2 billion. The endowment distributed \$2.4 billion toward the University's operating budget supporting financial aid, faculty, research initiatives, and more.

PERFORMANCE

The endowment delivered strong performance in FY24. The target return for Harvard's endowed funds is 8%, which accounts for roughly a 5% distribution and 3% growth to maintain purchasing power over time. The annualized return of 9.3% over the past seven years—which encompasses the full fiscal years since I joined Harvard Management Company (HMC)—has more than kept pace with that target.

While it is common practice—and seemingly straightforward—to compare endowment performance among peer institutions, such comparisons ignore the nuance of each institution's investment goals. Endowment portfolios are constructed to reflect the specific needs and risk tolerances of their respective institutions. Accordingly, portfolios may be more, or less, aggressive, and therefore benefit more, or less, from a particular market environment. With the University's reliance on endowment distributions to fund a substantial portion of its operations—over one-third when I arrived and now approaching 40%—the endowment's orientation toward strong investment returns has been tempered by the imperative for budgetary stability. We believe that has resulted in a lower tolerance for risk than many of our largest private university peers, which can cause lags in ebullient environments, but also provide protection during downturns.

The endowment performance of any institution must be understood in this context. In fact, the portfolio's performance is based on three sets of factors: portfolio risk level, asset allocation, and manager selection.

Portfolio risk

During my early days at HMC, we initiated a deep review of the University's risk tolerance to better inform both HMC and the University of the various financial considerations at play. In 2021, following thoughtful, rigorous analysis, a moderate increase in portfolio risk was approved. As discussed above, we believe the endowment's portfolio risk is still lower than that of many private university peers. Nevertheless, the moderate increase has bolstered returns and conversations with the University remain active to determine if future increases to risk tolerance are warranted.

Asset allocation

The University's tolerance for risk informs HMC's portfolio risk level and therefore HMC's asset allocation decisions, one of the most significant factors in the portfolio's long-term returns.

HMC's asset allocation has featured three interrelated portfolio moves over the last seven years. First, we reduced the exposure to real estate and natural resources from 25% of the endowment portfolio in FY18 to 6% today. This strategic reduction has had a positive and compounding impact on the University's endowment returns. It has also created room for the second major portfolio shift, which is our significant increase in private equities. Public equity returns are often outpaced by private equity—both buyouts and venture capital. However, in FY24, for the second year in a row, private equity returns lagged those of public equity markets. Readers will recall that in FY22, private managers did not reduce the value of their investments in a manner consistent with declining

public equity markets at the time. As presaged in that year’s letter, those private asset managers did not subsequently increase the value of their investments in the context of rising public equity markets in fiscal years 2023 and 2024. Finally, we increased the size of the hedge fund portfolio as a means of limiting equity exposure (public and private, collectively) and, therefore, limiting portfolio risk.

Asset Class	Allocation
Public equities	14%
Hedge funds	32%
Private equity	39%
Real estate	5%
Bonds/TIPs	5%
Other real assets*	3%
Cash	3%
ENDOWMENT**	100%

* Natural Resources, now under 1% of allocation, is included among Other Real Assets.

** Rounding results in a total percentage greater than 100%.

Manager selection

A significant positive factor in our returns has been HMC’s strong manager selection. In FY24, HMC’s public equity and hedge fund portfolios stood out for their strong performance. This is a particularly positive indicator, since HMC’s hedge fund portfolio has less equity exposure than most hedge fund indices, yet still outperformed during a strong year for equities. Overall, significant alpha production over relevant benchmarks—a reflection of HMC’s strength in its process of selecting managers—has reduced the drawbacks of a comparatively under-equitized and lower-risk portfolio.

IN CLOSING

The endowment’s performance in FY24 was encouraging, less for its one-year return than for the trend it continues to reflect. The work HMC has undertaken to reposition the endowment for long-term success is clearly visible and the risk-adjusted returns to date show we are on the right track. This wouldn’t be possible without a remarkable team, and I extend my gratitude to each and every member of HMC for their contributions, individually and collectively, to our progress.

I also thank the University’s exceptional financial team, with whom we continue to work very closely. Ultimately, I extend my gratitude to the members of HMC’s board. We benefit tremendously from their dedicated service and insightful leadership. At the close of this past fiscal year, we welcomed Tim Barakett ’87, MBA ’93, who had joined the board in 2022, as Chair of the HMC Board of Directors. Paul Finnegan ’75, MBA ’82, who joined the board in 2014 and had chaired the board for nine years, has been an invaluable contributor to HMC’s successful turnaround and we are fortunate for his continued service on the board. Additionally, Michael Chae ’90 joined as a director this past spring, bringing decades of asset management and investment expertise to the HMC board.

Twenty years ago, Harvard’s endowment distributions accounted for 21% of the University’s budget. Ten years later, it had grown to 31%. Now, it is approaching 40%. The ever-increasing reliance on this critical resource makes our work all the more important. We are motivated by the fact that our efforts directly support an institution that serves as a global leader in teaching, learning, research, and the groundbreaking advancements its community makes each day.

Best Regards,



N.P. “Narv” Narvekar
CHIEF EXECUTIVE OFFICER

October 2024



Report of Independent Auditors

To the Joint Committee on Inspection of the Governing Boards of Harvard University

Opinion

We have audited the accompanying consolidated financial statements of Harvard University and its subsidiaries (the "University"), which comprise the consolidated balance sheet as of June 30, 2024, and the related consolidated statements of changes in net assets with general operating account detail and of changes in net assets of the endowment for the year ended June 30, 2024 and of cash flows for the years then ended June 30, 2024 and 2023, 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, 2024, the changes in its net assets for the year ended June 30, 2024, and its cash flows for the years ended June 30, 2024 and 2023 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.

Other Matter

We previously audited the consolidated balance sheet as of June 30, 2023, and the related consolidated statements of changes in net assets with general operating account detail, of changes in net assets of the endowment and of cash flows for the year then ended (the balance sheet and the statements of changes in net assets with general operating account detail and of changes in net assets of the endowment are not presented herein), and in our report dated October 18, 2023, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying summarized financial information as of June 30, 2023 and for the year then ended is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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 were issued.

PricewaterhouseCoopers LLP, 101 Seaport Boulevard, Boston, Massachusetts 02210
T: (617) 530 5000, www.pwc.com/us



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 Harvard University Financial Report Fiscal Year 2024, 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.

Priscilla Howard Cooper LLP

Boston, Massachusetts
October 16, 2024

CONSOLIDATED BALANCE SHEETS

with summarized financial information as of June 30, 2023

In thousands of dollars	June 30	
	2024	2023
ASSETS:		
Cash and cash equivalents	\$ 162,879	\$ 245,589
Receivables, net (Note 4)	370,979	349,271
Prepayments and deferred charges	412,890	362,676
Operating leases—right of use assets (Note 18)	675,089	715,444
Notes receivable, net (Note 5)	424,276	400,401
Pledges receivable, net (Note 6)	2,578,789	2,699,634
Fixed assets, net (Note 7)	8,933,096	8,595,983
Interests in trusts held by others (Note 3)	466,283	438,892
Securities pledged to counterparties, at fair value (Note 3)	63,786	122,758
Investment portfolio, at fair value (Note 3)	62,695,067	59,078,919
TOTAL ASSETS	\$ 76,783,134	\$ 73,009,567
LIABILITIES:		
Accounts payable	\$ 485,033	\$ 416,881
Deferred revenue and other liabilities	1,813,979	1,747,823
Operating lease liabilities (Note 18)	721,873	754,195
Other liabilities associated with the investment portfolio (Notes 3 and 10)	1,114,955	629,995
Liabilities due under split interest agreements (Note 9)	905,317	886,222
Bonds and notes payable (Note 10)	7,134,080	6,214,734
Accrued retirement obligations (Note 11)	276,599	840,198
TOTAL LIABILITIES	12,451,836	11,490,048
NET ASSETS	64,331,298	61,519,519
TOTAL LIABILITIES AND NET ASSETS	\$ 76,783,134	\$ 73,009,567

	Without donor restrictions	With donor restrictions	June 30	
			2024	2023
NET ASSETS:				
General Operating Account (GOA) (Note 8)	\$ 6,946,027	\$ 3,479,443	\$ 10,425,470	\$ 10,136,708
Endowment (Note 8)	9,636,717	43,598,488	53,235,205	50,748,594
Split interest agreements (Note 9)		670,623	670,623	634,217
TOTAL NET ASSETS	\$ 16,582,744	\$ 47,748,554	\$ 64,331,298	\$ 61,519,519

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS WITH GENERAL OPERATING ACCOUNT DETAIL

with summarized financial information for the year ended June 30, 2023

In thousands of dollars	Without Donor Restrictions	With Donor Restrictions	For the year ended June 30	
			2024	2023
OPERATING REVENUE:				
Net student income (Notes 2 and 12)	\$ 1,382,904		\$ 1,382,904	\$ 1,331,557
Sponsored support (Note 13)				
Federal government – direct costs	496,124		496,124	491,878
Federal government – indirect costs	190,344		190,344	184,257
Non-federal sponsors – direct costs	83,055	\$ 193,810	276,865	297,846
Non-federal sponsors – indirect costs	25,081	24,265	49,346	51,681
Total sponsored support	794,604	218,075	1,012,679	1,025,662
Gifts for current use (Note 14)	131,570	396,109	527,679	485,882
Investment income:				
Endowment returns made available for operations (Note 8)	453,072	1,939,307	2,392,379	2,244,699
GOA returns made available for operations	225,065		225,065	173,279
Other investment income	44,422	4,065	48,487	43,305
Total investment income	722,559	1,943,372	2,665,931	2,461,283
Other revenue (Note 15)	883,012		883,012	792,916
Net assets released from restriction	2,494,440	(2,494,440)	0	0
TOTAL OPERATING REVENUE	6,409,089	63,116	6,472,205	6,097,300
OPERATING EXPENSES:				
Salaries and wages	2,631,642		2,631,642	2,421,076
Employee benefits (Note 11)	690,638		690,638	628,304
Services purchased	921,075		921,075	791,941
Depreciation (Note 7)	440,257		440,257	424,809
Space and occupancy	439,150		439,150	394,079
Supplies and equipment	289,700		289,700	283,323
Interest (Note 10)	226,405		226,405	208,590
Scholarships and other student awards (Note 12)	192,419		192,419	181,295
Other expenses (Note 16)	595,625		595,625	578,380
TOTAL OPERATING EXPENSES	6,426,911	0	6,426,911	5,911,797
NET OPERATING SURPLUS/(DEFICIT)	(17,822)	63,116	45,294	185,503
NON-OPERATING ACTIVITIES:				
Income from GOA Investments	14,515		14,515	24,769
GOA realized and change in unrealized appreciation, net (Note 3)	645,024		645,024	146,519
GOA returns made available for operations	(225,065)		(225,065)	(173,279)
Change in pledge balances (Note 6)		(125,365)	(125,365)	286,022
Change in interests in trusts held by others		913	913	(2,125)
Gifts for facilities and loan funds (Note 14)		54,309	54,309	96,175
Change in retirement obligations (Note 11)	(4,188)		(4,188)	70,158
Other changes	(127,427)		(127,427)	7,743
Transfers between GOA and endowment (Note 8)	(10,213)	2,069	(8,144)	(201,649)
Transfers between GOA and split interest agreements (Note 9)		18,896	18,896	28,398
Non-operating net assets released from restrictions	30,651	(30,651)	0	0
TOTAL NON-OPERATING ACTIVITIES	323,297	(79,829)	243,468	282,731
GENERAL OPERATING ACCOUNT NET CHANGE DURING THE YEAR	305,475	(16,713)	288,762	468,234
Endowment net change during the year	407,424	2,079,187	2,486,611	(129,086)
Split interest agreements net change during the year (Note 9)		36,406	36,406	(66,323)
NET CHANGE DURING THE YEAR	712,899	2,098,880	2,811,779	272,825
Net assets, beginning of year	15,869,845	45,649,674	61,519,519	61,246,694
NET ASSETS, END OF YEAR	\$ 16,582,744	\$ 47,748,554	\$ 64,331,298	\$ 61,519,519

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS OF THE ENDOWMENT

with summarized financial information for the year ended June 30, 2023

In thousands of dollars	Without Donor Restrictions	With Donor Restrictions	For the year ended June 30	
			2024	2023
Investment return (Note 3):				
Income from general investments	\$ 17,427	\$ 75,286	\$ 92,713	\$ 183,722
Realized and change in unrealized appreciation/(depreciation), net	823,000	3,567,335	4,390,335	1,153,926
Total investment return	840,427	3,642,621	4,483,048	1,337,648
Endowment returns made available for operations	(453,072)	(1,939,307)	(2,392,379)	(2,244,699)
Net investment return	387,355	1,703,314	2,090,669	(907,051)
Gifts for endowment (Note 14)	681	367,442	368,123	560,607
Transfers between endowment and the GOA (Note 8)	10,213	(2,069)	8,144	201,649
Capitalization of split interest agreements (Note 9)		23,560	23,560	50,747
Change in pledge balances (Note 6)		4,511	4,511	(179,700)
Change in interests in trusts held by others (Note 8)		26,478	26,478	8,121
Other changes	(3,394)	(31,480)	(34,874)	136,541
Net assets released from restrictions	12,569	(12,569)	0	0
NET CHANGE DURING THE YEAR	407,424	2,079,187	2,486,611	(129,086)
Net assets of the endowment, beginning of year	9,229,293	41,519,301	50,748,594	50,877,680
NET ASSETS OF THE ENDOWMENT, END OF YEAR	\$ 9,636,717	\$ 43,598,488	\$ 53,235,205	\$ 50,748,594

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>In thousands of dollars</i>	For the year ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,811,779	\$ 272,825
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	440,257	424,809
Writeoffs and amortization of premium and discount related to bonds and notes payable	(73,841)	(37,179)
Amortization of debt issuance costs	749	409
Realized and change in unrealized appreciation, net	(5,149,989)	(1,336,740)
Change in fair value of interest rate exchange agreements	(1,795)	(4,985)
Change in interests in trusts held by others	(27,391)	(5,996)
Change in liabilities due under split interest agreements	54,218	42,175
Gifts of donated securities	(75,057)	(64,469)
Proceeds from the sale of gifts of securities without donor restrictions	11,955	16,437
Gifts for restricted purposes	(352,377)	(504,714)
Loss on disposal of assets	10,536	8,923
Change in accrued retirement obligations	17,126	(88,316)
Non-cash operating lease costs	40,355	(38,297)
Changes in operating assets and liabilities:		
Receivables, net	(21,708)	(9,479)
Prepayments and deferred charges	(50,214)	(45,228)
Pledges receivable, net	120,845	(107,200)
Accounts payable	55,686	(82,631)
Deferred revenue and other liabilities	69,190	43,770
Operating lease liability	(32,322)	64,853
NET CASH USED IN OPERATING ACTIVITIES	(2,151,998)	(1,451,033)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loans made to students, faculty, and staff	(62,785)	(62,985)
Payments received on student, faculty, and staff loans	38,497	42,902
Change in other notes receivable	413	494
Proceeds from the sales and maturities of investments	11,366,074	8,689,761
Purchase of investments	(9,237,914)	(7,988,945)
Change associated with repurchase agreements	(174,788)	599,085
Additions to fixed assets	(777,016)	(578,365)
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,152,481	701,947
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in overdrafts included in accounts payable	1,576	4,295
Change in split interest agreements from new contributions, income and payments to annuitants	(35,123)	(41,970)
Proceeds from issuance of debt	2,287,902	177,296
Debt repayments	(1,295,464)	(42,995)
Proceeds from the sale of gifts of securities with donor restrictions	63,102	48,032
Gifts for restricted purposes	352,377	504,714
Change in government loan advances	(3,034)	(4,768)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,371,336	644,604
NET CHANGE IN CASH	371,819	(104,482)
Cash, beginning of year	1,704,390	1,808,872
CASH, END OF YEAR	\$ 2,076,209	\$ 1,704,390
Cash and cash equivalents (per <i>Consolidated Balance Sheets</i>)	\$ 162,879	\$ 245,589
Cash and restricted cash held in investments (<i>Note 3</i>)	1,913,330	1,458,801
TOTAL CASH AND CASH EQUIVALENTS	\$ 2,076,209	\$ 1,704,390
Supplemental disclosure of cash flow information:		
Accounts payable related to fixed asset additions	\$ 64,981	\$ 54,092
Cash paid for interest	\$ 264,581	\$ 235,881
New operating leases – right of use assets	\$ 27,516	\$ 150,680
Establishment of postretirement health plan trust	\$ 580,725	

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

1. UNIVERSITY ORGANIZATION

Harvard University (the “University”) is a private, not-for-profit institution of higher education with approximately 7,100 undergraduate and 13,900 graduate students in fiscal year 2024, as compared to 7,200 undergraduate and 14,200 graduate students in fiscal year 2023. Established in 1636, the University includes the Faculty of Arts and Sciences, the John A. Paulson School of Engineering and Applied Sciences, the Division of Continuing Education, ten graduate and professional Schools, the Radcliffe Institute for Advanced Study, a variety of research museums and institutes, and an extensive library system to support the teaching and research activities of the Harvard community.

The President and Fellows of Harvard College (the “Corporation”), a governing board of the University, has oversight responsibility for all of the University’s financial affairs. The Corporation delegates substantial authority to the Schools and departments for the management of their resources and operations.

The University includes Harvard Management Company (HMC), a wholly owned subsidiary founded in 1974 to manage the University’s investment assets. HMC is governed by a Board of Directors that is appointed by the Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the University and affiliated organizations controlled by the University. Significant inter-affiliate accounts and transactions have been eliminated.

Funds transferred to the University on behalf of specific beneficiaries (agency funds) are recorded as assets and liabilities in the *Consolidated Balance Sheets* and are not included in the *Consolidated Statements of Changes in Net Assets with General Operating Account Detail*.

Related parties to the University may include affiliates, trusts, investment holdings, Corporation members, senior management, their family members, and associated entities. Transactions with related parties occur in the ordinary course of activities and do not materially affect the University’s financial position.

The consolidated financial statements include certain prior year summarized comparative information in total, not by net asset classification. This information is not presented in sufficient detail to conform to generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the University’s financial statements for the year ended June 30, 2023, from which the summarized information is derived. Certain prior year amounts have been reclassified to conform to current year presentation.

Net asset classifications

For the purposes of financial reporting, the University classifies resources into two net asset categories pursuant to any donor-imposed restrictions and applicable law.

Accordingly, the net assets of the University are classified in the accompanying consolidated financial statements in the categories that follow:

WITHOUT DONOR RESTRICTIONS—Net assets not subject to donor-imposed restrictions. Funds invested in fixed assets and unrestricted endowment funds comprise 76% of the University’s net assets without donor-imposed restrictions as of June 30, 2024. In addition, this category includes gifts and endowment income balances where the donor restriction has been met, University-designated loan funds, and other current funds.

WITH DONOR RESTRICTIONS—Net assets subject to legal or donor-imposed restrictions that will be satisfied either by actions of the University, the passage of time, or both. These net assets include net assets subject to donor-imposed restrictions that are invested to provide a perpetual source of income to the University. Generally, donors of these assets require the University to maintain and invest the original contribution in perpetuity but permit the use of some or all investment returns for general or specific purposes. The appreciation on these perpetual contributions must be reported as net assets with donor restrictions until appropriated for spending in accordance with Massachusetts law. Also included in this category are gifts donated for a particular purpose and amounts subject to time restrictions such as funds pledged for future payment.

Revenues from sources other than contributions are generally reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without

donor restrictions, unless their use is restricted by donor stipulations or by law. Investment returns earned by restricted donor funds are initially classified as net assets with donor restrictions and then reclassified to net assets without donor restrictions when expenses are appropriated or incurred for their intended purpose. Expirations of donor restrictions on net assets are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions and appear as “Net assets released from restrictions” and “Non-operating net assets released from restrictions” in the *Consolidated Statements of Changes in Net Assets*.

Liquidity and availability

As part of the University’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. A significant portion of the University’s annual expenditures are funded by operating revenues in the current year including student income, sponsored support, endowment returns made available for operations, gifts for current use and other revenues.

The University’s financial assets available within one year of the balance sheet date for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, are as follows (in thousands):

	June 30,	
	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 162,879	\$ 245,589
Receivables, net	370,979	349,271
Pledge receivables due in one year	407,852	459,286
Cash and short-term investments held separately by General Operating Account (GOA) ¹	2,030,830	1,418,472
Endowment returns made available for operations in the following year	2,767,274	2,649,533
TOTAL FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR	\$ 5,739,814	\$ 5,122,151
LIQUIDITY RESOURCES		
Credit facility, undrawn balance	1,500,000	1,500,000
Tax-exempt commercial paper, undrawn balance	1,000,000	975,000
Taxable commercial paper, undrawn balance	2,000,000	1,847,704
TOTAL FINANCIAL ASSETS AND LIQUIDITY RESOURCES AVAILABLE WITHIN ONE YEAR	\$ 10,239,814	\$ 9,444,855

¹ The University has a policy of maintaining liquidity outside of the General Investment Accounting (GIA) through a combination of cash equivalents and short-term investments.

Endowment and GOA returns liquidated from investments and made available for operations over the course of the fiscal year are distributed to University department and program budgets to spend, subject to donor restrictions where applicable.

While the University has no intention of doing so, there are additional investments held by the University and the endowment that could be liquidated in the event of an unexpected disruption. While a portion of the endowment is subject to donor restrictions, there was \$9.6 billion and \$9.2 billion in endowment funds without donor restrictions at June 30, 2024 and 2023, respectively, and \$6.1 billion and \$5.6 billion of General Operating Account investments (GOA) at June 30, 2024 and 2023, respectively, that could be accessed with the approval of the Corporation and subject to the redemption provisions described in *Note 3*.

Revenue recognition

Revenue is recognized when control of promised goods or services is transferred to customers, in an amount that reflects the consideration the University expects to be entitled to in exchange for those goods or services.

Student income is derived from degree programs as well as executive and continuing education programs and includes tuition, fees, and board and lodging. Student income is recognized ratably over the academic period of the course or program offered based on time elapsed, and scholarships awarded to students reduce the amount of revenue recognized. The University’s individual schools have various billing and academic cycles and the majority of our programs are completed within the fiscal year. Student income received in advance of services to be rendered is recorded as deferred revenue which totaled \$215.6 million and \$208.3 million at June 30, 2024 and 2023, respectively, which are primarily recognized in the subsequent fiscal year.

Total student income of \$1.4 billion and \$1.3 billion was recorded during the years ended June 30, 2024 and 2023, respectively. Student tuition, fees, board and lodging at published rates is summarized as follows for the years ended June 30, 2024 and 2023 (in thousands of dollars):

	2024	2023
Undergraduate program	\$ 414,603	\$ 409,890
Graduate and professional degree programs	707,329	687,136
Continuing education and executive programs	586,896	544,039
Board and lodging	230,792	221,235

Scholarships applied to student charges were \$556,716 and \$530,743 for the years ended June 30, 2024 and 2023, respectively.

Unconditional contributions including pledges are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. Conditional contributions for which cash is received are accounted for as a liability within deferred revenue.

Sponsored support of \$1.0 billion includes support from governmental and private sources. Certain sponsored arrangements are considered exchange arrangements, and revenue under these agreements is recognized based on the University's fulfillment of the contract, which is typically based on costs incurred or the achievement of milestones. Other sponsored support is considered contribution revenue, which is recognized when any donor-imposed conditions have been met, if applicable. Sponsored conditional contributions received, where the barrier to entitlement is not yet overcome, are recorded as deferred revenues of \$66.0 million and \$84.7 million as of June 30, 2024 and 2023, respectively. As of June 30, 2024, the University also had \$1.6 billion awarded but not yet expended contributions related to sponsored programs where the condition had not yet been met. This is subject to federal appropriations. Funding received in advance of recognition is recorded as deferred revenue.

Other revenue of \$883.0 million in fiscal 2024 and \$792.9 million in fiscal 2023 includes several revenue streams considered exchange contracts with customers totaling \$719.1 million for fiscal year 2024 and \$651.5 million in fiscal year 2023. These revenues are recognized at the point in time goods or services are provided. Deferred revenues related to other revenue of \$84.3 million and \$96.5 million were recorded as of June 30, 2024 and 2023, which are primarily recognized in the subsequent fiscal year.

Measure of operations

Revenues earned, expenses incurred, and returns made available for operations for the purpose of teaching, conducting research, and the other programs and services of the University are the components of "Net operating surplus" in the *Consolidated Statements of Changes in Net Assets with General Operating Account Detail*. The University's non-operating activity within the *Consolidated Statements of Changes in Net Assets with General Operating Account Detail* includes contributions to the University's building construction and renovation funds, investment returns (net of amounts made available for operations), change in pledge balances, long-term benefit plan obligation funding changes, and other infrequent transactions.

Collections

The University's vast array of museums and libraries contains priceless works of art, historical treasures, literary works, and artifacts. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service. They are neither disposed of for financial gain nor encumbered in any manner. Accordingly, such collections are not recorded for financial statement purposes. Proceeds on deaccessioned collections are used to fund new collections or the direct care of existing collections. Direct care is defined as general care for the preservation of a collection.

Insurance programs

The University, together with the Harvard-affiliated teaching hospitals, has formed a captive insurance company, Controlled Risk Insurance Company (CRICO), to provide limited professional liability, general liability, and medical malpractice insurance for its shareholders. CRICO provides malpractice coverage with no deductible for medical professionals practicing within Harvard's University Health Services department, the School of Dental Medicine, and the T.H. Chan School of Public Health. The University self-insures a portion of its medical professional liability and general liability programs and maintains a reserve for incurred claims, including those related to Harvard Medical School activities not occurring in the affiliated teaching hospitals.

The University also maintains reserves for the self-insured portion of claims related to automobile liability, property damage, and workers' compensation; these programs are supplemented with commercial excess insurance above

the University's self-insured retention. In addition, the University maintains insured dental plans and retiree health plans, and is self-insured for unemployment and all health plans for active employees. The University's claims liabilities are recognized as incurred, including claims that have been incurred but not reported, and are included in operating expenses.

Tax

The University is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was enacted. The Act impacts the University in several ways, including the addition of excise taxes on executive compensation and net investment income, as well as new rules for calculating unrelated business taxable income. The University records an estimate for related tax expense based on currently available regulatory guidance of the Act and continues to evaluate the impact of the Act on current and future tax positions.

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

New accounting pronouncements

Effective July 1, 2022, the University adopted ASU 2021-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*, which amends the lease classification requirements for lessors with certain leases containing variable payments. A lessor is to classify and account for a lease with variable lease payments that do not depend on an index or a rate as an operating lease if the lease would have been classified as a sales-type lease or a direct financing lease and the lessor would have otherwise recognized a day-one loss. The University adopted ASU 2021-05 prospectively. This guidance did not have a significant impact on the University's consolidated financial statements.

Effective July 1, 2023, the University adopted ASU 2022-04, *Disclosure of Supplier Finance Program Obligations*, which requires the buyer in a supplier finance program to disclose information about the key terms of the program, outstanding confirmed amounts as of the end of the period,

and a description of where in the financial statements outstanding amounts are presented. The University adopted ASU 2022-04 prospectively. This guidance did not have a significant impact on the University's consolidated financial statements. Additionally, ASU 2022-04 requires a rollforward of such amounts during each annual period, which will be effective for fiscal year 2025 for the University. The University does not believe this requirement will impact the consolidated financial statements going forward.

Effective July 1, 2023, the University adopted ASU 2016-13 *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost must be presented at the net amount expected to be collected by using an allowance for credit losses. This guidance did not have a significant impact on the University's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, and in January 2021 issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*. These ASUs provide temporary optional expedients and exceptions to existing guidance on contract modifications and hedge accounting to facilitate the market transition from existing reference rates, such as London Interbank Offered Rate ("LIBOR") which has been phased out, to alternate reference rates, such as Secured Overnight Financing Rate ("SOFR"). These standards are effective upon issuance through December 31, 2022. The adoption of this standard has not had a material impact on the University's consolidated financial statements and disclosures. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which defers the sunset date of reference rate reform relief to December 31, 2024.

3. INVESTMENTS

Investments are presented at fair value in accordance with GAAP and under the guidelines prescribed by the HMC investment valuation policy, which is reviewed and approved by the HMC Board of Directors on an annual basis.

The majority of the University's investments are managed by HMC in the GIA, a pooled investment account that consists primarily of endowment assets. Certain other investments such as cash, short-term investments, split interest agreements and other assets, are managed separately from the GIA.

The University's investment holdings as of June 30, 2024 and 2023 are summarized in the following table (in thousands of dollars):

	2024	2023
Investment portfolio assets		
Pooled general investment account assets	\$ 59,687,011	\$ 56,633,201
Other investments	3,008,056	2,445,718
Investment portfolio, at fair value	62,695,067	59,078,919
Securities pledged to counterparties, at fair value	63,786	122,758
TOTAL INVESTMENT ASSETS	62,758,853	59,201,677
Pooled general investment account liabilities	1,113,126	626,371
Interest rate exchange agreement	1,829	3,624
TOTAL OTHER LIABILITIES ASSOCIATED WITH THE INVESTMENT PORTFOLIO	1,114,955	629,995
TOTAL INVESTMENTS, NET	\$ 61,643,898	\$ 58,571,682

As of June 30, 2024 and 2023, University net investments were comprised of the following components (in thousands of dollars):

	2024	2023
POOLED GENERAL INVESTMENT ACCOUNT		
Endowment ¹	\$ 51,286,075	\$ 48,679,919
General operating account	6,050,001	5,577,019
Split interest agreements	876,711	863,185
Other internally designated funds	424,884	1,009,465
TOTAL POOLED GENERAL INVESTMENT ACCOUNT NET ASSETS	\$ 58,637,671	\$ 56,129,588
OTHER INVESTMENTS OUTSIDE THE GENERAL INVESTMENT ACCOUNT		
General operating and other investments ²	2,306,998	1,784,840
Split interest agreements	699,229	657,254
TOTAL OTHER INVESTMENTS OUTSIDE THE GENERAL INVESTMENT ACCOUNT	\$ 3,006,227	\$ 2,442,094
TOTAL INVESTMENTS, NET	\$ 61,643,898	\$ 58,571,682

¹ As of June 30, 2024, the total net assets of the endowment of \$53,235,205 is comprised of investments in the GIA of \$51,286,075, pledges of \$1,257,997, interests in trusts held by others of \$438,225, and \$252,908 of other non-GIA investments and GIA interest and dividends net of all internal and external management fees and expenses. See Note 8 for further composition of the net assets of the endowment.

² Consists primarily of repurchase agreements, US government securities, money markets, and fixed income funds.

Investment return

A summary of the University's total return on investments for fiscal years 2024 and 2023 is presented below (in thousands of dollars):

	2024	2023
Return on pooled general investment account:		
Realized and change in unrealized appreciation, net	\$ 5,060,280	\$ 1,320,925
Interest, dividend, fees, and expenses, net	107,094	211,887
Total return on pooled general investment account ¹	5,167,374	1,532,812
Return on other investments:		
Realized and change in unrealized appreciation, net	89,709	15,815
Interest, dividend, fees, and expenses, net	68,917	59,722
Total return on other investments	\$ 158,626	\$ 75,537
Realized and change in unrealized appreciation on interest rate exchange agreement, net	2,222	3,929
TOTAL RETURN ON INVESTMENTS²	\$ 5,328,222	\$ 1,612,278

¹ Net of all internal and external management fees and expenses.

² Total return on investments is comprised of returns on the endowment, GOA, Split Interest Agreements and other.

Fair value hierarchy

The University's investments have been categorized based upon the fair value hierarchy in accordance with ASC 820, which prioritizes the inputs to valuation techniques used to measure fair value of investment assets and liabilities into three levels:

LEVEL 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

LEVEL 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

LEVEL 3 Prices or valuations that require inputs that are significant to the fair value measurement, unobservable and/or require the University to develop its own assumptions.

Investments in externally managed funds where the University utilizes net asset values (as reported by external managers) as a practical expedient for fair value measurements are excluded from the fair value hierarchy.

The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The University endeavors to utilize all relevant and available information in measuring fair value.

The following is a summary of the levels within the fair value hierarchy for those investment assets and liabilities subject to fair value measurement as of June 30, 2024 and summarized as of June 30, 2023 (in thousands of dollars):

	2024			2023	
	Level 1	Level 2	Level 3 ⁶	Net asset value	Total
ASSETS:					
Cash and cash equivalents ¹	\$ 1,913,330			\$ 1,913,330	\$ 1,458,801
Repurchase agreements		\$ 325,577		325,577	150,789
Domestic equity	2,125,469			\$ 2,289,143	3,389,362
Foreign equity	312,564			823,685	1,076,842
Global equity				891,728	1,211,417
Domestic fixed income	1,658,693			1,045,461	3,051,854
Foreign fixed income	16,247			16,247	15,839
Emerging market equity and debt	101,276			2,603,873	3,123,040
High yield	16,728		\$ 198,591	215,319	303,874
Hedge funds				18,879,953	17,267,674
Private equity			1,277,685	22,662,659	23,123,874
Natural resources	739			443,544	429,239
Real estate			6,861	3,098,156	3,003,337
Inflation-indexed bonds	1,096,114			1,096,114	1,077,269
Due from brokers		74,282	4,645	78,927	93,854
Other investments		130,807		130,807	82,826
INVESTMENT ASSETS SUBJECT TO FAIR VALUE LEVELING	\$ 7,241,160	\$ 530,666	\$ 1,487,782	\$ 52,738,202	\$ 61,997,810
Other investment assets not subject to fair value ²				761,043	341,786
TOTAL INVESTMENT ASSETS³				\$ 62,758,853	\$ 59,201,677
Interests in trusts held by others ⁴			466,283	466,283	438,892
NON-INVESTMENT ASSETS SUBJECT TO FAIR VALUE LEVELING			\$ 466,283	\$ 466,283	\$ 438,892
TOTAL ASSETS				\$ 63,225,136	\$ 59,640,569
LIABILITIES:					
Due to brokers ⁵	\$ 888	\$ 8,871		\$ 9,759	\$ 18,215
Other liabilities subject to fair value		602,478	\$ 42,289	644,767	138,733
INVESTMENT LIABILITIES SUBJECT TO FAIR VALUE LEVELING	\$ 888	\$ 611,349	\$ 42,289	\$ 654,526	\$ 156,948
Other investment liabilities not subject to fair value				460,429	473,047
TOTAL INVESTMENT LIABILITIES				\$ 1,114,955	\$ 629,995
Liabilities due under split interest agreements ⁴		905,317		905,317	886,222
NON-INVESTMENT LIABILITIES SUBJECT TO FAIR VALUE LEVELING		\$ 905,317		\$ 905,317	\$ 886,222
TOTAL LIABILITIES				\$ 2,020,272	\$ 1,516,217

¹ This excludes money markets held in "Cash and cash equivalents" on the Consolidated Balance Sheets of \$55.0 million as of June 30, 2024 and 2023, which are Level 1 investments.

² As of June 30, 2024 and 2023 other assets not subject to fair value consists primarily of receivables for transactions that settled subsequent to the balance sheet date of \$627,506 and \$239,815, respectively.

³ As of June 30, 2024 and 2023, total investment assets, net equal \$61,643,898 and \$58,571,682, respectively.

⁴ Amounts excluded from investments and included separately on the University's Consolidated Balance Sheets.

⁵ Includes fair value of an interest rate exchange agreement on the University's debt portfolio of \$1,829 and \$3,624 as of June 30, 2024 and 2023, respectively.

⁶ As of June 30, 2024, \$438,492 of Level 3 assets were valued using significant unobservable inputs.

The following is a rollforward of Level 3 investments for the year ended June 30, 2024 and the condensed June 30, 2023 rollforward of Level 3 investments (in thousands of dollars).

	Beginning balance as of July 1, 2023	Net realized gains/(losses)	Net change in unrealized appreciation/(depreciation) ¹	Purchases/contributions	Sales/distributions	Transfers into Level 3 ²	Transfers out of Level 3 ³	Ending balance as of June 30, 2024
INVESTMENT ASSETS:								
High yield	\$ 290,011	\$ (13,685)	\$ 6,775	\$ 29,939	\$ (114,449)			\$ 198,591
Private equity	1,157,032	164,834	(109,154)	145,978	(306,930)	\$ 245,277	\$ (19,352)	1,277,685
Real estate	7,170	300	(609)					6,861
Due from brokers	4,645							4,645
INVESTMENT ASSETS SUBJECT TO FAIR VALUE LEVELING								
	\$ 1,458,858	\$ 151,449	\$ (102,988)	\$ 175,917	\$ (421,379)	\$ 245,277	\$ (19,352)	\$ 1,487,782
Interests in trusts held by others	\$ 438,892		\$ 28,985		\$ (1,594)			\$ 466,283
NON-INVESTMENT ASSETS SUBJECT TO FAIR VALUE LEVELING								
	\$ 438,892		\$ 28,985		\$ (1,594)			\$ 466,283
TOTAL ASSETS SUBJECT TO FAIR VALUE LEVELING								
	\$ 1,897,750	\$ 151,449	\$ (74,003)	\$ 175,917	\$ (422,973)	\$ 245,277	\$ (19,352)	\$ 1,954,065
INVESTMENT LIABILITIES:								
Other liabilities subject to fair value	\$ 138,733		\$ (65)	\$ (233,489)	\$ 137,110			\$ 42,289
TOTAL LIABILITIES SUBJECT TO FAIR VALUE LEVELING								
	\$ 138,733	\$ 0	\$ (65)	\$ (233,489)	\$ 137,110			\$ 42,289
NET ASSETS SUBJECT TO FAIR VALUE LEVELING								
	\$ 1,759,017	\$ 151,449	\$ (73,938)	\$ 409,406	\$ (560,083)	\$ 245,277	\$ (19,352)	\$ 1,911,776

¹ Total change in unrealized (depreciation)/appreciation relating to Level 3 investment assets and investment liabilities still held by the University at June 30, 2024 is \$121,508 and is reflected in "Realized and change in unrealized appreciation/(depreciation), net" in the Consolidated Statements of Changes in Net Assets.

² The transfers into Level 3 represent certain private equity investments that were valued using a secondary sale price.

³ The transfers out of Level 3 represent interests in private companies that underwent an initial public offering during the fiscal year.

	Beginning balance as of July 1, 2022	Net realized gains/(losses)	Net change in unrealized appreciation/(depreciation) ¹	Purchases/contributions	Sales/distributions	Transfers into Level 3	Transfers out of Level 3 ²	Ending balance as of June 30, 2023
PRIOR YEAR NET ASSETS SUBJECT TO FAIR VALUE LEVELING								
	\$ 1,780,605	\$ 24,079	\$ (48,908)	\$ 617,179	\$ (613,838)		\$ (100)	\$ 1,759,017

¹ Total change in unrealized (depreciation)/appreciation relating to Level 3 investment assets and investment liabilities still held by the University at June 30, 2023 is \$35,939 and is reflected in "Realized and change in unrealized appreciation/(depreciation), net" in the Consolidated Statements of Changes in Net Assets.

² The transfers out of Level 3 represent interests in private companies that underwent an initial public offering during the fiscal year.

Investment strategy and risk

The University utilizes a number of wholly owned subsidiary entities to support its investment activities. The consolidated financial statements include all assets, liabilities, income, and expenses associated with these entities and intercompany accounts and transactions have been eliminated during consolidation.

The University's investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to the movements of the global public and private equity, fixed income, real estate, and commodities markets. Exposure to these markets is achieved through direct investments in individual securities, investments in special purpose vehicles and/or through investments in vehicles advised by external managers.

Investments in global markets involve a multitude of risks such as price, interest rate, market, sovereign, currency, liquidity and credit risks, amongst many others. The University manages exposure to these risks through established policies and procedures related to its ongoing investment diligence and operational due diligence programs. The University also considers manager concentration risk. As of June 30, 2024, 13% of the GIA NAV was invested across 5 diversified fund managers. The University anticipates that the value and composition of its investments may, from time to time, fluctuate substantially in response to any or all of the risks described herein.

Cash and cash equivalents

Cash and cash equivalents are recorded at cost, which approximates fair value, and includes cash in bank accounts, institutional money market funds and other temporary

investments held for working capital purposes with original maturities of three months or less. Cash and cash equivalents do not include cash balances held as collateral by the University. Cash and cash equivalents designated for investment purposes are included in the “Investment portfolio, at fair value” in the *Consolidated Balance Sheets*.

Repurchase agreements

The University *Consolidated Balance Sheets* display the assets generated by repurchase transactions. The University enters into these transactions under agreements containing master netting arrangements. The University requires the fair value of the collateral exchanged under these agreements to be equal to or in excess of the total amount of the agreement, including interest where applicable. At June 30, 2024 and 2023 the University had gross asset repurchase agreements of \$0.3 billion and \$0.2 billion which were fully collateralized. The University does not offset repurchase agreements that are subject to master netting arrangements or similar arrangements on the University’s *Consolidated Balance Sheets*.

Dividend and interest income

Dividend income is recognized net of applicable withholding taxes on the ex-dividend date. Non-cash dividends are recorded at the fair value of the securities received. Interest income and expense is recorded net of applicable withholding taxes, on an accrual basis. The University amortizes bond premiums and accretes bond discounts using the effective yield method and when cash collection is expected.

Traded securities

Instruments listed or traded on a securities exchange are valued at the last quoted price on the primary exchange where the security is traded. Where there is no readily available closing price on the valuation date, long positions are valued at the bid price and short positions are valued at the ask price. Restrictions that are attached to a security are factored into the valuation of that security, reflective of the estimated impact of those restrictions. Investments in non-exchange traded debt and equity instruments are primarily valued using inputs provided by independent pricing services or by broker/dealers who actively make markets in these securities.

Derivatives

The University uses a variety of financial instruments with off-balance sheet risk involving contractual or optional commitments for future settlement, which are exchange traded or executed over the counter (OTC). These instruments are used to (1) manage exposure to certain asset classes and/or various market risks, (2) arbitrage mispricings of related securities and (3) to manage the interest, cost and risk associated with its outstanding and/or future debt. These instruments are classified as due to/from brokers and may include option, swap, credit default, interest rate, and forward contracts. These types of instruments are primarily valued using industry standard models with independent market inputs, or by broker quotes. Inputs such as prices, spreads, curves, and/or broker quotes are evaluated for source reliability and consistency with industry standards. Counterparty marks obtained and utilized to determine daily collateral requirements are also used to corroborate input reasonability. The University considers current market conditions including interest rate and credit risks in its evaluation of inputs, pricing methodologies, and models utilized to determine fair values.

In connection with its investments in derivatives, the University maintains master netting agreements and collateral agreements with its counterparties. These agreements provide the University the right, in the event of default by the counterparty (such as bankruptcy or a failure to pay or perform), to net a counterparty’s rights and obligations under the agreement and to liquidate and offset collateral against any net amount owed by the counterparty. Collateral, generally in the form of debt obligations issued by the US Treasury, is exchanged on a daily basis as required by fluctuations in the market.

Specific credit limits are established for counterparties based on their individual credit ratings. Credit limits are monitored daily by the University and are adjusted according to policy, as necessary. Some of the financial instruments entered into by the University contain credit-risk-related contingency features that allow the parties to the agreement to demand immediate payment for outstanding contracts and/or collateral.

The following table presents information about the University's derivatives by primary risk exposure for the years ended June 30, 2024 and 2023 (in thousands of dollars):

	As of June 30, 2024			For the year ended June 30, 2024	As of June 30, 2023			For the year ended June 30, 2023
	Average Quarterly Notional	Gross derivative assets	Gross derivative liabilities	Net profit/ (loss) ⁴	Average Quarterly Notional	Gross derivative assets	Gross derivative liabilities	Net profit/ (loss) ⁴
Primary risk exposure								
Equity instruments	\$ 1,796,421	\$ 79,883	\$ 13,682	\$ 178,867	\$ 2,328,894	\$ 115,648	\$ 41,180	\$ 131,794
Fixed income instruments ¹	117,000		1,829	2,222	117,000		3,624	3,929
Currency instruments	2,766	4,355	4,359	(830)	18,875	1,121	1,123	(1,792)
Credit instruments	4,810	4,800		236	4,800	4,797		132
SUBTOTAL		\$ 89,038	\$ 19,870	\$ 180,495		\$ 121,566	\$ 45,927	\$ 134,063
TOTAL COUNTERPARTY NETTING²		(11,940)	(11,940)			(27,712)	(27,712)	
NET AMOUNTS INCLUDED IN THE CONSOLIDATED BALANCE SHEETS³		77,098	7,930			93,854	18,215	
Collateral								
Cash collateral received/posted		122				120		
Securities collateral received/ posted ⁵		86,717	32,983			89,351	98,305	
TOTAL SECURITIES COLLATERAL RECEIVED/POSTED		86,839	32,983			89,471	98,305	
NET AMOUNT		(9,741)	(25,053)			4,383	(80,090)	
NET AMOUNT IN ACCORDANCE WITH ASC 210⁶		\$ 0	\$ 0			\$ 4,383	\$ 0	

¹ For the year ended June 30, 2024 and 2023 the balance represents an interest rate exchange swap on the University's debt portfolio.

² GAAP permits the netting of derivative assets and liabilities and the related cash collateral received and paid when a legally enforceable master netting agreement exists between the University and a derivative counterparty.

³ Included within the "Investment portfolio, at fair value" and "Other liabilities associated with the investment portfolio" line items of the Consolidated Balance Sheets.

⁴ Included within "Realized and change in unrealized appreciation/(depreciation), net" within the Consolidated Statements of Changes in Net Assets.

⁵ Includes securities posted to meet initial margin requirements on exchange traded futures.

⁶ Excludes any over-collateralized amounts in accordance with ASC 210.

External advisors

Investments managed by external advisors include investments in private equity, real estate, natural resources, hedge funds, and other externally managed funds. The University generally utilizes the capital account balance provided by the external advisor as a practical expedient to fair value. To evaluate the adequacy of these fair value measurements, the University has assessed factors including, but not limited to, the external advisor's adherence to fair value principles in calculating the capital account balance, the existence of transactions at NAV at the measurement date and the existence or absence of

certain restrictions at the measurement date. In addition, the University evaluates these external advisors through ongoing due diligence and operational oversight, which includes an analysis of an advisor's use of and adherence to fair value principles.

The University, as an investor, has commitments to make periodic contributions in future periods to the investments managed by external advisors. The amounts of these expected disbursements as of June 30, 2024 and 2023 are disclosed below (in thousands of dollars):

	As of June 30, 2024			As of June 30, 2023		
	Fair value ¹	Remaining unfunded commitments	Estimated remaining life ²	Fair value ¹	Remaining unfunded commitments	Estimated remaining life ²
Private equity funds	\$ 19,009,670	\$ 8,208,903	4 – 10	\$ 18,505,877	\$ 8,958,071	4 – 10
Real estate funds	2,929,004	1,957,707	4 – 10	2,790,305	2,048,930	4 – 10
Other externally managed funds ³	3,368,975	2,258,213	2 – 8	3,517,860	2,317,366	2 – 8
TOTAL	\$ 25,307,649	\$ 12,424,823		\$ 24,814,042	\$ 13,324,367	

¹ Represents the fair value of the funded portion of investments with remaining unfunded commitments.

² The estimated remaining lives of these funds, expressed in years, are forward-looking projections based on the University's estimates and could vary significantly depending on the investment decisions of external managers, changes in the University's investment portfolio, and other circumstances.

³ Investments in externally managed funds primarily include exposures to hedge funds and natural resources.

Investments in externally managed funds generally have limited redemption options for investors and, subsequent to final closing, may or may not permit subscriptions by new or existing investors. These entities may also have the ability to impose gates, lockups and other restrictions on an investor's ability to readily redeem out of their investment interest in the fund.

Direct investments

Direct investments are primarily valued using a combination of independent appraisals and/or one or more industry standard valuation techniques (e.g., income approach, market approach, or cost approach). The income approach is primarily based on the investment's anticipated future income using one of two principal methods: the discounted cash flow method or the capitalization method. Inputs and estimates developed and utilized with these techniques may be subjective, unobservable, and require

judgment regarding significant matters such as estimating the amount and timing of future cash flows, forward pricing assumptions and the selection of discount and capitalization rates that appropriately reflect market and credit risks. The market approach derives investment value through comparison to recent and relevant market transactions with similar investment characteristics. The cost approach is utilized when the cost of the investment is determined to be the best representation of fair value. This method is typically used for newly purchased or undeveloped assets. When applicable, the University examines market data and collaborates closely with independent appraisers to arrive at the best estimation of fair value for each respective asset. The HMC Board of Directors discusses the valuation process and results with HMC management, and makes determinations on significant matters impacting valuation that may arise from time to time.

4. RECEIVABLES

The major components of receivables, net of reserves for doubtful accounts of \$13.6 million and \$16.4 million as of June 30, 2024 and 2023, respectively, were as follows (in thousands of dollars):

	2024	2023
Federal sponsored support	\$ 79,024	\$ 74,844
Publications	68,407	69,487
Continuing education and executive programs	63,555	57,330
Leases	33,225	32,820
Tuition and fees	22,066	22,579
Gift receipts	20,843	7,067
Non-federal sponsored support	15,131	17,791
Other	68,728	67,353
TOTAL RECEIVABLES, NET	\$ 370,979	\$ 349,271

5. NOTES RECEIVABLE

Notes receivable are recorded initially at face value plus accrued interest, which approximates fair value. Notes receivable, and related allowance for doubtful accounts, were as follows (in thousands of dollars):

	2024			2023		
	Receivable	Allowance	Net	Receivable	Allowance	Net
Student loans:						
Government revolving	\$ 19,029	\$ 447	\$ 18,582	\$ 22,240	\$ 519	\$ 21,721
Institutional	74,195	1,677	72,518	73,473	1,631	71,842
Total student loans	93,224	2,124	91,100	95,713	2,150	93,563
Faculty and staff loans	327,461	179	327,282	300,710	179	300,531
Other loans	43,323	37,429	5,894	42,527	36,220	6,307
TOTAL	\$ 464,008	\$ 39,732	\$ 424,276	\$ 438,950	\$ 38,549	\$ 400,401

Government revolving loans are funded principally with federal advances to the University under the Perkins Loan, the Health Professions Student Loan (HPSL) and Loans for Disadvantaged Students in Health Professions (LDS) Programs. These advances totaled \$21.7 million and \$24.7 million as of June 30, 2024 and 2023, respectively, and are included in "Deferred revenue and other liabilities" in the *Consolidated Balance Sheets*. During fiscal year 2018, the

Perkins Loan Program ended and as a result the University began making required repayments to the government. In fiscal year 2024, the University made the requested \$3.7 million repayment. Interest earned on the revolving and institutional loan programs is reinvested to support additional loans. The repayment and interest rate terms of the institutional loans vary considerably.

Faculty and staff notes receivable primarily consists of mortgage and educational loans. Mortgages include shared appreciation loans, loans that bear interest at the applicable federal rate and interest-free loans. In addition, certain mortgages that bear interest at the current market rate or applicable federal rate may be subsidized for an initial period. The educational loans are primarily zero-interest loans.

The University assesses the adequacy of the allowance for doubtful accounts by evaluating the loan portfolio, including such factors as the differing economic risks

associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, the value of any collateral, and, where applicable, the existence of any guarantees or indemnifications. In addition to these factors, the University reviews the aging of the loans receivable and the default rate in comparison to prior years. The allowance is adjusted based on these reviews. The University considers the allowance at June 30, 2024 and 2023 to be reasonable and adequate to absorb potential credit losses inherent in the loan portfolio.

6. PLEDGES RECEIVABLE

Unconditional promises to donate to the University in the future are initially recorded at fair value (pledge net of discount) and subsequently amortized over the expected payment period, net of an allowance for uncollectible pledges. The University's indicative 1- to 15-year taxable unsecured borrowing rate is used to discount pledges receivable at the end of the fiscal year they are received. Discounts of \$329.4 million and \$351.2 million for the years ended June 30, 2024 and 2023, respectively, were calculated using rates ranging from 0.7% to 5.0%.

Pledges receivable included in the financial statements as of June 30, 2024 and 2023 are expected to be realized as follows (in thousands of dollars):

	2024	2023
Within one year	\$ 912,669	\$ 866,208
Between one and five years	1,601,043	1,711,457
More than five years	518,285	603,713
Less: discount and allowance for uncollectible pledges	(453,208)	(481,744)
TOTAL PLEDGES RECEIVABLE, NET	\$ 2,578,789	\$ 2,699,634

Pledges receivable as of June 30, 2024 and 2023 have been designated for the following purposes (in thousands of dollars):

	2024	2023
General Operating Account balances:		
Gifts for current use	\$ 884,831	\$ 952,604
Non-federal sponsored awards	168,935	199,014
Construction and life income	267,026	294,530
Total General Operating Account balances	1,320,792	1,446,148
Endowment	1,257,997	1,253,486
TOTAL PLEDGES RECEIVABLE, NET	\$ 2,578,789	\$ 2,699,634

Because of uncertainties with regard to realizability and valuation, bequest intentions and other conditional promises are only recognized as assets if and when the specified conditions are met. Non-bequest conditional pledges totaled \$118.4 million and \$122.4 million as of June 30, 2024 and 2023, respectively.

7. FIXED ASSETS

Fixed assets are reported at cost or, if a gift, at fair value as of the date of the gift, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The major categories of fixed assets as of June 30, 2024 and 2023 are summarized as follows (in thousands of dollars):

	2024	2023	Estimated useful life (in years)
Research facilities	\$ 3,564,551	\$ 3,446,121	*
Classroom and office facilities	2,769,248	2,596,184	35
Housing facilities	2,698,887	2,638,555	35
Other facilities	436,551	435,738	35
Service facilities	1,204,127	1,148,704	35
Libraries	558,412	549,503	35
Museums and assembly facilities	1,004,303	1,001,370	35
Athletic facilities	311,268	280,432	35
Land	1,025,195	1,024,986	N/A
Construction in progress	739,397	554,978	N/A
Equipment	1,518,751	1,488,311	**
SUBTOTAL AT COST	15,830,690	15,164,882	
Less: accumulated depreciation	(6,897,594)	(6,568,899)	
FIXED ASSETS, NET	\$ 8,933,096	\$ 8,595,983	

* Estimated useful lives of components range from 10 to 45 years.

** Estimated useful lives of equipment range from 4 to 10 years.

Certain University facilities are subject to restrictions as to use, structural modifications, and ownership transfer. Included in the fixed asset balances are restricted facilities with a net book value of \$275.6 million and \$276.6 million as of June 30, 2024 and 2023, respectively.

The costs of research facilities are separated into the shell, roof, finishes, fixed equipment, and services. These components are separately depreciated.

Equipment includes general and scientific equipment, computers, software, furniture, and vehicles.

The University has asset retirement obligations related to future estimated environmental remediation costs of \$195.9 million and \$186.2 million, which are included in "Deferred revenue and other liabilities" in the *Consolidated Balance Sheets* as of June 30, 2024 and 2023, respectively.

Right-of-use assets from finance leases of \$66.4 million and \$45.5 million are included in "Fixed assets, net" in the *Consolidated Balance Sheets* as of June 30, 2024 and 2023, respectively. Lease liabilities from finance leases of \$100.6 million and \$79.2 million are included in "Deferred revenue and other liabilities" in the *Consolidated Balance Sheets* as of June 30, 2024 and 2023, respectively.

8. ENDOWMENT AND GENERAL OPERATING ACCOUNT NET ASSETS

The University's net assets consisted of the following as of June 30, 2024 and 2023 (in thousands of dollars):

	2024			2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
NATURE OF SPECIFIC NET ASSETS						
Perpetual endowment funds		\$ 10,007,062	\$ 10,007,062	\$ 9,652,906	\$ 9,652,906	
Endowment funds and appreciation subject to distribution policy and appropriation		31,895,204	31,895,204	30,201,162	30,201,162	
Endowment funds without restriction, board designated and subject to distribution policy	\$ 9,636,717		9,636,717	\$ 9,229,293		9,229,293
Pledge balances		1,257,997	1,257,997	1,253,486	1,253,486	
Interests in trusts held by others		438,225	438,225	411,747	411,747	
TOTAL ENDOWMENT	9,636,717	43,598,488	53,235,205	9,229,293	41,519,301	50,748,594
Operating	6,946,027		6,946,027	6,640,552		6,640,552
Unexpended contributions and endowment distributions		3,379,241	3,379,241	3,395,978	3,395,978	
Student loan funds		100,202	100,202	100,178	100,178	
TOTAL GENERAL OPERATING ACCOUNT	6,946,027	3,479,443	10,425,470	6,640,552	3,496,156	10,136,708
Split interest agreements (Note 9)		670,623	670,623	634,217	634,217	
TOTAL NET ASSETS	\$ 16,582,744	\$ 47,748,554	\$ 64,331,298	\$ 15,869,845	\$ 45,649,674	\$ 61,519,519

Endowment

The University's endowment consists of approximately 14,600 separate funds established over many years for a wide variety of purposes. Endowment fund balances are classified and reported in accordance with donor specifications and state law. The endowment includes both donor-restricted endowment funds and funds functioning as endowment which are not subject to donor-imposed restrictions, however decisions to spend their principal require the approval of the Corporation and therefore are classified as Board-designated endowment funds. The majority of the endowment is invested in the GIA (see Note 3).

The University is also the beneficiary of certain irrevocable trusts held and administered by others. The estimated fair values of trust assets, which include the present values of expected future cash flows from outside trusts and the fair value of the underlying assets of perpetual trusts, are recognized as assets and increases in net assets when the required trust documentation is provided to the University.

The fair values of these trusts are provided by the external trustees and are adjusted annually by the University. These are included as Level 3 investments in the fair value hierarchy table in Note 3.

The University's endowment distribution policies are designed to preserve the value of the endowment in real terms (after inflation) and generate a predictable stream of available income. Each fall, the Corporation approves

the endowment distribution for the following fiscal year. Distribution from an underwater endowment fund (a fund below its historic dollar value) could continue in limited and defined circumstances under the University's endowment distribution policy. To the extent that the fair value of a donor restricted endowment fund falls below its historic dollar value it would be reported as a reduction of net assets with donor restrictions.

At June 30, 2024 and 2023, funds in a deficit position were reported in net assets with donor restrictions and are comprised as follows (in thousands):

	2024	2023
Fair value of underwater endowment funds	\$ 13,335	\$ 241,967
Historic dollar value	13,928	246,804
TOTAL DEFICIT OF UNDERWATER ENDOWMENT FUNDS	\$ (593)	\$ (4,837)

The endowment distribution is based in part on presumptive guidance from a formula that is intended to provide budgetary stability by smoothing the impact of annual investment gains and losses. The formula's inputs reflect expectations about long-term returns and inflation rates. For fiscal year 2024, the endowment distribution approved by the Corporation (prior to decapitalizations) was equal to 5.0% of the fair value of the endowment invested in the GIA as of the beginning of the fiscal year. The total endowment distribution made available for operations was \$2.4 billion and \$2.2 billion in fiscal year 2024 and 2023, respectively.

Each year the Corporation also approves certain decapitalizations from the endowment to support strategic, mission-critical activities or objectives that are typically one-time or time-limited and therefore, are excluded from net operating surplus. These decapitalizations totaled \$38.7 million and \$43.4 million in fiscal year 2024 and 2023, respectively. These additional decapitalizations, in combination with the endowment distribution, resulted in an aggregate payout rate of 5.0% and 4.7% in fiscal year 2024 and 2023, respectively.

General operating account

The GOA consists of the general or current funds of the University as well as the assets and liabilities related to student and faculty loans and facilities. The GOA accepts, manages, and pays interest on deposits made by University departments; invests surplus working capital; makes loans; and arranges external financing for major capital projects. It is used to manage, control, and execute all University financial transactions, except for those related to investment activities conducted by HMC.

9. SPLIT INTEREST AGREEMENTS

Under split interest agreements, donors enter into trust or other arrangements with the University in which the University receives benefits that are shared with other beneficiaries and institutions. Split interest agreement (SIA) investment assets are invested primarily in the GIA and publicly-traded securities, a small segment is managed by an external advisor, and all are recorded in the "Investment portfolio, at fair value" in the University's *Consolidated Balance Sheets*. Additional disclosures are included in *Note 3*. Associated liabilities are recorded at the present value of estimated future payments due to beneficiaries and

other institutions. These liabilities are calculated using the University's current taxable unsecured borrowing rate of 5.0% and 4.9% as of June 30, 2024 and 2023, respectively. All split interest agreement net assets and the respective activity are reported within net assets with donor restrictions. Upon termination of a split interest agreement, the net assets are transferred to the GOA or endowment accordingly.

The changes in split interest agreement net assets for fiscal years 2024 and 2023 were as follows (in thousands of dollars):

	2024	2023
Investment return:		
Investment income	\$ 20,273	\$ 19,760
Realized and change in unrealized appreciation/(depreciation), net	115,681	39,925
Total investment return	135,954	59,685
Gifts (<i>Note 14</i>) ¹	5,994	6,279
Payments to annuitants	(68,969)	(74,072)
Transfers to endowment	(23,560)	(50,747)
Transfers between SIA and the GOA	(18,896)	(28,398)
Change in liabilities and other adjustments	5,883	20,930
NET CHANGE DURING THE YEAR	36,406	(66,323)
Total split interest agreement net assets, beginning of year	634,217	700,540
TOTAL SPLIT INTEREST AGREEMENT NET ASSETS, END OF YEAR	\$ 670,623	\$ 634,217

¹ Shown at net present value. The undiscounted value of these gifts was \$13,573 and \$12,342 for the years ended June 30, 2024 and 2023, respectively.

Split interest agreement net assets as of June 30, 2024 and 2023 consisted of the following (in thousands of dollars):

	2024	2023
Split interest agreement investments (<i>Note 3</i>)		
Charitable remainder trusts	\$ 1,043,608	\$ 1,006,615
Charitable lead trusts	102,711	99,011
Charitable gift annuities	264,521	265,662
Pooled income funds	165,100	149,151
Total split interest agreement investments ¹	1,575,940	1,520,439
Liabilities due under split interest agreements:		
Amounts due to beneficiaries	(827,251)	(815,056)
Amounts due to other institutions	(78,066)	(71,166)
Total liabilities due under split interest agreements	(905,317)	(886,222)
TOTAL SPLIT INTEREST AGREEMENT NET ASSETS, END OF YEAR	\$ 670,623	\$ 634,217

¹ For the year ended June 30, 2024, \$876,711 of SIA investments are held in the pooled general investment account and \$699,229 of SIA investments are held in the other investments outside the general investment account. For the year ended June 30, 2023, \$863,185 of SIA investments are held in the pooled general investment account and \$657,254 of SIA investments are held in the other investments outside the general investment account. Refer to *Note 3*.

10. BONDS AND NOTES PAYABLE

Bonds and notes payable as of June 30, 2024 and 2023 were as follows (in thousands of dollars):

	Fiscal year of issue	Fiscal year of final maturity ¹	Effective rate ²	Outstanding principal	
				2024 ³	2023 ³
TAX-EXEMPT BONDS AND COMMERCIAL PAPER:					
Variable-rate demand bonds and commercial paper:					
Series R – daily	2000-2006	2032	2.4%	\$ 81,850	\$ 98,300
Series Y – daily	2000	2036	2.8%	117,905	117,905
Commercial paper	2023	2024	3.3%		25,000
Total variable-rate bonds and commercial paper			2.6%	199,755	241,205
Fixed-rate bonds:					
Series 2016A	2017	2041	4.1%	1,073,110	1,434,825
Series 2020A	2020	2031	4.4%	346,680	346,680
Series 2022B	2022	2033	4.3%	207,830	207,830
Series 2024B	2024	2036	4.2%	734,995	
Total fixed-rate bonds			4.2%	2,362,615	1,989,335
TOTAL TAX-EXEMPT BONDS AND COMMERCIAL PAPER			4.1%	2,562,370	2,230,540
TAXABLE BONDS AND COMMERCIAL PAPER:					
Variable-rate bonds and commercial paper:					
Commercial paper	2023	2024	5.4%		152,296
Total variable-rate bonds and commercial paper			5.4%	0	152,296
Fixed-rate bonds:					
Series 2008A	2008	2039	5.6%	243,000	243,000
Series 2008D	2009	2039	6.5%	500,000	500,000
Series 2010C	2011	2041	4.9%	300,000	300,000
Series 2013A	2013	2038	3.6%	352,000	402,000
Series 2016B	2017	2057	3.2%	1,000,000	1,000,000
Series 2020B	2020	2051	2.5%	500,000	500,000
Series 2022A	2022	2053	3.8%	500,000	500,000
Series 2024A	2024	2035	4.6%	750,000	
Total fixed-rate bonds			4.2%	4,145,000	3,445,000
TOTAL TAXABLE BONDS AND COMMERCIAL PAPER			4.2%	4,145,000	3,597,296
Notes payable	Various	Various	Various	85,717	84,730
Unamortized original issuance premium/discount, net				365,888	321,570
Unamortized bond issuance costs				(24,895)	(19,402)
TOTAL BONDS AND NOTES PAYABLE			4.1%	\$ 7,134,080	\$ 6,214,734

¹ The weighted average maturity of the portfolio on June 30, 2024 was 15.7 years.

² For fixed-rate bonds the effective rate is calculated as: coupon rate x (par value / book value*). For variable rate bonds and commercial paper the effective rate is the one-year average rate. Effective rates are exclusive of the Series Y interest rate exchange agreement, which would not have impacted the overall portfolio rate of 4.12% in fiscal year 2024.

* Book value = par value + unamortized original issuance premium - unamortized original issuance discount, underwriter's discount, and cost of issuance.

³ Par only—balances exclude original issuance premiums/discounts.

Interest expense related to bonds and notes payable, net of amortization and accretion, was \$225.3 million and \$207.4 million for fiscal 2024 and 2023, respectively. The interest expense in the *Consolidated Statement of Changes in Net Assets with General Operating Account Detail* includes additional components related to finance leases. Excluding unamortized discounts and premiums, unamortized underwriter's discount and unamortized cost of issuance, scheduled principal payments are (in thousands of dollars):

Fiscal year	Principal payments
2025	\$ 41,441
2026	100,967
2027	102,795
2028	104,656
2029	111,213
Thereafter	6,332,016
TOTAL PRINCIPAL PAYMENTS	\$ 6,793,088

In fiscal 2024, the University issued \$750.0 million of taxable fixed-rate Series 2024A Bonds and \$855.0 million (\$735.0 million par) of tax-exempt fixed-rate Series 2024B Bonds. Proceeds from the Series 2024A issue will be used to fund future University capital spending. Proceeds from the Series 2024B issue were used to refund a portion of the University's outstanding tax-exempt debt and will be used to fund or refinance capital spending on campus.

The University refunded \$359.9 million of par bonds with the Series 2024B issue (\$334.9 million of Series 2016A bonds and \$25.0 million of tax-exempt commercial paper). Additionally, in fiscal 2024, the University had \$92.2 million of scheduled long-term principal maturities, \$152.3 million of taxable commercial paper maturities, \$38.7 million of amortizing bond premium (net of amortizing fees and issuance discounts), and another \$35.2 million in write-offs of amortizing bond premium and issuance fees related to the refunded Series 2016A Bonds. The result of the various issuances and pay-downs was an overall increase in the University's bonds and notes payable from \$6.2 billion to \$7.1 billion.

The University is rated Aaa by Moody's Investors Service and AAA by Standard & Poor's Global Ratings. The Moody's rating was re-affirmed in March 2024 and the Standard & Poor's rating was re-affirmed in February 2024.

The University has one unsecured, revolving credit facility with a syndicate of banks totaling \$1.5 billion. In September 2024, the facility was extended until December 2027. There was no outstanding drawn balance on the credit facility at June 30, 2024.

11. EMPLOYEE BENEFITS

The University offers current employees a choice of health plans, a dental plan, short-term and long-term disability plans, life insurance, tuition assistance, and a variety of other benefits such as subsidized passes for public transportation and for Harvard athletic facilities. In addition, the University has retirement plans covering substantially all employees.

The University uses a measurement date of June 30 for its pension and postretirement health plans.

The University has taxable commercial paper available totaling \$2.0 billion. There was no drawn balance on the taxable commercial paper line at June 30, 2024.

The University has tax-exempt commercial paper available totaling \$1.0 billion. There was no drawn balance on the tax-exempt commercial paper line at June 30, 2024.

At June 30, 2024, the University had \$199.8 million of variable rate demand bonds outstanding with daily interest rate resets. In the event that the University receives notice of any optional tender on its variable rate demand bonds, or if the bonds become subject to mandatory tender, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, the University will have a general obligation to purchase the bonds tendered with cash on hand.

Interest rate exchange agreements

In fiscal 2024, the University had in place one interest rate exchange agreement, used to manage the interest cost and risk associated with a portion of its outstanding variable rate debt.

The fair value of the interest rate exchange agreement was (\$1.8) million and (\$3.6) million as of June 30, 2024 and 2023, respectively, and is recorded in "Other liabilities associated with the investment portfolio" on the University's *Consolidated Balance Sheets*.

457(b) deferred compensation plan

The University offers a non-qualified deferred compensation plan under Internal Revenue Code 457(b) to a select group of employees. There is no University contribution related to the plan. The University has recorded both an asset and a liability related to the plan of \$256.5 million as of June 30, 2024 and \$220.1 million as of June 30, 2023; the assets are included in "Prepayments and deferred charges" and the liabilities are included in "Deferred revenue and other liabilities" on the University's *Consolidated Balance Sheets*.

Pension benefits

All eligible faculty members and staff are covered by retirement programs that include a defined benefit component, a defined contribution component, or a combination of the two.

In accordance with the Employee Retirement Income Security Act (ERISA) requirements, the University has established a trust to hold plan assets for its defined benefit pension plans. The fair value of the trust's assets was \$779.3 million and \$793.1 million as of June 30, 2024 and 2023, respectively. During fiscal years 2024 and 2023, the University made cash contributions to the defined benefit pension plan of \$11.1 million and \$12.7 million, respectively. The University recorded expenses for its defined contribution plans of \$190.9 million for fiscal year 2024 and \$175.7 million for fiscal year 2023.

Postretirement health benefits

The University provides postretirement health coverage and life insurance to substantially all of its employees. In fiscal year 2024, the University established a trust to hold plan assets for its postretirement health plan. The fair value of the trust's assets was \$602.5 million as of June 30, 2024 and was funded from internally designated funds held within the GIA. Additionally, as of June 30, 2024, the University had internally designated and invested \$411.1 million in the GIA to fund the postretirement health benefit accrued liability of \$236.5 million. As of June 30, 2023, the University had internally designated and invested \$996.9 billion to fund the postretirement health benefit accrued liability of \$799.0 million.

The following table sets forth the pension and postretirement plans' funded status that is reported in the *Consolidated Balance Sheets* as of June 30, 2024 and 2023 (in thousands of dollars):

	Pension benefits		Postretirement health benefits	
	2024	2023	2024	2023
Change in benefit obligation:				
Benefit obligation, beginning of year	\$ 834,367	\$ 944,511	\$ 798,964	\$ 835,208
Service cost	4,000	6,629	20,072	22,052
Interest cost	45,918	46,401	45,093	41,361
Plan participants' contributions			11,054	10,377
Gross benefits paid	(56,062)	(87,732)	(43,666)	(44,496)
Actuarial (gain)/loss	(8,858)	(75,442)	7,403	(65,592)
Plan amendments			60	54
BENEFIT OBLIGATION, END OF YEAR¹	819,365	834,367	838,980	798,964
Change in plan assets:				
Fair value of plan assets, beginning of year	793,133	851,205		
Employer contribution to establish postretirement health plan trust			580,725	
Actual return on plan assets	31,062	16,939	54,365	
Employer contributions	11,135	12,721		34,119
Plan participants' contributions			11,054	10,377
Gross benefits paid	(56,062)	(87,732)	(43,666)	(44,496)
FAIR VALUE OF PLAN ASSETS, END OF YEAR	779,268	793,133	602,478	0
UNFUNDED STATUS²	\$ (40,097)	\$ (41,234)	\$ (236,502)	\$ (798,964)

¹ Measurement of the University's pension obligation including assumed salary increases (required by GAAP).

² These amounts totaling \$276,599 as of June 30, 2024 and \$840,198 as of June 30, 2023 are included in the "Accrued Retirement Obligations" line in the Consolidated Balance Sheets.

The accumulated pension benefit obligation (ABO) is a measurement of the University's pension benefit obligation, based on past and present compensation levels and does not include assumed salary increases. The ABO was \$753.6 million and \$760.6 million at June 30, 2024 and 2023,

respectively. The funded status disclosed above has been prepared in accordance with pension accounting rules. When measured on an IRS funding basis, which informs the University's required cash contribution amount, the plan was overfunded at January 1, 2024.

Net periodic benefit cost

Components of net periodic benefit cost and other amounts recognized in the *Consolidated Statements of Changes in Net Assets with General Operating Account Detail* are summarized as follows for the years ended June 30, 2024 and 2023 (in thousands of dollars):

	Pension benefits		Postretirement health benefits	
	2024	2023	2024	2023
Components of net periodic benefit cost:				
Operating				
Service cost	\$ 4,000	\$ 6,629	\$ 20,072	\$ 22,052
Total operating activity	4,000	6,629	20,072	22,052
Non-operating				
Interest cost	45,918	46,401	45,093	41,361
Expected return on plan assets	(41,429)	(42,209)		
Amortization of:				
Actuarial gain			(22,446)	(19,055)
Prior service cost/(credit)	33	287	(5,303)	(7,931)
Total non-operating activity ¹	4,522	4,479	17,344	14,375
Total net periodic benefit cost	8,522	11,108	37,416	36,427
Other amounts recognized in non-operating activity in unrestricted net assets:				
Current year net actuarial loss/(gain)	1,509	(50,173)	(46,963)	(65,592)
Plan amendments			60	54
Amortization of:				
Prior service (cost)/credit	(33)	(287)	5,303	7,931
Actuarial gain			22,446	19,055
Total other amounts recognized in non-operating activity ¹	1,476	(50,460)	(19,154)	(38,552)
TOTAL RECOGNIZED IN THE CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS WITH GENERAL OPERATING ACCOUNT DETAIL	\$ 9,998	\$ (39,352)	\$ 18,262	\$ (2,125)

¹ These amounts totaling \$4,188 in fiscal year 2024 and (\$70,158) in fiscal year 2023 include gains and losses and other changes in the actuarially determined benefit obligations arising in the current period but that have not yet been reflected within net periodic benefit cost/(income) and are included in the "Change in Retirement Obligations" line in the Consolidated Statements of Changes in Net Assets with General Operating Account Detail.

Cumulative amounts recognized as non-operating changes in net assets without donor restrictions are summarized as follows for the years ended June 30, 2024 and 2023 (in thousands of dollars):

	Pension benefits		Postretirement health benefits	
	2024	2023	2024	2023
Net actuarial loss/(gain)	\$ 13,584	\$ 12,075	\$ (433,545)	\$ (409,029)
Prior service cost/(credit)		33	(20,416)	(25,779)
CUMULATIVE AMOUNTS RECOGNIZED IN UNRESTRICTED NET ASSETS	\$ 13,584	\$ 12,108	\$ (453,961)	\$ (434,808)

Other assumptions and health care cost trend rates used in determining the year end obligation as well as the net periodic benefit cost of the pension and postretirement health plans are summarized as follows for fiscal years 2024 and 2023:

	Pension benefits		Postretirement health benefits	
	2024	2023	2024	2023
Weighted-average assumptions used to determine benefit obligation as of June 30:				
Discount rate	5.80%	5.70%	5.75%	5.60%
Compensation increase trend:				
Initial rate	5.00%	5.00%	5.00%	5.00%
Ultimate rate	3.50%	3.50%	3.50%	3.50%
Year of ultimate	2025	2025	2025	2025
Cash balance (or similar formula) interest crediting rate	5.25%	5.25%	N/A	N/A
Pension increases for in-payment benefits increase trend:	0.13%			
Initial rate	N/A	1.00%	N/A	N/A
Ultimate rate	N/A	0.13%	N/A	N/A
Year of ultimate	N/A	2024	N/A	N/A
Current health care cost trend rate:				
Pre-65	N/A	N/A	7.00%	7.25%
Post-65	N/A	N/A	6.50%	6.75%
EGWP	N/A	N/A	(26.01%)	16.00%
Ultimate health care cost trend rate:				
Pre-65 and Post-65	N/A	N/A	5.00%	5.00%
EGWP	N/A	N/A	5.00%	4.00%
Year of ultimate	N/A	N/A	2031	2029
Weighted-average assumptions used to determine net periodic benefit (income)/cost:				
Discount rate	5.70%	5.05%	5.60%	4.90%
Expected long-term rate of return on plan assets	5.00%	4.75%	N/A	N/A
Compensation increase trend:				
Initial rate	5.00%	5.00%	5.00%	5.00%
Ultimate rate	3.50%	3.50%	3.50%	3.50%
Year of ultimate	2025	2025	2025	2025
Pension increases for in-payment benefits increase trend:				
Initial rate	1.00%	1.50%	N/A	N/A
Ultimate rate	0.13%	0.25%	N/A	N/A
Year of ultimate	2024	2025	N/A	N/A
Health care cost trend rate:				
Initial rate Pre-65	N/A	N/A	7.25%	7.00%
Initial rate Post-65	N/A	N/A	6.75%	7.00%
Ultimate rate	N/A	N/A	5.00%	5.00%
Year of ultimate	N/A	N/A	2029	2029

The expected return on pension plan assets is determined by utilizing an independent advisor's capital markets model, which takes into account the expected real return, before inflation, for each of the pension portfolio's asset classes, as well as the correlation of any one asset class to every other asset class. This model calculates the real returns and correlations and derives an expected real return for the entire portfolio, given the percentage weighting allocated to each asset class. After calculating the expected real return,

an assessment is made to accommodate the expected inflation rate for the forthcoming period. The final expected return on assets is the aggregate of the expected real return plus the expected inflation rate.

Plan assets

The actual asset allocation of the investment portfolio for the pension plan at June 30, 2024 and 2023, along with target allocations for June 30, 2025, is as follows:

	2025 Target	June 30, 2024	June 30, 2023
Asset allocation by category for pension plan:			
Fixed income securities	75-90%	80.9%	80.4%
Equity securities	15-25	18.5	19.5
Cash	0-5	0.6	0.1
TOTAL OF ASSET ALLOCATION CATEGORIES		100.0%	100.0%

The University's investment strategy for the pension portfolio is to manage the assets across a broad and diversified range of investment categories, both domestic and international. The objective is to achieve a risk-adjusted return that is in line with the long-term obligations that the University has to the pension plan beneficiaries. During fiscal year 2024, the University increased its allocation to fixed income securities to manage the interest rate volatility associated with its pension obligations. The

University expects to keep this strategy in future years. The investment program is also managed to comply with all ERISA regulations.

The following is a summary of the levels within the fair value hierarchy for the pension plan assets subject to fair value measurement as of June 30, 2024 and 2023 (in thousands of dollars):

	2024			2023		
	Level 1	Level 2	Level 3	Net asset value	Total	Total
PLAN ASSETS:						
Cash and short-term investments	\$ 17,850				\$ 17,850	\$ 13,408
Domestic equity				\$ 66,814	66,814	64,305
Foreign equity				74,061	74,061	72,215
Domestic fixed income				619,290	619,290	589,061
Emerging market equity and debt					0	14,776
Hedge funds				102	102	137
Private equity				1,123	1,123	1,250
High yield					0	37,974
PLAN ASSETS SUBJECT TO FAIR VALUE LEVELING	\$ 17,850	\$ 0	\$ 0	\$ 761,390	\$ 779,240	\$ 793,126
Other assets not subject to fair value					28	7
TOTAL PLAN ASSETS					\$ 779,268	\$ 793,133

The postretirement health plan trust assets are commingled in the GIA under the guidelines prescribed by the HMC investment valuation policy, which is reviewed and approved by the HMC Board of Directors on an annual basis. Investments of the postretirement health plan are categorized within the fair-value hierarchy as Level 2 investments (see Note 3).

Expected future benefit payments

Employer contributions of \$15.4 million are expected for fiscal year 2025 to fund the pension benefit plan.

The following table summarizes expected benefit payments and subsidies for pension and other postretirement health benefits for the University (in thousands of dollars):

Fiscal year	Expected benefit payments	
	Pension	Postretirement health
2025	\$ 66,106	\$ 30,510
2026	66,302	36,259
2027	67,416	38,976
2028	68,355	41,631
2029	69,122	44,362
Thereafter	346,123	262,878

12. STUDENT FINANCIAL AID

Financial aid granted to students in fiscal 2024 and 2023 is summarized as follows (in thousands of dollars):

	2024	2023
Scholarships and other student awards:		
Scholarships applied to student income ¹	\$ 556,716	\$ 530,743
Scholarships and other student awards paid directly to students	192,419	181,295
Total scholarships and other student awards	749,135	712,038
Student employment	104,302	101,699
Student loans	13,632	13,722
Agency financial aid ²	24,726	23,889
TOTAL STUDENT FINANCIAL AID	\$ 891,795	\$ 851,348

¹ Includes \$249,978 and \$235,832 in fiscal 2024 and 2023, respectively, of undergraduate scholarships applied to student income.

² Represents aid from sponsors for which the University acts as an agent for the recipient.

13. SPONSORED SUPPORT

Total expenditures funded by US government sponsors or by institutions that subcontract federally sponsored projects to the University were \$686.5 million and \$676.1 million in fiscal year 2024 and 2023, respectively. The University's principal source of federally sponsored funds is the Department of Health and Human Services. The University also has many non-federal sources of sponsored awards and grants, including corporations, foundations, state and local governments, foreign governments, and research institutes.

Sponsored grants and contracts normally provide for the recovery of direct and indirect costs. Recovery of related indirect costs is generally recorded at fixed or predetermined rates negotiated with the federal government and other sponsors. Predetermined federal indirect cost rates have been established for the University Area and the Medical School (including the School of Dental Medicine) through fiscal year 2028. The T.H. Chan School of Public Health has predetermined indirect cost rates through fiscal year 2024. Funds received for federally sponsored activity are subject to audit.

14. GIFTS

Gifts are classified as net assets with or without restrictions in accordance with donor specifications.

Additionally, gifts are categorized by purpose as "Current use", "Non-federal sponsored grants", "Endowment funds", "Split interest agreements", or "Loan funds and facilities".

Gifts received for the year ended June 30, 2024 are summarized as follows (in thousands of dollars):

	2024		Total
	Gifts received	Donor redesignations/ other changes	
Current use	\$ 530,001	\$ (2,322)	\$ 527,679
Non-federal sponsored grants	224,129	(6,054)	218,075
Endowment funds	366,556	1,567	368,123
Split interest agreements ¹	5,994		5,994
Loan funds and facilities	54,140	169	54,309
TOTAL GIFTS	\$ 1,180,820	\$ (6,640)	\$ 1,174,180

¹ Shown at net present value. The undiscounted value of these gifts was \$13,573 for the year ended June 30, 2024.

Gifts received for the year ended June 30, 2023 are summarized as follows (in thousands of dollars):

	2023		Total
	Gifts received	Donor redesignations/ other changes	
Current use	\$ 482,107	\$ 3,775	\$ 485,882
Non-federal sponsored grants	232,226	(2,782)	229,444
Endowment funds	566,660	(6,053)	560,607
Split interest agreements ¹	6,279		6,279
Loan funds and facilities	96,210	(35)	96,175
TOTAL GIFTS	\$ 1,383,482	\$ (5,095)	\$ 1,378,387

¹ Shown at net present value. The undiscounted value of these gifts was \$12,342 for the year ended June 30, 2023.

15. OTHER REVENUE

The major components of other revenue for the years ended June 30, 2024 and 2023 were as follows (in thousands of dollars):

	2024	2023
Publications and royalties from copyrights	\$ 280,534	\$ 281,024
Rental and parking ¹	160,345	141,449
Services income	139,404	136,811
Royalties from the commercialization of intellectual property ²	106,996	58,989
Health and clinic fees	73,414	72,580
Sales income	34,827	32,376
Interest income	21,784	15,317
Other student income	4,447	5,025
Other	61,261	49,345
TOTAL OTHER REVENUE	\$ 883,012	\$ 792,916

¹ The University is the lessor of space and facilities under operating leases, the income from which is included in rental and parking.

² Distributions to external parties is recorded as expense in "Services purchased."

16. OTHER EXPENSES

The major components of other expenses for the years ended June 30, 2024 and 2023 were as follows (in thousands of dollars):

	2024	2023
Subcontract expenses under sponsored projects	\$ 184,344	\$ 179,941
Travel	104,896	93,449
Advertising	65,670	65,353
Publishing	50,703	50,202
Taxes and fees	44,039	42,196
Insurance	24,051	23,207
Postage	14,398	14,911
Fixed asset impairments	11,769	7,394
Telephone	9,135	10,971
Other	86,620	90,756
TOTAL OTHER EXPENSES	\$ 595,625	\$ 578,380

17. FUNCTIONAL AND NATURAL CLASSIFICATION OF OPERATING EXPENSES

Operating expenses are allocated functionally on a direct basis. Operations and maintenance expenses are allocated based on square footage.

Operating expenses by functional classification for the year ended June 30, 2024 were as follows (in thousands of dollars):

	2024				Total
	Instruction and academic support	Research ¹	Student services and support	Institutional support and auxiliary	
Salaries and wages	\$ 1,367,721	\$ 348,837	\$ 179,195	\$ 735,889	\$ 2,631,642
Employee benefits	342,262	82,016	61,915	204,445	690,638
Services purchased	448,121	107,728	80,122	285,104	921,075
Depreciation	47,043	155,104	16,884	221,226	440,257
Space and occupancy	138,512	75,965	38,130	186,543	439,150
Supplies and equipment	87,848	59,237	46,236	96,379	289,700
Interest	21,238	52,593	15,115	137,459	226,405
Scholarships and other student awards			192,419		192,419
Other expense and overhead allocations	51,157	451,784	35,637	57,047	595,625
TOTAL EXPENSES	\$ 2,503,902	\$ 1,333,264	\$ 665,653	\$ 1,924,092	\$ 6,426,911

¹ The methodology used to allocate expenses for financial statement purposes is different than methodologies used for other purposes, such as governmental surveys.

Operating expenses by functional classification for the year ended June 30, 2023 were as follows (in thousands of dollars):

	2023				Total
	Instruction and academic support	Research ¹	Student services and support	Institutional support and auxiliary	
Salaries and wages	\$ 1,261,358	\$ 330,493	\$ 164,182	\$ 665,043	\$ 2,421,076
Employee benefits	307,980	77,943	54,257	188,124	628,304
Services purchased	407,481	126,438	69,973	188,049	791,941
Depreciation	47,043	155,078	16,595	206,093	424,809
Space and occupancy	128,490	68,282	33,859	163,448	394,079
Supplies and equipment	85,546	60,946	44,306	92,525	283,323
Interest	21,307	48,498	14,397	124,388	208,590
Scholarships and other student awards			181,295		181,295
Other expense and overhead allocations	37,026	442,002	35,189	64,163	578,380
TOTAL EXPENSES	\$ 2,296,231	\$ 1,309,680	\$ 614,053	\$ 1,691,833	\$ 5,911,797

¹ The methodology used to allocate expenses for financial statement purposes is different than methodologies used for other purposes, such as governmental surveys.

18. COMMITMENTS AND CONTINGENCIES

Lease commitments

The University is the lessee of equipment and space under operating (rental) and finance leases. The University determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified, and recognized at lease commencement. The University categorizes leases with contractual terms longer than twelve months as either operating or finance. The University's leases generally have terms that range from one to five years for equipment and one to twenty years for property, with certain leases inclusive of renewal options if they are considered to be reasonably assured at lease commencement. Right of use assets and lease liabilities for operating leases are included in "Operating leases—right of use assets" and "Operating lease liabilities", respectively, in the *Consolidated Balance Sheets*. Finance lease right of use assets and lease liabilities are included in "Fixed assets, net" and "Deferred revenue and other liabilities", respectively, in the *Consolidated Balance Sheets*. Lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease.

Operating and finance lease right of use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the collateralized incremental borrowing rate at the commencement date in determining the present value of future payments. Rent expense related to operating leases, including short-term leases and variable lease payments, was \$114.6 million and \$114.0 million in fiscal year 2024 and 2023, respectively.

Maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating and finance lease liabilities (in thousands of dollars):

	Operating	Finance
2025	\$ 82,688	\$ 15,955
2026	79,957	26,303
2027	74,871	16,499
2028	71,492	14,894
2029	69,218	13,999
Thereafter	531,793	125,073
TOTAL LEASE PAYMENTS	910,019	212,723
Less: Imputed interest	(188,146)	(112,089)
PRESENT VALUE OF LEASE LIABILITIES	\$ 721,873	\$ 100,634

Weighted-average remaining lease term and discount rate for operating and finance leases were as follows:

	June 30, 2024
Weighted average remaining lease term	
Operating leases	14.7 YEARS
Finance leases	14.5 YEARS
Weighted average discount rate	
Operating leases	3.1%
Finance leases	4.6%

The University leases properties to customers under agreements that are classified as operating or sales-type leases. Property leased to others in operating lease arrangements are included in "Fixed assets, net" in the *Consolidated Balance Sheets*. Revenue is recognized to the extent that amounts are determined to be collectible.

Fixed asset-related commitments

The University has various commitments for capital projects involving construction and renovation of certain facilities, real estate acquisitions, and equipment purchases, for which the outstanding commitments as of June 30, 2024 totaled approximately \$1.0 billion.

Environmental remediation

The University is subject to laws and regulations concerning environmental remediation and has established reserves for potential obligations that management considers to be probable and for which reasonable estimates can be made. These estimates may change substantially depending on new information regarding the nature and extent of contamination, appropriate remediation technologies, and regulatory approvals. Costs of future environmental remediation have been discounted to their net present value. Management is not aware of any existing conditions that it believes are likely to have a material adverse effect on the University's financial position, changes in net assets, or cash flows.

General

The University is a defendant in various legal actions arising from the normal course of its operations. While it is not possible to predict accurately or determine the eventual outcome of such actions, management believes that the outcome of these proceedings will not have a material adverse effect on the University's financial position, changes in net assets, or cash flows.

The University has evaluated subsequent events through October 16, 2024, the date the financial statements were issued. The University has concluded that no material events have occurred that are not accounted for in the accompanying financial statements or disclosed in the accompanying notes.

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PEGGY NEWELL
Vice President and Deputy to the President

JENNIFER O'CONNOR
Vice President and General Counsel

MARTHA WHITEHEAD
Vice President for the Harvard Library

+ NEW MEMBER FOR 24-25

* JCI MEMBER

APPENDIX C

**DEFINITION OF CERTAIN TERMS AND SUMMARY OF
CERTAIN PROVISIONS OF THE AGREEMENT**

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DEFINITIONS OF CERTAIN TERMS

In addition to terms defined elsewhere in the Official Statement, the following terms have the following meanings in the Loan and Trust Agreement dated as of March 1, 2025 (the “Agreement”) among the Issuer, the Institution and the Trustee, unless the context otherwise requires:

“Alternate Credit Facility” means a Credit Facility issued to replace an existing Credit Facility in accordance with the Agreement; provided, however, that any amendment, extension, or renewal of the Credit Facility then in effect for the purpose of extending the Expiration Date of such Credit Facility or modifying such Credit Facility pursuant to its terms shall not be deemed to be an Alternate Credit Facility for purposes of the Agreement.

“Alternate Liquidity Facility” means a Liquidity Facility issued to replace an existing Liquidity Facility in accordance with the Agreement; provided, however, that any amendment or extension or renewal of the Liquidity Facility for the purpose of extending the Expiration Date of such Liquidity Facility or modifying such Liquidity Facility shall not constitute an Alternate Liquidity Facility for purposes of the Agreement.

“Applicable Factor” means during any Direct Purchase Period, a percentage designated by the Market Agent, or, with an Opinion of Bond Counsel, such other percentage as may be designated as the Applicable Factor for such Direct Purchase Period pursuant to the Agreement.

“Applicable Spread” means, with respect to each Direct Purchase Period, the number of basis points determined on or before the first day of such Direct Purchase Period and designated in writing by the Institution, the Market Agent or the Direct Purchaser in accordance with the Agreement (which may include a schedule for the Applicable Spread based upon the ratings assigned to the unenhanced, long-term debt of the Institution) that, when added to the product of (x) the Direct Purchase Index multiplied by (y) the Applicable Factor, would equal the minimum interest rate per annum that would enable the Direct Purchase Bonds to be sold on such date at a price equal to the principal amount thereof.

“Authorized Denominations” means with respect to any (i) Long-Term Bond, FRN Bond or Fixed Bond, \$5,000 and any integral multiple thereof; and (ii) Short-Term Bond, Term Floater Rate Bond, Window Bond, Weekly Bond, Daily Bond, Direct Purchase Bond or Flexible Rate Bond, (A) \$100,000 and any integral multiple of \$5,000 in excess of \$100,000 or (B) with respect to a Direct Purchase Bond, with the prior written consent of the Direct Purchaser, \$5,000 and any integral multiple thereof.

“Authorized Officer” means: (i) in the case of the Issuer, each of the Executive Director & President/Chief Executive Officer, Senior Executive Vice President/Deputy Director, Treasurer and Executive Vice President for Finance & Administration and Chief Financial Officer, General Counsel and Secretary, Executive Vice President of Finance Programs, or Senior Vice President, Investment Banking or any other official of the Issuer so designated by a resolution of the Issuer, and when used with reference to an act or document of the Issuer also means any other person authorized to perform the act or execute the document; and (ii) in the case of the Institution, the President, the Vice President of Finance, the Treasurer or other chief financial officer or any Assistant Treasurer, and when used with reference to an act or document of the Institution, also means any other person authorized to perform the act or execute the document.

“Available Money” means: (i) when used in connection with any particular Bonds for which there is a Credit Facility or a Liquidity Facility in effect for such Bonds:

- (A) money obtained by the Trustee pursuant to such Credit Facility for payment of the principal or Redemption Price of or interest on such Bonds or pursuant to such Liquidity Facility for the payment of the Purchase Price of such Bonds;
- (B) money derived from the remarketing of such Bonds which is directly paid to and held by the Trustee for the payment of the Purchase Price of such Bonds in accordance with Section 304 of the Agreement;
- (C) money which has been on deposit with the Trustee for at least one hundred twenty-four (124) days prior to and during which no petition by or against the Issuer or the Institution, under the United States Bankruptcy Code of 1978, as amended, 11 U.S.C. Sec. 101 et seq. (the “Bankruptcy Code”) shall have been filed or any bankruptcy or similar proceeding shall have been commenced,

unless such petition or proceeding shall have been dismissed and such dismissal shall be final and not subject to appeal;

(D) any other money the application of which to the payment of, if a Credit Facility is then in effect, the principal or Redemption Price of or interest on such Bonds, or if a Liquidity Facility is then in effect for such Bonds, the Purchase Price of such Bonds, in each case, would not, in the opinion of Bond Counsel, constitute a voidable preference in the case of a filing for protection of the Issuer or the Institution under the Bankruptcy Code; and

(E) the proceeds from the investment of money described in clauses (A) through (D) above; and

(ii) when used in connection with any particular Bonds for which there is no Credit Facility or Liquidity Facility in effect, any money.

“Bank Bond” means any Tendered Bond during the period from and including the date the Purchase Price thereof is paid by a Credit Facility Provider or Liquidity Facility Provider pursuant to a Credit Facility or Liquidity Facility to, but excluding, the earliest of (i) the date on which the principal, Redemption Price or Purchase Price of such Bond, together with all interest accrued thereon, is paid with amounts other than amounts drawn under the Credit Facility or Liquidity Facility, (ii) the date on which the registered owner of a Bond has given written notice of its determination not to sell such Bond following receipt of a purchase notice from the Remarketing Agent with respect to such Bond, or, if notice of such determination is not given on or before the next Business Day succeeding the day such purchase notice is received, the second Business Day succeeding receipt of such purchase notice, or (iii) the date on which such Bond is to be purchased pursuant to an agreement by the registered owner of such Bond to sell such Bond following receipt of a purchase notice from the Remarketing Agent with respect to such Bond, if the Trustee then holds, in trust for the benefit of such registered owner, sufficient money to pay the Purchase Price of such Bond, together with the interest accrued thereon to the date of purchase.

“Bank Bond Rate” means the rate at which a Bank Bond bears interest in accordance with a Credit Facility or Liquidity Facility or the Reimbursement Agreement providing for the issuance of a Credit Facility or Liquidity Facility; provided, however, that in no event shall such rate exceed the Maximum Rate applicable thereto.

“Bond Counsel” means any attorney at law or firm of attorneys selected by the Institution and satisfactory to the Issuer, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States.

“Bond Year” means each one year period (or shorter period from the date of issue of the Bonds) ending on June 30 (unless the Issuer and the Institution select otherwise in accordance with Treasury Regulations Section 1.148-1(b)).

“Bondholder Agreement” means during any Direct Purchase Period, any continuing covenant agreement, bondholder agreement or similar agreement between the Institution and a Direct Purchaser that is designated in writing by the Institution and delivered to the Trustee and the Issuer as the Bondholder Agreement.

“Bondowners” or “Owners” or “Holders” means the registered owners of the Bonds from time to time as shown in the books kept by the Trustee as bond registrar and transfer agent.

“Bonds” means, collectively, the Series A-1 Bonds and Series A-2 Bonds.

“Business Day” when used in connection with any particular Bonds means a day other than (i) a Saturday and Sunday or a (ii) a day on which any of the following are authorized or required to remain closed: (A) during any Interest Rate Period during which a Direct Purchaser is the registered owner of the Bonds, the Direct Purchaser or the Market Agent, (B) banks or trust companies chartered by the State of New York or the United States of America, (C) the designated corporate trust office of the Trustee, (D) the New York Stock Exchange, or (E) if such Bonds are in the Flexible Mode, the Daily Mode, the Weekly Mode, Term Floater Rate Mode, Short-Term Mode, Window Mode, FRN Mode or the Long-Term Mode, the Trustee, the Remarketing Agent, the Calculation Agent or the Provider of a Credit Facility or Liquidity Facility, if applicable, for such Bonds then in effect.

“Calculation Agent” means (a) during any Direct Purchase Period, the Direct Purchaser or any affiliate thereof, or any Person, financial institution or financial advisory firm appointed by the Institution, with the consent of the Direct Purchaser, to serve as Calculation Agent for the Bonds, and (b) during the FRN Mode or the Window Mode, any Person, financial institution or financial advisory firm appointed by the Institution prior to a Conversion to any such Interest Rate Mode to serve as Calculation Agent for the Bonds.

“Certificate of Determination” means a certificate of an Authorized Officer of the Issuer setting forth the terms that will apply to the Bonds upon their Conversion to a new Interest Rate Mode or new Interest Rate Period, as provided in Article III of the Agreement.

“Commonwealth” means The Commonwealth of Massachusetts.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of the date of issuance of the Bonds between the Institution and the dissemination agent named therein, as originally executed and as it may be amended from time to time in accordance with its terms.

“Conversion” means a change in the Interest Rate Mode of all or a portion of the Bonds made in accordance with the provisions of Article III of the Agreement and shall also include (a) a conversion from any Direct Purchase Period to the next Direct Purchase Period; (b) a conversion of the FRN Bonds into a new FRN Interest Rate Period; (c) a conversion from one Fixed Period to a new Fixed Period; (d) a conversion from any Short-Term Interest Rate Period to a new Short-Term Interest Rate Period; and (e) a conversion from any Long-Term Interest Rate Period to a new Long-Term Interest Rate Period.

“Conversion Date” means the day on which the Bonds are converted, or proposed to be converted, from one Interest Rate Mode to a different Interest Rate Mode, or, as applicable, from one Interest Rate Period to another Interest Rate Period as set forth in clauses (a) through (e) of the definition of “Conversion.”

“Conversion Notice” means a notice given pursuant to the Agreement.

“Credit Facility” means a Credit Facility that meets the requirements of the Agreement or a substitute Credit Facility that meets the requirements of the Agreement, which Credit Facility may also constitute a Liquidity Facility if it also provides for the payment by the Provider of money for the payment of the Purchase Price of Tendered Bonds.

“Credit Facility Provider” means the issuer of any Credit Facility, including any Alternate Credit Facility.

“Credit Facility Provider Payment Obligations” means, with respect to a Credit Facility Provider, any loans, advances, debts, liabilities, obligations, contingent obligations, covenants and duties owing by the Institution to the Credit Facility Provider under the Credit Facility Documents, including amounts due under the Reimbursement Agreement or with respect to the Bank Bonds. The amount of the Credit Facility Provider Payment Obligations shall be established or calculated by the Credit Facility Provider from time to time and furnished to the Trustee in writing denominating the interest portion of such Credit Facility Provider Payment Obligations and the principal portion of such Credit Facility Provider Payment Obligations, such establishment or calculation being conclusive of the amount due, absent manifest error.

“Credit Facility Substitution Date” means the date upon which an Alternate Credit Facility is substituted for the Credit Facility then in effect or the date upon which a Credit Facility is provided for Bonds not previously covered by a Credit Facility.

“Credit/Liquidity Facility Account” shall mean the account for the Bonds so designated, created and established in the Purchase Fund pursuant to the Agreement.

“Daily Bonds” means Bonds that bear interest at Daily Rates.

“Daily Interest Rate Period” means each period during the Daily Period for which a particular Daily Rate is in effect, each of which period shall commence on a Business Day and shall remain in effect to, but excluding, the next succeeding Business Day.

“Daily Mode” means the Interest Rate Mode during which the Bonds bear interest at a Daily Rate.

“Daily Period” means the period commencing on a Conversion Date or on a Business Day and extending to, but not including, the next succeeding Business Day, during which Bonds in the Daily Mode bear interest at the Daily Rate, which Daily Period shall generally be comprised of multiple Daily Interest Rate Periods, during which Daily Rates are in effect.

“Daily Rate” means the interest rate at which a Bond in the Daily Mode is determined on a daily basis, as established in accordance with the Agreement.

“Direct Purchase Bonds” means Bonds that bear interest at a Direct Purchase Rate, and any Unremarketed Bonds, if any.

“Direct Purchase Index” means during any Direct Purchase Period, SOFR, Term SOFR, the SIFMA Index, the Municipal Market Data Index or, with an Opinion of Bond Counsel, such other index as may be designated by the Market Agent as the Direct Purchase Index for such Direct Purchase Period pursuant to the Agreement.

“Direct Purchase Interest Rate Period” means each period during a Direct Purchase Period for which a particular Direct Purchase Rate is in effect.

“Direct Purchase Mode” means the Interest Rate Mode during which the Bonds bear interest at the Direct Purchase Rate and during which any Unremarketed Bonds, if any, remain Outstanding.

“Direct Purchase Period” means the period during which Bonds constitute Direct Purchase Bonds, which Direct Purchase Period shall generally be comprised of (i) multiple Direct Purchase Interest Rate Periods, during which Direct Purchase Rates are in effect or (ii) a single Direct Purchase Interest Rate Period, during which a fixed Direct Purchase Rate is in effect. A Direct Purchase Period shall also include any period during which any Unremarketed Bonds remain Outstanding.

“Direct Purchase Period Earliest Redemption Date” means during any Direct Purchase Period, the date or dates on which Direct Purchase Bonds are first subject to optional redemption during the applicable Direct Purchase Period, as established by the Institution, the Market Agent or the Direct Purchaser or as set forth in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement in accordance with the provisions of the Agreement.

“Direct Purchase Rate” means the interest rate per annum on Direct Purchase Bonds determined on a periodic basis as provided in the Agreement, which Direct Purchase Rate may be a fixed rate for the duration of the Direct Purchase Rate Period.

“Direct Purchase Rate Determination Date” means during any Direct Purchase Period, such date established as such by the Institution, the Market Agent or the Direct Purchaser as set forth in the applicable Certificate of Determination, Supplemental Indenture or Bondholder Agreement.

“Direct Purchase Rate Mandatory Purchase Date” means the first day following the last day of each Direct Purchase Interest Rate Period, or any other date established as such in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

“Direct Purchase Term Out Period” means, during any Direct Purchase Period, the Direct Purchase Term out period, if any, established by the Direct Purchaser or the Market Agent or as otherwise set forth in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

“Direct Purchase Term Out Rate” means, during any Direct Purchase Period, the Direct Purchase Term Out Rate, if any, established by the Direct Purchaser or the Market Agent or as otherwise set forth in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

“Direct Purchaser” means, during any Direct Purchase Period, the Holder of the Direct Purchase Bonds, if there is a single Holder of all of the Direct Purchase Bonds of a Series and provided, however, that the Bonds are not then held under the book-entry system. If there is more than one Holder of the Direct Purchase Bonds of a Series, “Direct Purchaser” means the Owners owning a majority in aggregate principal amount of the Direct Purchase Bonds of a series then Outstanding. If the Direct Purchase Bonds are then held under the book-entry system, “Direct Purchaser” means the beneficial owner of the Direct Purchase Bonds, if there is a single beneficial owner of all of the Direct Purchase Bonds. If there is more than one beneficial owner of the Direct Purchase Bonds, “Direct Purchaser” means the beneficial owners who are the beneficial owners of a majority in aggregate principal amount of the Direct Purchase Bonds then Outstanding.

“Electronic Means” means e-mail or other similar electronic means of communication, including a telephonic communication confirmed in writing or written transmission; provided, however, that with respect to notices given to the Trustee, the provisions of the section titled “Notices” in the Agreement shall also apply.

“Electronic Notice” means a notice transmitted through email or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition, to the notice address supplied by or on behalf of the addressee; provided, however, that if the Trustee is unable to provide Electronic Notice to the Bondowners because it does not have the necessary contact information to do so, it shall provide written notice to the Bondowners.

“Eligible Bonds” means any Bonds other than Bank Bonds or Bonds owned by, for the account of, or on behalf of, the Issuer or the Institution.

“Event of Default” means any of the events of default set forth in the Agreement.

“Expiration Date” means, when used in connection with a particular Credit Facility or Liquidity Facility, the date on which such Credit Facility or Liquidity Facility will expire by its terms, as such date may be extended from time to time, or any earlier date on which such Credit Facility or Liquidity Facility shall terminate, expire or be canceled upon delivery of a substitute Credit Facility or Liquidity Facility in accordance with the Agreement, but does not include a Termination Date.

“Federal Agency Securities” shall have the meaning set forth in the Agreement.

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

“Fixed Bonds” means Bonds that bear interest at a Fixed Rate until maturity.

“Fixed Mode” means the Interest Rate Mode during which the Bonds bear interest at a Fixed Rate or Fixed Rates to their maturity date.

“Fixed Period” means the period from and including the Conversion Date and extending (i) to but excluding the date of maturity of a Bond in the Fixed Mode or (ii) to, but excluding, the Conversion Date on which Bonds in the Fixed Mode are converted to another Interest Rate Mode or a new Fixed Period.

“Fixed Rate” means the rate at which a Bond bears interest to its maturity or earlier Conversion Date during the Fixed Period, as established in accordance with the Agreement.

“Flexible Mode” means the Interest Rate Mode during which the Bonds bear interest at the Flexible Rate.

“Flexible Rate” means the per annum interest rate on a Bond in the Flexible Mode determined for such Bond pursuant to the Agreement. The Bonds in the Flexible Mode may bear interest at different Flexible Rates.

“Flexible Rate Bond” means a Bond in the Flexible Mode.

“Flexible Rate Determination Date” means the first day of each Flexible Rate Period.

“Flexible Rate Period” means the period of from one to 270 calendar days (which period must end on a day preceding a Business Day) during which a Flexible Rate Bond shall bear interest at a Flexible Rate, as established pursuant to the Agreement. The Bonds in the Flexible Mode may be in different Flexible Rate Periods.

“FRN Bonds” means Bonds that bear interest at FRN Rates.

“FRN Index” means the SIFMA Index, SOFR, Term SOFR or such other index reasonably expected to measure contemporaneous variations in the cost of newly borrowed funds or inflation, as applicable.

“FRN Index Percentage” means the percentage determined by the Remarketing Agent pursuant to the Agreement with respect to the determination of the FRN Rate.

“FRN Interest Rate Period” means each period during the FRN Period during which FRN Rates are in effect, as described in the Agreement.

“FRN Mode” means the Interest Rate Mode during which the Bonds bear interest at FRN Rates.

“FRN Period” means the period during which Bonds constitute FRN Bonds, which FRN Period shall generally be comprised of multiple FRN Interest Rate Periods, during which FRN Rates are in effect.

“FRN Rate” means, with respect to the FRN Bonds in a particular FRN Interest Rate Period, the interest rate per annum on FRN Bonds during such FRN Interest Rate Period determined on a periodic basis as provided in the Agreement, which is equal to the sum of (a) the FRN Index multiplied by the FRN Index Percentage, plus (b) the FRN Spread.

“FRN Rate Conversion Date” means (a) a continuation of the FRN Bonds in a new FRN Interest Rate Period with a new FRN Rate Mandatory Purchase Date and (b) a conversion of the FRN Bonds from an FRN Interest Rate Period to an Interest Rate Period other than an FRN Interest Rate Period.

“FRN Rate Determination Date” means, with respect to any FRN Bonds, the Business Day on which the FRN Rate is determined by the Calculation Agent during each FRN Interest Rate Period, as determined by the Remarketing Agent pursuant to the Agreement. The FRN Rate Determination Date for Bonds bearing interest at an

FRN Rate shall be: (a) during an FRN Interest Rate Period for which the FRN Index is the SIFMA Index, each Wednesday, or if such Wednesday is not a Business Day, the following Business Day, (b) during an FRN Interest Rate Period for which the FRN Index is based on SOFR, the U.S. Government Securities Business Day immediately preceding each effective date, and (c) during an FRN Interest Rate Period for which the FRN Index is based on Term SOFR, the first Business Day of each month.

“FRN Rate Hard Put Bonds” means those FRN Bonds that are required to be purchased on an FRN Rate Hard Put Mandatory Purchase Date, pursuant to the election of the Institution under the Agreement.

“FRN Rate Hard Put Mandatory Purchase Date” means, with respect to the FRN Rate Hard Put Bonds, the first day following the last day of each FRN Interest Rate Period.

“FRN Rate Mandatory Purchase Date” means, with respect to the FRN Bonds, each FRN Rate Hard Put Mandatory Purchase Date and FRN Rate Soft Put Mandatory Purchase Date.

“FRN Rate Soft Put Bonds” means any FRN Bonds that, pursuant to the election of the Institution under the Agreement, are required to be purchased on an FRN Rate Soft Put Mandatory Purchase Date, but only to the extent that (a) remarketing proceeds, (b) funds made available from a Credit Facility or a Liquidity Facility or (c) other amounts made available by the Institution, in its sole discretion, are available for such purchase.

“FRN Rate Soft Put Mandatory Purchase Date” means, with respect to the FRN Rate Soft Put Bonds, the first day following the last day of each FRN Interest Rate Period.

“FRN Spread” means the spread, determined by the Remarketing Agent in accordance with the Agreement prior to the commencement of an FRN Interest Rate Period.

“Government or Equivalent Obligations” means (i) obligations issued or guaranteed by the United States; (ii) obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Home Loan Bank System, the Farm Credit System, or any other agency or instrumentality of the United States of America; (iii) certificates evidencing ownership of the right to the payment of the principal of and interest on obligations described in clause (i), provided that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee or the Issuer, as the case may be, in a special account separate from the general assets of such custodian; (iv) shares of any open-end or closed-end management type investment company or trust registered under 15 U.S.C. §80(a)-1 et seq., provided that the portfolio of such investment company or trust is limited to obligations described in clause (i) and repurchase agreements fully collateralized by such obligations, and provided further that such investment company or trust shall take custody of such collateral either directly or through a custodian satisfactory to the Trustee or the Issuer; and (v) tax-exempt obligations of any state or instrumentality, agency or political subdivision thereof, which are fully secured by, or payments of principal and interest on which shall be made from, obligations described in clause (i) above.

“Immediate Termination Date” means, with respect to Bonds secured by a Liquidity Facility in the form of a standby bond purchase agreement or other standby liquidity agreement, the date, if any, on which a Liquidity Facility Provider’s obligation to advance funds or purchase Bonds under such Liquidity Facility terminates immediately in accordance with its terms.

“Index Reset Date” means the first Business Day of each calendar month or as otherwise established in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

“Initial Long-Term Period” means the period commencing on the date of issuance of the Bonds and ending on (i) May 12, 2032, with respect to the Series A-1 Bonds, and (ii) November 14, 2035, with respect to the Series A-2 Bonds.

“Initial Window Rate Spread” means with respect to any Conversion to a Window Period, the spread determined by the Remarketing Agent on the applicable Window Rate Determination Date pursuant to the Agreement.

“Institution Elective Purchase Date” means the date designated by the Institution for the purchase of Daily Bonds, Weekly Bonds or Window Bonds pursuant to Article III of the Agreement.

“Institution Funds Account” means the account by that name in the Purchase Fund established pursuant to the Agreement.

“Interest Accrual Date” means:

- (i) with respect to any Fixed Period, any Long-Term Period or any Term Floater Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date during such period, other than the last such Interest Payment Date;
- (ii) with respect to any Weekly Period, the first day thereof and, thereafter, the first Wednesday of each calendar month during such Weekly Period;
- (iii) with respect to any Daily Period, the first day thereof and, thereafter, the first day of each calendar month during such period;
- (iv) with respect to any Window Period, the first day thereof and, thereafter, the first Thursday of each calendar month during such Window Period;
- (v) with respect to any FRN Period, (a) during an FRN Interest Rate Period for which the FRN Index is the SIFMA Index, the first day thereof and, thereafter, the first Thursday of each calendar month during such FRN Interest Rate Period, and (b) during an FRN Interest Rate Period for which the FRN Index is based on any other index as permitted under the Agreement, the first day thereof and, thereafter, each Interest Payment Date during such FRN Interest Rate Period, other than the last such Interest Payment Date;
- (vi) with respect to any Short-Term Period, the first day thereof;
- (vii) with respect to any Flexible Rate Period, the first day thereof; and
- (viii) with respect to any Direct Purchase Period, either the first calendar day of each month or the first Business Day of each calendar month, or such other date as may be set forth in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

“Interest Accrual Period” means, during any Direct Purchase Period, the Interest Accrual Period established in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

“Interest Payment Date” means:

- (i) with respect to any Weekly Period, the first Wednesday of each calendar month, or, if the first Wednesday is not a Business Day, the next succeeding Business Day;
- (ii) with respect to any Daily Period, the first Business Day of each calendar month;
- (iii) with respect to any FRN Period, (a) during an FRN Interest Rate Period for which the FRN Index is the SIFMA Index, the first Thursday of each month, or if such first Thursday is not a Business Day, the next succeeding Business Day, and (b) during an FRN Interest Rate Period for which the FRN Index is based on any other index as permitted under the Agreement, the first Business Day of each calendar month;
- (iv) with respect to any Fixed Period or Long-Term Period, each May 15 and November 15;
- (v) with respect to any Short-Term Interest Rate Period, the first Business Day next succeeding the last day thereof;
- (vi) with respect to each Interest Rate Mode, the day next succeeding the last day thereof, and any Conversion Date;
- (vii) with respect to any Window Period, the first Thursday of each month, or if such first Thursday is not a Business Day, the next succeeding Business Day;
- (viii) with respect to the Bonds in the Flexible Mode, each Mandatory Tender Date applicable thereto;
- (ix) with respect to any Bank Bonds, as provided in the applicable Reimbursement Agreement;

- (x) with respect to any Term Floater Rate Period, the first Business Day of each calendar month;
- (xi) a maturity date; and
- (xii) with respect to any Direct Purchase Period, the first Business Day of each calendar month, or such other day or days as may otherwise be established in the applicable Supplemental Indenture, Certificate of Determination or Bondholder Agreement.

“Interest Rate Mode” means a Daily Mode, a Weekly Mode, a Short-Term Mode, a Long-Term Mode, an FRN Mode, a Term Floater Rate Mode, a Window Mode, a Flexible Mode, a Direct Purchase Mode or a Fixed Mode.

“Interest Rate Period” means a Daily Interest Rate Period, a Weekly Interest Rate Period, a Short-Term Interest Rate Period, a Long-Term Interest Rate Period, a Flexible Rate Period, an FRN Interest Rate Period, a Term Floater Interest Rate Period, a Window Interest Rate Period, a Direct Purchase Interest Rate Period or a Fixed Period.

“IRC” means the Internal Revenue Code of 1986, as it may be amended and applied to each series of Bonds from time to time.

“Issuance Date” means March 18, 2025.

“Liquidity Facility” means, when used in connection with any particular Bond, a Liquidity Facility that meets the requirements of the Agreement or a substitute Liquidity Facility that meets the requirements of the Agreement and includes a Credit Facility that constitutes a Liquidity Facility pursuant to the definition of “Credit Facility.” A Self-Liquidity Arrangement is not a Liquidity Facility.

“Liquidity Facility Provider” means the issuer of any Liquidity Facility, including any Alternate Liquidity Facility.

“Liquidity Facility Provider Payment Obligations” means, with respect to a Liquidity Facility Provider, any loans, advances, debts, liabilities, obligations, contingent obligations, covenants and duties owing by the Institution to the Liquidity Facility Provider under the Liquidity Facility Documents, including amounts due under the Reimbursement Agreement or with respect to the Bank Bonds. The amount of the Liquidity Facility Provider Payment Obligations shall be established or calculated by the Liquidity Facility Provider from time to time and furnished to the Trustee in writing denominating the interest portion of such Liquidity Facility Provider Payment Obligations and the principal portion of such Liquidity Facility Provider Payment Obligations, such establishment or calculation being conclusive of the amount due, absent manifest error.

“Liquidity Facility Substitution Date” means the date upon which an Alternate Liquidity Facility is substituted for the Liquidity Facility then in effect or the date upon which a Liquidity Facility is provided for Bonds not previously covered by a Liquidity Facility.

“Long-Term Bonds” means Bonds that bear interest at Long-Term Rates.

“Long-Term Interest Rate Period” means each period during the Long-Term Period for which a particular Long-Term Rate is in effect.

“Long-Term Mode” means the Interest Rate Mode during which the Bonds bear interest at the Long-Term Rate.

“Long-Term Period” means the Initial Long-Term Period, and thereafter, the period during which Bonds constitute Long-Term Bonds, which Long-Term Period shall generally be comprised of multiple Long-Term Interest Rate Periods, during which Long-Term Rates are in effect.

“Long-Term Rate” means the established interest rate per annum on Long-Term Bonds determined on a periodic basis as provided in the Agreement.

“Long-Term Rate Conversion Date” means (a) a continuation of the Long-Term Bonds in a new Long-Term Interest Rate Period with a new Long-Term Rate Mandatory Purchase Date and (b) a conversion of the Long-Term Bonds from a Long-Term Interest Rate Period to an Interest Rate Period other than a Long-Term Interest Rate Period.

“Long-Term Rate Mandatory Purchase Date” means the first day following the last day of each Long-Term Interest Rate Period.

“Managing Underwriters” means Goldman Sachs & Co. LLC.

“Mandatory Purchase Window” means, during a Window Period, (a) 210 days or (b) such other number of days specified by the Remarketing Agent prior to the commencement of the Window Period, with the consent of the Institution, in a written notice to the Trustee, the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any. Any change in the Mandatory Purchase Window shall become effective only at the commencement of a Window Period, on a Window Rate Mandatory Purchase Date or any other mandatory tender for purchase for Window Bonds that occurs pursuant to the Agreement during such Window Period.

“Mandatory Tender Date” means any date on which a Bond is required to be tendered for purchased in accordance with Article III of the Agreement.

“Market Agent” means the Person, if any, appointed by the Institution to serve as market agent in connection with any Direct Purchase Period.

“Maximum Rate” means (i) for all Bonds except Bank Bonds, ten percent (10%) per annum, and (ii) in the case of a Bond bearing interest at the Bank Bond Rate, as otherwise set forth in any applicable Reimbursement Agreement; provided, however, that in no event shall the Rate at which any Bond bears interest exceed the maximum rate permitted by law.

“Moody’s” means Moody’s Investors Service, Inc., or any successor rating agency.

“Municipal Market Data Index” means the interest rate released by Municipal Market Data for its “Aaa” General Obligation Yield for uninsured bonds for terms up to 30 years, rounded up to the nearest full year in the event of a partial year.

“Opinion of Bond Counsel” means an opinion of Bond Counsel to the effect that the matter or action in question will not have an adverse impact on the tax-exempt status of the Bonds for federal income tax purposes.

“Optional Tender Date” means the Business Days set forth in the Agreement for a Daily Period, a Window Period, a Term Floater Rate Period or a Weekly Period, as applicable.

“Outstanding,” when used to modify Bonds, refers to Bonds issued under the Agreement, excluding: (i) Bonds that have been exchanged or replaced, or delivered to the Trustee for credit against a principal payment or a sinking fund installment; (ii) Bonds that have been paid; (iii) Bonds that have become due and for the payment of which moneys have been duly provided; and (iv) Bonds for which there have been irrevocably set aside sufficient funds, or Government or Equivalent Obligations described in clause (i), (ii) or (iv) of the definition thereof bearing interest at such rates, and with such maturities as will provide sufficient funds, to pay or redeem them, provided, however, that if any such Bonds are to be redeemed prior to maturity, the Issuer shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee.

“Person” means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, any unincorporated organization, a limited liability company, a governmental body or a political subdivision, a municipality, a municipal authority or any other group or organization of individuals.

“Project” means, collectively, the following:

- (i) Existing Part of the Project: the refinancing of a portion of the Issuer’s outstanding commercial paper, which financed certain capital projects described in the following clause (ii); and
- (ii) New Part of the Project: the financing of Eliot House Renovation, Chemistry Complex Electrical and Stormwater Renewal, Goldenson Façade Renovation, Converse 3rd Floor Renewal and Accessibility/Mason Relocation, Converse CCB Ni Promotion, Wadsworth Structural Renewal, Science Center Lecture Hall A and B, Mudd 4th Floor Lab Improvements, Boylston Hall Classroom and AC Renewal and Newell Boathouse Renovation.

“Project Costs” means the costs of issuing the Bonds and carrying out the Project, including repayment of external loans and internal advances for the same to the extent permitted by this Agreement and the Tax Certificate, working capital expenditures directly related to the Project to the extent permitted by the IRC, and interest prior to, during and for up to one year after construction is substantially complete, but excluding general administrative expenses, overhead of the Institution and interest on internal advances.

“Project Officer” means the Vice President for Finance, Director of the Office of Treasury Management, or an alternate or successor appointed by the Institution.

“Purchase Date” means each date on which Bonds are subject to purchase in lieu of optional redemption or optional or mandatory purchase pursuant to the Agreement and shall include each Mandatory Purchase Date.

“Purchase Fund” means the fund so designated, created and established pursuant to the Agreement.

“Purchase Price” means the amount set forth below as payable to the owner of a Bond tendered for purchase pursuant to the Agreement:

(i) when used in connection with a Bond optionally tendered pursuant to the Agreement or, except as provided in clause (ii) or (iii) below, a Bond mandatorily tendered pursuant to the Agreement, an amount equal to one hundred percent (100%) of the principal amount of the Tendered Bonds, plus accrued and unpaid interest thereon to the Tender Date;

(ii) when used in connection with a Bond mandatorily tendered pursuant to the Agreement upon a Conversion from the Fixed Mode or Long-Term Mode, an amount equal to the Redemption Price that would be payable if such Bonds had been called for redemption on the Conversion Date; plus accrued and unpaid interest thereon to the Tender Date; and

(iii) when used in connection with a Bank Bond tendered for purchase, the amount payable to the registered owner of such Bank Bond following receipt by such owner of a purchase notice from the Remarketing Agent, plus, in each case, accrued and unpaid interest thereon to the date of purchase;

(iv) provided, however, that in each case, if the date of purchase is an Interest Payment Date, then the Purchase Price shall not include accrued and unpaid interest, which shall be paid to the Holder of record on the applicable Record Date.

“Rating Agency” means S&P, Moody’s, Fitch or any other nationally recognized securities rating agency acceptable to the Issuer and maintaining a credit rating with respect to the Bonds. Except as otherwise provided in the Agreement, if more than one Rating Agency maintains a credit rating with respect to the Bonds, then any action, approval or consent by or notice to a Rating Agency shall be effective only if such action, approval, consent or notice is given by or to all such Rating Agencies.

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

“Reimbursement Agreement” means any agreement by and between the Institution and the Provider of a Credit Facility or Liquidity Facility pursuant to which the Provider has provided the Credit Facility or Liquidity Facility and the Institution has agreed to reimburse the Provider for money advanced by the Provider for payment of the principal or Redemption Price of or interest on Bonds or the Purchase Price of Bonds tendered or deemed tendered for purchase in accordance with the Agreement.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“Remarketing Agent” means any financial institution appointed as remarketing agent in accordance with the Agreement.

“Remarketing Agreement” means any remarketing agreement between the Institution and the Remarketing Agent with respect to the Bonds, and consented to by the Issuer, and if the Remarketing Agent has been replaced by a successor remarketing agent, any similar agreement between the Institution and such successor remarketing agent.

“Remarketing Proceeds Account” means the account so designated and established within the Purchase Fund pursuant to the Agreement.

“Remarketing Window” has the meaning given in the Agreement.

“Revenues” means all rates, payments, fees, charges, and other income and receipts, including proceeds of insurance, eminent domain and sale, and including proceeds derived from any security provided under the Agreement, payable to the Issuer or the Trustee under the Agreement, excluding administrative fees of the Issuer, fees of the Trustee, reimbursements to the Issuer or the Trustee for expenses incurred by the Issuer or the Trustee, and indemnification of the Issuer and the Trustee.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., or any successor rating agency.

“Self-Liquidity Arrangement” means an agreement or other arrangement from the Institution to pay the Purchase Price of the Bonds.

“Series 2020A Bonds” means the Massachusetts Development Finance Agency Revenue Bonds, Harvard University Issue, Series 2020A.

“Series A-1 Bonds” means the \$217,040,000 Massachusetts Development Finance Agency Revenue Bonds, Harvard University Issue, Series 2025A-1, each dated the date of delivery, and any bond or bonds duly issued in exchange or replacement therefor.

“Series A-2 Bonds” means the \$217,040,000 Massachusetts Development Finance Agency Revenue Bonds, Harvard University Issue, Series 2025A-2, each dated the date of delivery, and any bond or bonds duly issued in exchange or replacement therefor.

“Short-Term Bonds” means Bonds that bear interest at Short-Term Rates.

“Short-Term Interest Rate Period” means each period during the Short-Term Period for which a particular Short-Term Rate is in effect.

“Short-Term Mode” means the Interest Rate Mode during which the Bonds bear interest at Short-Term Rates.

“Short-Term Period” means each period during which Bonds constitute Short-Term Bonds, which Short-Term Period shall generally be comprised of multiple Short-Term Interest Rate Periods, during which Short-Term Rates are in effect.

“Short-Term Rate” means the interest rate per annum on Short-Term Bonds determined on a periodic basis as provided in the Agreement.

“Short-Term Rate Mandatory Purchase Date” means the first day following the last day of each Short-Term Interest Rate Period.

“SIFMA” means the Securities Industry & Financial Markets Association (formerly the Bond Market Association).

“SIFMA Index” means, on any date, a rate determined by the Remarketing Agent on the basis of the seven day high grade market index of tax-exempt variable rate demand obligations, as produced by Bloomberg (or successor organizations) and published or made available by SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Institution and effective from such date or if such index is no longer produced or available, either (i) the S&P Municipal Bond 7 Day High Grade Rate Index as produced and made available by S&P Dow Jones Indices LLC (or successor organizations) or (ii) with an Opinion of Bond Counsel, such other index designed to measure the average interest rate on weekly interest rate reset demand bonds similar to the Bonds as selected by the Institution.

“SOFR” with respect to any day means the secured overnight financing rate published for such U.S. Government Securities Business Day immediately preceding such effective date by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website.

“Supplemental Indenture” means any loan and trust agreement among the Issuer, the Institution and the Trustee modifying, altering, amending, supplementing or confirming the Agreement for any purpose, in accordance with the terms thereof.

“Tax Certificate” means the Tax Certificate and Agreement pertaining to the Bonds executed by the Issuer and the Institution in connection with the original issuance of the Bonds, as amended or supplemented from time to time.

“Tender Date” means each Optional Tender Date or Mandatory Tender Date.

“Tender Notice” means the notice given pursuant to the Agreement by the Holder of a Bond upon its election to tender such Bond.

“Tendered Bond” means a Bond or portion thereof in an Authorized Denomination mandatorily tendered or tendered at the option of the Holder thereof for purchase in accordance with Article III of the Agreement, including a Bond or portion thereof deemed tendered, but not surrendered on the applicable Tender Date, but does not include any Bank Bond or any Bond tendered by or on behalf of the Issuer or the Institution or any affiliate of the Institution.

“Tendered Term Floaters” means Bonds bearing interest at a Term Floater Rate with respect to which a Tender Notice has been received by the Remarketing Agent.

“Term Floater” or “Term Floaters” shall mean a Bond or Bonds, respectively, bearing interest at the Term Floater Rate.

“Term Floater Rate” means a variable interest rate for the Bonds in the Term Floater Rate Mode established in accordance with the Agreement.

“Term Floater Rate Mode” means the Interest Rate Mode during which the Bonds bear interest at a Term Floater Rate.

“Term Floater Rate Period” shall mean the period of time during which any Bonds bear interest at a Term Floater Rate, from a Term Floater Interest Payment Date through and including the day preceding the next Term Floater Interest Payment Date.

“Term Floater Special Mandatory Redemption Date” shall mean the third anniversary of the Tender Notice Date relating to the Tender Notice that resulted in the applicable Failed Remarketing Event (as defined in the Agreement) (or if such day is not a Business Day, the immediately preceding Business Day).

“Term Out Bonds” means Term Floaters while in the Term Out Period.

“Term Out Period” means the period from and including the 6th Business Day from the optional tender of Term Floaters under the Agreement if the Term Floaters have not been successfully remarketed until the earlier to occur of (a) the scheduled maturity date for the applicable Term Floaters, (b) the Term Floater Special Mandatory Redemption Date, (c) the optional redemption of such Term Floaters, (d) the date on which all of the applicable Term Floaters are successfully remarketed and (e) the date on which the Issuer, at the direction of the Institution, converts the Bonds from the Term Floater Rate Mode to a different Interest Rate Mode.

“Term Out Rate” means the rate immediately prior to the Tender Date plus 300 basis points.

“Term SOFR” means the forward-looking term rate for the applicable tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Termination Date” means, when used in connection with a particular Credit Facility or Liquidity Facility, (i) the date on which such Credit Facility or Liquidity Facility will terminate prior to its stated Expiration Date, as set forth in a Default Notice or a Termination Notice delivered by the Provider thereof in accordance with such Credit Facility or Liquidity Facility or the applicable Reimbursement Agreement; or (ii) the date on which such Liquidity Facility or Credit Facility will terminate upon the election of the Institution, which date shall be not less than one Business Day after a Index Reset Date of the Bonds to which the Credit Facility or Liquidity Facility relates that bear interest in the Flexible Mode or Long-Term Mode.

“Termination Notice” means a notice given by a Provider pursuant to a Credit Facility or Liquidity Facility provided by it or the applicable Reimbursement Agreement to the effect that such Credit Facility or Liquidity Facility will terminate on the date specified in such notice.

“U.S. Government Securities Business Day” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading U.S. government securities.

“UCC” means the Massachusetts Uniform Commercial Code as it may be amended from time to time.

“Undelivered Bond” means any Bond that constitutes an Undelivered Bond under the provisions of the Agreement.

“Unremarketed Bonds” means Direct Purchase Bonds for which the Owners have not received the full Purchase Price of all of their Bonds on the applicable Direct Purchase Rate Mandatory Purchase Date.

“Weekly Bonds” means Bonds that bear interest at Weekly Rates.

“Weekly Interest Rate Period” means each weekly period generally consisting of seven days commencing on a Wednesday and ending on the following Tuesday during the Weekly Period for which a particular Weekly Rate is in effect as provided in the Agreement.

“Weekly Mode” means the Interest Rate Mode during which the Bonds bear interest at Weekly Rates.

“Weekly Period” means the entire period during which the Bonds constitute Weekly Bonds, which Weekly Period shall generally be comprised of multiple Weekly Interest Rate Periods, during which the Weekly Rates are in effect.

“Weekly Rate” means the interest rate per annum on Weekly Bonds determined on a weekly basis as provided in the Agreement.

“Window Bonds” means Bonds that bear interest at Window Rates.

“Window Interest Rate Period” means each period during the Window Period for which a particular Window Rate is in effect, which shall be a period generally consisting of 7 days commencing on a Thursday and ending on the following Wednesday, except in the case of (a) the initial Window Rate Interest Period occurring after a Conversion to the Window Mode for which the period shall be from the applicable Conversion Date to and including the following Wednesday and (b) the last Window Interest Rate Period during a Window Period, for which the period shall end on the day preceding the applicable Conversion Date, redemption date or maturity date.

“Window Mode” means the Interest Rate Mode during which the Bonds bear interest at the Window Rate.

“Window Period” means the entire period during which Bonds constitute Window Bonds, which Window Period shall generally be comprised of multiple Window Interest Rate Periods, during which Window Rates are in effect.

“Window Rate” means the interest rate per annum on Window Bonds determined on a periodic basis as provided in the Agreement.

“Window Rate Determination Date” means, with respect to Window Bonds, in the case of a Conversion of Bonds to the Window Period, a Business Day not later than the applicable Conversion Date, and thereafter, each Thursday or, if Thursday is not a Business Day, then the Business Day next following such Thursday.

“Window Rate Mandatory Purchase Date” has the meaning given in the Agreement.

“Window Rate Optional Purchase Date” has the meaning given in the Agreement.

“Window Rate Spread” means, during a Window Period, (a) the Initial Window Rate Spread, or (b) a revised spread determined by the Remarketing Agent pursuant to the Agreement.

Words importing persons include firms, associations and corporations, and the singular and plural forms of words shall be deemed interchangeable wherever appropriate.

SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT

The following is a summary, prepared by Hinckley, Allen & Snyder LLP, Bond Counsel, of certain provisions of the Agreement. Pursuant to the Agreement, the Bonds may bear interest in a Daily Mode, a Weekly Mode, a Short-Term Mode, a Long-Term Mode, an FRN Mode, a Term Floater Rate Mode, a Window Mode, a Flexible Mode, a Direct Purchase Mode or a Fixed Mode. The establishment of interest rates for Bonds in any Interest Rate Mode, Conversions between Interest Rate Modes (including Conversions between certain Interest Rate Periods), optional tender of the Bonds, mandatory tender of the Bonds, and remarketing of the Bonds shall be governed by, and shall be as set forth in, the Agreement.

This summary describes the Bonds while in the Long-Term Mode only. This summary does not purport to be complete and reference is made to the Agreement for full and complete statements of such and all provisions.

Establishment of Funds

The following funds have been established and shall be maintained with the Trustee for the account of the Institution, to be held in trust by the Trustee and applied subject to the provisions of the Agreement:

Debt Service Fund;
Purchase Fund;
Redemption Fund;
Rebate Fund;
Expense Fund; and
Project Fund

(Sections 303, 304, 305, 306, 307 and 401)

Debt Service Fund

A Debt Service Fund is established with the Trustee and moneys shall be deposited therein as provided in the Agreement. The moneys in the Debt Service Fund and any investments held as part of such fund shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of the principal (including sinking fund installments, if any), redemption premium, if any, and interest on the Bonds. Promptly after July 15 of each Bond Year, if the amount deposited by the Institution in the Debt Service Fund during the preceding Bond Year pursuant to the Agreement was in excess of the amount required to be so deposited, the Trustee shall transfer such excess to the Institution unless there is then an Event of Default known to the Trustee with respect to payments to the Debt Service Fund or Rebate Fund or to the Trustee or the Issuer, in which case the excess shall be applied to such payments. (Section 303)

Purchase Fund

Within the Purchase Fund there shall be established a Remarketing Proceeds Account, a Credit/Liquidity Facility Account and an Institution Funds Account. The Trustee shall deposit all moneys delivered to it under the Agreement by the Remarketing Agent for the purchase of Bonds into the Remarketing Proceeds Account and shall hold all such moneys in trust for the exclusive benefit of the Person that shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to it for the account of such Person and, thereafter, for the benefit of the Owners tendering such Bonds. Any remarketing proceeds received after the time of drawing on a Credit Facility or a Liquidity Facility shall be applied to reimburse the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) for such drawing. Proceeds of a remarketing of any Bank Bonds shall be applied to pay the Purchase Price of such Bank Bonds.

The Trustee shall deposit all moneys delivered to it under the Agreement from a payment by or on behalf of the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) for the purchase of Bonds into the Credit/Liquidity Facility Account and shall hold all such moneys in trust for the exclusive benefit of the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) until the Bonds purchased with such moneys shall have been delivered to or for the account of the Credit Facility Provider (if any) or the Liquidity Facility Provider (if any) and, after such delivery, the Trustee shall hold such funds exclusively for the benefit of the Owners tendering such Bonds.

The Trustee shall deposit all moneys delivered to it under the Agreement from a payment by or on behalf of the Institution for the purchase of Bonds into the Institution Funds Account and shall hold all such moneys in trust for the exclusive benefit of the Institution until the Bonds purchased with such moneys shall have been delivered to or for the account of the Institution and, after such delivery, the Trustee shall hold such funds exclusively for the benefit of the Owners tendering such Bonds.

Moneys in a Credit/Liquidity Facility Account, the Remarketing Proceeds Account and the Institution Funds Account shall not be commingled with other funds held by the Trustee and shall remain uninvested in an Eligible Account and without liability for interest on the part of the Trustee. "Eligible Account" shall mean an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a Standard & Poor's short-term debt rating of at least "A-2" (or, if no short-term debt rating, a long-term debt rating of "BBB+"); or (b) maintained with the corporate trust department of a federal depository institution or state chartered depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation Section 9.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity. Neither the Issuer nor the Institution shall have any right, title or interest in or to any moneys held in the Purchase Fund. In the event that an account required to be an Eligible Account no longer complies with the requirement, the Trustee should promptly (and in any case, within not more than thirty (30) calendar days) move such account to another financial institution such that the Eligible Account requirement will again be satisfied. (Section 304)

Redemption Fund

The moneys in the Redemption Fund and any investments held as a part of such Fund shall be held in trust and, except as otherwise provided, shall be applied by the Trustee on behalf of the Issuer solely to the redemption of Bonds. The Trustee may, and upon written direction of the Institution for specific purchases shall, apply moneys in the Redemption Fund to the purchase of Bonds for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the forty five (45) days preceding a redemption date. Accrued interest on the purchase of Bonds shall be paid from the Debt Service Fund.

If on any date the amount in the Debt Service Fund is less than the amount then required to be applied by the Trustee to pay the principal (including sinking fund installments, if any) and interest then due on the Bonds or if on any date the amount in the Rebate Fund is less than the amount then required to be paid to the United States as provided in section captioned "Rebate Fund," the Trustee shall apply the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) first, to the Rebate Fund, and second, to the Debt Service Fund to the extent necessary to meet the deficiency. The Institution shall remain liable for any sums which it has not paid into the Debt Service Fund or Rebate Fund and any subsequent payment thereof shall be used to restore the funds so applied.

If any moneys in the Redemption Fund are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay the redemption price of Bonds called for redemption in accordance with the Agreement, then the Institution shall immediately supply the deficiency. (Section 305)

Rebate Fund.

As more fully described in the Agreement, a Rebate Fund shall be established by the Trustee for the purpose of complying with IRC Section 148(f) and the regulations thereunder. Amounts in the Rebate Fund shall not be available to pay principal, interest, or redemption premium on the Bonds. (Section 306)

Expense Fund

An Expense Fund is established to be held by the Trustee and proceeds of the Bonds shall be deposited therein as provided in the Agreement. The moneys in the Expense Fund and any accounts therein and any investments held as part of such Fund or accounts shall be held in trust and, except as otherwise provided in the Agreement, shall be applied by the Trustee at the written direction of the Institution solely to the payment or reimbursement of the costs of issuing the applicable series of Bonds. The Trustee shall pay from the Expense Fund at the written direction of the Institution the costs of issuing the Bonds, including the reasonable fees and expenses of financial consultants and bond counsel, the reasonable fees and expenses of the Trustee incurred prior to the completion of the Project in accordance with the Agreement, any recording or similar fees and any expenses of the

Institution in connection with the issuance of the Bonds as directed by the Institution. Earnings on the Expense Fund shall not be applied to pay costs of issuance of the Bonds, but shall be transferred to the Debt Service Fund as provided in the Agreement. After all costs of issuing the Bonds have been paid any amounts remaining in the Expense Fund shall be transferred to the Debt Service Fund, upon written direction of the Institution. To the extent the Expense Fund is insufficient to pay any of the above costs, the Institution shall be liable for the deficiency and shall pay an amount equal to such deficiency as directed by the Trustee. (Section 307)

Project Fund.

The moneys in the Project Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided in the Agreement, shall be applied by the Trustee solely to the payment or reimbursement of Project Costs. If there is an Event of Default known to the Trustee with respect to payments to the Rebate Fund, the Debt Service Fund, or to the Issuer or the Trustee, the Trustee may use the Project Fund without requisition to make up the deficiency, and the Institution shall restore the funds so used.

Disbursements from the Project Fund shall be made by the Trustee to pay directly to reimburse the Institution for Project Costs or to make deposits to the Rebate Fund, as directed by requisitions signed on behalf of the Institution by an Authorized Officer. (Section 401)

Application of Moneys

If available moneys in the Debt Service Fund after any required transfers from the Redemption Fund are not sufficient on any day to pay all principal (including sinking fund installments, if any), redemption price and interest on the Outstanding Bonds then due or overdue, such moneys (other than any sum in the Redemption Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee in accordance with the Agreement, be applied (in the order such funds are named in this paragraph) first to the payment of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time) and second to the payment of principal (including sinking fund installments, if any) and redemption premiums, if any, without regard to the order in which the same became due (in proportion to the amounts due). For this purpose interest on overdue principal shall be treated as coming due on the first day of each month. Whenever moneys are to be applied pursuant to the provisions described in this paragraph, such moneys shall be applied at such times, and from time to time, as the Trustee in its discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall exercise such discretion it shall fix the date (which shall be the first of a month unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond, the Trustee may require presentation of the Bond for endorsement of the payment. (Section 308)

Payments by the Institution

During the Initial Long-Term Period, on the Business Day next preceding the date on which a payment of principal (including sinking fund installments, if any) or interest is due on the Bonds, the Institution shall pay to the Trustee for deposit in the Debt Service Fund an amount equal to such payment less the amount, if any, in the Debt Service Fund and available therefor.

At any time when any principal (including sinking fund installments, if any) of the Bonds is overdue, the Institution shall also have a continuing obligation to pay to the Trustee for deposit in the Debt Service Fund an amount equal to interest on the overdue principal until such principal is paid in full. Redemption premiums, if any, shall not bear interest.

Payments by the Institution to the Trustee for deposit in the Debt Service Fund under the Agreement shall discharge the obligation of the Institution to the extent of such payments; provided, that if any moneys are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay principal (including sinking fund installments, if any) and interest on the Bonds when due, the Institution shall supply the deficiency. (Section 309)

Unconditional Obligation

To the extent permitted by law, the obligation of the Institution to make payments to the Issuer and the Trustee under the Agreement shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, shall not be subject to setoff, recoupment or counterclaim and shall be a general obligation of the Institution to which the full faith and credit of the Institution are pledged. (Section 310)

Investments

Pending their use under the Agreement, moneys in the funds and accounts established pursuant to the Agreement may be invested by the Trustee in Permitted Investments (as defined below) maturing or redeemable at the option of the holder at or before the time when such moneys are expected to be needed and shall be so invested pursuant to written direction of the Institution if there is not then an Event of Default known to the Trustee, provided that the Institution shall not request, authorize or permit any investment that would cause any Bonds to be classified as “arbitrage bonds” as defined in IRC Section 148. Any investments shall be held by the Trustee as a part of the applicable fund and shall be sold or redeemed to the extent necessary to make payments or transfers or anticipated payments or transfers from such fund, subject to the notice provisions of the UCC to the extent applicable. In the absence of such investment direction by the Institution, the Trustee shall not be under any obligation to invest (or otherwise pay interest on) any funds held under the Agreement. The Trustee shall not be responsible for any loss on any Permitted Investment, to the extent the Trustee has acted at the written direction of the Institution with respect to such investment.

Except as set forth below, any interest realized on investments in any fund and any profit realized upon the sale or other disposition thereof shall be credited to the fund with respect to which they were earned and any loss shall be charged thereto. Earnings (which for this purpose include net profit and are after deduction of net loss) on proceeds from the sale of Bonds deposited in the Expense Fund shall be transferred to the Debt Service Fund not less often than quarterly. Earnings on the Redemption Fund shall be transferred to the Debt Service Fund and credited against payments otherwise required to be made thereto not less often than quarterly.

The term “Permitted Investments” means (A) Government or Equivalent Obligations; (B) “tax exempt bonds” as defined in IRC Section 150(a)(6), other than “specified private activity bonds” as defined in IRC Section 57(a)(5)(C), rated at least “AA” or “Aa2” by S&P and Moody’s, respectively, or the equivalent by any other nationally recognized rating agency, at the time of acquisition thereof, or shares of a so-called money market or mutual fund that do not constitute “investment property” within the meaning of IRC Section 148(b)(2), provided either that the fund has all of its assets invested in such “tax exempt bonds” of such rating quality or, if such obligations are not so rated, that the fund has comparable creditworthiness through insurance or otherwise and which fund is rated “Aam” or “AAm-G” if rated by S&P, at the time of acquisition thereof; (C) Obligations of any state or political subdivision thereof rated at least “AA-” and “Aa3” by S&P and Moody’s, respectively, at the time of acquisition thereof; (D) negotiable certificates of deposit maturing not more than two years after the date of purchase, and interest-bearing deposit accounts and other bank deposit products of a national association or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank, which (i) has assets of not less than \$1,000,000,000, provided that the senior debt obligations of the issuing institution are rated at least Aa1 by Moody’s or AA- by S&P at the time of acquisition thereof, or (ii) funds are guaranteed by the Federal Deposit Insurance Corporation, or (iii) funds are fully collateralized by Government or Equivalent Obligations; (E) bills of exchange or time drafts drawn on and accepted by a commercial bank (otherwise known as bankers acceptances), provided that such bankers acceptances may not exceed 180 days maturity, and provided further that the accepting bank has the highest short-term letter and numerical rating as provided by Moody’s or S&P at the time of acquisition thereof; (F) Repurchase Agreements; (G) (i) the Massachusetts Development Finance Agency Short Term Asset Reserve (STAR) Fund or any other similar fund established by, or on behalf of, the Issuer, which is rated “AAAm-G,” “AAAm” or “AAm” by S&P at the time of acquisition thereof, and (ii) money market funds which have a rating of “AAAm-G,” “AAAm” or “AAm” by S&P at the time of acquisition thereof, provided that the fund is registered under the Federal Investment Company Act of 1940 and whose shares are registered under the Federal Securities Act of 1933; (H) investment agreements with providers rated not lower than the second highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that if the provider is downgraded by one or more nationally recognized rating agency to below the second highest category, the agreement shall (i) be fully collateralized at 104% by Government or Equivalent Obligations or 105%

by securities outlined in clause (J) of this definition of permitted investments, or (ii) terminate; (I) collateralized investment agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that in all cases such rating requirements shall apply only at the time the investment agreement is executed; (J) forward purchase and sale agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that in all cases such rating requirements shall apply only at the time the investment agreement is executed; (K) senior debt obligations and participation certificates issued by an agency or instrumentality established by an act of Congress, including but not limited to the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank System, Student Loan Marketing Association, World Bank or Federal Agricultural Mortgage Corporation (“Federal Agency Securities”), in each case rated not lower than the second highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency; (L) commercial paper that is rated at the time of purchase at least “A-1+” by S&P or “P-1” by Moody’s at the time of acquisition thereof and that matures not more than 270 days after the date of purchase; and (M) notes issued by corporate entities rated at least “AA-” and “Aa3” by S&P and Moody’s, respectively, at the time of acquisition thereof. The term “Repurchase Agreement” shall mean a written agreement under which a bank or trust company which has a capital and surplus of not less than \$50,000,000 or a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York sells to, and agrees to repurchase from the Trustee obligations issued or guaranteed by the United States; provided that the market value of such obligations is at the time of entering into the agreement at least one hundred and three percent (103%) of the repurchase price specified in the agreement and that such obligations are segregated from the unencumbered assets of such bank or trust company or government bond dealer; and provided further that unless the agreement is with a bank or trust company, such agreement shall require the repurchase to occur on demand or on a date certain which is not later than one (1) year after such agreement is entered into and shall expressly authorize the Trustee to liquidate the purchased obligations in the event of the insolvency of the party required to repurchase such obligations or the commencement against such party of a case under the federal Bankruptcy Code or the appointment of or taking possession by a trustee or custodian in a case against such party under the Bankruptcy Code. Any such investments may be purchased from or through the Trustee. Ratings of Permitted Investments referred to in the Agreement shall be determined at the time of purchase of such Permitted Investments. The Trustee shall have no responsibility to monitor the ratings of Permitted Investments. (Section 311)

Long-Term Rates.

Interest Rate Period. Whenever Bonds are to bear interest accruing at a Long-Term Rate, Long-Term Interest Rate Periods shall commence on the Issuance Date with respect to the Initial Long-Term Period, and thereafter, a Long-Term Rate Conversion Date or a Long-Term Rate Mandatory Purchase Date, and end on May 12, 2032, with respect to the Series A-1 Bonds in the Initial Long-Term Period and (ii) November 14, 2035, with respect to the Series A-2 Bonds in the Initial Long-Term Period, and thereafter, a day which is at least 12 months after such Long-Term Rate Conversion Date and which shall be the day preceding (i) the subsequent Long-Term Rate Mandatory Purchase Date, (ii) the Conversion Date on which a different Interest Rate Mode shall become effective or (iii) the maturity date for such Bonds; provided that if a Credit Facility or a Liquidity Facility is in effect with respect to such Bonds, each Long-Term Interest Rate Period shall not extend to a date beyond the fifth day next preceding the Expiration Date of such Credit Facility or Liquidity Facility.

Determination Time. The initial Long-Term Rate and the term of the Initial Long-Term Period shall be determined on the Issuance Date. Thereafter, each Long-Term Rate and the term of each Long-Term Interest Rate Period shall be determined by the Remarketing Agent by 4:00 p.m., New York City time, on or prior to the Business Day immediately preceding the commencement of the Long-Term Interest Rate Period to which it relates. Notice of each Long-Term Rate and the term of each Long-Term Interest Rate Period subsequent to the Initial Long-Term Period shall be given by the Remarketing Agent to the Issuer, the Trustee and the Institution by Electronic Notice not later than 5:00 p.m., New York City time, on the date of determination.

Remarketing. The Long-Term Rate for each Long-Term Interest Rate Period (other than the Initial Long-Term Period) for the Bonds shall be the rate of interest per annum borne by the Bonds which shall be the lowest rate of interest that, in the reasonable judgment of the Remarketing Agent, would permit the Bonds in question,

assuming the Bonds were all available for sale to investors, to have a purchase price equal to the principal amount thereof under prevailing market conditions and based on the market for and the relative yields of the Bonds and other securities that bear interest at interest rates, that, in the judgment of the Remarketing Agent, are otherwise comparable to the Bonds, as of the date of determination. Notwithstanding the foregoing, the Long-Term Rate for a Long-Term Interest Rate Period may be the rate of interest per annum determined by the Remarketing Agent to be the interest rate which, if borne by the Bonds, would enable the Remarketing Agent to sell such Bonds on the date and at the time of such determination at a price which will result in the lowest net interest cost for such Bonds, after taking into account any premium or discount at which such Bonds are sold by the Remarketing Agent, provided that in connection with selling such Bonds at a premium or discount:

(i) The Remarketing Agent certifies to the Issuer, the Trustee and the Institution that the sale of the Bonds at the Long-Term Rate and premium or discount specified by the Remarketing Agent is expected to result in the lowest net interest cost for such Bonds on the commencement date of the Long-Term Interest Rate Period;

(ii) The Institution consents in writing to the sale of the Bonds by the Remarketing Agent at such premium or discount;

(iii) In the case of Bonds to be sold at a discount, either (A) a Credit Facility or a Liquidity Facility is in effect with respect to the Bonds and provides for the purchase of such Bonds from the tendering Holders at par or (B) the Institution agrees to transfer to the Trustee on the commencement date of such Long-Term Interest Rate Period, in immediately available funds, for deposit in the Institution Funds Account, an amount equal to such discount;

(iv) In the case of Bonds to be sold at a premium, the Remarketing Agent shall transfer remarketing proceeds equal to such premium in accordance with the written direction of the Issuer; and

(v) On or before the commencement date of the Long-Term Period, an Opinion of Bond Counsel to the effect that such determination of the Long-Term Rate will not, in and of itself, cause the interest on the Bonds to be included in the gross income of the Holders for federal income tax purposes shall have been received by the Trustee, the Issuer, the Institution and the Remarketing Agent. (Section 322)

Conversion of Interest Rate Modes.

(a) In the event that the Institution shall elect to convert the interest rate on the Bonds (or a portion of the Bonds, as applicable) to another Interest Rate Mode, then the written Conversion direction furnished by the Institution shall be made by Electronic Notice. Notwithstanding anything in the Agreement to the contrary, any such Conversion may be with respect to all or a portion of the Bonds. Any Bonds to be converted in part shall be selected by the Trustee in such manner as the Trustee deems appropriate subject to the provisions of the Agreement regarding Authorized Denominations of Bonds subject to each such Interest Rate Mode, and the portion of the Bonds to be converted shall be re-designated as a new subseries to distinguish such portion from the portion of such Bonds or series or subseries thereof not to be converted. All references in the Agreement to any Conversion of Bonds or a series or subseries of Bonds shall refer to the portion of such series or subseries that is subject to Conversion in the event that less than all of such Bonds or series or subseries thereof is subject to Conversion. For the avoidance of doubt, the following shall constitute a Conversion for purposes of this Section: (i) a conversion from any Direct Purchase Period to the next Direct Purchase Period; (ii) a conversion of the FRN Bonds into a new FRN Interest Rate Period; (iii) a conversion from one Fixed Period to a new Fixed Period; (iv) a conversion from any Short-Term Interest Rate Period to a new Short-Term Interest Rate Period; (v) a conversion from any Interest Rate Mode to another Interest Rate Mode; and (vi) a conversion from any Long-Term Interest Rate Period to a new Long-Term Interest Rate Period.

(b) Notwithstanding anything in this Section, in connection with any proposed Conversion of Bonds (or a portion of the Bonds, as applicable) on a Purchase Date that is not otherwise a Mandatory Purchase Date, the Institution shall have the right to deliver to the Trustee, the Issuer, the Remarketing Agent, if any, the Liquidity Facility Provider, if any, and the Credit Facility Provider, if any, on or prior to 10:00 a.m., New York City time, on the effective date of any such Conversion, a notice to the effect that the Institution elects to rescind its election to implement any such Conversion. If the Institution rescinds its election to implement any such Conversion, then the Conversion shall not occur, the mandatory tender shall not occur, and, except as otherwise provided in the Agreement, the Bonds shall continue to bear interest at the current Interest Rate Mode in effect immediately prior to such proposed Conversion Date.

(c) No Conversion shall take effect under the Agreement unless each of the following conditions and the conditions set forth in paragraph (f) below, to the extent applicable, shall have been satisfied.

(vi) In the case of any Conversion with respect to which there shall be no Liquidity Facility or Credit Facility in effect to provide funds for the purchase of Bonds to be converted on the Conversion Date, the remarketing proceeds and funds in the Institution Funds Account and available on the Conversion Date shall not be less than the amount required to purchase all of the Bonds to be converted at the applicable Purchase Price.

(vii) In the case of any Conversion of Bonds to any Interest Rate Mode (except a Direct Purchase Mode), prior to the Conversion Date the Institution shall have appointed a Remarketing Agent and there shall have been executed and delivered a Remarketing Agreement.

(viii) If such Conversion is with respect to less than all of the Bonds, the Bonds shall be designated as separate subseries as provided in the Agreement.

If, on a Conversion Date, any condition precedent to a proposed Conversion shall not have been satisfied, then such Conversion shall not occur and the Bonds or portion thereof to have been converted shall continue to bear interest at the current interest rate as in effect immediately prior to such proposed Conversion Date, and the Bonds or portion thereof, subject to and unless otherwise provided in the Agreement, shall not be subject to mandatory tender for purchase on the proposed Conversion Date, unless such proposed Conversion Date is also a Mandatory Purchase Date pursuant to the Agreement.

Notwithstanding anything in this Section to the contrary, in connection with any Conversion that would require the mandatory tender for purchase of Bonds at a Purchase Price greater than the principal amount thereof, the Institution, as a condition to implementing such Conversion, shall deliver to the Trustee on or prior to the Conversion Date, immediately available funds for the purpose of paying such premium, unless the Liquidity Facility, if any, or Credit Facility, if any, then in effect with respect to such Bonds provides for the payment of such premium on such Conversion Date.

The Bonds may be converted in whole or in part in Authorized Denominations and in a minimum principal amount of the lesser of \$5,000,000 or the full principal amount thereof. Any Bonds subject to such Conversion may be assigned a new CUSIP number and shall be designated or numbered by the Trustee to distinguish each such subseries of Bonds from another subseries. Such Bonds may be converted as follows:

(ix) *Conversion Date.* Subject to the following provisions of this paragraph, all Conversion Dates shall be Interest Payment Dates; provided, however, that, for a Conversion of Long-Term Bonds, such Conversion may only occur on a Long-Term Rate Mandatory Purchase Date. Interest shall accrue on such Bonds at the new interest rate commencing on such Conversion Date, whether or not a Business Day. Any action required to be taken on such Conversion Date, if such day is not a Business Day, may be taken on the next succeeding Business Day as if it had occurred on such Conversion Date.

(x) *Notice of Intent to Convert.* The Institution shall give written notice of its intent to exercise its option to implement any such Conversion to the Issuer, the Remarketing Agent, the Trustee, the Credit Facility Provider, if any, the Liquidity Facility Provider, if any, and if the Conversion is from the Direct Purchase Mode, the Direct Purchaser, with respect to the affected Bonds by Electronic Notice not fewer than five days (or such shorter period as shall be acceptable to the applicable parties) prior to the date on which the Trustee is required to provide notice of Conversion to the Holders. Such notice shall specify

the proposed Conversion Date, the Bonds and/or subseries of Bonds to which the Conversion will be applicable and Interest Rate Mode that will be effective upon Conversion and will be delivered together with the form of notice to be delivered by the Trustee to the Holders pursuant to clause (iii) below.

(xi) *Notice of Conversion and Mandatory Tender to Holders.* Not fewer than 15 days (or for any Conversion of Fixed Bonds, not fewer than 20 days) prior to the proposed Conversion Date, the Trustee shall give Electronic Notice, confirmed by first class mail, of the Conversion and, if applicable, of the mandatory tender of such Bonds to the Holders of such Bonds at their addresses as they appear on the registration books as of the date Electronic Notice of the election is received by the Trustee from the Institution. Such notice shall specify the proposed Conversion Date, the Bonds and/or subseries of Bonds to which the Conversion will be applicable and Interest Rate Mode that will be effective upon Conversion.

Neither the failure to mail the foregoing notice to any Holders of the Bonds to be converted nor any defect therein shall affect the validity of any interest rate, the change in the Interest Rate Mode, the mandatory tender of Bonds to be converted, or extend the period for tendering any Bonds for purchase. The Trustee shall not be liable to any Holder of a Bond by reason of its failure to mail such notice or any defect therein.

(xii) *Opinion of Bond Counsel.* Any Conversion pursuant to this Section shall be subject to the conditions that, on or before the Conversion Date, the Institution shall have delivered to the Issuer, the Trustee, the Remarketing Agent, the Credit Facility Provider, if any, and the Liquidity Facility Provider, if any, and the Direct Purchaser, if any, an Opinion of Bond Counsel to the effect that the Conversion is authorized by the Agreement and will not, in and of itself, cause the interest on the Bonds to be included in the gross income of the Holders for federal income tax purposes.

(xiii) *Conditions to Conversion.* Notwithstanding the Institution's delivery of notice of the exercise of its option to effect a Conversion, such Conversion to the new Interest Rate Mode shall not take effect if:

(A) the Institution withdraws such notice of the exercise of its option to effect Conversion as permitted by this Section;

(B) the Remarketing Agent fails to determine, when required, the interest rate for the new Interest Rate Mode;

(C) the Electronic Notice to Holders of Bonds of the Conversion is not given when required;

(D) the Institution fails to deliver to the Issuer, the Trustee and the Remarketing Agent the Opinion of Bond Counsel referred to in clause (iv) above; or

(E) sufficient funds are not available by 3:00 p.m., New York City time, on the Conversion Date to purchase all of the Bonds required to be purchased on such Conversion Date.

(xiv) *Serialization and Sinking Fund; Price.* Upon Conversion of the Bonds to the Fixed Mode from another Interest Rate Mode (or from one Fixed Period to a new Fixed Period), the Bonds shall be remarketed at a Purchase Price equal to the applicable Redemption Price as set forth in the Agreement, shall mature on the same maturity date(s), and be subject to the same mandatory sinking fund redemption, if any, and special redemption provisions, if any, as set forth in the Agreement for the Interest Rate Mode in effect immediately prior to Conversion; provided, however, that the Institution may, if the Institution shall deliver to the Trustee and the Issuer an Opinion of Bond Counsel, elect to: (1) have some of the Bonds be serial bonds and some subject to sinking fund redemption, whether or not such Bonds were serial bonds or subject to mandatory sinking fund redemption prior to such change, (2) change the optional redemption dates and/or applicable redemption premium(s), and/or (3) cause some or all of the Bonds to be remarketed at a premium or a discount to par. In connection with any proposed serialization of Sinking Fund Installments (or the converse) in connection with a Conversion to the Fixed Mode (or from one Fixed Period to a new Fixed Period), the Remarketing Agent shall determine and certify that the Bonds would bear a lower effective net interest cost if such Bonds were serial bonds, term bonds, or any combination of

serial bonds and term bonds in principal amounts and with maturity dates or Sinking Fund Installments, as applicable, that correspond to the Sinking Fund Installments (or, as applicable, the maturity dates) in effect immediately prior to such Conversion. In connection with any proposed change to the optional redemption dates and/or applicable redemption premium(s) in connection with a Conversion to the Fixed Mode, the Remarketing Agent shall determine and certify that the Bonds would bear a lower effective net interest cost if such optional redemption dates and/or premiums were so changed (rather than remarketed with the optional redemption dates and/or premiums previously in effect). In connection with any proposed remarketing at a premium or a discount to par in connection with a Conversion to the Fixed Mode (or a new Fixed Period), the requirements of clauses (i) through (v) of the section captioned "Fixed Rates for Fixed Periods" must be satisfied.

(xv) *Additional Notice Parties.* Each notice required by paragraph (f)(ii) or (iii) of this Section shall also be given to each affected Credit Facility Provider or Liquidity Facility Provider and the Remarketing Agent, and to each Rating Service then rating the Bonds; provided, however, that the giving of any such notice to such persons shall not be a condition precedent to the Conversion of the Bonds to a new Interest Rate Mode, to the effectiveness of any election made pursuant to this Section or to the rescission of a Conversion Notice, and failure to give any such notice to such persons shall not affect the validity of the proceedings for such Conversions, continuance or rescission. (Section 332)

Use of Project

Compliance with Law. In the acquisition, construction, maintenance, improvement and operation of the Project, the Institution covenants that it has complied and will comply in all material respects with all applicable building, zoning, land use, environmental protection, historical preservation, sanitary, safety and educational laws, rules and regulations, and all applicable grant, reimbursement and insurance requirements, and will not permit a nuisance thereon; but it shall not be a breach of this subsection if the Institution fails to comply with such laws, rules, regulations and requirements (other than Chapter 21E of the Massachusetts General Laws, as amended) during any period in which the Institution is diligently and in good faith contesting the validity thereof.

Payment of Lawful Charges. The Institution shall make timely payment of all taxes and assessments and other municipal or governmental charges and all claims and demands for work, labor, services, materials or other objects which, if unpaid, might by law become a lien on the Project or any part thereof; but it shall not be a breach of this subsection if the Institution fails to pay any such item during any period in which the Institution is diligently and in good faith contesting the validity thereof, provided that the laws applicable to contesting its validity do not require payment thereof and proceedings for a refund.

Permitted Purposes. The Institution agrees that the Project shall be used only for the purposes described in the Act. The Institution acknowledges that it is fully familiar with the physical condition of the Project and that it is not relying on any representation of any kind by the Issuer or the Trustee concerning the nature or condition thereof. Neither the Issuer nor the Trustee shall be liable to the Institution or any other person for any latent or patent defect in the Project. The Institution further agrees that no part of the Project shall be used for any purpose which would cause the Issuer's financing and refinancing of the Project to constitute a violation of the First Amendment of the United States Constitution. In particular, the Institution agrees that no part of the Project, so long as it is owned or controlled by the Institution, shall be used for any sectarian instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; and any proceeds of any sale, lease, taking by eminent domain of the Project or other disposition thereof shall not be used for, or to provide a place for, such instruction, worship or program. (Section 403)

Repair and Current Expenses

The Institution agrees that it will maintain and repair the Project and keep the same in good and serviceable condition and in at least as good condition and repair (reasonable wear and tear and casualty loss excepted) as it was on the date the same was placed in service. The Institution shall pay all costs of maintaining and operating the Project. (Section 404)

Insurance

The Institution shall maintain insurance with insurance companies authorized to transact business in The Commonwealth of Massachusetts on such of its properties, in such amounts and against such risks as is customarily

maintained by similar institutions of higher education operating in the area and promptly file with the Trustee upon request from time to time certificates of all such insurance. (Section 405)

Default and Remedies

Default by the Institution.

Events of Default; Default. “Event of Default” in the Agreement means any one of the events set forth below and “default” means any Event of Default without regard to any lapse of time or notice.

Debt Service. Any principal, interest, redemption premium or Purchase Price (in accordance with the Agreement) shall not be paid when due (whether at maturity, by acceleration, upon redemption or otherwise) or the Institution shall fail to make payment of principal or interest or payment of interest on overdue principal required of it under the Agreement when the same becomes due and payable.

Other Obligations. The Institution shall fail to make any other required payment to the Trustee, and such failure is not remedied within seven (7) days after written notice thereof is given by the Trustee or the Issuer to the Institution, or the Institution shall fail to perform its obligations under the Agreement to maintain insurance, and such failure is not remedied within seven (7) days after written notice thereof is given by the Trustee or the Issuer to the Institution; or the Institution shall fail to observe or perform any of its other agreements, covenants or obligations under the Agreement and such failure is not remedied within sixty (60) days after written notice thereof is given by the Trustee or the Issuer to the Institution.

Warranties. There shall be a material breach of warranty made in the Agreement by the Institution as of the date it was intended to be effective and the breach is not cured within sixty (60) days after written notice thereof is given by the Trustee or the Issuer to the Institution.

Voluntary Bankruptcy. The Institution shall commence a voluntary case under the federal bankruptcy laws, or shall become insolvent or unable to pay its debts as they become due, or shall make an assignment for the benefit of creditors, or shall apply for, consent to or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property.

Appointment of Receiver. A trustee, receiver, custodian or similar official or agent shall be appointed for the Institution or for any substantial part of its property and such trustee or receiver shall not be discharged within sixty (60) days.

Involuntary Bankruptcy. The Institution shall have an order or decree for relief in an involuntary case under the federal bankruptcy laws entered against it, or a petition seeking reorganization, readjustment, arrangement, composition, or other similar relief as to it under the federal bankruptcy laws or any similar law for the relief of debtors shall be brought against it and shall be consented to by it or shall remain undismissed for sixty (60) days.

Breach of Other Agreements. A breach shall occur (and continue beyond any applicable grace period) with respect to the payment of other indebtedness of the Institution for borrowed money with respect to loans exceeding \$50,000,000, or with respect to the performance of any agreement securing such other indebtedness or pursuant to which the same was issued or incurred, or an event shall occur with respect to provisions of any such agreement relating to matters of the character referred to in this paragraph, so that a holder or holders of such indebtedness or a trustee or trustees under any such agreement accelerates any such indebtedness; but an Event of Default shall not be deemed to be in existence or to be continuing under this clause (vii) if (A) the Institution is in good faith contesting the existence of such breach or event and if such acceleration is being stayed by judicial proceedings or (B) such breach or event is remedied and the acceleration is wholly annulled. The Institution shall notify the Issuer and the Trustee of any such breach or event immediately upon the Institution’s becoming aware of its occurrence and shall from time to time furnish such information as the Issuer or the Trustee may reasonably request for the purpose of determining whether a breach or event described in this clause (vii) has occurred and whether acceleration continues to be in effect.

Waiver. If the Trustee determines that a default has been cured before the entry of any final judgment or decree with respect to it, the Trustee may waive the default and its consequences, including any acceleration, by written notice to the Institution and shall do so, with the written consent of the Issuer, upon written instruction of the Owners of at least twenty-five percent (25%) in principal amount of the Outstanding Bonds. (Section 601)

Remedies for Events of Default. If an Event of Default occurs and is continuing:

Acceleration. The Trustee may by written notice to the Institution and the Issuer declare immediately due and payable the principal amount of the Outstanding Bonds and the payments to be made by the Institution therefor, and accrued interest on the foregoing, whereupon the same shall become immediately due and payable without any further action or notice.

If, at any time after such declaration and before the entry of a judgment or decree for payment of the money due, all amounts payable under the Agreement except principal and interest on the Bonds that are due solely by reason of such declaration and acceleration shall have been paid or provided for by deposit with the Trustee and all existing Events of Default shall have been cured, then, unless otherwise directed in writing by the registered owners of Bonds representing a majority of the principal amount of the Outstanding Bonds, the Trustee shall rescind and annul such declaration and acceleration, but no such rescission shall affect any subsequent Event of Default or the consequences thereof.

Rights as a Secured Party. The Trustee may exercise all of the rights and remedies of a secured party under the UCC with respect to the securities in the funds held by it under the Agreement, including the right to sell or redeem such securities and the right to retain the securities in satisfaction of the obligations of the Institution under the Agreement. Notice sent by registered or certified mail, postage prepaid, or delivered during business hours, to the Institution at least seven (7) days before an event under the UCC, or any successor provision of law shall constitute reasonable notification of such event. (Section 602)

Court Proceedings

The Trustee may enforce the obligations under the Agreement by legal proceedings for the specific performance of any covenant, obligation or agreement contained in the Agreement, whether or not an Event of Default exists, or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach of the provisions of the Agreement, including (to the extent the Agreement may lawfully provide) court costs, reasonable attorneys' fees and other costs and expenses incurred in enforcing the obligations under the Agreement. (Section 603)

Revenues after Default

The proceeds from the exercise of the rights and remedies under the Agreement shall be remitted to the Trustee upon receipt and in the form received. After payment or reimbursement of the reasonable expenses of the Trustee and the Issuer in connection therewith, the same shall be allocated to the Bonds. The portion allocable to the Bonds shall be applied, first to the remaining obligations of the Institution under the Agreement (other than obligations to make payments to the Issuer for its own use) in such order as may be determined by the Trustee, and second, to any unpaid sums due the Issuer for its own use. Any surplus thereof shall be paid to the Institution. (Section 604)

Remedies Cumulative

The rights and remedies under the Agreement shall be cumulative and shall not exclude any other rights and remedies allowed by law, provided there is no duplication of recovery. The failure to insist upon a strict performance of any of the obligations of the Institution or to exercise any remedy for any violation thereof shall not be taken as a waiver for the future of the right to insist upon strict performance by the Institution or of the right to exercise any remedy for the violation. (Section 606)

Resignation or Removal of the Trustee

The Trustee may resign on not less than thirty (30) days' notice given in writing to the Issuer, the Bondowners and the Institution, but such resignation shall not take effect until a successor has been appointed. The

Trustee will promptly certify to the Issuer that it has mailed such notice to all Bondowners and such certificate will be conclusive evidence that such notice was given in the manner required by the Agreement. The Trustee may be removed upon thirty (30) days written notice (i) by written notice from the Owners of a majority in principal amount of the Outstanding Bonds to the Trustee, the Issuer and the Institution; (ii) with or without cause by the Institution with the approval of the Issuer if the Institution is not in default or (iii) with cause by the Issuer. (Section 704)

The Bondowners

Action by Bondowners. Any request, authorization, direction, notice, consent, waiver or other action provided by the Agreement to be given or taken by Bondowners may be contained in and evidenced by one or more writings of substantially the same tenor signed by the requisite number of Bondowners or their attorneys duly appointed in writing.

Any request, consent or vote of the Owner of any Bond shall bind all future Owners of such Bond. Bonds owned or held by or for the account of the Issuer or the Institution shall not be deemed Outstanding Bonds for the purpose of any consent or other action by Bondowners. (Section 901)

Proceedings by Bondowners. No Bondowner shall have any right to institute any legal proceedings for the enforcement of the Agreement or any applicable remedy under the Agreement, unless the Bondowners have directed the Trustee to act and furnished the Trustee indemnity as provided in the Agreement and have afforded the Trustee reasonable opportunity to proceed, and the Trustee shall thereafter fail or refuse to take such action.

Subject to the foregoing, any Bondowner may by any available legal proceedings enforce and protect its rights under the Agreement and under the laws of The Commonwealth of Massachusetts. (Section 902)

The Institution

Corporate Organization, Authorization and Powers. The Institution represents and warrants that it is a corporation duly organized on May 30, 1650 by act of the Colony of Massachusetts Bay confirmed, as amended, in the Constitution of 1780 of The Commonwealth of Massachusetts, with the power to enter into and perform the Agreement; that it is a nonprofit educational institution within the Commonwealth authorized by law to provide a program of education beyond the high school level and that by proper corporate action it has duly authorized the execution and delivery of the Agreement. The Institution further represents and warrants that the execution and delivery of the Agreement and the consummation of the transactions contemplated in the Agreement will not conflict with or constitute a breach of or default under any bond, indenture, note or other evidence of indebtedness of the Institution, the charter or by-laws of the Institution, any gifts, bequests or devises pledged to or received by the Institution, or any contract, lease or other instrument to which the Institution is a party or by which it is bound or cause the Institution to be in violation of any applicable statute or rule or regulation of any governmental authority. (Section 1001)

Tax Matters. The Institution represents and warrants that (i) it is an organization described in Section 501(c)(3) of the IRC and it is not a "private foundation" as defined in Section 509 of the IRC; (ii) it has received letters from the Internal Revenue Service to that effect; (iii) such letters have not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letters; and (v) it is exempt from federal income taxes under Section 501(a) of the IRC. (b) The Institution shall not take or omit to take any action if such action or omission would (i) cause the Bonds to be "arbitrage bonds" under Section 148 of the IRC, including, without limitation, as a result of computing the yield on any investment acquired with Bond proceeds other than on the basis of the "fair market value" (within the meaning of Treas. Reg. §1.148-5(d)(6)) of such investment at the time of acquisition, (ii) cause the Bonds to not meet any of the requirements of Section 149 of the IRC, or (iii) cause the Bonds to cease to be "qualified 501(c)(3) bonds" under Section 145 of the IRC. Without limiting the foregoing, the Institution shall not permit the \$150,000,000 nonhospital bond limitation of IRC §145(b) to be exceeded. To the extent consistent with its status as a nonprofit educational institution, the Institution agrees that it will not take any action or omit to take any action if such action or omission would cause any revocation or adverse modification of such federal income tax status of the Institution. Partly in furtherance of the foregoing, the Issuer and the Institution are entering into the Tax Certificate with respect to matters of federal tax law pertaining to the Bonds issued under the Agreement. (Section 1002)

Securities Law Status. The Institution represents and warrants that it is an organization organized and operated exclusively for charitable purposes and not for pecuniary profit; and that no part of its net earnings inures to the benefit of any person, private stockholder or individual, all within the meaning of the Securities Act of 1933, as amended. The Institution shall not take any action or omit to take any action if such action or omission would change its status as set forth in this paragraph. (Section 1003)

Annual Reports and Other Current Information. The Institution shall from time to time render such other reports concerning the condition of the Project or compliance with the Agreement as the Issuer or the Trustee may reasonably request. Not later than March 1 of each year, the Institution shall furnish to the Trustee and the Issuer, and to Bondowners requesting the same, copies of its audited financial statements unless such audited financial statements are available for public access on the Electronic Municipal Market Access (“EMMA”) website or the Institution’s website. If such statements are not so available, then copies of the reports and statements required to be filed with the Trustee pursuant to this paragraph shall be filed with the Trustee in sufficient quantity to permit the Trustee to retain at least one copy for inspection by Bondowners and to permit the Trustee to mail a copy to each Bondowner who requests it. The Trustee shall maintain a list of Bondowners who have made such a request. The Institution shall furnish to the agencies rating the Bonds such information as they may reasonably require for current reports to their subscribers. The Trustee shall have no obligation or duty to review any financial statements (audited or otherwise) filed with it and shall not be deemed to have notice of the content of such statements or a default based on such content and shall have no obligation or duty to verify the accuracy of such statements. (Section 1004)

Maintenance of Corporate Existence. The Institution shall maintain its existence as a nonprofit corporation qualified to do business in Massachusetts and shall not dissolve, dispose of or spin off all or substantially all of its assets, or consolidate with or merge into another entity or entities, or permit one or more other entities to consolidate with or merge into it, except that it may consolidate with or merge into one or more other entities or permit one or more other entities to consolidate with or merge into it, or transfer all or substantially all of its assets to one or more other entities (and thereafter dissolve or not dissolve as it may elect), if (a) the surviving, resulting or transferee entity or entities each is a corporation having the status and powers set forth in the Agreement, (b) the transaction does not result in a conflict, breach or default referred to in the Agreement, (c) the surviving, resulting or transferee entity or entities each (i) assumes by written agreement with the Issuer and the Trustee all the obligations of the Institution under the Agreement, (ii) notifies the Issuer and the Trustee of any change in the name of the Institution, and (iii) executes, delivers, registers, records and files such other instruments as the Issuer or the Trustee may reasonably require to confirm, perfect or maintain any security granted under the Agreement. (Section 1005)

Amendment

The Agreement may be amended by the parties without Bondowner consent for any of the following purposes: (a) to subject additional property to the lien of the Agreement, (b) to provide for the establishment or amendment of a book entry system of registration for the Bonds through a securities depository (which may or may not be DTC), (c) to add to the covenants and agreements of the Institution or to surrender or limit any right or power of the Institution, or (d) to cure any ambiguity or defect, or to add provisions which are not inconsistent with the Agreement and which do not impair the security for the Bonds.

Except as provided in the foregoing paragraph, the Agreement may be amended only with the written consent of the Owners of at least a majority in principal amount of the Outstanding Bonds; provided, however, that no amendment of the Agreement may be made without the unanimous written consent of the affected Bondowners for any of the following purposes: (i) to extend the maturity of any Bond, (ii) to reduce the principal amount or interest rate of any Bond, (iii) to make any Bond redeemable other than in accordance with its terms, (iv) to create a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) to reduce the percentage of the Bonds required to be represented by the Bondowners giving their consent to any amendment.

Any amendment of the Agreement shall be accompanied by an opinion of Bond Counsel (which shall include the Trustee as an addressee or shall expressly permit reliance by the Trustee) to the effect that the amendment (i) is permitted by the Agreement and (ii) will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

When the Trustee determines that the requisite number of consents have been obtained for an amendment that requires Bondowner consent, it shall, within ninety (90) days, file a certificate to that effect in its records and mail notice to the Bondowners. No action or proceeding to invalidate the amendment shall be instituted or

maintained unless it is commenced within sixty (60) days after such mailing. The Trustee will promptly certify to the Issuer that it has mailed such notice to all Bondowners and such certificate will be conclusive evidence that such notice was given in the manner required by the Agreement. A consent to an amendment may be revoked by a notice given by the Bondowner and received by the Trustee prior to the Trustee's certification that the requisite consents have been obtained. (Section 1101)

Defeasance

When there are in the Debt Service Fund and the Redemption Fund sufficient funds, or Government or Equivalent Obligations described in clause (i), (ii), (iii) or (iv) of the definition thereof or Federal Agency Securities in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the Bonds in full, and when all the rights under the Agreement of the Issuer and the Trustee have been provided for, upon written notice from the Institution to the Issuer and the Trustee with a copy to the Credit Facility Provider (if any) and the Liquidity Facility Provider (if any), the Bondowners shall cease to be entitled to any benefit or security under the Agreement except the right to receive payment of the funds deposited and held for payment and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien of the Agreement, the security interests created by the Agreement (except in such funds and investments) shall terminate, and the Issuer and the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created under the Agreement; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Trustee and the Institution, as applicable, shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee. Upon such defeasance, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose, subject, however, to the provisions of the Agreement regarding unclaimed moneys, and moneys held for defeasance shall be invested only as provided above in this section. To the extent allowed by applicable law, any funds or property held by the Trustee and not required for payment or redemption of the Bonds in full shall, after satisfaction of all the rights of the Issuer and the Trustee and after allowance for payment to the United States under IRC Section 148(b), be distributed to the Institution upon such indemnification, if any, as the Issuer or the Trustee may reasonably require. In connection with any advance refunding, the Issuer, the Institution and the Trustee may request a verification report or other evidence of sufficiency. (Section 202)

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APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

[Delivery Date of Bonds]

Massachusetts Development Finance Agency
99 High Street, 11th Floor
Boston, MA 02110

\$217,040,000

Massachusetts Development Finance Agency
Revenue Bonds
Harvard University Issue, Series 2025A-1
(the "Series A-1 Bonds")

and

\$217,040,000

Massachusetts Development Finance Agency
Revenue Bonds
Harvard University Issue, Series 2025A-2
(the "Series A-2 Bonds" and together with the Series A-1 Bonds, the "Bonds")
Dated their Date of Delivery

We have acted as bond counsel to the Massachusetts Development Finance Agency (the "Agency") in connection with the issuance by the Agency of the above-referenced Bonds. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion, including the Loan and Trust Agreement dated as of March 1, 2025 (the "Agreement") among the Agency, President and Fellows of Harvard College (the "Institution") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

As to questions of fact material to our opinion we have relied upon representations and covenants of the Agency and the Institution contained in the Agreement and in the certified proceedings relating to the Bonds and other certifications of public officials furnished to us, and certifications of officials of the Institution and others, without undertaking to verify the same by independent investigation.

The Bonds are being issued pursuant to the Agreement. The Bonds are payable solely from funds to be provided therefor by the Institution pursuant to the Agreement. Under the Agreement, the Institution

has agreed to make payments sufficient to pay when due the principal (including sinking fund installments) and purchase or redemption price of and interest on the Bonds. Such payments and other moneys payable to the Agency or the Trustee under the Agreement, including proceeds derived from any security provided thereunder (collectively the "Revenues"), and the rights of the Agency under the Agreement to receive the same (excluding, however, certain administrative fees, indemnification and reimbursements), are pledged and assigned by the Agency as security for the Bonds. The Bonds are payable solely from the Revenues.

We express no opinion with respect to compliance by the Institution with applicable legal requirements with respect to the Agreement or in connection with the operation of the Project (as defined in the Agreement) being financed and refinanced by the Bonds.

Reference is made to an opinion of even date of Ropes & Gray LLP, counsel to the Institution, with respect to, among other matters, the corporate existence of the Institution, the power of the Institution to carry out the Project, the power of the Institution to enter into and perform its obligations under the Agreement and the authorization, execution and delivery of the Agreement by the Institution. We have relied on such opinion with regard to such matters and to the other matters addressed therein, including, without limitation, the current qualification of the Institution as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). We note that such opinion is subject to the limitations and conditions described therein. Failure of the Institution to maintain its status as an organization described in Section 501(c)(3) of the Code or to use the Project in activities of the Institution that do not constitute unrelated trades or businesses of the Institution within the meaning of Section 513 of the Code may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Agency is a duly created and validly existing body corporate and politic and a public instrumentality of The Commonwealth of Massachusetts with the power to enter into and perform the Agreement and to issue the Bonds.

2. The Agreement has been duly authorized, executed and delivered by the Agency and is a valid and binding obligation of the Agency enforceable against the Agency. As provided in Chapter 23G of the General Laws of The Commonwealth of Massachusetts, the Agreement creates a valid lien on the Revenues and on the rights of the Agency or the Trustee on behalf of the Agency to receive Revenues under the Agreement (except certain rights to indemnification, reimbursements and fees).

3. The Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the Revenues.

4. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for

purposes of the federal alternative minimum tax, although we observe that such interest will be taken into account in computing “adjusted financial statement income” of certain corporate holders of the Bonds for purposes of computing the alternative minimum tax imposed on certain corporations. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Agency and the Institution with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Institution and, to the extent necessary, the Agency have covenanted in the Agreement to comply with all such requirements. Failure by the Agency or the Institution to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

5. Interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

HINCKLEY, ALLEN & SNYDER LLP

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by President and Fellows of Harvard College (the “Institution”) and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) in connection with the issuance of \$434,080,000 Massachusetts Development Finance Agency Revenue Bonds, Harvard University Issue, Series 2025A (the “Bonds”). The Bonds are being issued pursuant to a Loan and Trust Agreement dated as of March 1, 2025, among the Massachusetts Development Finance Agency (the “Issuer”), the Trustee and the Institution (the “Agreement”), and the proceeds of the Bonds are being loaned by the Issuer to the Institution pursuant to the Agreement. The Institution and the Trustee covenant and agree as follows.

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Institution and the Trustee for the benefit of the Bondowners and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The Institution and the Trustee 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 Bondowner, with respect to any such reports, notices or disclosures. The Trustee, except as provided in Section 3(c), 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 Bondowner, with respect to any such reports, notices or disclosures except for its negligent failure to comply with its obligations under Section 3(c).

SECTION 2. Definitions. In addition to the definitions set forth in the Agreement, 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 Institution pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Bondowner” shall mean the registered owner of a Bond and any beneficial owner thereof, as established to the reasonable satisfaction of the Trustee or Institution.

“Dissemination Agent” shall mean any Dissemination Agent or successor Dissemination Agent designated in writing by the Institution and which has filed with the Institution, the Trustee and the Issuer a written acceptance of such designation. The same entity may serve as both Trustee and Dissemination Agent. The initial Dissemination Agent shall be the Trustee. In the absence of a third-party Dissemination Agent, the Institution shall serve as the Dissemination Agent.

“Financial Obligation” shall mean, for purposes of the Listed Events numbers 15 and 16 set out in Section 5(a) of this Disclosure Agreement, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). 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.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement. Filing information relating to the MSRB is set forth in Exhibit B hereto.

“Official Statement” shall mean the final official statement dated March 5, 2025, relating to the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Dissemination Agent, not later than March 1 of each year, commencing in 2026 (the “Filing Deadline”), shall provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than five (5) Business Days prior to said date, the Institution (if it is not the Dissemination Agent) shall provide the Annual Report to the Dissemination Agent. 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 of this Disclosure Agreement; provided that the audited financial statements of the Institution may be submitted separately from, and at a later date than, the balance of the Annual Report if such audited financial statements are not available as of the date set forth above. If the Dissemination Agent submits the audited financial statements of the Institution at a later date, it shall provide unaudited financial statements by the above-specified deadline and shall provide the audited financial statements as soon as practicable after the audited financial statements become available. The Institution shall submit the audited financial statements to the Dissemination Agent and the Trustee as soon as practicable after they become available and the Dissemination Agent shall submit the audited financial statements to the MSRB as soon as practicable thereafter. The Institution shall provide a copy of the Annual Report to the Issuer and the Trustee.

(b) The Dissemination Agent shall file a report with the Institution, the Issuer and the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided (the “Compliance Certificate”); such report shall include a certification from the Institution that the Annual Report complies with the requirements of this Disclosure Agreement.

(c) If the Trustee has not received a Compliance Certificate by the Filing Deadline, the Trustee shall send, and the Institution hereby authorizes and directs the Trustee to submit on its behalf, a notice to the MSRB in substantially the form attached as Exhibit A.

(d) If the Dissemination Agent has not provided the Annual Report to the MSRB by the Filing Deadline, the Institution shall send, or cause the Dissemination Agent to send, a notice substantially in the form of Exhibit A irrespective of whether the Trustee submits such notice.

SECTION 4. Content of Annual Reports. The Institution’s Annual Report shall contain or incorporate by reference the following:

(a) Quantitative information for the preceding fiscal year of the type presented under the heading captioned “Student Applications and Enrollment” in Appendix A to the Official Statement.

(b) General information with respect to endowment assets, and income and expenses as found in Appendix B to the Official Statement.

In the event the Borrower's audited financial statements provided pursuant to Section 3 of this Disclosure Agreement contain any of the information described in clauses (a) and (b) above, the requirement of this Section 4 shall be deemed to be satisfied with respect to including such information in the Borrower's Annual Report.

The financial statements provided pursuant to Sections 3 and 4 of this Disclosure Agreement shall be prepared in conformity with generally accepted accounting principles, as in effect from time to time. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Institution is an "obligated person" (as defined by the Rule), which (i) are available to the public on the MSRB Internet Web site, or (ii) have been filed with the Securities and Exchange Commission. The Institution shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondowners, 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 Institution; *

13. The consummation of a merger, consolidation, or acquisition involving the Institution or the sale of all or substantially all of the assets of the Institution, other than in the ordinary course of business, the entry into a definitive agreement to undertake such 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 the Trustee, if material;

15. Incurrence of a Financial Obligation of the Institution, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Institution, any of which affect security holders, 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 Institution, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the Institution shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file or cause to be filed a notice of such occurrence with the MSRB. The Institution shall provide a copy of each such notice to the Issuer and the Trustee. The Dissemination Agent, if other than the Institution, shall have no duty to file a notice of an event described hereunder unless it is directed in writing to do so by the Institution, and shall have no responsibility for verifying any of the information in any such notice or determining the materiality of the event described in such notice.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Institution's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or upon delivery to the Trustee of an opinion of counsel expert in federal securities laws selected by the Institution to the effect that compliance with this Disclosure Agreement no longer is required by the Rule. If the Institution's obligations under the Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Institution and the original Institution shall have no further responsibility hereunder.

SECTION 8. Dissemination Agent. The Institution may, from time to time with written notice to the Trustee and the Issuer appoint or engage a third-party Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may, with written notice to the Trustee and the

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

Issuer, discharge any such third-party Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Institution) may resign upon 30 days' written notice to the Institution, the Trustee and the Issuer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Institution and the Trustee may amend this Disclosure Agreement (and, subject to the last sentence of this Section 9, the Trustee shall agree to any amendment so requested by the Institution) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Institution to the effect that such amendment or waiver would not, in and of itself, violate the Rule. Without limiting the foregoing, the Institution and the Trustee may amend this Disclosure Agreement if (a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Institution or of the type of business conducted by the Institution, (b) this Disclosure Agreement, as so amended, would have complied with the requirements of the Rule at the time the Bonds were issued, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) (i) the Trustee receives an opinion of counsel expert in federal securities laws to the effect that, the amendment does not materially impair the interests of the Bondowners or (ii) the amendment is consented to by the Bondowners as though it were an amendment to the Agreement pursuant to Section 1101 of the Agreement. The annual financial information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. Neither the Trustee nor the Dissemination Agent shall be required to accept or acknowledge any amendment of this Disclosure Agreement if the amendment adversely affects its respective rights or immunities or increases its respective duties hereunder.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Institution 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 Listed Event, in addition to that which is required by this Disclosure Agreement. If the Institution chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Institution 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 Listed Event.

SECTION 11. Default. In the event of a failure of the Institution or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of Bondowners representing at least 25% in aggregate principal amount of Outstanding Bonds, shall), take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institution or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. Without regard to the foregoing, any Bondowner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institution 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 an Event of Default under the Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Institution or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. As to the Trustee, Article VII of the Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Agreement. In the event that the

Trustee serves as Dissemination Agent, the same privileges and protections afforded to the Trustee under Article VII of the Agreement shall be equally applicable to the Trustee in the performance of its duties as Dissemination Agent hereunder. The Dissemination Agent (if other than the Institution) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Institution agrees to indemnify and save the Dissemination Agent (if other than the Institution), its officers, director, employees and agents, harmless against any loss, expense and liabilities which 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 Institution under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Institution covenants that whenever it is serving as Dissemination Agent, it shall take any action required of the Dissemination Agent under this Disclosure Agreement. Neither the Trustee nor the Dissemination Agent (if other than the Institution) shall have a duty to review the Annual Report, nor shall they be deemed to have notice of the contents of such Annual Report or a default based on such content, nor shall they have a duty to verify the accuracy of such Annual Report.

The Trustee shall have no obligation under this Disclosure Agreement to report any information to the MSRB or any Bondowner. If an officer of the Trustee obtains actual knowledge of the occurrence of an event described in Section 5 hereunder, whether or not such event is material, the Trustee shall timely notify the Institution of such occurrence, provided, however, that any failure by the Trustee to give such notice to the Institution shall not affect the Institution's obligations under this Disclosure Agreement or give rise to any liability by the Trustee for such failure.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Institution, the Trustee, the Dissemination Agent, the Participating Underwriters and the Bondowners, and shall create no rights in any other person or entity.

SECTION 14. Disclaimer. No Annual Report or notice of a Listed Event filed by or on behalf of the Institution under this Disclosure Agreement shall obligate the Institution to file any information regarding matters other than those specifically described in Section 4 and Section 5 hereof, nor shall any such filing constitute a representation by the Institution or raise any inference that no other material events have occurred with respect to the Institution or the Bonds or that all material information regarding the Institution or the Bonds has been disclosed. The Institution shall have no obligation under this Disclosure Agreement to update information provided pursuant to this Disclosure Agreement except as specifically stated herein.

SECTION 15. Notices. Unless otherwise expressly provided, all notices to the Issuer, the Institution, the Trustee and the Dissemination Agent shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered or sent by facsimile during business hours to such parties at the address specified in Section 1003 of the Agreement or, as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the party giving notice.

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.

SECTION 17. Governing Law. This instrument shall be governed by the laws of the Commonwealth of Massachusetts

Date: March 18, 2025

PRESIDENT AND FELLOWS OF HARVARD COLLEGE

By: _____
Name:
Title:

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

By: _____
Name:
Title:

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Massachusetts Development Finance Agency

Name of Bond Issue: Revenue Bonds, Harvard University Issue, Series 2025A

Name of Obligated Person: President and Fellows of Harvard College

Date of Issuance: March 18, 2025

NOTICE IS HEREBY GIVEN that President and Fellows of Harvard College (the “Institution”) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated March 18, 2025 between the Institution and The Bank of New York Mellon Trust Company, N.A.

Dated: _____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A. on behalf of
PRESIDENT AND FELLOWS OF HARVARD
COLLEGE

cc: Institution

EXHIBIT B

Filing information relating to the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board
<http://emma.msrb.org>

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