NEW ISSUE—Book Entry Only **(See "Ratings" herein)**

$141,725,000
UNIVERSITY OF CONNECTICUT
SPECIAL OBLIGATION STUDENT FEE REVENUE BONDS
2018 SERIES A

Dated: Date of Delivery **Due: As shown on inside cover**

The University of Connecticut Special Obligation Student Fee Revenue Bonds, 2018 Series A (the "2018 Bonds") are special obligations of the University of Connecticut (the "University"), a body politic and corporate constituting a public instrumentality and agency of the State of Connecticut (the "State"), and are issued pursuant to Sections 10a-109a to 10a-109y inclusive of the General Statutes of Connecticut, as amended (the "UConn 2000 Act"), and the Special Obligation Indenture of Trust, dated as of January 1, 1997 (the "Special Obligation Indenture") by and between the University and U.S. Bank, National Association (the "Trustee"), as supplemented by certain supplemental indentures, including the Fifth Supplemental Indenture, dated March 1, 2018 (collectively, the "Indentures") for the purpose of providing funds for the UConn 2000 Infrastructure Improvement Program. The 2018 Bonds are special obligations of the University, together with the bonds heretofore and hereafter issued under the Special Obligation Indenture and any supplements thereto, secured by a parity pledge of and payable from the Trust Estate consisting of Pledged Revenues, which are special revenues to be received by the University from fees and charges for certain auxiliary campus activities, together with the revenues or other receipts, funds or moneys held in or set aside in the Trust Estate. See "NATURE OF OBLIGATION AND SOURCES OF REPAYMENT" herein.

The 2018 Bonds do not constitute a general obligation of the University or a debt or liability of the State, including within the meaning of Section 3-21 of the General Statutes of the State, or any political subdivision thereof or a pledge of the faith and credit of the State, the University or any other political subdivision of the State, but shall be payable solely from the resources of the University described herein as the Trust Estate. The issuance of the 2018 Bonds by the University does not obligate the State or any municipality or political subdivision of the State to levy or pledge any form of taxation. The University has no taxing power.

The 2018 Bonds are issuable 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 ("DTC"), New York, New York. DTC will act as securities depository for the 2018 Bonds. Purchases of the 2018 Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the 2018 Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners (as defined herein) of the 2018 Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. Principal of and interest on the 2018 Bonds will be paid directly to DTC by the Trustee, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the Bondowner. Interest on the 2018 Bonds will be payable semi-annually on May 15 and November 15, in each year, commencing on May 15, 2018. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

(See inside front cover for maturities, interest rates and prices or yields.)

The 2018 Bonds are subject to redemption prior to maturity as more fully described herein.

In the opinions of Pullman & Comley, LLC and the Law Offices of Joseph C. Reid, P.A., rendered in reliance upon and assuming the accuracy of and continuing compliance by the University and the State Treasurer with their representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended, under existing law, interest on the 2018 Bonds is excludable from gross income for federal income tax purposes and is not treated as a preference item for purposes of calculating the federal alternative minimum tax on individuals and except as hereinafter described, corporations. See "TAX MATTERS" herein.

In the opinions of Pullman & Comley, LLC and the Law Offices of Joseph C. Reid, P.A., under existing statutes, interest on the 2018 Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The 2018 Bonds are offered when, as, and if issued and received by the Underwriters, subject to the approval of legality by Pullman & Comley, LLC, Hartford, Connecticut, Bond Counsel, and the Law Offices of Joseph C. Reid, P.A., New York, New York, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their Counsel, Hawkins Delafield & Wood LLP, Hartford, Connecticut, and Nixon Peabody LLP, New York, New York. It is expected that the 2018 Bonds in definitive form will be available for delivery at The Depository Trust Company in New York, New York on or about March 29, 2018.

JEFFERIES **J.P. MORGAN**

Goldman Sachs & Co. LLC Piper Jaffray & Co.

Barclays Capital	Blaylock Van, LLC	KeyBanc Capital Markets Inc.
Loop Capital Markets	NW Capital Markets Inc.	Oppenheimer & Co.
PNC Capital Markets LLC	Prager & Co., LLC	Ramirez & Co., Inc.
RBC Capital Markets	Siebert Cisneros Shank & Co., L.L.C.	Stern Brothers
TD Securities	Wells Fargo Securities	

March 15, 2018

$141,725,000
UNIVERSITY OF CONNECTICUT
SPECIAL OBLIGATION STUDENT FEE REVENUE BONDS
2018 SERIES A

MATURITY SCHEDULE

Serial Bonds	Maturity Date	Principal Amount	Interest Rate	Yield	CUSIP**
	11/15/2018	$ 725,000	3.000%	1.500%	914225GJ0
	11/15/2019	$2,310,000	4.000%	1.740%	914225GK7
	11/15/2020	$2,425,000	5.000%	1.870%	914225GL5
	11/15/2021	$2,530,000	4.000%	2.040%	914225GM3
	11/15/2022	$2,645,000	5.000%	2.250%	914225GN1
	11/15/2023	$2,785,000	5.000%	2.430%	914225GP6
	11/15/2024	$2,910,000	4.000%	2.550%	914225GQ4
	11/15/2025	$3,045,000	5.000%	2.690%	914225GR2
	11/15/2026	$3,200,000	5.000%	2.820%	914225GS0
	11/15/2027	$3,365,000	5.000%	2.980%	914225GT8
	11/15/2028	$3,535,000	5.000%	3.080%	914225GU5
	11/15/2029*	$3,720,000	5.000%	3.200%	914225GV3
	11/15/2030*	$3,910,000	5.000%	3.270%	914225GW1
	11/15/2031*	$4,110,000	5.000%	3.320%	914225GX9
	11/15/2032	$4,290,000	3.375%	3.550%	914225GY7
	11/15/2033*	$4,475,000	5.000%	3.410%	914225GZ4
	11/15/2034*	$4,705,000	5.250%	3.370%	914225HA8
	11/15/2035*	$4,955,000	5.000%	3.500%	914225HB6
	11/15/2036	$3,400,000	3.625%	3.750%	914225HC4
	11/15/2036*	$1,785,000	5.000%	3.540%	914225HD2
	11/15/2037*	$5,425,000	5.000%	3.570%	914225HE0
	11/15/2038	$5,670,000	3.750%	3.856%	914225HF7
Term Bonds	11/15/2043*	$32,805,000	5.000%	3.670%	914225HG5
	11/15/2047*	$33,000,000	5.250%	3.610%	914225HH3

* Priced to the optional call date as of November 15, 2028 assuming redemption at par.

** Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the University and are included solely for the convenience of the holders of the 2018 Bonds. The University is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the 2018 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2018 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2018 Bonds.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2018 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the University of Connecticut and the State of Connecticut and other sources which are believed to be reliable but is not guaranteed as to its accuracy or completeness. 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 circumstance, create any implication that there has been no change in the affairs of said University or the State since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2018 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

In making an investment decision, investors must rely on their own examination of the security for the 2018 Bonds and terms of this offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commissioners or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

CONTENTS OF OFFICIAL STATEMENT

This Official Statement of the University of Connecticut, including the cover and inside cover, the Appendices and Schedules thereto, is provided for the purpose of presenting certain information relating to the University in connection with the sale of $141,725,000 principal amount of its 2018 Bonds.

This Official Statement, including the cover and inside cover page and the Appendices thereto, contains information relating to the 2018 Bonds. Appendix A of this Official Statement contains certain information concerning the University as of its date, except as otherwise provided therein. This Official Statement, including the cover page, inside cover page and the Appendices and Schedules thereto should be read collectively and in their entirety.

OFFICIAL STATEMENT
relating to

$141,725,000
UNIVERSITY OF CONNECTICUT
SPECIAL OBLIGATION STUDENT FEE REVENUE BONDS
2018 SERIES A

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, inside cover page, and the appendices attached thereto, is provided for the purpose of presenting certain information in connection with the offering and sale of $141,725,000 Special Obligation Student Fee Revenue Bonds, 2018 Series A (the "2018 Bonds") of the University of Connecticut (the "University"). The 2018 Bonds are authorized pursuant to The University of Connecticut 2000 Act, Sections 10a-109a to 10a-109y, inclusive, of the General Statutes of Connecticut, Revision of 1958, as amended ("the Act" or the "UConn 2000 Act") and are authorized and issued under the provisions of a Special Obligation Indenture of Trust, dated as of January 1, 1997, as supplemented and amended by certain supplemental indentures (as amended, the "Special Obligation Indenture"), including the Fifth Supplemental Indenture, dated as of March 1, 2018 (the "Fifth Supplemental Indenture"), each by and between the University and U.S. Bank National Association (successor to State Street Bank and Trust Company) of Hartford, Connecticut, as trustee (the "Trustee"), for the benefit of the Bondholders. The Special Obligation Indenture and supplements thereto, including the Fifth Supplemental Indenture, are collectively referred to herein as the "Indentures".

The University

The University of Connecticut was established and exists as an institution for the education of residents of the State of Connecticut (the "State"). The University, originally established in 1881, is one of the nation's nine colonial land grant colleges. In April 1881, the Connecticut General Assembly established the Storrs Agricultural School after accepting a gift of 170 acres of land, several buildings, and money from Charles and Augustus Storrs. In 1939, the General Assembly designated it the University of Connecticut, reflecting its graduate and professional education, research, and public service programs. In 1965, the University became the flagship institution of higher education in the State under the new Constitution of the State of Connecticut which in Article VIII, Section 2 provides that the State shall maintain a system of higher education including the University of Connecticut, dedicated to excellence in higher education.

The State's support for the University reflects the status of the University as the flagship institution of the State system of higher education. The University and UConn Health receive separate State appropriations. See Appendix A attached hereto for additional information concerning the University.

UConn 2000 Program

The University is defined by the Act as a constituent unit of the state system of public higher education which includes UConn Health. The Act establishes the University as a body politic and corporate and instrumentality and agency of the State and enables the University to borrow money in its own name on behalf of the State for the purpose of providing sufficient funds for a special capital improvement program for the University (the "UConn 2000 Infrastructure Improvement Program" or "UConn 2000"). See "UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM" below.

The UConn 2000 Infrastructure Improvement Program established by the Act is designed to modernize, rehabilitate and expand the physical plant of the University. The Act provides for a thirty-two year capital budget program in three phases, estimated to cost $4,619,300,000. The Act was originally adopted in 1995 to authorize and finance the UConn 2000 Phase I Projects and the UConn 2000 Phase II Projects at University campuses not including UConn Health and amended in 2002 (the "21st Century UConn Act") to add the authorization and financing of UConn 2000 Phase III Projects which included projects at UConn Health. In 2010, the General Assembly enacted and the Governor signed P.A. 10-104 which increased the cost of certain UConn Health projects, authorized additional projects for UConn Health and extended UConn 2000 for an additional two fiscal years to 2018. In 2011, the General Assembly enacted and the Governor signed P.A. 11-75 which increased the estimated cost of two UConn Health projects. In 2013, the General Assembly enacted and the Governor signed P.A. 13-233 ("Next Generation Connecticut") which authorized additional projects, increased the cost of certain projects, increased the authorized funding amount for bonds secured by the State debt service commitment (the "State Debt Service Commitment") and extended UConn 2000 for an additional six fiscal years to 2024. In 2017 the General Assembly enacted and the Governor signed PA 17-2 which extended UConn 2000 for an additional three fiscal years to 2027 but did not change the total amount which may be authorized for UConn 2000 projects.

The Act provides for a plan of financing UConn 2000 projects with $4,282,900,000 of general obligation bonds of the University secured by the State Debt Service Commitment. See "NATURE OF OBLIGATION AND SOURCES OF REPAYMENT" below. The balance of the estimated cost of UConn 2000 projects which is not to be financed by the University's Bonds secured by the State Debt Service Commitment may be paid with the proceeds of special obligation bonds ("Special Obligation Bonds") of the University, general obligation bonds of the State ("State General Obligation Bonds") or with gifts or other revenue or borrowing resources of the University. See "UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM" below and Appendix A – "UNIVERSITY FINANCES – State Support for the University" for a summary of legislation enacted during the 2017 Session of the Connecticut General Assembly.

2018 Bonds

The 2018 Bonds represent the seventh series of Special Obligation Bonds being issued pursuant to the Act and the Indentures. As of the date of delivery of the 2018 Bonds, the University will have outstanding $240,980,000 of its Special Obligation Bonds, the proceeds of which have funded or will fund UConn 2000 projects. For a description of the UConn 2000 projects to be financed with proceeds of the 2018 Bonds, see "PLAN OF FINANCE" herein. See also, See Appendix A – "UNIVERSITY FINANCES - University Indebtedness."

Nature of Obligation and Sources of Repayment

The 2018 Bonds are special obligations of the University, and together with bonds heretofore and hereafter issued under the Special Obligation Indenture, are secured by a parity pledge of and payable solely from the Trust Estate. The Trust Estate consists of Pledged Revenues, which are special revenues or other receipts, funds or moneys held in or set aside in the Trust Estate. All series of bonds issued under the Special Obligation Indenture are herein after called the "Bonds" or "Special Obligation Bonds". See "NATURE OF OBLIGATION AND SOURCES OF REPAYMENT" below.

Additional Information

All references herein to the Act, the Indentures and the Bonds are qualified in their entirety by reference to the definitive documents. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in Appendix C – "DEFINITIONS OF CERTAIN TERMS OF THE SPECIAL OBLIGATION INDENTURES."

NATURE OF OBLIGATION AND SOURCES OF REPAYMENT

Nature of Obligation

The 2018 Bonds are special obligations of the University and together with Bonds heretofore and hereafter issued under the Special Obligation Indenture are secured by a parity pledge of and payable solely from the Trust Estate. Subject only to the provisions of the Indentures permitting the application of certain moneys for the purposes and on the terms set forth in the Indentures, the 2018 Bonds are entitled to the lien created by the pledge under the Indentures on the Trust Estate, which consists of the following:

(a) all monies or securities in the Bond Proceeds Fund, the Debt Service Fund, and the Redemption Fund together with any and all receipts, funds or moneys, investments and other property of every kind and nature from time to time hereafter on deposit in or payable to such funds and accounts thereof except, with respect to the foregoing but subject to the Indenture, the Rebate Fund and moneys and securities in the Rebate Fund;

(b) all monies received as "Pledged Revenues," including special revenues, subject to the prior lien on and pledge thereof for (i) a certain loan from the United States of America acting by and through the Secretary of the Department of Education and (ii) the parity payment of certain general obligation bonds of the State categorized by the State as self-liquidating, each as noted in the Indenture, to be received by the University from fees and charges for certain auxiliary activities, including the Residential Life Room Fee, Student Apartment Rentals, the Greek Housing Fee, the Board (Dining) Fee, the Infrastructure Maintenance Fee, the Parking and Transportation Fee, the General University Fee, the Athletic Stadia FIT Fee and the Student Recreation Center Fee and such other legally available revenues, including but not limited to other fees and charges and Special Eligible Gifts, as the Board of Trustees of the University may determine to pledge under the Indenture and any interest earned or gains realized by the investment of moneys which are treated as Pledged Revenues and which constitute a part of the Trust Estate; and

(c) all rights of the University under any Bond Facility or Swap Facility, including the right to receive Swap Receipts and Termination Receipts.

General obligation bonds of the State categorized as self-liquidating and the loan from the Department of Education Loan, which would have a prior lien on the Trust Estate, were retired during Fiscal Year 2017 and Fiscal Year 2008, respectively.

University Covenants

The covenants of the University with respect to the 2018 Bonds are set forth in the Special Obligation Indenture. The Act provides for, and the Special Obligation Indenture includes, remedies available to the Trustee for protection and enforcement of any and all rights granted under the Special Obligation Indenture and the Act, including by mandamus to enforce and compel performance of any duty required to be performed by the University under the Special Obligation Indenture and the Act. See Appendix B - "EXCERPTS FROM THE SPECIAL OBLIGATION INDENTURE OF TRUST."

Rate Covenants

Pursuant to the Special Obligation Indenture, the University has covenanted that it will establish, fix, and revise from time to time, prior to and during each Fiscal Year and collect in each Fiscal Year, fees representing Pledged Revenues so that the aggregate sum of each Net Revenue Amount plus each Gross Revenue Amount is equal to no less than the sum of: (1) an amount equal to 1.25 times the Debt Service Requirements in such Fiscal Year, and (2) together with any amounts on hand and available therefor, an amount equal to the amounts of the Debt Service Expense Requirement in such Fiscal Year not covered in (1) above.

For purposes of the foregoing covenant, "Net Revenue Amount" constitutes that amount of Pledged Revenues with respect to the (i) Residential Life Room Fee, (ii) Board (Dining) Fee, (iii) the Parking and Transportation Fee, (iv) the Student Apartment Rentals, and (v) the Husky Village (Greek Housing) Fee, after providing for or paying the reasonable or necessary cost of currently maintaining, repairing, insuring and operating the facilities for which such fees, respectively, are imposed and each of which individual amount as a result thereof may be a plus or minus. "Gross Revenue Amount" for purposes of the foregoing covenant constitutes that amount of Pledged Revenues with respect to the (i) Infrastructure Maintenance Fee, (ii) the General University Fee, (iii) the Student Recreational Center Fee and (iv) the Athletic Stadia FIT Fee prior to any payments, deductions, offsets or provisions, respectively and (iv) any interest earned or gains realized by the investment of monies which are Pledged Revenues and which constitute a part of the Trust Estate.

Statutory Lien

Pursuant to the Act, upon their issuance, securities of the University shall be conclusively presumed to be fully and duly authorized and issued under the laws of the State, and any person shall be estopped from questioning their authorization, sale, issuance, execution or delivery. Any pledge made by the University shall be deemed a statutory lien which shall be valid and binding from the time when the pledge is made against all parties having claims against the University. Neither the Act, the Indentures or resolution, nor any other instrument by which a pledge is created need be recorded. Any revenues or other receipts, funds, moneys so pledged and thereafter received by the University shall be subject immediately to the lien of the pledge without any physical delivery thereof or further act and such lien shall have priority over all other liens. See Appendix B – "EXCERPTS FROM THE SPECIAL OBLIGATION INDENTURE OF TRUST."

State Covenant

Pursuant to the Act, the University is authorized and has included the following State covenant in the Special Obligation Indenture as a contract of the State. The State covenants with holders of any securities issued under the Act, in consideration of the acceptance of and payment for the securities until the securities, together with the interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any action or proceeding on behalf of the owners, are fully met and discharged or unless expressly permitted or otherwise authorized by the terms of each contract and agreement made or entered into by or on behalf of the University with or for the benefit of such owners, that the State: (1) will not create or cause to be created any lien or charge on the assets or revenues pledged to secure such securities, other than a lien or pledge created thereon pursuant to the Act; (2) will not in any way impair the rights, exemptions or remedies of the owners; and (3) will not limit, modify, rescind, repeal or otherwise alter the rights or obligations of the University to take such action as may be necessary to fulfill the terms of the resolution authorizing the issuance of the securities; provided nothing in the Act shall preclude the State from exercising its power, through a change in law, to limit, modify, rescind, repeal or otherwise alter the Act if and when adequate provision shall be made by law for the protection of the holders of outstanding securities, pursuant to the resolution or indenture under which the securities are issued.

The Board of Trustees approved the Special Obligation Indenture on November 8, 1996. As required by the Act, the Board of Trustees' resolution approving each Supplemental Indenture for the issuance of Bonds must be submitted to the Governor. The Governor may, not later than thirty days after such submission, disapprove the same by notifying the Board of Trustees and the reasons for it. If the Governor does not act within thirty days, the resolution is deemed approved. The resolution approving the Fifth Supplemental Indenture was approved by the Board of Trustees on November 1, 2017, was submitted to the Governor on November 2, 2017 and was approved by the Governor on November 21, 2017.

Pursuant to the Act and the Indentures, the Bonds, including the 2018 Bonds, shall not constitute a general obligation of the University or a debt or liability of the State, including within the meaning of Section 3-21 of the General Statutes of the State, or any political subdivision thereof or a pledge of the faith and credit of the University, the State or any political subdivision of the State but shall be payable solely from the resources of the University described in the Special Obligation Indenture as the Trust Estate. Bonds issued under the Special Obligation Indenture may be additionally secured by either the Special Capital Reserve Fund or the Debt Service

Reserve Fund or may be secured solely by the Trust Estate. The 2018 Bonds are not secured by either the Special Capital Reserve Fund or the Debt Service Reserve Fund. The University has no taxing power.

Additional Bonds

Pursuant to the Special Obligation Indenture, Special Obligation Bonds of the University are authorized to be issued without limitation as to amount except as provided in the Special Obligation Indenture or as may be limited by law. The Special Obligation Indenture provides that no Additional Series of Bonds may be authorized and issued under the Special Obligation Indenture unless:

(1) in the event of Bonds secured by a Special Capital Reserve Fund, upon the issuance of such Series of Additional Bonds, the amount on deposit in the Special Capital Reserve Fund will be not less than the Special Capital Reserve Fund Maximum Requirement;

(2) a certificate of an Authorized Officer of the University shall have been delivered to the Trustee stating (a) that the particular Pledged Revenues estimated to be received as a result of the construction, completion and operation of the Project to be financed with the proceeds of the Additional Series of Bonds, and amounts in funds or accounts or payable thereto as a result of the issuance of such Additional Series of Bonds during the period such Additional Series of Bonds are Outstanding, including Swap Receipts, shall be sufficient to pay as the same become due the reasonable and necessary Project operating expenses of the University which are estimated will be incurred as a result of the issuance of such Additional Series of Bonds and the use of the proceeds thereof and the estimated Principal Installments of, Swap Payments, if any, and interest on such Additional Bonds; or (b) the Pledged Revenues estimated to be received, and amounts in funds or accounts or payable thereto including Swap Receipts; (i) shall be sufficient to pay all estimated Principal Installments of, Swap Payments, if any, and the Interest Requirement on Bonds Outstanding and such Additional Series of Bonds; or (ii) together with other moneys received or estimated to be received by the University from, and available or to be made available to the University for the Project to be financed with the proceeds of the Additional Series of Bonds by the State, the United States or some other source [shall be sufficient to pay] all Principal Installments of, Swap Payments, if any, and the Interest Requirement on Bonds Outstanding and such Additional Series of Bonds; provided, that if a certificate is filed with the Trustee in accordance with this subparagraph (ii), it shall be accompanied by a certificate to evidence that such other moneys are or will be made available to the University for the Project; and

(3) a certificate of an Authorized Officer of the University shall have been delivered to the Trustee stating that the sum of Net Revenue Amount and Gross Revenue Amount based on the most recent Audited Financial Statements preceding the date of issuance of such Additional Bonds have been, with respect to the then and any future Fiscal Year, equal to an amount at least 1.25 times the maximum Debt Service Requirement on all Outstanding Bonds plus the expected maximum Debt Service Requirement on the Additional Bonds.

DESCRIPTION OF THE 2018 BONDS

In General

The 2018 Bonds are issuable only as fully registered bonds, in book-entry-only form (as described herein), in the denomination of $5,000, or any integral multiple thereof.

The 2018 Bonds

The 2018 Bonds will be dated the Date of Delivery, will mature on November 15 in each of the years and in the amounts as set forth on the inside cover page of this Official Statement and will bear interest payable semi-annually on May 15 and November 15 in each year, commencing May 15, 2018, at the rates per annum set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year of twelve

30 day months and will be paid to the person in whose name the Bond is registered as of the close of business on the last day of April and October in each year or the preceding business day if such last day is not a business day.

Principal of and interest on the 2018 Bonds will be paid directly to The Depository Trust Company ("DTC") by U.S. Bank National Association, as Paying Agent, so long as DTC or its nominee, Cede & Co., is the Bondowner. See "Book-Entry-Only System."

Optional Redemption. The 2018 Bonds maturing on and after November 15, 2029 will be subject to redemption prior to their maturity, at the election of the University, on or after November 15, 2028 in whole on any date or in part, on any interest payment date (each herein the "Redemption Date") from time to time, and in such maturity or maturities (but by lot within a maturity) as the University shall determine, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued and unpaid on the Redemption Date.

Mandatory Sinking Fund Redemption of the 2018 Bonds

The 2018 Bonds due on November 15, 2043, are subject to mandatory sinking fund redemption at 100% of the principal amount due thereof plus accrued interest to the date of redemption, from sinking fund payments which are required to be made in amounts sufficient to redeem on November 15 of each of the years set forth in the following table, the principal amount of the 2018 Bonds specified opposite each of such years:

Year	Amount
2039	$5,925,000
2040	$6,225,000
2041	$6,545,000
2042	$6,880,000
2043	$7,230,000

The 2018 Bonds due on November 15, 2047, are subject to mandatory sinking fund redemption at 100% of the principal amount due thereof plus accrued interest to the date of redemption, from sinking fund payments which are required to be made in amounts sufficient to redeem on November 15 of each of the years set forth in the following table, the principal amount of the 2018 Bonds specified opposite each of such years:

Year	Amount
2044	$7,610,000
2045	$8,020,000
2046	$8,460,000
2047	$8,910,000

Notice of Redemption. Notice of redemption shall be mailed not less than thirty (30) nor more than forty-five (45) days prior to the redemption date, by first-class mail, to the registered owner of such bond at such Bondowner's address as it appears on the books of registry or at such address as may have been filed with the registrar for that purpose. So long as Cede & Co., as nominee of DTC, is the registered owner of the 2018 Bonds, all notices of redemption will be sent only to DTC.

PLAN OF FINANCE

The 2018 Bonds will be issued (i) to finance the Cost of UConn 2000 Projects, namely the Intramural, Recreational and Intercollegiate Facilities and (ii) to pay Costs of Issuance and capitalized interest, if any. The University expects to apply the proceeds for the sale of the 2018 Bonds to finance the cost of constructing, erecting, renovating, equipping and/or furnishing a student recreation center and certain stadia on the Storrs Campus.

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SOURCES AND USES OF PROCEEDS OF THE 2018 BONDS

The University expects to apply the proceeds from the sale of the 2018 Bonds as follows:

Sources

Par Amount of the 2018 Bonds	$141,725,000.00
Net Reoffering Premium	16,710,803.15
Total Sources	$158,435,803.15

Uses

Deposit to Bond Proceeds Fund	$152,000,000.00
Deposit to Interest Account	5,206,801.99
Deposit to Costs of Issuance Account	421,719.88
Underwriters' Discount	807,281.28
Total Uses	$158,435,803.15

Amounts in the Bond Proceeds Account, Costs of Issuance Account and the Interest Account, under the Special Obligation Indenture, shall be invested by the Trustee at the direction of an Authorized Officer of the University in such Investment Obligations permitted by the Special Obligation Indenture and paragraph (f) of Section 3-20 of the Connecticut General Statutes, as amended.

PROJECTED DEBT SERVICE AND DEBT SERVICE COVERAGE

The following schedule sets forth the debt service payments to be made in each University fiscal year on the Special Obligation Bonds issued and outstanding as of the date of delivery of the 2018 Bonds.

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Debt Service on Special Obligation Revenue Bonds

FYE	AMOUNT OUTSTANDING			2018 SERIES A BONDS			TOTAL SPECIAL OBLIGATIONS		
June 30	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
2018	$ -	$ 2,367,553	$ 2,367,553	$ -	$ 881,817 [1]	$ 881,817	$ -	$ 3,249,370	$ 3,249,370
2019	6,810,000	4,592,006	11,402,006	725,000	6,890,300 [2]	7,615,300	7,535,000	11,482,306	19,017,306
2020	7,735,000	4,287,381	12,022,381	2,310,000	6,833,225	9,143,225	10,045,000	11,120,606	21,165,606
2021	7,600,000	3,946,981	11,546,981	2,425,000	6,726,400	9,151,400	10,025,000	10,673,381	20,698,381
2022	7,945,000	3,597,981	11,542,981	2,530,000	6,615,175	9,145,175	10,475,000	10,213,156	20,688,156
2023	7,555,000	3,241,056	10,796,056	2,645,000	6,498,450	9,143,450	10,200,000	9,739,506	19,939,506
2024	7,935,000	2,861,438	10,796,438	2,785,000	6,362,700	9,147,700	10,720,000	9,224,138	19,944,138
2025	8,340,000	2,460,119	10,800,119	2,910,000	6,234,875	9,144,875	11,250,000	8,694,994	19,944,994
2026	8,765,000	2,032,494	10,797,494	3,045,000	6,100,550	9,145,550	11,810,000	8,133,044	19,943,044
2027	9,230,000	1,582,619	10,812,619	3,200,000	5,944,425	9,144,425	12,430,000	7,527,044	19,957,044
2028	9,690,000	1,112,834	10,802,834	3,365,000	5,780,300	9,145,300	13,055,000	6,893,134	19,948,134
2029	8,605,000	658,675	9,263,675	3,535,000	5,607,800	9,142,800	12,140,000	6,266,475	18,406,475
2030	9,045,000	221,775	9,266,775	3,720,000	5,426,425	9,146,425	12,765,000	5,648,200	18,413,200
2031	-	-	-	3,910,000	5,235,675	9,145,675	3,910,000	5,235,675	9,145,675
2032	-	-	-	4,110,000	5,035,175	9,145,175	4,110,000	5,035,175	9,145,175
2033	-	-	-	4,290,000	4,860,031	9,150,031	4,290,000	4,860,031	9,150,031
2034	-	-	-	4,475,000	4,675,763	9,150,763	4,475,000	4,675,763	9,150,763
2035	-	-	-	4,705,000	4,440,381	9,145,381	4,705,000	4,440,381	9,145,381
2036	-	-	-	4,955,000	4,193,000	9,148,000	4,955,000	4,193,000	9,148,000
2037	-	-	-	5,185,000	3,962,875	9,147,875	5,185,000	3,962,875	9,147,875
2038	-	-	-	5,425,000	3,721,000	9,146,000	5,425,000	3,721,000	9,146,000
2039	-	-	-	5,670,000	3,479,063	9,149,063	5,670,000	3,479,063	9,149,063
2040	-	-	-	5,925,000	3,224,625	9,149,625	5,925,000	3,224,625	9,149,625
2041	-	-	-	6,225,000	2,920,875	9,145,875	6,225,000	2,920,875	9,145,875
2042		-	-	6,545,000	2,601,625	9,146,625	6,545,000	2,601,625	9,146,625
2043	-	-	-	6,880,000	2,266,000	9,146,000	6,880,000	2,266,000	9,146,000
2044	-	-	-	7,230,000	1,913,250	9,143,250	7,230,000	1,913,250	9,143,250
2045	-	-	-	7,610,000	1,532,738	9,142,738	7,610,000	1,532,738	9,142,738
2046	-	-	-	8,020,000	1,122,450	9,142,450	8,020,000	1,122,450	9,142,450
2047	-	-	-	8,460,000	689,850	9,149,850	8,460,000	689,850	9,149,850
2048	-	-	-	8,910,000	233,888	9,143,888	8,910,000	233,888	9,143,888
Totals [3]	$ 99,255,000	$ 32,962,913	$ 132,217,913	$ 141,725,000	$ 132,010,705	$ 273,735,705	$ 240,980,000	$ 164,973,617	$ 405,953,617

1. Includes $589,933.23 in capitalized interest.
2. Includes $4,616,868.76 in capitalized interest.
3. Totals may not sum due to rounding.

Debt service on the 2018 Bonds is payable from Pledged Revenues of the University derived from fees and charges for certain auxiliary activities, including the Residential Life Room Fee, Student Apartment Rentals, the Husky Village (Greek Housing) Fee, the Board (Dining) Fee, the Infrastructure Maintenance Fee, the Parking and Transportation Fee, the General University Fee, the Athletic Stadia FIT Fee and the Student Recreation Center Fee and such other legally available revenues, including but not limited to other fees and charges and Special Eligible Gifts, as the Board of Trustees of the University may determine to pledge under the Indenture and any interest earned or gains realized by the investment of moneys held by the Trustee.

The following table sets forth the historical and projected coverage levels for Pledged Revenues and the debt service coverage calculation for the Bonds with respect thereto. The University's projections are based on various assumptions and contingencies which are uncertain and which may not materialize. Please see the accompanying list of footnotes and assumptions which are an integral part of this coverage table.

STATEMENT OF PROJECTED COVERAGE LEVELS

University of Connecticut
Statement of Projected Coverage Levels[1]
Fiscal Year Ended June 30
(Amounts in Thousands)

	ACTUAL							PROJECTED				
	2011	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*
Pledged Revenues (Gross)[(A)]												
Infrastructure Maintenance Fee	$ 10,839	$ 11,492	$ 11,708	$ 12,308	$ 12,519	$ 11,872	$ 12,044	$ 12,044	$ 12,044	$ 12,044	$ 12,044	$ 12,044
General University Fee	31,181	32,917	33,645	36,206	37,986	38,776	39,437	38,517	38,517	38,517	38,517	38,517
Investment Income	2	1	2	1	1	2	4	400	480	20	20	20
New Athletic Stadia - FIT (Facility Investment Together) Fee	-	-	-	-	-	-	-	1,239	1,239	1,239	1,239	1,239
New Student Recreation Center Fee	-	-	-	-	-	-	-	-	-	10,333	10,333	10,333
Gross Revenue Available	**42,022**	**44,410**	**45,355**	**48,515**	**50,506**	**50,650**	**51,486**	**52,200**	**52,280**	**62,153**	**62,153**	**62,153**
Pledged Revenues (Subject to Expenses Below) [(A)]												
Residential Life Room Fee and Student Apartment Rentals	76,852	79,623	79,819	84,961	87,453	91,435	89,984	92,503	95,278	98,137	101,081	104,113
Board (Dining) Fee	60,006	62,675	62,900	67,297	69,664	72,037	71,011	73,142	75,336	77,596	79,924	82,321
Husky Village (Greek Housing) Fee	2,042	2,131	2,190	2,301	2,331	2,476	2,495	2,565	2,642	2,722	2,803	2,887
Parking and Transportation Fees	5,890	6,297	6,857	7,601	8,598	9,042	8,954	10,460	11,139	11,383	11,699	12,023
Total Pledged Revenues (Subject to Expenses Below)	**144,790**	**150,726**	**151,766**	**162,160**	**168,047**	**174,991**	**172,444**	**178,670**	**184,395**	**189,838**	**195,507**	**201,344**
Expenses[(A)]												
Residential Life Rooms and Student Apartments	(54,110)	(56,317)	(55,111)	(56,040)	(63,265)	(62,128)	(61,983)	(63,684)	(65,200)	(66,837)	(68,515)	(70,235)
Board (Dining)	(54,423)	(57,086)	(58,899)	(62,462)	(62,619)	(64,984)	(61,991)	(67,625)	(71,067)	(73,854)	(76,750)	(79,760)
Husky Village (Greek Housing)	(780)	(613)	(568)	(552)	(618)	(607)	(611)	(631)	(646)	(662)	(662)	(662)
Parking and Transportation	(4,307)	(4,418)	(5,443)	(5,960)	(6,361)	(6,774)	(8,157)	(9,104)	(9,448)	(9,761)	(10,087)	(10,423)
Total Expenses	**(113,620)**	**(118,434)**	**(120,021)**	**(125,014)**	**(132,863)**	**(134,492)**	**(132,742)**	**(141,044)**	**(146,362)**	**(151,115)**	**(156,014)**	**(161,079)**
Net Revenues Available	**31,170**	**32,292**	**31,746**	**37,145**	**35,184**	**40,499**	**39,702**	**37,627**	**38,033**	**38,723**	**39,493**	**40,265**
Total Gross and Net Revenue Available for Debt Service	**73,192**	**76,702**	**77,101**	**85,660**	**85,690**	**91,148**	**91,188**	**89,827**	**90,313**	**100,876**	**101,646**	**102,418**
Debt Service[(B)]												
Debt Service on 2018 Series A Revenue Bonds	-	-	-	-	-	-	-	(292)	(2,998)	(9,143)	(9,151)	(9,145)
Debt Service on 2012 Refunding Series A Revenue Bonds	-	-	(1,695)	(6,619)	(6,623)	(6,625)	(6,621)	(6,625)	(6,621)	(6,621)	(6,621)	(6,621)
Debt Service on 2010 Refunding Series A Revenue Bonds	(2,855)	(2,857)	(4,932)	(4,929)	(4,930)	(4,933)	(4,932)	(4,925)	(4,781)	(5,401)	(5,401)	(5,401)
Debt Service on 2002 Series A Revenue Bonds	(3,697)	(3,699)	(811)	-	-	-	-	-	-	-	-	-
Debt Service on 2002 Refunding Series A Revenue Bonds	(6,111)	(6,111)	(4,573)	-	-	-	-	-	-	-	-	-
Residence Halls/Dining Debt Service	(775)	(684)	(456)	(366)	(116)	-	(119)	-	-	-	-	-
Total Debt Service	**(13,438)**	**(13,351)**	**(12,467)**	**(11,914)**	**(11,668)**	**(11,557)**	**(11,673)**	**(11,842)**	**(14,400)**	**(21,165)**	**(21,173)**	**(21,167)**
Coverage Calculation[(C)]	**5.45**	**5.75**	**6.18**	**7.19**	**7.34**	**7.89**	**7.81**	**7.59**	**6.27**	**4.77**	**4.80**	**4.84**
(Total Gross & Net Revenue Available - Debt Service)												
Total Gross and Net Revenue Available for Debt Service	**73,192**	**76,702**	**77,099**	**85,660**	**85,690**	**91,148**	**91,188**	**89,827**	**90,313**	**100,876**	**101,646**	**102,418**
Less: Debt Service	(13,438)	(13,351)	(12,467)	(11,914)	(11,668)	(11,557)	(11,673)	(11,550)	(11,402)	(12,022)	(12,022)	(12,022)
Expenditures for Auxiliary Enterprise Support [(D)]	(31,181)	(32,917)	(33,645)	(36,206)	(37,986)	(38,776)	(39,437)	(38,517)	(38,517)	(43,655)	(43,758)	(43,862)
Expenditures for Operations & Maintenance-UCONN 2000 Projects [(E)]	(9,385)	(10,093)	(9,788)	(10,387)	(10,598)	(9,952)	(12,048)	(12,074)	(12,074)	(12,074)	(12,074)	(12,074)
Transfer to Reserves Available for Renewal, Replacement and Operations	**19,188**	**20,341**	**21,199**	**27,154**	**25,438**	**30,863**	**28,029**	**27,686**	**28,320**	**33,125**	**33,792**	**34,460**
Reserves Available for Renewal, Replacement and Operations [(F)]												
Beginning Balance	17,077	20,687	20,421	19,306	20,359	23,441	19,149	18,871	18,871	18,871	18,871	18,871
Transfer from Operations	19,188	20,341	21,199	27,154	25,438	30,863	28,029	27,686	28,320	33,125	33,792	34,460
Renewal/Replacement Expenditures	(15,578)	(20,607)	(22,314)	(26,101)	(22,356)	(35,155)	(28,307)	(27,686)	(28,320)	(33,125)	(33,792)	(34,460)
Ending Balance	**$ 20,687**	**$ 20,421**	**$ 19,306**	**$ 20,359**	**$ 23,441**	**$ 19,149**	**$ 18,871**	**$ 18,871**	**$ 18,871**	**$ 18,871**	**$ 18,871**	**$ 18,871**

Notes:
[(1)] See the accompanying assumptions and footnotes which are an integral part of this statement.

Assumptions and Footnotes
To Statement of Projected Coverage Levels
Special Obligation Student Fee Revenue Bonds

(A) **Assumptions used to build the forecasted and projected revenues and expenses are as follows:**

Revenue - Room rates assume 2.8% and 3.0% increases in FY19 and FY20-FY22 respectively while board rates assume a 3% annual growth from FY19-FY22

Infrastructure Maintenance Fee - The Infrastructure Maintenance Fee, which funds certain Special Obligation Student Fee Revenue debt service and facilities operating and maintenance costs and preventive and deferred maintenance costs, was instituted on July 1, 1997. For FY18, the Infrastructure Maintenance Fee rate is $468 for full-time Undergraduate and Graduate/Professional students (Excluding Graduate Assistants) representing no growth over FY17 rates. The projections for FY19 to FY22 are based on no rate increases.

General University Fee - The General University Fee primarily supports Jorgensen Center for the Performing Arts, Student Health Services, Student Activities, Student Union, Wellness and Prevention Services, Athletics, Career Services, Student Recreation and certain other departments. For FY18, the General University Fee rate is $1,914 for full-time Undergraduate students and $1,416 for full-time Graduate/Professional students at the Storrs campus representing no growth over FY17 rates. Beginning in FY17, Graduate Assistants received a $200 credit with an additional $200 credit beginning in FY18. The net impact in FY17 was $460,000 and is projected to be $920,000 in FY18.

Investment Income - Bond proceeds are invested in the State Treasurer's Short Term Investment Fund, which has daily liquidity and rates. Interest rates have moved up recently and the University is using for the purposes of this table a projected rate of return for future earnings of 1.00% from FY18-FY22. The actual historical rates may be found on the State of Connecticut Office of the State Treasurer website. The investment earnings on this table reflect the investment of proceeds from the SO-SFR 2018 bond issue.

Residential Life Room Fee and Student Apartment Rentals - The Undergraduate regular double room rate for FY18 is $6,838; FY19 rates are assumed to increase 2.8% with further revenue generated from additional housing and FY20-FY22 rates are assumed to grow at 3% annually.

Board (Dining) Fee - In FY18, the most popular meal plans are the Ultimate Meal Plan and the Value Meal Plan which cost $5,948 and $5,676 respectively. A Custom Meal Plan is also available for $5,348. Projected revenues for FY19 to FY22 are based on rate increases of 3% each year.

Husky Village Fee (Greek Housing) - This room rate is $8,376 for FY18; FY19 rates are assumed to increase 2.8% with further revenue generated from additional housing and FY20-FY22 rates are assumed to grow at 3% annually.

Parking and Transportation Fees - Parking and Transportation Fees consist of the Transit Fee, Parking Permits, Parking Tickets, Transient Parking, Meter Revenue, Event Parking and rental income paid by the UConn Co-op (thru FY15). Parking permit revenue increases are based on a five-year rate plan that was implemented in FY14 for students and in FY15 for employees.

New Student Recreation Center Fee - Mandatory student fee for Storrs based students, assumes Undergraduate rate of $500/year and Graduate rate of $400/year beginning FY20.

New Athletic Stadia -FIT (Facility Investment Together) Fee - Beginning FY18, a $5 surcharge on football tickets, $2 surcharge on men’s ice hockey, men’s basketball and women’s basketball tickets and a $1 surcharge on men's and women’s soccer tickets. The FIT Fee will be applicable to regular season, mini-plan and single-game purchases and will generate approximately $1.3 million annually based on current sales projections.

Expenses - Included in expenses are all direct expenses and certain operating transfers.

Residential Life Rooms and Student Apartments - FY19 to FY22 inflation increases average 2.5%. Inflation increases are due to anticipated collective bargaining agreements, fringe benefit costs, energy, and maintenance and repairs.

Board (Dining) - Inflation increases average 4.2% between FY19 to FY22 due to anticipated collective bargaining agreements, fringe benefit costs and increased food costs.

Husky Village (Greek Housing) - FY19 and FY20 inflation increases average 2.5%. FY21 and FY22 assume no increase.

Parking and Transportation - Projected expenditures include additional employees, maintenance and repairs and upgrades to systems and equipment through FY18.

(B) Pursuant to the Indentures, the debt listed herein is of equal rank with the pledge created by this Special Obligation debt. Other non-Special Obligation parity debt has been retired; this included the parity self-liquidating debt that was retired in FY17 and the parity debt from the Department of Education Loan that was retired in 2008. On December 13, 2012 the Special Obligation 2012 Refunding Series A Revenue Bonds refunded all the outstanding $75,430,000 of Special Obligation 2002 Series A Revenue Bonds and $96,130,000 of 2002 Series A Refunding Revenue Bonds. The 2000 Series A Revenue Bonds were refunded in February 2002 and the 1998 Series A Revenue Bonds were refunded in June 2010.

(C) No assurance can be given that these coverage levels will not change since projections can vary and the University may authorize additional projects and issue additional bonds under the Special Obligation Indenture; the effect of which may change coverage levels subject to the rate covenant of 1.25 times the maximum Debt Service Requirement on all Outstanding Bonds (including the additional bonds). See indentures for related information.

(D) Reflects expenditure of the General University Fee for operating support for various Auxiliary Enterprise programs, including New Student Recreation Center

(E) Additional funding for UCONN 2000 Operating & Maintenance expenditures is also provided from other non-pledged operating revenues.

(F) Funds reserved for the payment or reimbursement of extraordinary expenses incurred for the rebuilding, replacement, relocating, repair and restoration of any UCONN 2000 project financed by the University under the Indentures and other facilities which are part of the physical plant enabling the University to operate and maintain the physical plant in sound operating condition. Funds may also be used in the event of significant revenue or expense variances. Additionally, not reflected on this table the University maintains unrestricted funds which are available to pay debt service for current and future Special Obligation Student Fee Revenue Bonds and other uses including renewal and replacement, which as of June 30, 2017 had a balance of $35,620,196, which was invested in the State Treasurer's Short Term Investment Fund (STIF).

BOOK-ENTRY-ONLY SYSTEM

Unless otherwise noted, the description which follows of the procedures and record-keeping with respect to beneficial ownership interests in the 2018 Bonds, payment of interest and other payments on the 2018 Bonds to DTC Participants (as hereinafter defined) or Beneficial Owners (as hereinafter defined) of the 2018 Bonds, confirmation and transfer of beneficial ownership interests in the 2018 Bonds and other bond-related transactions by and between DTC (as hereinafter defined), the DTC Participants and Beneficial Owners of the 2018 Bonds is based solely on information provided on the DTC's website and presumed to be reliable. Accordingly, the University does not and cannot make any representation concerning these matters.

NEITHER THE UNIVERSITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE UNIVERSITY'S OBLIGATION UNDER THE ACT AND THE RESOLUTION TO THE EXTENT OF SUCH PAYMENTS.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2018 Bonds. The 2018 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 2018 Bond certificate will be issued for each maturity of the 2018 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"*). 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 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 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 2018 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 2018 Bonds, except in the event that use of the book-entry system for the 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 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 2018 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 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2018 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 Trustee 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 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

The University may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2018 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the University believes to be reliable, but the University takes no responsibility for the accuracy thereof as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC PRACTICES

The University can make no assurances that DTC, DTC Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its Participants which are on file with the Securities and Exchange Commission.

The University and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the 2018 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the 2018 Bonds, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the 2018 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The University shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the 2018 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the University (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, redemption premium, if any, or interest on the 2018 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the University; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Participants or the Indirect Participants.

For every transfer and exchange of beneficial ownership of any of the 2018 Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

So long as Cede & Co. is the registered owner of the 2018 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the 2018 Bonds (other than under the captions "Tax Exemption" and "Continuing Disclosure" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2018 Bonds.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the University believes to be reliable, but the University takes no responsibility for the accuracy thereof.

Effect of Discontinuance of Book-Entry System. The following procedures shall apply if the book-entry system is discontinued with respect to the 2018 Bonds.

Principal and Interest Payments. Principal of the 2018 Bonds will be payable at the corporate trust office of the Trustee in Hartford, Connecticut, and interest on the 2018 Bonds will be payable to the registered owner thereof on each interest payment date by check mailed to such registered owner at the address shown on the bond register maintained by the Trustee, or on the special record date established for the payment of defaulted interest. However, registered owners of $1,000,000 or more in aggregate principal amount of 2018 Bonds may be paid interest by wire transfer upon written request filed with the Trustee on or before the Record Date for the applicable interest payment date.

Registration and Transfer. The Trustee will keep or cause to be kept, at its corporate office in Hartford, Connecticut, sufficient books for the registration and transfer of the 2018 Bonds, and, upon presentation of 2018 Bonds for each purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer, or cause to be registered or transferred, on such books such 2018 Bonds. Any 2018 Bond may, in accordance with its terms, be transferred upon such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such registered 2018 Bond for cancellation, accompanied by delivery of a written instrument of transfer executed in a form approved by the Trustee. Whenever any 2018 Bond shall be surrendered for transfer, the University shall execute and the Trustee shall authenticate and deliver a new 2018 Bond and maturity and for a like aggregate principal amount. The Trustee is not required to transfer or exchange any 2018 Bond during the period 15 days before the mailing of a notice of redemption. The Trustee shall require the Bondholder requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange and may require the payment of any reasonable sum to cover expenses incurred by the Trustee or University in connection with such exchange.

UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM

Introduction

The UConn 2000 Infrastructure Improvement Program established by the Act is designed to modernize, rehabilitate and expand the physical plant of the University. The Act provides for a thirty-two year capital budget program in three phases, estimated to cost $4,619,300,000. The Act was originally adopted in 1995 to authorize and finance the UConn 2000 Phase I Projects and the UConn 2000 Phase II Projects at University campuses not including UConn Health and amended in 2002 by the 21st Century UConn Act to add the authorization and financing of UConn 2000 Phase III Projects which included projects at UConn Health. In 2010, the General Assembly enacted and the Governor signed P.A. 10-104, which increased the cost of certain UConn Health projects, authorized additional projects for UConn Health and extended UConn 2000 for an additional two fiscal years to 2018. In 2011, the General Assembly enacted and the Governor signed P.A. 11-75 which increased the estimated cost of two UConn Health projects. In 2013, the General Assembly enacted and the Governor signed P.A. 13-233, Next Generation Connecticut, which authorized additional projects, increased the cost of certain projects, increased the authorized funding amount for bonds secured by the State debt service commitment and extended UConn 2000 for an additional six fiscal years to 2024. In 2017, the General Assembly enacted and the Governor signed PA 17-2 which extended UConn 2000 for an additional three fiscal years to 2027 but did not change the total amount which may be authorized for UConn 2000 projects.

The UConn 2000 program is to be funded in part by the issuance of $4,282,900,000 of general obligation bonds of the University secured by the State Debt Service Commitment. As of the date hereof, the University has an authorized and unissued amount of bonds secured by the State Debt Service Commitment totaling $302,400,000 to fund construction projects (plus cost of issuance and other costs as warranted) of which the University at this time plans to issue part or all during the Spring of 2018. An additional $18 million of UConn 2000 projects have been funded through the issuance of State general obligation bonds. The balance of the estimated cost of UConn 2000 projects which is not to be financed by the University's Bonds secured by the State Debt Service Commitment or the State's bonds may be funded by the issuance of Special Obligation Bonds of the University or by gifts or other revenue or borrowing resources of the University.

As of the date of delivery of the 2018 Bonds, the University has issued the following General Obligation and Special Obligation Bonds, Governmental Lease Purchase Agreements and a Promissory Note pursuant to the UConn 2000 Act.

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UCONN 2000 DEBT OBLIGATIONS – ISSUED AMOUNTS

A. UConn 2000 General Obligation Bonds – Issued Amounts

	Issue Date	Par Amount	(OID)/OIP[1]	Construction Account Deposit
1996 Series A Bonds	2/21/1996	$83,929,715	$(274,931)	$82,606,220
1997 Series A Bonds	4/24/1997	124,392,432	(2,319,590)	121,080,861
1998 Series A Bonds	6/24/1998	99,520,000	634,629	99,280,000
1999 Series A Bonds	4/08/1999	79,735,000	(45,210)	79,032,919
2000 Series A Bonds	3/29/2000	130,850,000	(120,981)	130,000,000
2001 Series A Bonds	4/11/2001	100,000,000	1,141,140	100,000,000
2002 Series A Bonds	4/18/2002	100,000,000	1,706,295	100,000,000
2003 Series A Bonds	3/26/2003	96,210,000	4,623,183	100,000,000
2004 Series A Bonds	1/22/2004	97,845,000	2,816,971	100,000,000
2005 Series A Bonds	3/16/2005	98,110,000	3,004,101	100,000,000
2006 Series A Bonds	3/15/2006	77,145,000	2,612,437	79,000,000
2007 Series A Bonds	4/12/2007	89,355,000	431,004	89,000,000
2009 Series A Bonds	4/16/2009	144,855,000	6,312,563	150,000,000
2010 Series A Bonds	5/25/2010	97,115,000	8,733,758	105,000,000
2011 Series A Bonds	12/8/2011	179,730,000	21,613,069	200,000,000
2013 Series A Bonds	7/31/2013	172,660,000	17,685,693	189,000,000
2014 Series A Bonds	4/22/2014	109,050,000	11,792,198	120,000,000
2015 Series A Bonds	4/16/2015	220,165,000	31,273,159	250,000,000
2016 Series A Bonds	4/21/2016	261,510,000	40,055,804	300,000,000
2017 Series A Bonds	1/19/2017	311,200,000	40,676,400	350,000,000
Total[2]		**$2,673,377,147**	**$192,351,690**	**$2,844,000,000**

	Issue Date	Par Amount	(OID)/OIP[1]	Deposit to Redemption Fund[3]
2004 Series A Refunding Bonds	1/29/2004	$216,950,000	$27,144,300	$247,794,279
2006 Series A Refunding Bonds	3/15/2006	61,020,000	5,103,655	65,472,900
2007 Series A Refunding Bonds	4/12/2007	46,030,000	3,897,620	49,505,477
2010 Series A Refunding Bonds	5/25/2010	36,095,000	2,903,755	38,704,429
2011 Series A Refunding Bonds	12/8/2011	31,905,000	5,183,727	36,841,566
2013 Series A Refunding Bonds	7/31/2013	51,250,000	7,374,396	58,228,911
2014 Series A Refunding Bonds	4/22/2014	92,940,000	7,044,682	99,513,683
2015 Series A Refunding Bonds	4/16/2015	34,625,000	5,860,522	40,279,496
2016 Series A Refunding Bonds	4/21/2016	80,425,000	10,437,499	90,481,693
2017 Series A Refunding Bonds	1/19/2017	33,950,000	3,165,137	36,960,192
Total[2]		**$685,190,000**	**$78,115,294**	**$763,782,625**

B. UConn 2000 Special Obligation Bonds – Issued Amounts

	Issue Date	Par Amount	(OID)/OIP[1]	Construction Account Deposit
1998 Series A Bonds	2/04/1998	$33,560,000	$(888,481)	$30,000,000
2000 Series A Bonds	6/01/2000	89,570,000	(1,159,469)	87,000,000
2002 Series A Bonds	2/14/2002	75,430,000	287,983	72,180,000
2018 Series A Bonds	3/29/2018	141,725,000	16,710,803	152,000,000
Total[2]		**$340,285,000**	**$14,950,836**	**$341,180,000**

	Issue Date	Par Amount	(OID)/OIP[1]	Deposit to Redemption Fund[3]
2002 Series A Refunding Bonds	2/27/2002	$96,130,000	$1,747,947	$96,830,821
2010 Series A Refunding Bonds	6/16/2010	47,545,000	4,618,962	51,812,926
2012 Series A Refunding Bonds	12/13/2012	87,980,000	20,655,986	107,670,292
Total[2]		**$231,655,000**	**$27,022,895**	**$256,314,039**

C. Governmental Lease Purchase Agreement

	Issue Date	Par Amount	Project Costs
Governmental Lease Purchase Agreement	12/18/2003	$75,000,000	$75,000,000
Governmental Lease Purchase Agreement	08/15/2005	6,900,000	6,900,000
Total[2]		**$81,900,000**	**$81,900,000**

[1] Net OIP and Accrued Interest, if any, may be used to fund the Construction Account or Redemption Fund and to pay for Costs of Issuance.
[2] Totals may not sum due to rounding.
[3] Reflects Bond proceeds deposited to Escrow Deposit Fund; total deposits to the Trustee to be held in the Escrow Deposit Fund may include other funds.

The Act

Powers. The Act enables the University to borrow money and enter into financing transactions in its own name and expands the authority of the University to supervise directly construction of its projects including all UConn 2000 projects. In order for the University to construct the UConn 2000 Projects and issue securities for UConn 2000, the Act, among other things, provides the University with the following powers: (a) to have perpetual succession as a body politic and corporate and an instrumentality and agency of the State; (b) to contract, to sue, to be indemnified, and to defend any action; (c) to indemnify parties and to be sued by the holders of its securities on an express contract; (d) to retain or employ architects, accountants, engineers, legal and securities counsel; (e) to plan, acquire, construct, renovate, equip, own, operate, maintain, dispose of and demolish any project; (f) to acquire, hold or dispose of any interest in real or personal property and to hold, sell, assign, lease, rent or encumber, other than by mortgage, any such interest; (g) to receive money from federal and state governments or others; and (h) to fix and collect fees, tuition, charges, rentals and other charges for enrollment and attendance at and use of the University.

The University may revise, delete and add projects to the list of UConn 2000 projects, provided a material addition or deletion must be approved by a legislative act of the General Assembly of Connecticut. No revision, addition or deletion can reduce the amount of the State Debt Service Commitment. The University may determine the sequencing and timing of projects, revise estimates of cost and reallocate funds among projects, all in accordance with the Act.

The Act provides that the principal amount of the securities authorized to be issued for a project is deemed an appropriation and allocation of such amount for such project and approval by the Governor is deemed the allotment by the Governor of such capital outlays. Upon such approval, the University may award contracts, and issue and sell securities respecting expenditures under such contracts which will be paid within the year following issuance of such securities and to provide for costs of UConn 2000 of not more than twenty percent in excess of such expenditures. Certain Costs of Issuance may be added to the amount of securities so issued.

Minimum State Operating Provision. Pursuant to the Act, the State commits to appropriate, annually, an amount for operations of the University, after consideration of other amounts available to the University for its operations, which amount shall be consistent with the University (including the UConn 2000 projects) continuing to operate in furtherance of and pursuant to the provisions of the Constitution of the State and applicable law as an institution dedicated to excellence in higher education. However, nothing in the Act shall be construed to preclude the State from appropriating a lower or higher amount than the amount appropriated in the previous Fiscal Year so long as the State provides and determines that the University can continue to operate as an institution dedicated to excellence in higher education and such amount so appropriated shall then constitute the Minimum State Operating Provision.

Special Capital Reserve Fund. The Act permits the issuance of special obligation securities of the University which may be further secured with one or more State supported reserve funds to be known as Special Capital Reserve Funds or a debt service reserve fund. To date, the University has issued seven series of Special Obligation Bonds but only one series, its Student Fee Revenue Bonds, 1998 Series A, was secured by a Special Capital Reserve Fund, none of which remain outstanding as of the date of this Official Statement. See Appendix I-A under the subsection, "University Indebtedness." A Special Capital Reserve Fund is not available to secure the 2018 Bonds or any other bonds of the University.

Special External Gift and Endowment Funds. The Act creates two funds designed to encourage private sector gifts to fund UConn 2000 projects and to increase endowment funds of the University.

The Special External Gift Fund was created to receive Special Eligible Gifts from the private sector, in furtherance of UConn 2000. Special Eligible Gifts and interest or other income earned on the Special External Gift Fund are to be used to pay costs of any UConn 2000 project.

The Endowment Fund is dedicated to endowed professorships, scholarships and programmatic enhancements. See Appendix I-A under the subsection, "University Finances - The University of Connecticut Foundation, Inc. and The University of Connecticut Law School Foundation, Inc."

Construction of Projects. The UConn 2000 Infrastructure Improvement Program currently comprises numerous projects ranging in cost from under $1,000,000 to over $800,000,000. UConn 2000 Phase I Projects and UConn 2000 Phase II Projects are located on several of the University's campuses (not including UConn Health), with the preponderance of projects located on the main campus at Storrs. UConn 2000 Phase III Projects include projects for the Storrs and regional campuses as well as several projects to be located at UConn Health. The University is authorized to assume the responsibility and supervision of any project including preparation of detailed plans and specifications for each project. Subject to applicable law, the University maintains construction standards for all projects, including provisions relating to materials and equipment, and health and safety. The Act provides an expedited permitting process for the issuance of any license, permit, approval and administrative action required in connection with any UConn 2000 project.

The Act provides that each contract let in accordance with the Act must provide that payment is limited to, and the State and the University shall have no liability beyond, the amount provided therein.

UConn 2000 Performance Review Report to the General Assembly. The Act provides for semi-annual reporting to certain committees of the General Assembly as well as for periodic performance reviews (due January 15, 1999, January 15, 2006 and January 15, 2011). On January 15, 1999, January 15, 2006, and January 15, 2011 the University, as required by the Act, submitted to the Governor and to the Joint Standing Committees of the General Assembly having cognizance of matters relating to education and finance, revenue and bonding, a periodic performance review report detailing certain information specified in the Act for each project undertaken to its date under UConn 2000. The Act provides for the committees to consider the report and determine whether there has been insufficient progress in implementation of UConn 2000 or whether there have been significant cost increases over original estimates as a result of actions taken by the University. If so, the committees may make recommendations for appropriate action to the University and to the General Assembly.

The Act further provides that not later than December 31, 2019 and every 5 years thereafter, the University shall conduct an assessment of the University's progress in meeting the purposes set forth and incorporated in the Act.

Comprehensive Plan. The Act provides that the University shall develop a comprehensive plan to guide Next Generation Connecticut investments. The comprehensive plan was adopted by the Board of Trustees on February 24, 2016. Progress reports regarding the University's achievement of goals set out in the comprehensive plan are required by the Act to be submitted annually to the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding, commerce and higher education. The most recent report was submitted by the University on February 7, 2018.

LITIGATION

There is no litigation of any nature pending or threatened against the University restraining or enjoining the issue, sale, execution or delivery of the 2018 Bonds, or in any way contesting or affecting the validity of the 2018 Bonds or any proceedings of the University taken with respect to the issuance or sale thereof, the application of the proceeds of the 2018 Bonds or the existence or powers of the University. While the University is defending a few legal matters in state and federal courts, none of those suits, either individually or in the aggregate, are likely to have a material adverse impact on the University's financial position.

COVENANT OF THE STATE

Under the Act, the State has pledged and agreed with the holders of any bonds and notes issued under the Act, including the 2018 Bonds, that the State will not limit or alter the rights vested in the University until such obligations, together with the interest thereon, are fully met and discharged, provided that nothing shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds and notes.

LEGALITY FOR INVESTMENT

The Act provides that the 2018 Bonds shall be legal investments and public bodies of the State and its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking associations, trust companies, savings banks and savings associations, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, board of trustees and other fiduciaries, and all other persons whatsoever who are now or may be authorized to invest in securities of the State, may properly and legally invest funds, including capital, in their control, or belonging to them. Those securities are also made securities which may properly and legally be deposited with and received by all public officers and bodies of the State or any agency or political subdivision and all municipalities and public corporations for any purpose for which the deposit of securities of the State is now or may be authorized by law.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters related to the authorization, issuance and sale of the 2018 Bonds are subject to the approval of Pullman & Comley, LLC, Hartford, Connecticut, Bond Counsel to the University, and the Law Offices of Joseph C. Reid, P.A., New York, New York, as Co-Bond Counsel to the University. Bond Counsel and Co-Bond Counsel propose to deliver their approving opinions with respect to the 2018 Bonds substantially in the form set forth in Appendix D hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP and Nixon Peabody LLP, New York, New York. Hawkins Delafield & Wood, LLP currently serves as bond counsel to the State in connection with State bond issues and various other matters.

TAX MATTERS

Opinion of Bond Counsel – Federal Tax Exemption

In the opinion of Bond Counsel and Co-Bond Counsel (collectively, "Bond Counsel") to the University, under existing law, interest on the 2018 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and except as hereinafter described, corporations. In rendering its opinion, Bond Counsel will rely on certain representations, certifications of fact, and statements of reasonable expectations made by the University, the Treasurer and others in connection with the 2018 Bonds, and Bond Counsel will assume continuing compliance by the University and the Treasurer with certain ongoing covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") to assure the exclusion of interest on the 2018 Bonds from gross income under the Code.

For taxable years that began before January 1, 2018, interest on the 2018 Bonds owned by certain corporations (as defined for federal income tax purposes) subject to the federal alternative minimum tax may be taken into account in computing the federal alternative minimum tax for such corporations. For taxable years beginning on or after January 1, 2018, the federal alternative minimum tax on corporations has been repealed.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the 2018 Bonds in order that interest on the 2018 Bonds be and remain excludable from gross income under the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2018 Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2018 Bonds to be included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the 2018 Bonds, the University and the Treasurer will covenant to comply with such applicable requirements of the Code to assure the exclusion of interest on the 2018 Bonds from gross income under the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2018 Bonds. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a 2018 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2018 Bonds.

Prospective owners of the 2018 Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

Interest paid on tax-exempt obligations such as the 2018 Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the 2018 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Original Issue Discount

The initial public offering prices of the 2018 Bonds of certain maturities (each a "Discount Bond") may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price to the public (excluding bond houses and brokers) of each Discount Bond at which a substantial amount of such maturity is sold will constitute original issue discount. The offering prices relating to the yields set forth on the inside cover page of this Official Statement for such 2018 Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the 2018 Bonds are sold. Under existing law, original issue discount on the 2018 Bonds accrued and properly allocable to the owners thereof under the Code is excludable from gross income for federal income tax purposes if interest on the 2018 Bonds is excludable from gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner's adjusted basis in a Discount Bond, original issue discount is treated as having accrued while the owner holds the Discount Bond and will be added to the owner's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a 2018 Bond. Accrued original issue discount may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of a Discount Bond.

Original Issue Premium

Certain of the 2018 Bonds may be offered at prices in excess of their principal amounts (the "Premium Bonds"). An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

State Taxes

In the opinion of Bond Counsel to the University, under existing statutes, interest on the 2018 Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the 2018 Bonds is includable in gross income for purposes of the Connecticut corporation business tax.

Accrued original issue discount on the 2018 Bonds is also excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and interest on the 2018 Bonds is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Owners of the 2018 Bonds should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such 2018 Bonds.

Owners of the 2018 Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the 2018 Bonds and the disposition thereof.

General and Post Issuance Events

Tax legislation, administrative actions or court decisions, at either the federal or state level, may adversely affect the tax exempt status of the interest on the 2018 Bonds under federal or state law or otherwise prevent beneficial owners of the 2018 Bonds from realizing the full current benefit of the tax status of such interest. In addition, such tax legislation, administrative actions or court decisions, could affect the market value of the 2018 Bonds and their marketability. This could arise from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the 2018 Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the 2018 Bonds may occur. Prospective purchasers of the 2018 Bonds should consult their own tax advisors regarding the impact of any change in law on the 2018 Bonds.

The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinions. Bond

Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the 2018 Bonds. Bond Counsel expresses no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal or state income tax purposes of interest on the 2018 Bonds.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the 2018 Bonds. Prospective owners of the 2018 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the 2018 Bonds.

RATINGS

The 2018 Bonds have been rated "Aa3" by Moody's Investors Service ("Moody's"), 7 World Trade Center, New York, New York and "AA-" by S&P's Global Ratings ("S&P"), 55 Water Street, New York, New York. The ratings assigned by Moody's and S&P express only the view of such rating agencies. The explanation and significance of the ratings can be obtained from Moody's and S&P, respectively. Such ratings are not intended as a recommendation to buy or own the 2018 Bonds. There is no assurance that any ratings will continue for any period of time or that they will not be revised or withdrawn. Any revision or withdrawal of any of such ratings on the 2018 Bonds may have an adverse effect on the market price thereof.

CONTINUING DISCLOSURE AGREEMENT

Section 3-20e of the General Statutes of Connecticut gives the University the specific authority to enter into continuing disclosure agreements in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The University, as issuer of the 2018 Bonds under the Rule, will enter into an agreement with the Trustee substantially in the form of the Continuing Disclosure Agreement attached hereto as Appendix E (the "Continuing Disclosure Agreement"). Under the Continuing Disclosure Agreement, the University agrees to provide or cause to be provided, in accordance with the requirements of the Rule, (i) certain annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The Underwriters' obligation to purchase the 2018 Bonds shall be conditioned upon their receiving, at or prior to the delivery of the 2018 Bonds, an executed copy of the Continuing Disclosure Agreement.

The intent of such undertaking is to provide on a continuing basis the financial information and operating data described in the Rule. Accordingly, there is reserved the right to modify the disclosure thereunder or format thereof so long as any such modification is made in a manner consistent with the Rule and as permitted by the Continuing Disclosure Agreement.

The purpose of such undertaking is to conform to the requirements of the Rule and not to create new contractual or other rights other than the remedy of specific performance in the event of any actual failure by the University to comply with its written undertaking. The Continuing Disclosure Agreement shall provide that any failure by the University to comply with any provisions of such undertaking shall not constitute an Event of Default with respect to the Bonds under the Special Obligation Indenture.

To its knowledge, in the last five years the University has not failed to comply in any material respect with its undertakings entered into in connection with any bonds issued by the University. The University has determined that it inadvertently failed to make specific reference to official statements filed on EMMA during the last two years which provided certain operating data, such as percentage of enrollment by residence status for some students and passing rates on certain national exams. The University, upon the filing of this Official Statement on EMMA under both the Official Statement and continuing disclosure tabs, will have made all required filings of financial information and operating data. In making this disclosure the University does not admit that the omission is a material failure to comply with its continuing disclosure obligations. The University has modified its disclosure practices to prevent such failure in the future.

Certain prior annual reports of the University and other required reports are available from the Electronic Municipal Market Access website ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB"), or such other website as may be designated from time to time by the MSRB or the Securities and Exchange Commission. Filings through EMMA are linked to particular obligations by a 9-digit CUSIP number, based on base (6-digits) CUSIP numbers, which are subject to being changed after the issuance of obligations as a result of various actions. The University has entered into continuing disclosure agreements requiring filings to be made by the Trustee with respect to hundreds of CUSIP numbers. Most filings by the Trustee through EMMA, such as annual reports, are made using the base 6-digit CUSIP numbers. Although the Trustee endeavors through this process to link each report filed through EMMA to the correct CUSIP number (including those assigned without its knowledge), there can be no guarantee of complete accuracy in this process, given the large number of 9-digit CUSIP numbers assigned to the University's obligations. The University does not believe an inaccuracy resulting from such CUSIP process is a material failure to comply with its continuing disclosure obligations.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions precedent, to purchase all, but not less than all, of the 2018 Bonds from the University at an aggregate purchase price of $157,628,521.87 (representing the aggregate principal amount of the 2018 Bonds plus net original issue premium of $16,710,803.15 and less Underwriters' discount of $807,281.28). The 2018 Bonds may be reoffered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the 2018 Bonds into investment trusts) at prices lower than those stated on the inside cover page of this Official Statement and such public offering prices may be changed, from time to time, by the Underwriters.

FINANCIAL ADVISOR

PFM Financial Advisors LLC and Hilltop Securities, Inc., are serving as financial advisors in connection with the issuance of the 2018 Bonds.

FINANCIAL STATEMENTS OF THE UNIVERSITY

Included in Appendix A is various financial information relating to the University. The audited financial statements of the University and UConn Health (excluding the University of Connecticut Foundation) contained in Schedule 1 and Schedule 2 are included herein in reliance upon the Certificates of Audit of the Auditors of Public Accounts of the State.

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the University and its various operations are prepared by officers of the University and provided to the Board of Trustees at its regular monthly meetings. In addition, the University regularly reports to the Governor, the Secretary of the Office of Policy and Management and various committees of the State legislature and regularly receives reports from consultants, commissions and special task forces relating to various aspects of the University's financial affairs.

The University will make available copies of its official statements relating to the issuance of its securities under the Indentures from time to time upon request through the Office of the State Treasurer or the University's Executive Vice President and Chief Financial Officer.

Additional information concerning the University may be obtained upon request of the President, Susan Herbst, Attention: Scott A. Jordan, Executive Vice President and Chief Financial Officer, 352 Mansfield Road, Storrs, Connecticut 06269, (860) 486-3455.

Additional information concerning the State may be obtained upon request of the Office of the State Treasurer, Honorable Denise L. Nappier, Treasurer, Attention: Sheree Mailhot, Acting Assistant Treasurer of Debt Management, 55 Elm Street, Hartford, Connecticut 06106, (860) 702-3035.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representation of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the University and the State and the purchasers or holders of any of the 2018 Bonds.

This Official Statement is submitted only in connection with the issuance and sale of the 2018 Bonds by the University and may not be reproduced or used in whole or in part for any other purpose.

Dated: March 15, 2018

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Pursuant to the UConn 2000 Act, the 2018 Bonds described above have been sold by the Treasurer of the State of Connecticut in conjunction with the University.

TREASURER OF THE STATE OF CONNECTICUT	**UNIVERSITY OF CONNECTICUT**
By: /s/ Denise L. Nappier Denise L. Nappier State Treasurer	By: /s/ Scott A. Jordan Scott A. Jordan Executive Vice President for Administration and Chief Financial Officer

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APPENDIX A

UNIVERSITY OF CONNECTICUT
INFORMATION CONCERNING THE UNIVERSITY

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APPENDIX A
UNIVERSITY OF CONNECTICUT

March 15, 2018

This Appendix A, furnished by the University of Connecticut (the "University"), contains information as of the date of this Official Statement, except as expressly provided herein. This Appendix A and the schedules attached hereto should be read collectively and in their entirety.

Board of Trustees

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UNIVERSITY OF CONNECTICUT

INTRODUCTION

The University of Connecticut (the "University") was established and exists as an institution for the education of residents of the State of Connecticut (the "State"). The University, originally established in 1881, is one of the nation's nine colonial land grant colleges. Since it was established, the University has consistently expanded its academic program and physical plant to meet the higher educational needs of State residents. In April 1881, the Connecticut General Assembly established the Storrs Agricultural School after accepting a gift of 170 acres of land, several buildings, and money from Charles and Augustus Storrs. The Storrs Agricultural School opened on September 28, 1881, with twelve students in the first class. Before the turn of the century, there were two name changes, to Storrs Agricultural College in 1893 and to Connecticut Agricultural College in 1899. In 1933, it became Connecticut State College, reflecting its steady advances and broadened mission. In 1939, the General Assembly designated it the University of Connecticut, reflecting its graduate and professional education, research and public service programs. In 1965, the University became the flagship institution of higher education in the State under the new Constitution of the State, which in Article VIII, Section 2 provides that the State shall maintain a system of higher education, including the University, dedicated to excellence in higher education.

In addition to the main campus in Storrs ("Storrs"), there are four undergraduate regional campuses (one of which also houses the graduate School of Social Work), a School of Law and a complex of health and educational facilities (sometimes referred to herein as the "University of Connecticut Health Center" or "UConn Health" or "UCH"). UConn Health consists of the School of Medicine, the School of Dental Medicine, medical and dental educational clinics, UConn Medical Group and the UConn John Dempsey Hospital. The Storrs and regional campuses and UConn Health comprise 4,316 acres of land and are strategically located throughout the State. The University competes with public and private institutions for students.

As of November 2017, the University had nearly 254,000 alumni worldwide and 32,182 students (including UConn Health) studying in 14 colleges and schools offering seven undergraduate and 23 graduate and professional degree programs.

The State's support for the University reflects the status of the University as the flagship institution of the State system of higher education.

GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES

Board of Trustees

Composition. The Board of Trustees of the University consists of 21 persons. The Governor, the Commissioner of Education, the Commissioner of Agriculture, the Commissioner of Economic & Community Development and the Chair of UConn Health Board of Directors are ex-officio members of the Board of Trustees. The Governor is the ex-officio President of the Board of Trustees and is authorized to appoint twelve members of the Board of Trustees who reflect the State's geographic, racial and ethnic diversity. Two members of the Board of Trustees are elected by the University alumni, and two are elected by the students enrolled at the institutions under jurisdiction of the Board of Trustees. There is currently one vacancy on the Board of Trustees.

Although the University is governed by a single Board of Trustees with one chief executive officer, UConn Health maintains a separate budget and is by statute a separate entity for purposes of maintaining operating funds and State appropriations. Pursuant to Section 35 of Public Act No. 01-173, the Board of Trustees created a board of directors for the governance of UConn Health, and determined such duties and authority, as it deemed necessary and appropriate to delegate to said board of directors. Information concerning UConn Health is included under the heading "UNIVERSITY OF CONNECTICUT HEALTH CENTER" below in this Appendix A.

Membership. The name, term, position and affiliation or profession of each member of the Board of Trustees is as follows:

Name	Term Ends	Position	Affiliation/Profession
The Honorable Dannel P. Malloy		President ex-officio	Governor
Dianna R. Wentzell		Member ex-officio	Commissioner of Education
Steven K. Reviczky		Member ex-officio	Commissioner of Agriculture
Catherine H. Smith		Member ex-officio	Commissioner of Economic and Community Development
Thomas E. Kruger	2023	Chair	Corporate Attorney
Sanford Cloud Jr.	2014*	Member ex-officio, Chair UCH BOD	Chairman and CEO, The Cloud Company, LLC
Andy F. Bessette	2019	Vice-Chair	Executive Vice President & Chief Administrative Officer, The Travelers Companies, Inc.
Mark L. Boxer	2022	Member	Global Chief Information Officer, Cigna Corporation
Kevin A. Braghirol	2018	Student Member	Graduate Student
Charles F. Bunnell	2019	Member	Chief of Staff, External & Governmental Affairs, The Mohegan Tribe
Shari G. Cantor	2019	Vice-Chair	Mayor, West Hartford, CT
Richard T. Carbray Jr.	2019	Vice-Chair	Retired Pharmacist
Andrea Dennis-LaVigne	2019	Secretary and Vice-Chair	Veterinarian, Bloomfield Animal Hospital
Marilda L. Gandara	2023	Vice-Chair	Retired President, Aetna Foundation Inc.
Jeanine A. Gouin	2021	Member	Vice President, Milone & McBroom, Inc.
Rebecca Lobo	2021	Member	Sports Broadcaster
Denis J. Nayden	2019	Vice-Chair	Chairman, James Alpha Holdings, LLC
Thomas D. Ritter	2021	Vice-Chair	Attorney
Philip E. Rubin	2023	Member	Senior Advisor, Haskins Laboratories
Christine C. Savino	2019	Student Member	Undergraduate Student

* Board members continue to serve until re-appointed or replacements are appointed.

Duties of the University of Connecticut Board of Trustees. Subject to statewide policy and guidelines established by the Board of Regents for Higher Education, the Board of Trustees of the University is authorized to establish rules and general policies for the governance of the University, including its mission, regional campuses, degrees and academic programs. The Board of Trustees appoints the President, manages the investments and directs the expenditures of the University. The Board of Trustees is required by law to review and approve the annual University budget and facility, planning and capital expenditure budget priorities. The Board of Trustees may employ the faculty and other personnel needed to operate and maintain the University. The Board of Trustees is authorized to fix the compensation of University personnel, establish terms and conditions of their employment and prescribe their duties and qualifications. The Board of Trustees is authorized to constitute its professional staff and establish compensation and classification schedules for such personnel.

Officers of the Board of Trustees. The officers of the Board of Trustees, apart from the Governor who is President ex-officio, are the Chair, Vice-Chairs and Secretary. The Chair is privileged to make or discuss motions and to vote on all questions. The Chair may designate a Vice-Chair to act in his or her absence.

Effective December 2017, Governor Dannel P. Malloy appointed Thomas E. Kruger of Greenwich, Connecticut as Chairman of the University of Connecticut Board of Trustees. He has served as a member of the Board of Trustees since 2011 and as Vice-Chair of the Financial Affairs Committee of the Board for the last four years. Kruger is a partner in the corporate practice of the international law firm of Paul Hastings LLP, and is based in the firm's New York office. In his professional work with Paul Hastings LLP, Kruger focuses on corporate finance, securities law matters, and mergers and acquisitions. Previously, he served as a managing partner for the New York City firm of Battle Fowler LLP, until its merger with Paul Hastings. He has been a member and Chair of the Dean's Advisory Board of the University of Detroit, Mercy Law School, and has also been active in his neighborhood and community. He received a Bachelor of Arts degree from the University of Michigan Ann Arbor and a Juris Doctor from Harvard Law School.

Committees of the Board of Trustees. The Board of Trustees acts as a committee of the whole on all matters requiring action. The Board of Trustees is authorized by the Act to adopt a resolution delegating to the Finance Committee of the Board such matters relating to the issuance and sale of securities in the name of the University on behalf of the State as it may determine appropriate, except as to the authorization of the amount of, the nature of, and property to be financed by, such securities; provided that, the Board of Trustees must retain overall control, responsibility and supervision.

Other Board of Trustees Committees include Academic Affairs; Buildings, Grounds and Environment; Compensation; Construction Management Oversight; Executive; Financial Affairs; Institutional Advancement; Joint Audit and Compliance; Student Life; Special Committee for Investigation; and Special Committee for Opportunities and Strategic Initiatives.

University Administration

Administration. The administration of the University is determined in part by legislative enactment, in part by the By-Laws of the Board of Trustees, and in part by regulations made by the President, the University Senate, and the several faculties. The Board of Trustees is authorized by law to appoint a President of the University. The President is the chief executive officer of the University. The President is responsible for carrying out the policies and enforcing the rules adopted by the Board of Trustees. Among the officers the President may appoint are a Provost and Executive Vice President for Academic Affairs, who oversees academic programs and student life programs at all of the University's campuses; an Executive Vice President for Health Affairs, who oversees programs at the University of Connecticut Health Center; an Executive Vice President for Administration and Chief Financial Officer, with responsibility for operations and financial affairs of the University; a Vice President for Research; a Vice President for Student Affairs; and others as deemed appropriate.

The Board of Trustees appointed Susan Herbst as the 15th President of the University of Connecticut on December 20, 2010. Prior to her appointment to the presidency, she served as Executive Vice Chancellor and Chief Academic Officer of the University System of Georgia, where she led 15 university presidents and oversaw the academic missions for all 35 public universities in Georgia. Before going to Georgia, President Herbst was Provost and Executive Vice President at The University at Albany (SUNY), and served as Officer in Charge (acting president) of the school from 2006 to 2007. She previously served as the Dean of the College of Liberal Arts at Temple University. Dr. Herbst joined Northwestern University in 1989 as an assistant professor and remained there until 2003. At Northwestern, she served in many capacities including Professor of Political Science and Chair of the Department. Dr. Herbst is a scholar of public opinion, media, and American politics, and is author of four books and many articles in these areas, as well as a co-editor of the University of Chicago Press series in American Politics.

The names and backgrounds of the other principal administrative officers of the University are as follows:

Name	Position	Background
Jeremy Teitelbaum*	Interim Provost and Executive Vice President for Academic Affairs	Ph.D. Mathematics, Harvard University, B.A. Mathematics (summa cum laude), Carleton College; over 30 years in higher education including more than 8 years as Dean of UConn's College of Liberal Arts and Sciences.
Scott A. Jordan	Executive Vice President for Administration and Chief Financial Officer	M.P.A., Harvard University, B.A., University of Massachusetts; over 25 years in state and local government finance in the Commonwealth of Massachusetts, most recently as Undersecretary of the Massachusetts Executive Office for Administration and Finance.
Andrew Agwunobi, M.D.	Executive Vice President for Health Affairs	M.D., University of Jos Nigeria, Pediatric Residency at Howard University Hospital, M.B.A. Stanford Graduate School of Business; over 20 years in healthcare and administration including serving as Director with the Berkeley Research Group and Chief Executive of Providence Healthcare.

* A national search for the permanent position began in Summer 2017. On November 29, 2017, President Herbst announced the selection of Dr. Craig H. Kennedy as the next Provost & Executive Vice President for Academic Affairs. Since 2013, Dr. Kennedy has served as the Dean of the College of Education at the University of Georgia. Prior to his arrival in Georgia, he spent 15 years at Vanderbilt University, first as a faculty member in the Peabody College of Education and Human Development, and later as a department Chair, Associate Dean for Research, and finally as Senior Associate Dean of the college. Dr. Kennedy will begin his new position at the University of Connecticut in April 2018.

Legal Services. The University receives legal services from the University's Office of the General Counsel and from the State's Office of the Attorney General. The University also retains private counsel on occasion through the Office of the Attorney General. The Act authorizes the University, independent of the Office of the Attorney General, to use the legal services of private attorneys in connection with the construction, operation or maintenance of any UCONN 2000 project. Pursuant to the Act, the University has retained attorneys in connection with the construction of UCONN 2000 projects, including claims and litigation arising from such projects. In addition, UConn Health has the statutory authority to engage outside counsel, relative to UConn Health's clinical enterprise, through the University of Connecticut Health Center Finance Corporation.

Strategic and Academic Plan

Adopted on February 10, 1995, the Strategic Plan serves as the Board of Trustees' blueprint for the University's future. It describes a University on the road to educational pre-eminence. Just as UCONN 2000 is the General Assembly's blueprint for transforming the physical infrastructure, the Strategic Plan is the blueprint for reshaping UConn's scholastic and social environment.

In 2013, the University developed a revised Academic Plan to set the future direction and priorities for the University and to identify new goals and strategic initiatives to realize its aspiration to be counted among the nation's top flagship public universities. The Academic Plan is characterized by bold and innovative ideas about how the University can:

- Increase research productivity;
- Adapt to change and implement innovations in teaching pedagogy;
- Develop interdisciplinary ideas for research and scholarship with global implications; and
- Establish models of academic organizational structures.

The Academic Plan also calls for increasing partnerships with industries, recognizing that the University can be an important economic driver for the State's economy by supplying a well-trained, high-tech workforce. In addition, it is anticipated that industry partnerships will expand research opportunities, attract new companies to the region, support the growth of existing companies, and advance the development of innovative technologies and patenting and licensing opportunities.

The University has made steady progress towards the goals set forth in the Academic Plan. This progress includes hiring new faculty members, primarily in STEM (science, technology, engineering and math) disciplines, and increasing undergraduate enrollment while decreasing the student-to-faculty ratio. The University has instituted and awarded STEM scholarship programs at both the graduate and undergraduate level and formed several new strategic collaborations with industry. The University has also established and strengthened programs in Digital Media and Design as well as Business at the Stamford campus, which has resulted in a significant increase in student enrollment in these programs.

The University President has announced that one of the first and most critical tasks for the new Provost, Dr. Kennedy, will be to lead the development of a new strategic academic plan.

Below is a summary highlighting some of the progress that has been made to date with respect to the UCONN 2000 Program, the Strategic Plan and the Academic Plan.

- Student Recruitment and Enrollment: Student enrollment has increased in size, diversity and academic skill. Since Fall 1995, total enrollment at all campuses has increased 41%, freshman enrollment at the main campus has increased 82% and freshman minority enrollment is up 261% at the main campus. The mean SAT score of the freshman class for Fall 2017 was 1294 (excluding the writing component) or 234 points higher than the national mean. Since 1995, 2,409 valedictorians and salutatorians have enrolled at all campuses.

- Investments in regional campus facilities have supported the establishment of new degree programs and expanded course offerings at the undergraduate program campuses of Avery Point, Greater Hartford, Stamford and Waterbury.

- The Center for Undergraduate Education (CUE), located in the center of the Storrs campus across from the Library, provides one-stop shopping for students' academic needs and houses units that include the Writing and Quantitative Centers, Academic Center for Exploratory Students, Career Development Center, Center for Academic Programs, First Year Programs and Learning Communities, Honors, Individualized and Interdisciplinary Studies, Institute for Teaching and Learning, Offices of Global Programs and Education Abroad, Offices of National Scholarships and Undergraduate Research, and Teaching Assistant Programs. These centers and programs also serve the regional campuses.

- The University has implemented both residential and non-residential Learning Communities for students. Non-residential Learning Community students take a one-credit course together based on their major. Students can opt to live in a residential Learning Community that carries a theme based on their major or a shared interest (Major-based communities: Business Connections, Engineering, EUROTECH; Fine Arts; Honors; Nursing; Pre-Pharmacy; and WiMSE (Women in Math, Science and Engineering). Interest-based communities open to all majors include: Connecting with the Arts; EcoHouse; Global House; Humanities; Human Rights & Action; Innovation; La Comunidad Intelectual; Leadership; Public Health; ScHOLA^{2}RS; and Transfer Connections. Special programming for Learning Communities is provided by schools and colleges to involve students in the academic and co-curricular life of the University through infusing an intellectual component into residence halls.

- The Honors Program continues to grow in strength and prestige, attracting high-achieving students with small honors seminars, personalized attention, opportunities for research and scholarly work leading to theses, and a strong sense of community. In Fall 2017, 521 new freshmen enrolled in the Honors Program with an average combined score of 1436 (excluding the writing component) on the SAT (32 on the ACTs) and with a high school class rank in the top 4%. All Honors students have access to more than 100 undergraduate majors as well as to specially developed Honors Core Curriculum courses, the very popular Honors First Year Seminar, and the Honors Residential Community. During fiscal year 2017, the Office of Undergraduate Research disbursed over $500,000 in support for student research and creative activity across its funding programs.

- A wide variety of internship opportunities are offered by every school and college and through the Office of Undergraduate Research and Career Development Center. For example, the University and Mystic Seaport have collaborated to provide summer internships for students in the Maritime, Coastal, and American Studies programs at the Avery Point campus, to make available the museum's maritime history resources to the University's students and faculty, and to share the University's library resources with Mystic Seaport staff.

- UConn was ranked 18th among 190 national public universities in the nation by U.S. News & World Report in its America's Best Colleges published in September 2017. For the nineteenth consecutive year, the University was named the top public university in New England.

- The University was ranked the best value public university in New England and ranked 35th in the best values in public higher education by the *Kiplinger's Personal Finance* magazine, published in December 2017. The top 100 schools chosen as "Best Values in Public Colleges" for 2017 were ranked according to academic quality based on criteria including admission and retention rates, student-faculty ratios, and four- and six-year graduation rates, as well as on cost and financial aid.

Next Generation Connecticut

In July 2013, Governor Malloy signed Public Act 13-233, "An Act Concerning Next Generation Connecticut", which among other things extended the UCONN 2000 program six years until Fiscal Year 2024; increased the statutory authorizations for the UCONN 2000 bonds secured by the State's debt service commitment by $1.551 billion; and increased certain fiscal year bond authorizations. In October 2017, Public Act 17-2 was approved which extended the capital bonding program through Fiscal Year 2027 and revised the bonding schedule from Fiscal Year 2018 to Fiscal Year 2027 but did not change the total amount which may be authorized for UCONN 2000 projects. In addition, there is an operating budget component reflected in the University's State appropriation to support *Next Generation Connecticut*. The operating funds are subject to the annual legislative appropriations approval process.

Next Generation Connecticut is a major University initiative supported by the State that greatly expands educational opportunities, research and innovation in the STEM disciplines at the University. The shared goal of *Next Generation Connecticut* is to leverage the strength and resources of the University to build Connecticut's future workforce, create jobs and bring new life to the State's economy. The cornerstone of this effort is a major increase in the University's enrollment, the expansion of faculty – above and beyond the University's current faculty hiring initiative – and new and updated facilities to accommodate enhanced STEM research and teaching, as well as the growing student population. It will also support the academic missions and the expansion of critical programs at UConn's Greater Hartford and Stamford campuses.

Next Generation Connecticut represents one of the most ambitious State investments in economic development, higher education and research in the nation. It is anticipated that *Next Generation Connecticut* will fuel Connecticut's economy with new technologies, highly skilled graduates, marketable patents and licenses, and the creation of new companies and high-wage jobs. The components of this ambitious 13-year plan include:

- Hiring new research and teaching faculty;
- Increasing enrollment of undergraduate students at the Storrs and Stamford campuses;
- Building research facilities to house materials science, physics, biology, engineering, cognitive science, genomics, and related disciplines;

- Constructing new teaching laboratories;
- Creating a premier STEM honors program to attract increasing numbers of high achieving undergraduates;
- Upgrading aging infrastructure to accommodate new faculty and students;
- Expanding degree programs and providing student housing in Stamford;
- Relocating Greater Hartford Campus to downtown Hartford; and
- Integrating better the research activities of the Storrs and regional campuses with the UConn Health campus.

Next Generation Connecticut is comprised of both capital and operating budget components. Given the State's fiscal challenges, the amount of operating funds appropriated from the State in Fiscal Year 2015 through Fiscal Year 2018 has been significantly reduced relative to what was originally planned. It must be noted that this reduction in operating funds, and most particularly a reduction in the capacity to hire new faculty, will create significant challenges for the University in meeting the goals of the initiative. Despite the decreased funding, however, the University has been able to make some progress toward program goals.

Since capital funding was first made available in July 2015, the University has moved forward with *Next Generation Connecticut* projects. A Campus Master Plan, which is a summary of the current conditions of the campus as of 2015 and a guideline for the proposed development of the Storrs campus over the next 20 years, was approved by the Board of Trustees on February 25, 2015. Major projects currently underway include academic and research facility renovations and infrastructure improvements. Additionally, major renovations to the Monteith classroom building, the Putnam dining hall, a new Next Generation Residence Hall, a new Engineering and Science Building in Storrs, and the new downtown Hartford Campus were completed in 2016 and 2017. Planning and design has begun on another science building.

During 2017, the Legislature and Governor revised the capital plan for *Next Generation Connecticut*. While the total amount of funding remains intact, the initiative was extended three years until Fiscal Year 2027, and the remaining funds were re-phased. This resulted in significant reductions in Fiscal Year 2018 and Fiscal Year 2019 compared to the original plan. The University capital plan is currently being revised, but it should be noted that some projects were delayed or deferred and some were cancelled as a result of this change in phasing.

Establishing priorities for *Next Generation Connecticut* was an integral part of the work of the University Academic Vision Committee. Responsibility for and benefits from *Next Generation Connecticut* exist across the entire University, not only in departments or schools focusing on STEM.

Status of UCONN 2000 Projects

Numerous UCONN 2000 projects have been completed from 1997 until the present. The following table lists the UCONN 2000 projects, which have been authorized by the Board of Trustees, the funding source and the construction status of the project:

Projects Authorized	**Project Construction Status[1]**
A. General Obligation Bonds **Total – Storrs and Regional Campus Project List**	
Academic and Research Facilities	Ongoing
Agricultural Biotechnology Facility	Completed
Agricultural Biotechnology Facility Completion	Completed
Alumni Quadrant Renovations[2]	Completed
Arjona and Monteith (new classroom buildings)	Completed
Avery Point Campus Undergraduate and Library Building	Completed
Avery Point Marine Science Research Center - Phase I	Completed
Avery Point Marine Science Research Center - Phase II	Completed

Avery Point Renovation	Completed
Beach Hall Renovations	Completed
Benton State Art Museum Addition (Phases I & II)	Completed
Benton State Art Museum Addition (Phase III)	Completed
Biobehavioral Complex Replacement	Ongoing
Bishop Renovation	Completed
Business School Renovation – Phase II	Completed
Central Warehouse - New	Completed
Chemistry Building	Completed
Deferred Maintenance & Renovation Lump Sum Balance	Completed
Deferred Maintenance & Renovation Lump Sum Balance	Completed
Deferred Maintenance/Code Compliance/ADA Compliance/Infrastructure Improvements & Renovation Lump Sum and Utility, Administrative and Support Facilities- Phase III	Ongoing
East Campus North Renovations[2]	Completed
Engineering Building (with Environmental Research Institute)	Ongoing
Equipment, Library Collections & Telecommunications - Phase I	Completed
Equipment, Library Collections & Telecommunications Completion - Phase II	Completed
Equipment, Library Collections & Telecommunications - Phase III	Ongoing
Family Studies (DRM) Renovation	Completed
Farm Buildings Repairs/Replacement	Ongoing
Fine Arts Phase II	Ongoing
Floriculture Greenhouse	Completed
Gant Building Renovations	Completed
Gant Plaza Deck	Completed
Gentry Completion	Completed
Gentry Renovation	Completed
Grad Dorm Renovations	Completed
Hartford Relocation Acquisition/Renovation	Ongoing
Hilltop Dormitory Renovations	Completed
Heating Plant Upgrade[3]	Ongoing
Ice Rink Enclosure	Completed
International House Conversion (a.k.a. Museum of Natural History)	Completed
Intramural, Recreational and Intercollegiate Facilities	Completed
Jorgensen Renovation	Completed
Koons Hall Renovation/Addition	Completed
Lakeside Renovation	Completed
Law School Renovations/Improvements	Completed
Litchfield Agricultural Center – Phase I	Completed
Manchester Hall Renovation	Completed
Mansfield Apartments Renovation	Completed
Mansfield Training School Improvements – Phase II	Completed
Mansfield Training School Improvements – Phase III	Ongoing
Monteith Renovation	Completed
Music Drama Addition	Completed
Natural History Museum Completion	Completed
North Campus Renovation[2]	Completed
North Hillside Road Completion	Completed
North Superblock Site & Utilities	Completed
Northwest Quadrant Renovation - Phase I	Completed
Northwest Quadrant Renovation - Phase II	Completed
Old Central Warehouse	Completed

Parking Garage-North	Completed
Parking Garage #3	Completed
Pedestrian Spinepath	Completed
Pedestrian Walkways	Completed
Psychology Building Renovation/Addition	Completed
Residential Life Facilities	Ongoing
School of Business	Completed
School of Pharmacy	Ongoing
School of Pharmacy / Biology Completion	Completed
Shippee/Buckley Renovations[2]	Completed
South Campus Complex[4]	Completed
Stamford Campus Improvements/Housing	Completed
Stamford Downtown Relocation – Phase I	Completed
Storrs Hall Addition	Completed
Student Union Addition	Completed
Support Facility	Completed
Technology Quadrant-Phase IA	Completed
Technology Quadrant-Phase II	Completed
Torrey Life Science Renovation	Completed
Torrey Renovation Completion and Biology Expansion	Completed
Torrington Campus Improvements	Completed
Towers Renovation[2]	Completed
Underground Steam & Water Upgrade	Completed
Underground Steam & Water Upgrade Completion	Completed
Waring Building Conversion	Completed
Waterbury Downtown Campus	Completed
Waterbury Property Purchase	Completed
West Campus Renovations	Completed
West Hartford Campus Renovations/Improvements	Completed
White Building Renovation	Completed
Wilbur Cross Building Renovation	Completed
Young Building Renovation/Addition	Completed
UConn Health	
CLAC Renovation Biosafety Level 3 Lab	Completed
Deferred Maintenance/Code Compliance/ADA Compliance/Infrastructure & Improvements Renovation Lump Sum and Utility, Administrative and Support Facilities-Health Center	Ongoing
Dental School Renovation	Completed
Equipment, Library Collections and Telecommunications-Health Center	Ongoing
Library/Student Computer Center Renovation	Completed
Main Building Renovation	Completed
Medical School Academic Building Renovation	Ongoing
Planning and Design Costs	Completed
Research Tower	Completed
Support Building Addition/Renovation	Completed
The University of Connecticut Health Center New Construction and Renovation	Ongoing
B. Special Obligation Student Fee Revenue Bonds	
Alumni Quadrant Renovations[2]	Completed
East Campus North Renovations[2]	Completed
Hilltop Dormitory New[5]	Completed

Hilltop Student Rental Apartments[5]	Completed
Intramural, Recreational & Intercollegiate Facilities[6]	Ongoing
North Campus Renovation (including North Campus Student Suites and Apartments) [2]	Completed
Parking Garage-South[5]	Completed
Shippee/Buckley Renovations[2]	Completed
South Campus Complex[4]	Completed
Towers Renovations (including Greek Housing)[2]	Completed

[1] Some projects listed as ongoing might be substantially complete for use purposes. Also, note that some projects might reflect a completed status for recently completed work, but future funding may still be available for which work has not yet begun.

[2] Partially funded with proceeds from the University's General Obligation Bonds and partially funded with the proceeds of the University's Student Fee Revenue Bonds, 2002 Series A.

[3] In addition, the University has entered into a tax-exempt lease financing for a Cogeneration Facility for the Heating Plant in the amount of $81.9 million under the UCONN 2000 authority.

[4] Partially funded with proceeds from the University's General Obligation Bonds and partially funded with the University's Student Fee Revenue Bonds, 1998 Series A.

[5] The Hilltop Dormitory New and the Hilltop Student Rental Apartments comprise the Hilltop Housing Complex which was funded along with the Parking Garage South with the proceeds of the Student Fee Revenue Bonds, 2000 Series A.

[6] The Intramural, Recreational & Intercollegiate Facilities are expected to be funded in part with Student Fee Revenue Bonds 2018 Series A proceeds.

Campuses and Physical Plant

General Information. Of the six campuses, Storrs is the largest campus with 3,421 acres. Additionally, as of Fall 2017, there are 101 residential facilities all on the Storrs campus, serviced by eight large dining halls, and one residential facility on the Stamford campus which provide room and board for approximately 12,600 graduate and undergraduate students. There are four undergraduate regional campuses strategically located throughout the State in Groton, Stamford, Waterbury and Hartford. The University relocated the programs at its West Hartford regional campus to the City of Hartford after completion of the new facilities in the Fall of 2017. Per Board of Trustees authorization, the University is working through the sale of the University's West Hartford campus to the Town of West Hartford. On April 27, 2016, the Board of Trustees approved the closure of the Torrington campus and starting in the Fall 2016 semester, the Torrington students were offered the opportunity to continue their program requirements at any of the other University campuses. The University is working to transfer the land and buildings to the City of Torrington. The University Extension facility still remains active at the Torrington location. In addition to the regional campuses, the University includes the University of Connecticut School of Law, located in West Hartford, and UConn Health, located in Farmington. Collectively these campuses are serving a student body of 32,182 in the 2017-18 academic year. The University is engaged in a construction program for UCONN 2000 that is currently projected to cost approximately $4.3 billion for which the proceeds of the 2018 Series A Bonds will be used. See "UCONN 2000 INFRASTRUCTURE IMPROVEMENT PROGRAM" in this Official Statement and "UNIVERSITY FINANCES – Budget and Budgeting Procedure of the University" in this Appendix A.

Academic Programs and Degrees Conferred

The University offers a broad spectrum of liberal arts and sciences, professional and graduate education degree programs through its 14 colleges and schools, including the School of Dental Medicine, School of Medicine and School of Law. The University confers seven kinds of undergraduate degrees in 113 majors, 17 graduate degrees in 90 research and professional practice fields of study and 6 graduate professional programs. The University also offers individualized majors and interdisciplinary fields of study. The University has several special facilities and programs. Research and academic program support is carried out both in the departments of 14 schools and colleges and at more than 100 research centers and institutes across all University campuses.

COMPETITION AND COMPETITIVENESS

Accreditation and Ranking

The New England Association of Schools and Colleges and several other accreditation bodies for specific schools and programs accredit the University.

The National Science Foundation ranks the University 55 out of 393 public universities in the country in research and development spending. The Carnegie Foundation currently classifies the institution with only 81 other public institutions nationwide in the highest category of Doctoral Universities (Highest Research Activity). To qualify for this classification, universities must annually award at least 20 doctorates and demonstrate high levels of research based on several aggregate and per-capita (full-time faculty) measures, including research and development expenditures, postdoctoral appointees, non-faculty research staff, and doctoral conferrals in humanities, social sciences, STEM fields, and other fields (e.g., business, education, public policy, social work).

The quality of the University's diverse graduate programs is enhanced by the presence of exceptional graduate students. More than 6,800 graduate students matriculated at both the master's and doctoral levels in academic year 2017-18; of this figure approximately 2,200 are supported on merit based graduate assistantships. This support is available in 90 fields of study in the arts and sciences and professional disciplines. These assistantships have made it possible for the University to compete for quality graduate students.

Student Admissions and Enrollment

Admissions. The University continues to be in high demand with freshmen applications for all campuses nearing 37,000 for the Fall 2017 entering class. Since the *Next Generation Connecticut* initiative was approved in 2013, applications at the Storrs campus have increased by 18%. In addition, the number of transfer and regional campus applicants remains strong. The University of Connecticut is rated as "highly competitive" by Barron's Profiles of American Colleges 2018, 34th Edition. Also, the Scholastic Aptitude Test (SAT) scores for students entering the University consistently exceed the statewide and national SAT score averages.

Schedule of Freshmen Enrollment - Storrs Campus
Fall 2013 – 2017

Fall	Freshmen Applications	Change in Applications	Accepted	Enrolled	Change in Enrolled as A Percentage	Enrolled as a Percentage of Accepted
2013	27,479	(8.3)	14,745	3,755	20.6	25.5
2014	31,280	13.8	15,629	3,588	(4.4)	23.0
2015	34,978	11.8	18,598	3,774	5.2	20.3
2016	35,980	2.9	17,560	3,822	1.3	21.8
2017	34,198	(5.0)	16,360	3,683	(3.6)	22.5

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Average Total SAT Scores*
Fall 2013 - 2017

Fall	Storrs Campus	Regional Campuses	Connecticut Average	National Average
2013	1233	1020	1020	1010
2014	1234	1034	1017	1010
2015	1233	1042	1010	1006
2016	1233	1022	1000	1002
2017**	1294	1093	1041	1060

*Excluding the writing component
**For fall 2017 and forward, results are reflective of a newly designed SAT and therefore, cannot be compared to previous year's results.

Enrollment. Compared to Fall 2012, first-time freshman enrollment at all campuses increased by 20% or 877 students in Fall 2017; and undergraduate degree-seeking enrollment increased by 8% or 1,689 students. Through the *Next Generation Connecticut* initiative, enrollment at the Storrs Campus and the Stamford Campus is expected to grow significantly. Undergraduate enrollment at all campuses has grown by 1,544 students or 7% since the initiative began. See "GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES – *Next Generation Connecticut*" above in this Appendix A.

Total Enrollment Data (Head Count)[1]
Fall 2013 – 2017

Undergraduates	**2013**	**2014**	**2015**	**2016**	**2017**
Storrs	18,032	18,395	18,826	19,324	19,241
Regional Campuses	4,563	4,578	4,581	4,306	4,604
Total	**22,595**	**22,973**	**23,407**	**23,630**	**23,845**
Graduates/Professionals[2]	**7,337**	**7,591**	**7,653**	**7,810**	**7,745**
UConn Health					
Medicine	368	384	396	408	411
Dental Medicine	174	171	168	179	181
Total	**542**	**555**	**564**	**587**	**592**
Grand Total	**30,474**	**31,119**	**31,624**	**32,027**	**32,182**

[1] Includes non-degree and part-time students.
[2] Includes master's and doctoral students at all campuses, including UConn Health, and students in the professional degree programs in Law and Pharmacy.

Percentage of Enrollment by Residence Status
Fall 2013 - 2017

	Undergraduate				**Graduate/Professional**	
	Storrs Campus		**All Campuses**		**Total University (excl. Schools of Medicine and Dental Medicine)**	
Fall	**In-State**	**Out-of-State**	**In-State**	**Out-of-State**	**In-State**	**Out-of-State**
2013	75.7	24.3	80.1	19.9	69.2	30.8
2014	74.6	25.4	78.9	21.1	65.7	34.3
2015	72.6	27.4	77.2	22.8	62.5	37.5
2016	72.5	27.5	76.8	23.2	61.4	38.6
2017	72.0	28.0	76.3	23.7	61.9	38.1

Tuition and Other Fees (Storrs and Regional Campuses)

Pursuant to State law, the Board of Trustees is authorized to adopt a comprehensive schedule of tuition and other fees, which is expected to prevail during the following fiscal year.

Tuition. For the academic year 2018, students classified as full-time undergraduate residents of Connecticut will pay tuition of $11,998. Full-time out-of-state undergraduates will pay $34,066 per year. In the 2018 academic year, total tuition revenues are budgeted to be $398.4 million. For the academic year 2019, full-time undergraduate residents will pay tuition of $12,849, and full-time out-of-state undergraduates will pay tuition of $35,216 per year.

Mandatory Fees. For academic year 2018, undergraduate students must pay a General University Fee of $1,914 per year. Students also pay $968 per year in other fees, of which $190 is for various student-controlled organizations, $468 is for infrastructure maintenance, $160 is a transit fee, and $150 is a Technology Fee. Mandatory fees for 2019 will not increase. Commencing in 1998, certain fees have been pledged for the payment of debt service on the University's Special Obligation Bonds. See "UNIVERSITY FINANCES – University Indebtedness" in this Appendix A.

Other Fees. There are numerous optional fees at the University. The primary optional fees for the academic year 2018 are the room ($6,838) and board ($5,676) fee. Higher and lower cost meal plan options are available. For academic year 2019, the room fee will increase to $7,028 and the board fee will increase to $5,846.

In-State Student Enrolled at the University
Academic Years 2014 - 2019

	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Tuition	$ 9,256	$ 9,858	$10,524	$11,224	$11,998	$12,849
Room & Board[1]	11,474	11,818	12,172	12,172	12,514	12,874
General University Fee	1,848	1,914	1,914	1,914	1,914	1,914
Other Fees[2]	918	928	928	928	968	968
Total	**$23,496**	**$24,518**	**$25,538**	**$26,238**	**$27,394**	**$28,605**

[1] The Board Fee reflects the cost of the Value Meal Plan. Lower and higher cost meal plan options are available.
[2] Other Fees includes fees collected by the University on behalf of various student-controlled organizations.

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FY 2018 Undergraduate Tuition and Fees
Peer University Comparison*

	In-State	Out-of-State
Boston College	$53,346	$53,346
Boston University	52,082	52,082
Drexel University	52,002	52,002
Fordham University	50,601	50,601
Northeastern University	49,497	49,497
Quinnipiac University	46,780	46,780
Pennsylvania State University	18,436	33,664
University of Vermont	17,740	41,356
University of Massachusetts	15,596	33,662
University of Connecticut	**14,880**	**36,948**
University of Delaware	13,160	33,150
University of Maryland	10,399	33,606

*Per the 2017 College Board Admitted Student Questionnaire, peers include those institutions which share the most cross-admits with the University of Connecticut. Source of tuition and fee rates is institution websites.

Student Financial Aid

The University provides financial aid and financial counseling. The University has a policy of admitting students without regard to financial ability to pay and a policy of providing assistance to those admitted who demonstrate need. During Fiscal Year 2018, approximately 21,600 students received financial aid packages.

Scholarships, Grants and Work-Study. In addition to University financial aid, there are a number of state, federal and private student financial aid programs available, including the Federal Pell Grant of $606 to $5,920 (for Fiscal Year 2018) and the Federal Supplemental Education Opportunities Grant (SEOG) of up to $4,000. Both are awarded annually based on need. In addition, the University offers a number of merit scholarships. The University also offers Federal Work-Study employment, which is need-based, and Student Labor employment, which is available to all students.

Loan Programs. There are several loan programs at the University. Federal Direct Subsidized Stafford Loans are based on financial need, and the Federal Direct Unsubsidized Stafford Loans are available to students who do not qualify for the Federal Direct Subsidized Stafford Loans. Additionally, there is the Federal Direct Parent Loan to Undergraduate Students (PLUS) program, and the Federal Direct Graduate PLUS loan is available to eligible graduate students.

Tuition Waivers and Graduate Assistantships. The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62, graduate assistants, and certain other students. The University is required by collective bargaining agreements to waive tuition for dependents of certain employees. The foregone revenue resulting from such waivers in the 2018 academic year is forecasted at $69.1 million.

Financial Aid to University Students (excluding Tuition Waivers) for Fiscal Years 2014 – 2018 (in millions)

	2014	2015	2016	2017	2018 Forecast
Scholarships/Grants					
Institutional	$ 86.0	$94.0	$97.7	$113.7	$123.5
State	9.4	11.2	14.0	9.0	9.1
Federal Funds	30.5	32.1	32.9	32.6	34.5
Private	29.2	31.1	33.4	30.7	28.2
Total Scholarships/Grants	$155.1	$168.4	$178.0	$186.0	$195.3
Loans	$176.8	$186.5	$192.0	$199.0	$199.3
Student Employment					
University Student Payroll	$ 20.4	$ 20.9	$ 21.6	$ 22.8	$ 22.1
Federal Work Study	1.0	1.0	1.0	1.0	1.4
Total Student Employment	$ 21.4	$ 21.9	$ 22.6	$ 23.8	$ 23.5
Grand Total	**$353.3**	**$376.8**	**$392.6**	**$408.8**	**$418.1**

UNIVERSITY FINANCES

Financial Management

As noted earlier, the University's Board of Trustees has the authority for fiscal oversight of the University. In addition to the State appropriation, the University receives tuition, fees, auxiliary (i.e. athletics), grants and contract, and other revenues. Some of these revenues may be restricted or dedicated as to use by the terms of the appropriation, gift, grant or contract.

The authority granted to the University in the Act builds upon the successful implementation of the operational autonomy and responsibility provided in several pieces of legislation known as the Flexibility Acts, enacted in the early 1990's. Unprecedented for State government, the University became responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. Pursuant to the Flexibility Acts, the responsibilities assigned to the University included a block grant State appropriation, check-writing authority, position control, purchasing authority and management of capital projects not exceeding $2 million. This dollar limitation has been eliminated with the passage of UCONN 2000. The enactment of UCONN 2000 was an extension of the authority vested in the University by the Flexibility Acts.

While the University's operational flexibility and capacity has grown, all of these activities also take place within a context of continuing vigilance. The financial statements contained in this official statement reflect budget execution results that are based upon spending plans and operating and capital budgets approved by the Board of Trustees. In addition, in Fiscal Year 2004, the Board of Trustees restructured and expanded the role of its Joint Audit and Compliance Committee, with a charge that includes oversight of all University financial reporting and processes and internal control systems, as well as direct engagement in the approval of independent auditing services to augment the University's internal audit capacity and the work performed by State auditors (the "Auditors of Public Accounts"). The Auditors of Public Accounts annually issue an Independent Auditors' Report on the financial statements of the University.

In 2006, in compliance with statutory requirements, the University established a Construction Management Oversight Committee, the Buildings, Grounds and Environment Committee of the Board of Trustees and the Construction Assurance Office. The University has also implemented and staffed an organizational structure for capital program contracting and procurement and has engaged an outside auditor to perform annual audits of the UCONN 2000 program.

Financial Statements of the University

The audited financial statements of the University of Connecticut and the University of Connecticut Health Center (excluding the University of Connecticut Foundation, Inc.) for the Fiscal Year ended June 30, 2017 are included as Schedule 1 and Schedule 2 to this Official Statement.

Below is a five-year presentation of the Statement of Revenues, Expenses and Changes in Net Position for the Fiscal Years ended June 30, 2013, 2014, 2015, 2016 and 2017. See "UNIVERSITY OF CONNECTICUT HEALTH CENTER" below in this Appendix A for the same information for UConn Health.

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Statements of Revenues, Expenses, and Changes in Net Position

($ in thousands)

	Restated 2013	2014	2015	2016	2017
OPERATING REVENUES					
Student tuition and fees [1]	$ 261,641	$ 279,577	$ 308,174	$ 341,809	$ 367,351
Federal grants and contracts	118,715	118,492	118,383	129,758	126,186
State and local grants and contracts	25,898	29,512	31,931	35,135	25,942
Nongovernmental grants and contracts	15,212	14,619	20,535	19,490	28,005
Sales and services of educational departments	15,814	19,280	21,028	20,543	20,325
Sales and services of auxiliary enterprises [2]	185,240	195,525	201,066	210,455	209,851
Other sources	8,114	10,168	12,263	10,758	11,909
Total Operating Revenues	630,634	667,173	713,380	767,948	789,569
OPERATING EXPENSES					
Salaries and wages	482,685	521,076	542,082	557,497	556,411
Fringe benefits	190,549	237,715	271,164	287,553	349,328
Supplies and other expenses	205,774	211,654	217,413	245,871	245,357
Utilities	19,725	20,963	23,212	19,737	19,039
Depreciation and amortization	91,713	95,377	95,990	98,767	104,807
Scholarships and fellowships	8,070	10,953	10,713	12,437	11,791
Total Operating Expenses	998,516	1,097,738	1,160,574	1,221,862	1,286,733
Operating Loss	(367,882)	(430,565)	(447,194)	(453,914)	(497,164)
NONOPERATING REVENUES (EXPENSES)					
State appropriation	288,456	308,069	350,699	384,747	374,113
State debt service commitment for interest	40,571	42,091	46,635	53,092	64,757
Gifts	19,996	21,703	23,828	25,380	23,628
Investment income	859	799	889	1,448	2,996
Interest expense	(46,961) [3]	(45,955)	(46,420)	(51,333)	(59,129)
Other nonoperating revenue (expenses), net	352 [3]	(1,873)	(1,540)	(3,893)	(1,776)
Net Nonoperating Revenues	303,273	324,834	374,091	409,441	404,589
Loss Before Other Changes in Net Position	(64,609)	(105,731)	(73,103)	(44,473)	(92,575)
OTHER CHANGES IN NET POSITION					
State debt service commitment for principal	-	80,346	56,430	103,400	281,576
Capital allocation	20,000	(20)	131,500	-	-
Capital grants and gifts	6,675	21,643	25,412	5,071	1,388
Disposal of property and equipment, net	103	(1,043)	(473)	(8,486)	(1,418)
Additions to permanent endowments	13	743	66	14	1,149
Net Other Changes in Net Position	26,791	101,669	212,935	99,999	282,695
Increase (Decrease) in Net Position	(37,818)	(4,062)	139,832	55,526	190,120
NET POSITION					
Net Position – Beginning of Year, Adjusted	1,477,240 [3]	1,439,422	857,767 [4]	997,599	1,053,125
Net Position – End of Year	$ 1,439,422	$ 1,435,360	$ 997,599	$ 1,053,125	$ 1,243,245

[1] Net of scholarship allowances of $148,415, $140,283, $134,279, $123,312, and $116,062, respectively.

[2] Net of scholarship allowances of $4,981, $4,056, $3,338, $3,213, and $2,907, respectively.

[3] The financial statements as of June 30, 2013 were restated in order to retroactively apply the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilitie*, including the restatement of beginning net position as of July 1, 2012.

[4] During fiscal year 2015, the University of Connecticut adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result, beginning net position for the fiscal year ended June 30, 2015 was restated by $577,593 for the cumulative effect of applying these standards. Due to feasibility, financial information for fiscal years 2014 and 2013 was not restated with respect to this adoption.

Reclassifications were made for prior fiscal years to reflect changes in the classification of operating revenues and expenses. These changes had no effect on net position presented on the Statements of Revenues, Expenses, and Changes in Net Position.

Beginning in fiscal year 2017, the University opted to report operating expenses by natural classification instead of functional classification on the face of its Statement of Revenues, Expenses, and Changes in Net Position.

Budget and Budgeting Procedure of the University

The University submits a biennial operating budget request to the Governor and General Assembly through the Secretary of the Office of Policy and Management (the Governor's fiscal office). The operating budget request sets forth a proposed expenditure plan for the amount necessary to meet cost increases while providing a constant level of services. It may also include an amount for new or expanded programs. The operating budget includes various revenue sources including the State appropriation, tuition, fees, auxiliaries and other revenue sources. The Governor may reduce State agency allotments by not more than 5% unless approved by the Appropriations Committee of the General Assembly, which shall, within ten days, approve or reject such reduction. The University's Board of Trustees annually approves separate Spending Plans for the University and UConn Health. On December 13, 2017, the Board of Trustees approved a Revised Spending Plan for Fiscal Year 2018. It is anticipated that the Fiscal Year 2019 Spending Plan will be presented to the Board of Trustees for approval on June 27, 2018 after the level of State appropriation has been determined. See "UNIVERSITY FINANCES-State Support of the University-Appropriations" in this Appendix A.

UConn Health submits a separate operating budget request and receives a separate appropriation and allotment. For discussion of UConn Health, see "UNIVERSITY OF CONNECTICUT HEALTH CENTER" in this Appendix A.

During each fiscal year, the Board of Trustees of the University must quarterly submit to the General Assembly and the Office of Policy and Management, a report of the actual expenditures of the University of Connecticut Operating and Research Funds.

The University's Capital Budget request process has been replaced by the Act. The Act provides for a thirty-two year Capital Budget program of the University and authorizes projects estimated to cost $4,619.3 million of which $4,282.9 million was or will be financed by general obligation bonds secured by the States Debt Service Commitment of the University. Unless projects are deferred or savings are achieved the balance of the estimated cost of UCONN 2000 projects which is not to be financed by the University's Bonds secured by the State Debt Service Commitment may be funded by the issuance of the University's Special Obligation Bonds, other University Debt Obligations, State General Obligation Bonds or by gifts or other revenue or borrowing resources of the University. For Bonds secured by the State Debt Service Commitment, phase I for Fiscal Years 1996-99 totaled $382 million, phase II for Fiscal Years 2000-05 totaled $580 million and phase III for Fiscal Years 2005-27 totals $3,320.9 million. The University is required to provide a semi-annual update as to the progress of capital projects approved as part of UCONN 2000.

University Budget (Storrs and Regional Campuses)

Fiscal Year 2018 Budget Forecast. The Fiscal Year 2018 budget forecast includes $1,323.4 million in expenditures and $1,324.5 million of revenue, yielding a $1.1 million net gain.

Fiscal Year 2018 Revenue Forecast. For Fiscal Year 2018, State support is forecasted at a level of $327.2 million (allotment $191.3 million and fringe benefits $135.9 million including year-end accounting accruals), a decrease of $46.8 million or 12.3% less than the Fiscal Year 2017 amount. State support is the second largest source of revenue for the University. Tuition is the largest source of revenue (excluding waivers) and is forecasted at $398.9 million, an increase of $21.4 million or 5.7% over the Fiscal Year 2017 amount. Tuition revenue collections reflect a $775 annual rate increase for in-state students and a $1,050 annual rate increase for out-of-state students. Fee revenue is comprised of course fees from summer school, part-time, and non-degree students as well as self-supporting programs (off-campus MBA, EMBA, etc.). Also included in this category is the General University Fee, which supports multiple student support programs. Finally, there are various other fees included in this category such as the Infrastructure Maintenance Fee, Application Fees and Late Payment Fees. The fee collections for Fiscal Year 2018 are forecasted to be $136.5 million, an increase of $2.9 million or 2.2% over the Fiscal Year 2017 amount. Auxiliary Enterprise Revenue is forecasted to be $219.6 million, which is an increase of $4.7 million or 2.2% more than the Fiscal Year 2017 amount. Residence halls and rental properties, dining services and athletics generate most of the Auxiliary Enterprise Revenue. With respect to the Research Fund, the granting agency or donor restricts most of the revenues. Research Fund revenues for Fiscal Year 2018 are forecasted to be $106.1 million, which is a $1.4 million decrease or 1.3% less than Fiscal Year 2017.

Fiscal Year 2018 Expenditures Forecast. Total Fiscal Year 2018 expenditures of $1,323.4 million are forecasted to decrease by $7.5 million or 0.6% from the Fiscal Year 2017 amount. Personal services expenditures are expected to reach $496.1 million or $0.3 million more than Fiscal Year 2017. Fringe benefit expenditures are expected to be $252.0 million or $10.3 million more than Fiscal Year 2017. Financial Aid expenditures are forecasted to be $172.3 million, which is an increase of $11.8 million or 7.4% over the Fiscal Year 2017 amount.

In addition to actual results of operations for Fiscal Years 2014-2017, the following schedule reflects the Fiscal Year 2018 budget forecast.

Statement of Current Funds Operations (in millions)

Current Funds Revenues:	**FY14 Actual**	**FY15 Actual**	**FY16 Actual**	**FY17 Actual**	**FY18 Forecast**
Operating Fund					
State Support	$ 308.1	$ 350.7	$ 384.5	$ 374.0	$ 327.2
Tuition (Net of Discounts)	290.4	319.7	353.4	377.5	398.9
Fees	106.7	116.2	124.3	133.5	136.5
Auxiliary Enterprise Revenue	198.7	204.4	214.5	214.8	219.6
All Other Revenues	113.9	129.9	138.7	130.6	136.4
Total Operating Fund	$1,017.8	$1,120.9	$1,215.4	$1,230.4	$1,218.4
Research Fund	100.3	99.5	105.8	107.5	106.1
Total Current Funds Revenues	**$1,118.1**	**$1,220.4**	**$1,321.2**	**$1,337.9**	**$1,324.5**
Current Funds Expenditures:					
Operating Fund					
Personal Services	$ 461.8	$ 482.8	$ 496.7	$ 495.8	$ 496.1
Fringe Benefits	212.0	230.1	239.5	241.7	252.0
Other Expenses	211.6	215.2	230.1	219.6	233.6
Equipment	4.5	4.9	21.1	17.3	22.4
Student Financial Aid	132.0	142.7	150.8	160.5	172.3
Non-mandatory/Projects	(7.5)	49.3	82.1	94.9	40.9
Total Operating Fund	1,014.4	$1,125.0	$1,220.3	$1,229.7	$1,217.3
Research Fund Expenditures	102.5	94.2	98.2	101.2	106.1
Total Current Funds Expenditures	**$1,116.9**	**$1,219.2**	**$1,318.5**	**$1,330.9**	**$1,323.4**
Net Gain (Loss)	**$ 1.2**	**$ 1.2**	**$ 2.7**	**$ 7.0**	**$ 1.1**

Note: use of decimals may result in rounding differences – Totals may not add due to rounding.

State Support of the University – Appropriations

The State develops a biennial budget which includes the University appropriation request. The appropriations are applicable to each specific year and the second year's appropriation is subject to review and adjustment. The University has historically received a substantial percentage of its operating revenue from the State General Fund Appropriation. In the Connecticut State system of higher education, the University of Connecticut receives more State support than any other State institution of higher education. The annual State appropriation the University receives is in the form of a block grant and is allotted quarterly. The University has independent authority to purchase goods and services; hire, fire and promote administrators, faculty and staff; and plan, design and construct capital projects. Public Act 17-2 appropriated $199.2 million to the University for Fiscal Year 2018 and $196.1 million for Fiscal Year 2019. The Fiscal Year 2018 appropriation has since been reduced by the State by $7.9 million for allocable bottom line savings for the State budget. This reduction results in a forecasted allotment of $191.3 million for Fiscal Year 2018.

No assurance can be made that the State will not change the Fiscal Year funding prior to the end of such Fiscal Year. Any State funding cuts are expected to be managed by the University through reduced hiring, reduced operating costs, fewer projects, and other deficit mitigation efforts.

Schedule of State Operating Support and Fringe Benefits to the University for Fiscal Years 2014 – 2018 (in millions)

Fiscal Year	Operating Appropriations[1] and Allotments	Fringe Benefits/ Adjustments	Operating Total
2014	202.6	105.5	308.1
2015	222.2	128.5	350.7
2016	240.6	143.9	384.5
2017	217.8	156.3	374.1
2018	191.3	135.9	327.2

[1] Excludes State general obligation bonds issued to fund University capital projects.

State Support of the University - Bond Issuance

In addition to appropriating funds for the general operating support of the University, the State has authorized its general obligation bonds to fund capital projects of the University. Certain of those State bonds are categorized as self-liquidating, meaning the University reimburses the State for the principal and interest on such bonds from revenues generated by the University from the operation of the projects funded with the proceeds of the State bonds. The self-liquidating bonds were paid in full by June 30, 2017.

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State Legislative Bond Authorizations for the University for Fiscal Years 1996 - 2027

Fiscal Year	State General Obligation Bonds	UCONN 2000[1]	Total
1996	$18,000,000 [2]	$112,542,000	$130,542,000
1997	9,400,000 [2]	112,001,000	121,401,000
1998		93,146,000	93,146,000
1999		64,311,000	64,311,000
2000	2,000,000 [3]	130,000,000	132,000,000
2001	20,000,000 [3]	100,000,000	120,000,000
2002		100,000,000	100,000,000
2003		100,000,000	100,000,000
2004		100,000,000	100,000,000
2005[4]		100,000,000	100,000,000
2006		79,000,000	79,000,000
2007		89,000,000	89,000,000
2008	8,000,000 [5]	115,000,000	123,000,000
2009		140,000,000	140,000,000
2010		0	0
2011		138,800,000	138,800,000
2012	23,000,000 [6,7]	157,200,000	180,200,000
2013	20,000,000 [6]	143,000,000	163,000,000
2014		204,400,000	204,400,000
2015	131,500,000 [6]	315,500,000	447,000,000
2016	25,000,000 [8]	312,100,000	337,100,000
2017		240,400,000	240,400,000
2018		200,000,000	200,000,000
2019		200,000,000	200,000,000
2020		291,600,000	291,600,000
2021		186,200,000	186,200,000
2022		101,400,000	101,400,000
2023		98,000,000	98,000,000
2024		85,000,000	85,000,000
2025		70,100,000	70,100,000
2026		63,600,000	63,600,000
2027		40,600,000	40,600,000
Total	**$256,900,000**	**$4,282,900,000**	**$4,539,800,000**

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[1] Secured by State Debt Service Commitment.
[2] For Babbidge Library on the Storrs campus.
[3] For the development of a new downtown campus for the University of Connecticut in Waterbury.
[4] For Fiscal Year 2005, $50,000,000 was authorized under UCONN 2000 Phase II and an additional $50,000,000 was authorized under UCONN 2000 Phase III. Fiscal Years 2005-24 represent authorizations under UCONN 2000 Phase III including UConn Health projects. No UConn Health projects were authorized in Phase I or Phase II.
[5] Special Act 04-2 authorized the issuance of $8,000,000 of State General Obligation Bonds for renovation, alterations and improvements to the University's Law Library in Hartford which was approved by the State Bond Commission on March 28, 2008.
[6] Public Act 11-57, as amended by Public Act 14-98, authorized the issuance of $169,500,000 of State General Obligation Bonds to create a Technology Park on the Storrs Campus. $18,000,000 was approved by the State Bond Commission on August 26, 2011. $20,000,000 was approved by the State Bond Commission on April 26, 2013. $131,500,000 was approved by the State Bond Commission on May 11, 2015.
[7] Public Act 11-75 authorized $5,000,000 in State General Obligation Bonds for a comprehensive cancer center and the University sponsored health disparities institute which was approved by the Bond Commission on October 28, 2011.
[8] Public Act 15-1 (sections 2 & 21) authorized the issuance of $41 million of State General Obligation Bonds for the UConn Health Integrated Electronic Medical Record (EMR). The Integrated EMR will provide the health information technology required for compliance with federal and state regulations, enable interoperability and improve efficiencies for all UConn Health entities with access to clinical data updated in real-time in a single patient database. $25,000,000 was approved by the State Bond Commission on January 29, 2016.

Grants and Contracts

Revenue from federal, state, local and non-governmental grants and contracts totaled $180.1 million in Fiscal Year 2017, representing 22.8% of total operating revenues reported by the University in the Statement of Revenues, Expenses and Changes in Net Position for the Fiscal Year ended June 30, 2017, included in this Appendix A. Revenue from federal, state and local governmental grants and contracts, including financial aid and recovery of indirect costs, totaled $152.1 million for this time period, which represented 19.3% of total operating revenues.

Governmental Grants and Contracts
for Fiscal Years 2013 - 2017
(in Millions of Dollars)

Fiscal Year	Amount
2013	$144.6
2014	148.0
2015	150.3
2016	164.9
2017	152.1

The University of Connecticut Foundation, Inc. and The University of Connecticut Law School Foundation, Inc.

Two other entities also support the mission of the University: The University of Connecticut Foundation, Inc., "Foundation", and the University of Connecticut Law School Foundation, Inc., "Law School Foundation". For financial reporting purposes, the Law School Foundation is included as a component unit with the University; the Foundation is an independent, privately governed institution which is separately audited. It operates exclusively for charitable and educational purposes, raising funds to promote, encourage, and assist education and research at the University and UConn Health. The Foundation solicits and accepts donations of properties, monies, and securities and invests and administers these gifts. The Foundation materially supports the mission of both the University and UConn Health.

Gift revenue to the University, both capital and noncapital, is derived from gifts made directly to the University and from the Foundation and Law School Foundation. These spendable funds are provided to the University for educational, cultural, recreational, and research activities. Both the Foundation and the Law School Foundation disburse funds to the University as requests are made, provided the request is in accordance with donor restrictions, if any. These disbursements paid to the University and to third parties on behalf of the University from both Foundations totaled approximately $29.4 million in Fiscal Year 2017 compared to $34.2 million in Fiscal Year 2016. This amount is not reflected in the University's financial statements. In addition, the University receives gifts directly. Total nonoperating gifts and capital gifts and grants revenue to the University from all sources amounted to $3.9 million and $6.4 million in Fiscal Years 2017 and 2016, respectively.

Giving University-wide continued at record levels, with contributions of $71.8 million to support the University students, faculty, and programs during Fiscal Year 2017. Of the $71.8 million in new gifts and commitments, $22.0 million was directed for scholarships and fellowships, $25.7 million for program support, $11.0 million for research, $7.4 million for faculty support, and $5.7 million for capital improvements. Donors contributed $29.8 million to the University's endowment.

	2013 $000's	2014 $000's	2015 $000's	2016 $000's	2017 $000's
Assets					
Endowment assets	$330,178	$369,444	$368,179	$362,419	$401,505
All other assets	118,405	108,308	102,537	100,473	102,645
Total Assets	**$448,583**	**$477,752**	**$470,716**	**$462,892**	**$504,150**
Support and Revenue					
Contributions and educational support	$ 44,418	$ 34,597	$ 32,504	$ 40,741	$ 35,603
Payment from the University	8,589	8,270	9,139	9,450	10,050
Investment income, net	25,929	47,826	10,067	(3,070)	45,653
Other revenues	638	733	1,712	1,694	1,985
Total Support and Revenue	**$ 79,574**	**$ 91,426**	**$ 53,422**	**$ 48,815**	**$93,291**
Expenditures					
Disbursements to and on behalf of the University	$ 35,070	$ 50,936	$ 37,355	$ 34,181	$ 27,598
Foundation expenses (development, asset mgt, admin)	14,975	17,068	17,067	19,711	20,932
Total Expenditures	**$ 50,045**	**$ 68,004**	**$ 54,422**	**$ 53,892**	**$ 48,530**
Less change in net assets not owned by Foundation		(18)	127	(109)	
Support and Revenues Over/Under Expenditures	**$ 29,529**	**$ 23,440**	**($ 1,127)**	**($ 4,968)**	**$44,761**

University Indebtedness

The UCONN 2000 Act, as amended, empowers the University to borrow money and issue securities to finance the acquisition, construction, reconstruction, improvement or equipping of any UCONN 2000 project and to provide for the security and payment of those securities and to refund such securities. Toward this purpose, to date, the University has issued General Obligation Bonds and Special Obligation Bonds, entered into a privately placed Governmental Lease Purchase Agreement, and assumed a promissory note associated with the purchase of the Nathan Hale Inn Hotel on the Storrs Campus.

The University of Connecticut General Obligation Bonds are issued pursuant to the Master Indenture of Trust, as amended (the "Master Indenture"), and are secured by the full faith and credit of the University and are additionally secured by the pledge of and a lien upon the State Debt Service Commitment. The State Debt Service Commitment is defined by the Act and the Master Indenture as the commitment by the State to pay an annual amount for the punctual payment of Special Debt Service Requirements on securities issued as general obligations of the University, as the same shall arise and shall become due and payable. Special Debt Service Requirements include, among other things, the principal on serial General Obligation Bonds or sinking fund installments on term General Obligation Bonds and interest accruing thereon. As of the date of delivery of the 2018 Bonds, the University's General Obligation Bonds principal outstanding will be $1,385,710,000.

The University of Connecticut also has issued Special Obligation Bonds pursuant to the Special Obligation Indenture of Trust, dated as of January 1, 1997, between the University, as Issuer, and U.S. Bank National Association, as successor to State Street Bank & Trust Company, as Trustee, as amended (the "Special Obligation Master Indenture"). The Board of Trustees approved the Special Obligation Master Indenture on November 8, 1996. Unlike the UCONN 2000 General Obligation Bonds that are paid from the State's General Fund, debt service on the Special Obligation Bonds is paid from certain pledged revenues, including student fees of the University as defined in the Special Obligation Master Indenture. To date, ten projects have been authorized to receive $374,180,000 of the UCONN 2000 Special Obligation Bond proceeds, and some of these projects also were supported by State General Obligation Bonds or other funding. See "GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES – Status of UCONN 2000 Projects" in this Appendix A. As of the date of delivery of the 2018 Bonds, the Special Obligation Bonds principal outstanding, will be $240,980,000.

A privately placed Governmental Lease Purchase Agreement (the "Lease"), with Caterpillar Financial Services Corporation, a Delaware Corporation, secured by the University's general obligation was entered into to finance the cogeneration facility portion of the UCONN 2000 Heating Plant Upgrade project. The cogeneration facility is part of the UCONN 2000 Heating Plant Upgrade project, as defined under the UCONN 2000 Act, which generates substantially all of the needs for electrical power, heating and cooling on the main campus at Storrs. The UCONN 2000 Heating Plant Upgrade project also has been partially funded with General Obligation Bonds of the University secured by the State Debt Service Commitment. The $81,900,000 original principal amount of the Lease is a UCONN 2000 debt obligation entered into under certain separately negotiated documents and agreements and is not secured by the Master Indenture or the Special Obligation Master Indenture. On December 18, 2003, the University entered into the Lease in the principal amount of $75,000,000 at a nominal interest rate of 4.42% compounded monthly for a term of 240 months. On August 15, 2005, the University amended the Lease for an additional amount of $6,900,000 at a 5.09% interest rate compounded monthly. In August 2013, the University amended the Leases to lower the interest rate to 3.22% for the full outstanding amount of the Lease, as amended, effective as of the August 2013 monthly payment, which lowered the University's monthly payments from $517,135 to $482,448. In November 2016, the University amended the Leases to lower the interest rate to 2.22% for the full outstanding amount of the Lease, as amended, effective as of the January 2017 monthly payment, which lowered the University's monthly payment from $482,448 to $461,645. As of the date of delivery of the 2018 Bonds, the amount of the Lease outstanding will be $39,358,495.85.

On April 29, 2015, the Board of Trustees authorized the University to assume existing indebtedness of the seller of the Nathan Hale Inn on the Storrs Campus (the "Inn") in the form of a promissory note (the "Note") to Webster Bank in the maximum principal amount of $5,500,000. The Governor approved the financing on May 19, 2015. On July 1, 2015, the University assumed the obligations under the Note in the amount of $5,376,713 with an interest rate of 6.84% and purchased the Inn. The Note was secured by the general obligation of the University and matured on December 1, 2016. The Note was issued pursuant to separate financing documents and not under the UCONN 2000 General Obligation or Special Obligation Indentures of Trust. The Note was secured by the general obligation of the University and matured and was retired on December 1, 2016.

In addition to UCONN 2000 indebtedness, the University has certain other limited indebtedness; see Schedule 1, "AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEAR ENDED JUNE 30, 2017".

The following schedule sets forth the debt service payments to be made in each University fiscal year on the general obligation bonds issued and outstanding by the University as of the date of delivery of the 2018 Bonds, not including the General Obligation Debt Service Commitment Bonds anticipated to be issued in April, 2018.

Debt Service on General Obligation Bonds[1]
as of March 29, 2018

Fiscal Year Ending June 30th	Principal	Interest	Total
2018	$ -	$ -	$ -
2019	115,210,000	65,645,639	180,855,639
2020	109,430,000	60,333,014	169,763,014
2021	104,435,000	55,310,714	159,745,714
2022	99,190,000	50,366,445	149,556,445
2023	95,345,000	45,658,545	141,003,545
2024	90,955,000	41,049,039	132,004,039
2025	85,805,000	36,613,570	122,418,570
2026	82,060,000	32,478,001	114,538,001
2027	78,430,000	28,424,364	106,854,364
2028	74,675,000	24,573,058	99,248,058
2029	74,910,000	20,847,453	95,757,453
2030	67,565,000	17,176,590	84,741,590
2031	62,705,000	14,100,800	76,805,800
2032	53,720,000	10,987,338	64,707,338
2033	53,720,000	8,388,725	62,108,725
2034	53,720,000	5,996,588	59,716,588
2035	39,640,000	3,820,200	43,460,200
2036	28,635,000	2,079,000	30,714,000
2037	15,560,000	778,000	16,338,000
Totals[2]	**$ 1,385,710,000**	**$ 524,627,080**	**$ 1,910,337,080**

[1] Secured by State Debt Service Commitment, net of bonds previously refunded.
[2]Totals may not sum due to rounding.

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The following schedule sets forth the debt service payments to be made in each University fiscal year on the Special Obligation Bonds issued and outstanding as of the date of delivery of the 2018 Bonds.

Debt Service on Special Obligation Revenue Bonds

	AMOUNT OUTSTANDING			2018 SERIES A BONDS			TOTAL SPECIAL OBLIGATIONS		
FYE June 30	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
2018	$ -	$ 2,367,553	$ 2,367,553	$ -	$ 881,817 [1]	$ 881,817	$ -	$ 3,249,370	$ 3,249,370
2019	6,810,000	4,592,006	11,402,006	725,000	6,890,300 [2]	7,615,300	7,535,000	11,482,306	19,017,306
2020	7,735,000	4,287,381	12,022,381	2,310,000	6,833,225	9,143,225	10,045,000	11,120,606	21,165,606
2021	7,600,000	3,946,981	11,546,981	2,425,000	6,726,400	9,151,400	10,025,000	10,673,381	20,698,381
2022	7,945,000	3,597,981	11,542,981	2,530,000	6,615,175	9,145,175	10,475,000	10,213,156	20,688,156
2023	7,555,000	3,241,056	10,796,056	2,645,000	6,498,450	9,143,450	10,200,000	9,739,506	19,939,506
2024	7,935,000	2,861,438	10,796,438	2,785,000	6,362,700	9,147,700	10,720,000	9,224,138	19,944,138
2025	8,340,000	2,460,119	10,800,119	2,910,000	6,234,875	9,144,875	11,250,000	8,694,994	19,944,994
2026	8,765,000	2,032,494	10,797,494	3,045,000	6,100,550	9,145,550	11,810,000	8,133,044	19,943,044
2027	9,230,000	1,582,619	10,812,619	3,200,000	5,944,425	9,144,425	12,430,000	7,527,044	19,957,044
2028	9,690,000	1,112,834	10,802,834	3,365,000	5,780,300	9,145,300	13,055,000	6,893,134	19,948,134
2029	8,605,000	658,675	9,263,675	3,535,000	5,607,800	9,142,800	12,140,000	6,266,475	18,406,475
2030	9,045,000	221,775	9,266,775	3,720,000	5,426,425	9,146,425	12,765,000	5,648,200	18,413,200
2031	-	-	-	3,910,000	5,235,675	9,145,675	3,910,000	5,235,675	9,145,675
2032	-	-	-	4,110,000	5,035,175	9,145,175	4,110,000	5,035,175	9,145,175
2033	-	-	-	4,290,000	4,860,031	9,150,031	4,290,000	4,860,031	9,150,031
2034	-	-	-	4,475,000	4,675,763	9,150,763	4,475,000	4,675,763	9,150,763
2035	-	-	-	4,705,000	4,440,381	9,145,381	4,705,000	4,440,381	9,145,381
2036	-	-	-	4,955,000	4,193,000	9,148,000	4,955,000	4,193,000	9,148,000
2037	-	-	-	5,185,000	3,962,875	9,147,875	5,185,000	3,962,875	9,147,875
2038	-	-	-	5,425,000	3,721,000	9,146,000	5,425,000	3,721,000	9,146,000
2039	-	-	-	5,670,000	3,479,063	9,149,063	5,670,000	3,479,063	9,149,063
2040	-	-	-	5,925,000	3,224,625	9,149,625	5,925,000	3,224,625	9,149,625
2041	-	-	-	6,225,000	2,920,875	9,145,875	6,225,000	2,920,875	9,145,875
2042		-	-	6,545,000	2,601,625	9,146,625	6,545,000	2,601,625	9,146,625
2043	-	-	-	6,880,000	2,266,000	9,146,000	6,880,000	2,266,000	9,146,000
2044	-	-	-	7,230,000	1,913,250	9,143,250	7,230,000	1,913,250	9,143,250
2045	-	-	-	7,610,000	1,532,738	9,142,738	7,610,000	1,532,738	9,142,738
2046	-	-	-	8,020,000	1,122,450	9,142,450	8,020,000	1,122,450	9,142,450
2047	-	-	-	8,460,000	689,850	9,149,850	8,460,000	689,850	9,149,850
2048	-	-	-	8,910,000	233,888	9,143,888	8,910,000	233,888	9,143,888
Totals [3]	$ 99,255,000	$ 32,962,913	$ 132,217,913	$ 141,725,000	$ 132,010,705	$ 273,735,705	$ 240,980,000	$ 164,973,617	$ 405,953,617

1. Includes $589,933.23 in capitalized interest.

2. Includes $4,616,868.76 in capitalized interest.

3. Totals may not sum due to rounding.

See "PROJECTED DEBT SERVICE AND DEBT SERVICE COVERAGE" from front section of this document for the historical and projected coverage levels for Pledged Revenues and the debt service coverage calculation for the 2018 Bonds.

The following table sets forth all bonds and capital leases issued by the University under the UCONN 2000 program and outstanding as of the date of delivery of the 2018 Bonds.

Total UCONN 2000 Debt Obligations Outstanding

	Original Par Amount[1]	Amount Outstanding Currently[1]	Dated Date[2]
General Obligation Debt Service Commitment Bonds			
GO DSC 1996 Series A	$ 83,929,715	$ -	January 1, 1996
GO DSC 1997 Series A	124,392,432	-	April 1, 1997
GO DSC 1998 Series A	99,520,000	-	June 1, 1998
GO DSC 1999 Series A	79,735,000	-	March 1, 1999
GO DSC 2000 Series A	130,850,000	-	March 1, 2000
GO DSC 2001 Series A	100,000,000	-	March 15, 2001
GO DSC 2002 Series A	100,000,000	-	April 1, 2002
GO DSC 2003 Series A	96,210,000	-	March 1, 2003
GO DSC 2004 Series A	97,845,000	-	January 15, 2004
GO DSC 2004 Series A Refunding[3]	216,950,000	-	January 15, 2004
GO DSC 2005 Series A	98,110,000	-	February 15, 2005
GO DSC 2006 Series A	77,145,000	-	March 15, 2006
GO DSC 2006 Series A Refunding[4]	61,020,000	-	March 15, 2006
GO DSC 2007 Series A	89,355,000	-	April 12, 2007
GO DSC 2007 Series A Refunding[5]	46,030,000	-	April 12, 2007
GO DSC 2009 Series A	144,855,000	79,410,000	April 16, 2009
GO DSC 2010 Series A	97,115,000	58,255,000	May 25, 2010
GO DSC 2010 Series A Refunding[6]	36,095,000	11,450,000	May 25, 2010
GO DSC 2011 Series A	179,730,000	116,805,000	December 8, 2011
GO DSC 2011 Series A Refunding[7]	31,905,000	17,340,000	December 8, 2011
GO DSC 2013 Series A	172,660,000	138,125,000	July 31, 2013
GO DSC 2013 Series A Refunding[8]	51,250,000	38,930,000	July 31, 2013
GO DSC 2014 Series A	109,050,000	87,235,000	April 22, 2014
GO DSC 2014 Series A Refunding[9]	92,940,000	9,675,000	April 22, 2014
GO DSC 2015 Series A	220,165,000	187,145,000	April 16, 2015
GO DSC 2015 Series A Refunding[10]	34,625,000	27,620,000	April 16, 2015
GO DSC 2016 Series A	261,510,000	235,350,000	April 21, 2016
GO DSC 2016 Series A Refunding[11]	80,425,000	53,380,000	April 21, 2016
GO DSC 2017 Series A	311,200,000	295,640,000	January 19, 2017
GO DSC 2017 Series A Refunding[12]	33,950,000	29,350,000	January 19, 2017
Total[13,19]	**$3,358,567,147**	**$1,385,710,000**	
Special Obligation Student Fee Revenue Bonds			
UCONN 2000 SPEC OB 1998-A	$ 33,560,000	$ -	January 1, 1998
UCONN 2000 SPEC OB 2000-A	89,570,000	-	June 1, 2000
UCONN 2000 SPEC OB 2002-A	75,430,000	-	January 15, 2002
UCONN 2000 SPEC OB 2002-A Refunding[14]	96,130,000	-	February 1, 2002
UCONN 2000 SPEC OB 2010-A Refunding[15]	47,545,000	25,075,000	June 16, 2010
UCONN 2000 SPEC OB 2012-A Refunding[16]	87,980,000	74,180,000	December 13, 2012
UCONN 2000 SPEC OB 2018-A	141,725,000	141,725,000	March 29, 2018
Total[17, 19]	**$ 571,940,000**	**$ 240,980,000**	
Capital Leases			
Governmental Lease Purchase Agreement	$ 75,000,000	$ 35,984,583	December 18, 2003
Governmental Lease Purchase Agreement	6,900,000	3,373,911	August 15, 2005
Total[18, 19]	**$ 81,900,000**	**$ 39,358,494**	

[1] "Original Par Amount" includes bonds previously refunded. "Amount Currently Outstanding" is net of bonds previously refunded.
[2] The General Obligation Bonds issued in 1996 and 1997 include capital appreciation bonds, which were dated their date of delivery.
[3] The General Obligation 2004-A Refunding Bonds refunded $223,160,000 of the outstanding GO DSC Series 1996-A, 1997-A, 1998-A, 2000-A, 2001, and 2002-A Bonds.
[4] The General Obligation 2006-A Refunding Bonds refunded $61,675,000 of the outstanding GO DSC Series 1998-A, 1999-A, 2000-A, 2001-A and 2002-A Bonds.
[5] The General Obligation 2007-A Refunding Bonds refunded $46,695,000 of the outstanding GO DSC Series 2002-A and 2003-A Bonds.
[6] The General Obligation 2010-A Refunding Bonds refunded $35,885,000 of the outstanding GO DSC Series 1999-A, 2001-A, 2003-A and 2004-A Bonds.
[7] The General Obligation 2011-A Refunding Bonds refunded $33,735,000 of the outstanding GO DSC Series 2003-A and 2004 Bonds.
[8] The General Obligation 2013-A Refunding Bonds refunded $54,375,000 of the outstanding GO DSC Series 2004A and 2005A Bonds.
[9] The General Obligation 2014-A Refunding Bonds refunded $97,930,000 of the outstanding GO DSC Series 2004A Refunding and 2005A Bonds.
[10] The General Obligation 2015-A Refunding Bonds refunded $38,550,000 of the outstanding GO DSC Series 2006A Bonds.
[11] The General Obligation 2016-A Refunding Bonds refunded $88,535,000 of the outstanding GO DSC Series 2006A Refunding Bonds and 2007A Bonds.
[12] The General Obligation 2017-A Refunding Bonds refunded $36,095,000 of the outstanding GO DSC Series 2007A Refunding Bonds.
[13] Debt Service on the General Obligation Bonds is payable from the Debt Service Commitment of the State.
[14] The SPEC OB 2002-A Refunding Bonds refunded all of the outstanding $89,570,000 SPEC OB Series 2000-A Bonds.
[15] The SPEC OB 2010-A Refunding Bonds refunded all of the outstanding $33,560,000 SPEC OB Series 1998-A Bonds and part of the 2002-A Bonds.
[16] The SPEC-OB-2012-A Refunding Bonds refunded all of the outstanding $75,430,000 SPEC-OB Series 2002-A Bonds and $96,130,000 Series 2002-A Refunding Bonds.
[17] Debt Service on the Special Obligation Bonds are payable from certain Pledged Revenues of the University as further defined in the Special Obligation Indenture of Trust, dated as of January 1, 1997, as amended.
[18] Does not include capital lease obligations subject to annual appropriation.
[19] Totals may not sum due to rounding.

Employee Data

Faculty and Staff. As of October 2017, the University had 4,824 full-time equivalent ("FTE") employees. Full and part-time faculty accounted for 1,577 FTE employees. The University hires adjunct lecturers on a semester-by-semester basis, as needed, who are not included in the above employee count. In Fall 2017, 55.8% of full-time teaching faculty were tenured, 21.4% were tenure track and the remaining were non-tenure track faculty. The average age range of full-time faculty was 45-49. Additionally, the University also has 921 FTE graduate student assistants who receive stipends (starting in 2017, the methodology for calculating FTE graduate assistants changed from 0.25 each to 0.5 each); and other non-permanent employees (i.e. special payroll, students) not captured in any of the prior categories.

Six bargaining units represented approximately 4,352 FTE union members as of October 2017. Approximately 10% of University faculty and staff were non-union employees. The University bargains with two units covering 3,650 FTE employees: the American Association of University Professors (AAUP) and the University of Connecticut Professional Employees Association (UCPEA). Law school faculty, University exempt (management) and certain temporary and part-time employees are not represented by bargaining units. The remaining four unions covering 702 FTE employees bargain directly with the State. In addition, the University bargains directly with the Graduate Employee Union Local 6950 (GEU-UAW) for graduate student assistants.

The University has statutory authority to negotiate and enter into collective bargaining agreements with the labor unions that represent its faculty (AAUP) and non-teaching professionals (UCPEA). The University has reached agreement on successor contracts with these unions. The collective bargaining agreements are currently in effect and will be in full force and effect through June 30, 2021. The University is currently negotiating a successor agreement with the GEU-UAW.

Retirement Plans and Post-Employment Benefits. Most State employees are eligible to receive retirement benefits under a State retirement plan. Various retirement plans are available for University employees none of which are administered by the University.

In 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, that addresses accounting and financial reporting requirements for governmental employers that provide their employees with pension benefits administered through a qualified trust and was effective for employer fiscal years beginning after June 15, 2014. This statement establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. In accordance with GASB 68, the University records its proportionate share of the State's collective net pension liability, collective deferred inflows and deferred outflows of resources related to pensions, and collective pension expense for each defined benefit plan offered to its employees.

In addition to pension benefits, the State provides post-retirement health care and life insurance benefits to University employees in accordance with State Statutes Sections 5-257(d) and 5-259(a). When employees retire, the State may pay up to 100% of their health care insurance premium cost (including dependents' coverage) depending on the plan chosen by the employee. In addition, the State pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement. The State is responsible for and finances the cost of post-retirement health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the State's General Fund; therefore, no liability is recorded in the University's financial statements.

Effective for fiscal year 2018, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, will require the University to report its proportionate share of the net liability related to its participation in these post-employment benefit plans in its Statement of Net Position. This standard will also require more extensive note disclosures and required supplementary information to be presented about the reported post-employment liabilities. The University is still evaluating the full impact of this new standard.

Additionally, certain provisions under collective bargaining agreements were amended subsequent to year-end that will impact pension and post-employment benefits. These changes were effective July 1, 2017, and their overall impact cannot be reasonably estimated as of the date of this report. For further discussion, see Schedule 1, "AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY FOR FISCAL YEAR ENDED 2017.

Insurance and Litigation

Insurance. The University, as an agency of the State, is self-insured, for general liability purposes, on an unreserved basis. The State purchases blanket policies covering other risks, including property, casualty and hazard insurance for all State agencies. The State pays all premiums for such insurance policies. The University reimburses the State for the cost of coverage of items purchased with other than State appropriation funds. The University may request an allotment of insurance proceeds resulting from the loss of University property. The Act authorizes the University to purchase insurance for its assets, actions and activities. In regard to design and construction projects, the University requires errors and omissions insurance from the lead project design professional (project architect of record), and selected sub-consultants on all construction projects. The University requires that contractors engaged on all construction projects provide and maintain general liability, automobile and statutory workers' compensation coverage. In regard to builders risk policies and protection of construction work in progress for existing buildings, the State, through its property policy provides builders risk coverage subject to a deductible. The University requires the contractors to provide builders risk insurance for construction projects involving new buildings. The University directly purchases workers' compensation insurance as part of an owner-controlled insurance program (OCIP) for select UCONN 2000 Health projects.

Litigation. The University (not including UConn Health) is currently defending various legal matters in state and federal courts. None of those suits, either individually or in the aggregate, are likely to have a material adverse impact on the University's financial position.

UNIVERSITY OF CONNECTICUT HEALTH CENTER

An organizational unit of the University of Connecticut, UConn Health is a comprehensive State-owned academic Health Center, which has the traditional tripartite missions of education, patient care and research facility as well as community service and public health. Its main campus is located in a complex of buildings in suburban Farmington, Connecticut. UConn Health was established in 1961 and is currently comprised of the School of Medicine, the School of Dental Medicine and their associated Educational Clinics, the UConn John Dempsey Hospital, the University Medical Group, University of Connecticut Finance Corporation, Correctional Managed Healthcare (CMHC), research laboratories, health sciences/medical library and administrative and other support facilities. It operates more than 400 clinical and educational programs throughout Connecticut and is a referral center for persons with certain illnesses requiring complex patient care. UConn Health also provides comprehensive healthcare services for Connecticut's incarcerated inmates through the Correctional Managed Healthcare program. As of Fall 2017, UConn Health had 592 professional students in the Schools of Medicine and Dental Medicine, graduate students in Master's and Doctoral programs, and approximately 850 residents, interns and postdoctoral fellows. It also provides an extensive array of continuing education activities to health professionals throughout the State. UConn Health submits separate operating and capital budgets to the Governor and the General Assembly and receives its appropriation and allotment separate from the University. See "UNIVERSITY FINANCES – Budget and Budgeting Procedure of the University" in this Appendix A.

GOVERNANCE, ACADEMIC PROGRAMS AND CAMPUSES

Board of Directors

Composition. The Board of Directors of UConn Health consists of up to 18 members. Pursuant to Section 35 of Public Act No. 01-173, the Board of Trustees for the University created the board of directors for the governance of UConn Health, and has determined such duties and authority as it deemed necessary and appropriate to delegate to said board of directors. The Board consists of nine members at large appointed by a nominating committee of the Board of Directors, three members appointed by the Chairperson of the Board of Trustees, three members appointed by the Governor and three voting ex-officio members (the Secretary of the State's Office of Policy and Management, the President of the University and the Commissioner of Public Health or their designees).

Membership. Currently, two positions on the Board of Directors are vacant. The name, term, position and affiliation or profession of each member of the Board of Directors is as follows:

Name	Term Ends	Position	Affiliation/Profession
Kenneth Alleyne	2020	Member	Orthopedic Surgeon, Eastern Orthopedics
Francis X. Archambault Jr.	2016*	Member	Retired Emeritus Professor, University of Connecticut
Richard M. Barry	2016*	Member	Deputy Chief Risk Officer, Key Bank
Andy F. Bessette	2016*	Appointed by Chairperson, Board of Trustees	EVP & CAO, The Travelers Companies, Inc.
Richard T. Carbray Jr.	2015*	Appointed by Chairperson, Board of Trustees	Owner, Apex Pharmacy, Home Care and Nutritional Center
Cheryl A. Chase	2015*	Vice-Chair	Co-president, Principal and General Counsel, Chase Enterprises
Sanford Cloud, Jr.	2014*	Chair; Appointed by Chairperson, Board of Trustees	Chairman and CEO, The Cloud Company, LLC

Name	Term Ends	Position	Affiliation/Profession
Robert S. Dakers		Ex-officio	Executive Financial Officer, Office of Policy & Management (OPM)
John F. Droney	2016*	Member	Partner, Hinckley Allen Snyder, LLP
Joel Freedman	2017*	Appointed by the Governor	Owner, Freedman Consulting, LLC
Susan Herbst		Ex-officio	President, University of Connecticut
Timothy A. Holt	2016*	Member	Retired Director, Virtus Investment Partners and MGIC Investment
Raul Pino, M.D.		Ex-officio	Commissioner, Connecticut Department of Public Health
Wayne Rawlins	2015*	Member	Vice President & Senior Medical Director of Healthcare Services, ConnectiCare, Inc.
Teresa M. Ressel	2012*	Appointed by the Governor	Private Company Management
Kathleen D. Woods	2013*	Appointed by the Governor	Chairperson, Farmington Woods Golf Club

* Board members continue to serve until re-appointed or replacements are appointed.

Duties of the University of Connecticut Health Center Board of Directors. Subject to duties outlined by the University's Board of Trustees, the Board is authorized to establish rules and general policies for the governance of UConn Health and its academic programs. The Board of Directors manages and directs the expenditures of UConn Health. The Board of Directors is required by law to review and approve UConn Health budget requests and propose facility, planning and capital expenditure budget priorities.

Officers of the Board of Directors. The officers of the Board of Directors are the Chair of the Board (Sanford Cloud Jr.), the Vice-Chair (Cheryl Chase), the Secretary (John Droney) and the Treasurer (vacant). The Chair is privileged to make or discuss motions and to vote on all questions.

Academic Programs of the School of Medicine and School of Dental Medicine

Post Baccalaureate Programs. The Schools of Medicine and Dental Medicine each conduct a four-year post baccalaureate program leading to the M.D. and D.M.D. degrees, respectively.

Residency. The School of Medicine and the School of Dental Medicine each offer residency programs, which provide advanced training in preparation for licensure practice and certification within a field of specialization. Approximately 760 residents and fellows populate UConn John Dempsey and other regional hospitals.

Graduate Programs. Programs leading to either a Ph.D. or Master's degree in medically related sciences are offered in nine biomedical sciences and in community health and dental sciences. There are also programs of post-doctoral education of biomedical scientists.

Continuing Education. The schools provide facilities and/or opportunities for the practicing professionals to continue their education by offering a wide variety of courses, lectures, seminars, and visiting lectureships.

Research. The faculty of the Schools of Medicine and Dental Medicine are generally expected to develop an active research program, both to advance knowledge within their field of expertise and to enhance the quality of the educational program. Approximately $87.2 million was generated in Fiscal Year 2017 by the research activities of the various faculties which supplements appropriations from the State.

Student Enrollment

Enrollment. UConn Health's enrollment in Fall 2017 was 411 in the School of Medicine, 181 in the School of Dental Medicine, and 314 Graduate students. Historically, enrollment at UConn Health has been flat. A key component of the Bioscience Connecticut initiative is to grow enrollment 30%. The 411 enrolled students represent an increase of 14% over the School of Medicine's 2014 enrollment showing significant progress towards its Bioscience Connecticut goals.

Each year, approximately 400 students work toward their medical doctor's degree and 180 toward their doctor of medical dentistry degree. Admission to each school is highly competitive, but both schools offer preferential consideration to qualified Connecticut residents in their admissions policies. School of Dental Medicine students have a long history of outstanding performance on the National Boards.

Average Total MCAT and DAT Scores
Fall 2013 - 2017

Fall	MCAT	DAT
2013	31.9	20.7
2014	31.9	21.2
2015	31.7	21.2
2016*	509.3	21.6
2017*	511.3	21.5

*The new test, which was revised to cover a broader range of material and better equip medical schools with ways to more completely assess applicants, uses a new scoring system. The new scoring methodology changed the scale from a maximum of 45 to a maximum of 528. Historically, medical students ranked near the 88th percentile on the old MCAT test on the National Boards. Based on the new MCAT testing format, our admitted medical students in 2017 scored slightly above the 86th percentile.

Passing Rates on National Exams
2013 - 2017

Year	School of Medicine	School of Dental Medicine
2013	97	100
2014	98	100
2015	99	100
2016	98	100
2017	99	100

Tuition and Other Fees

Pursuant to State law, the Board of Directors is authorized to adopt a comprehensive schedule of tuition and other fees which are expected to prevail during the following fiscal year. Such tuition and fees must comply with the policy of the Office of Higher Education that requires them to be between the 70th and 75th percentiles of public schools nationally.

Tuition. For the academic year 2018, students classified as full-time residents of Connecticut were charged tuition of $34,706 for the School of Medicine and $32,599 for the School of Dental Medicine. Out-of-state students were charged $67,318 for the School of Medicine and $68,726 for the School of Dental Medicine. For the 2019 academic year, tuition for Connecticut residents has been set at $36,932 for School of Medicine students and $34,599 for School of Dental Medicine students.

Mandatory Fees. For academic year 2018, students will pay a fee of $3,660 for the School of Medicine and $2,940 for the School of Dental Medicine per year. This fee includes payments for commencement, student affairs, and a student activity fee. An optional student health plan is available for an additional fee.

Annual Cost of an In-State Student Enrolled at UConn Health by School Academic Years 2015 - 2019

School of Medicine

	2015	2016	2017	2018	2019
Tuition	$27,074	$30,013	$32,554	$34,706	$36,932
Fees*	9,959	8,500	7,500	3,660	3,160
Total	**$37,033**	**$38,513**	**$40,054**	**$38,366**	**$40,092**

School of Dental Medicine

	2015	2016	2017	2018	2019
Tuition	$25,531	$28,231	$30,667	$32,599	$34,599
Fees*	9,000	7,682	6,681	2,940	3,028
Total	**$34,531**	**$35,913**	**$37,348**	**$35,539**	**$37,627**

* Beginning in 2018, the optional student health fee is excluded.

Percentage of Enrollment by Residence Status Fall 2013 - 2017

	School of Medicine		School of Dental Medicine	
Fall	In-State	Out-of-State	In-State	Out-of-State
2013	95.1	4.9	87.8	12.2
2014	93.2	6.8	85.8	14.2
2015	93.4	6.6	88.9	11.1
2016	91.2	8.8	90.0	10.0
2017	92.5	7.5	89.0	11.0

University of Connecticut Health Center Clinical Operations

UConn Medical Group and University Dentists. The faculty practices of UConn Health, UConn Medical Group (UMG) and University Dentists are the key components of UConn Health's integrated health care delivery system administratively designated "University of Connecticut Clinical Operations" ("Clinical Operations"). Clinical Operations include an extensive array of ambulatory clinics representing the range of specialty and primary fields that comprise medicine and dentistry operated by UMG and University Dentists. Clinical Operations is the vehicle through which UConn Health contracts with managed care and other health care payors and engages in joint ventures and other arrangements. Clinical Operations also does business through the University of Connecticut Health Center Finance Corporation (the "Finance Corporation"), a statutory corporation authorized to enter into joint ventures, other affiliations and contracts in furtherance of the operations of the clinical programs.

UConn John Dempsey Hospital. UConn Health's John Dempsey Hospital is also a key component in Clinical Operations. The Hospital has 234 licensed beds (193 staffed), and is located in Farmington, a suburb of Hartford. It serves as the primary teaching hospital for the Schools of Medicine and Dental Medicine, and participates in the clinical education of students from other health profession education programs. As the primary teaching hospital, it contains a full range of services, including surgery, medicine, cardiac care, psychiatry, and obstetrics and gynecology. The Hospital is also the focus of specialized programs, including programs dealing with arthritis, lupus, alcoholism, cancer, hemophilia, high-risk pregnancies, dental diseases in the handicapped, and taste and smell deficiencies. The Hospital also provides emergency dental care through an agreement with the Educational Clinics.

Educational Clinics. The Educational Clinics offer comprehensive dental care provided by dental students (pre-doctoral students) in multidisciplinary clinics or by dental residents (postdoctoral students) receiving advanced or specialty training under the supervision of licensed clinical faculty. The Predoctoral Teaching Program is designed to train dental students to be future general dentists or specialists. Dental care provided in the predoctoral program is provided by students under the supervision of experienced dentists. The Postdoctoral Teaching Program is a practice comprised of licensed dentists who spend 2 to 6 years under intensive training to be specialists in endodontics, periodontics, oral surgery, orthodontics, pediatric dentistry, prosthodontics, or advanced education general dentistry (AEGD).

Correctional Managed Health Care. Through a contract with the State, UConn Health currently provides health care services for all persons incarcerated in Connecticut's jails and prisons. The vast majority of these activities take place at facilities operated by the Department of Correction, but the UConn John Dempsey Hospital does maintain a high security prison ward for patients requiring in-patient services. UConn Health is actively working with the Department of Correction to transition this back to that agency at the end of the current agreement, now extended to June 30, 2018.

Patient Service Revenue

Pursuant to the Master Indenture, patient revenues or any other revenues derived from clinical operations of the University are not pledged towards the repayment of Bonds.

Strategic Plan Initiative

Our Mission. UConn Health is dedicated to helping people achieve and maintain healthy lives and restoring wellness/health to maximum attainable levels.

In this quest, UConn Health will continuously enable students, professionals and agencies to promote the health of Connecticut's citizens. UConn Health will consistently pursue excellence and innovation in the education of health professionals; the discovery, dissemination and utilization of new knowledge; the provision of patient care; and the promotion of wellness.

Market Assessment and Regional Planning. UConn Health employs a variety of means to assess the market. Using data available from the Connecticut Hospital Association and the Office of Health Care Access, UConn John Dempsey Hospital assesses its performance relative to other hospitals and in terms of market share. Both UConn John Dempsey Hospital and UConn Medical Group use publicly available and purchased data sets relative to population and disease trends, utilization rates for services, physician and service demand. UConn Health executives and product line leaders, both physician and non-physician staff, through professional associations, networking with peers and patient interactions, supply data, information and expertise that is used for assessment and planning. Public input is sought through formal and informal interactions with UConn Health Board of Directors, the UConn Board of Trustees, the State Legislature, Town of Farmington, Connecticut officials, community leaders, patients and the many people who attend the public programs of UConn Health. Strategic plans are developed given the market assessment, in combination with an assessment of the strengths of UConn Health programs and staff. UConn Health has focused efforts on programs that integrate the academic, research, and clinical strengths of the institution to serve the health care needs of the citizens of the State. In order to best extend the access to UConn Health services, UConn Health has established and continues to seek relationships with other health care providers including and especially primary care providers.

UConn Health is expected to continue to be challenged by managed care and federal reimbursement rates. UConn Health has adopted a strategy of actively monitoring the market and pursuing agreements with all managed care payors. UConn Health has entered into participation agreements with most of the major HMOs and PPOs. Payors are increasingly interested in shared risk arrangements with providers. UConn Health has executed a number of shared risk agreements and will likely be requested to do more. UConn Health is actively developing the programs and systems necessary to accept and manage risk.

Bioscience Connecticut. UConn Health has benefitted from the major economic revitalization plan called Bioscience Connecticut (Public Act 10-104, as amended by Public Act 11-75). Bioscience Connecticut's aim is to make the State a leader in bioscience research and in turn, jumpstart the State's economy by creating jobs and generating long-term economic growth. Program initiatives related to UConn Health were:

- Renovating existing UConn Health facilities to increase bioscience research capacity and productivity, increasing the number of basic and clinical/translational scientists, and expanding small business incubator facilities to foster new business start-ups.
- Increasing UConn Health's medical and dental schools' enrollment by 30 percent, and establishing a loan forgiveness program to attract more graduates to practice primary care medicine and dentistry in Connecticut.
- Constructing a new patient tower and a new ambulatory care center, and increasing the number of UConn Health primary and specialty care clinicians.

The $864 million Bioscience Connecticut plan was funded with $592 million of bond funds. Construction of the ambulatory care center (also known as the "Outpatient Pavilion") was financed by a $203 million credit tenant lease between Teachers Insurance and Annuity Association and the University of Connecticut Health Center Finance Corporation through a bankruptcy remote special purpose entity named UCHCFC Circle Road Corp. UConn Health operating funds, private financing or philanthropy will be utilized to fund the remainder of the program.

In October 2011, the Connecticut General Assembly adopted legislation, which established the Connecticut Bioscience Collaboration Program (the "Collaboration") and authorized $290.7 million of State general obligation bonds to be issued over a ten-year period and to be deposited in the Connecticut Bioscience Collaboration Fund. The Collaboration shall support the establishment of a bioscience cluster anchored by a research laboratory housed at UConn Health. Said funds are held and administered by Connecticut Innovations Incorporated.

Construction work related to the Bioscience Connecticut initiative is largely complete with only the Clinic Building Renovations remaining under construction. The new John Dempsey Hospital University Tower, which also includes the third and final parking garage, opened in May 2016. Work on the final phase of the Hospital project was substantially completed by late 2016. The Outpatient Pavilion was completed and the building was occupied by mid-September 2016. The Main Building Lab Renovations were completed in March of 2017. The Academic Building Addition and Renovation project was completed in October of 2017. The Incubator Lab addition to the Cell and Genome Sciences Building was completed in January 2016 and the labs are now being leased to companies for technology development. The Clinic Building Renovations began construction in July 2016 and the work will continue through early 2018. Phase 1, which entails work on and renovation to the Main Lobby, is nearing completion, and Phase 2 work began in September 2017.

Employment

UConn Health employed approximately 4,900 full-time equivalent (FTE) employees as of December 2017. UConn Health employees are State employees. The terms and conditions of employment of almost 4,400 FTE employees as of December 2017 are governed by collective bargaining agreements with nine bargaining units. The State bargains with all bargaining units representing UConn Health employees except the University Health Professions (the "UHP") and the American Association of University Professors (the "AAUP"). UConn Health has statutory authority to negotiate and enter into collective bargaining agreements with the labor unions that represent its faculty (AAUP) and non-teaching professionals (UHP). UConn Health has reached agreement on successor contracts with these unions. The collective bargaining agreements are currently in effect and will be in full force and effect through June 30, 2021. The remaining seven unions bargain directly with the State. University exempt (management) and certain temporary and part-time employees are not represented by bargaining units.

UCONN HEALTH FINANCES

Financial Statements of UConn Health

Below is a five-year presentation of the Statement of Revenues, Expenses and Changes in Net Position for the Fiscal Years ended June 30, 2013, 2014, 2015, 2016 and 2017.

Statement of Revenues, Expenses and Changes in Net Position

($ in thousands)

	2013	2014	2015	2016	2017
OPERATING REVENUES					
Student tuition and fees[1]	$ 13,812	$ 15,794	$ 16,557	$ 15,728	$ 17,499
Patient services[2]	432,032	450,315	512,960	532,876	539,777
Federal grants and contracts	60,651	62,527	57,920	59,529	58,148
Nongovernmental grants and contracts	27,593	23,803	24,407	27,116	29,009
Contract and other operating revenues	102,574	106,772	109,324	108,017	114,283
Total operating revenues	$636,662	$659,211	$ 721,168	$743,266	$758,716
OPERATING EXPENSES					
Educational and General					
Instruction	$141,182	$152,618	$ 163,703	$ 168,299	$ 169,130
Research	60,918	59,518	56,961	58,233	59,400
Patient services	522,826	581,558	607,436	648,072	713,342
Academic support	20,011	20,824	22,458	18,070	19,186
Institutional support	53,114	66,416	83,260	80,638	82,233
Operations and maintenance of plant	33,606	31,548	35,363	38,714	37,295
Depreciation	32,365	32,780	37,830	41,468	52,046
Student aid	136	50	32	84	194
Total operating expenses	864,158	945,312	1,007,043	1,053,578	1,132,826
Operating (loss) income	($227,496)	($286,101)	($ 285,875)	($ 310,312)	($ 374,110)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	$213,371	$266,139	$ 280,645	$ 289,287	$ 278,211
Gifts	7,659	7,299	7,175	6,866	4,079
Interest income[3]	124	93	176	141	104
Interest on capital asset – related debt	(1,072)	(1,007)	(3,820)	(10,487)	(10,214)
Net nonoperating revenues	$220,082	$272,524	$ 284,176	$ 285,807	$ 272,180
Income before other revenues, expenses, gains or losses	($ 7,414)	($ 13,577)	($ 1,699)	($ 24,505)	($ 101,930)
Loss on disposal	(2,978)	(573)	(3,902)	(695)	(989)
Capital appropriations	5,000	193,214	159,810	175,000	43,479
Total other revenues	2,022	192,641	155,908	174,305	42,490
Increase (decrease) in net position	($ 5,392)	$179,064	$ 154,209	$ 149,800	($ 59,440)
NET POSITION					
Net position-beginning of year	$403,122	$397,730	$ 576,794	$ 35,971	$ 185,771
Cumulative impact of implementing GASB 68 and 71	-	-	695,032	-	-
Net position-beginning of year as restated	-	-	118,238	-	-
Net position-end of year	$397,730	$576,794	$ 35,971	$ 185,771	$ 126,331

[1] Net of scholarship allowances of $5,039, $4,517, $5,556, $6,205 and $6,250 respectively.
[2] Net of charity care of $801, $630, $328, $438 and $310 respectively.
[3] Net of investment expense of $98, $70, $85, $56 and $56 respectively for the primary institution.

Note: Although governed by a single Board of Trustees with one chief executive officer, the University and UConn Health maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and State appropriations. See "UCONN HEALTH FINANCES – Budget and Budgeting Procedure of UConn Health" in this Appendix A.

Budget and Budgeting Procedure of UConn Health

UConn Health submits a separate biennial operating budget to the Governor and General Assembly through the Secretary of the Office of Policy and Management. The operating budget request sets forth a proposed expenditures plan for the amount necessary to meet cost increases while providing a constant level of service. The budget may also include funds for expansion of UConn Health programs. The operating budget includes various revenue sources including patient services, federal and private grant funding and State appropriations. The General Assembly appropriates and allocates funds directly to UConn Health. The Governor may reduce State agency allotments by not more than five percent unless such reduction is approved by the Appropriations Committee of the General Assembly which shall, within ten days, approve or reject such reduction. UConn Health's Board of Directors approves annually the Unrestricted Operating Budgets for UConn Health, which then must be approved by the University's Board of Trustees.

During each fiscal year, the Board of Trustees must quarterly submit to the General Assembly and the Office of Policy and Management, a report of the actual expenditures of UConn Health.

UConn Health's capital budget request process is combined with the University as part of UCONN 2000 Phase III for Fiscal Years 2005-2027. Rather than annual requests, the University is required to provide a semi-annual update as to the progress of capital projects approved as part of UCONN 2000.

Fiscal Year 2018. UConn Health is budgeted to end Fiscal Year 2018 with a loss of $18.4 million as compared to the prior year loss before other changes in net position of $101.9 million. The budget reflects the continued increases in fringe benefit expenses and other costs as well as decreases in expected general fund appropriations from the State. These drivers have been offset by revenue enhancements and continued focus on cost containment including strategic hiring/rehiring, and expense analysis.

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In addition to actual results of operations for Fiscal Years 2014-2017, the following schedule reflects the Fiscal Year 2018 budget.

Statement of Current Funds Operations[1] (in millions)

Revenues:	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget
State Support	$213.9	$226.8	$235.3	$224.3	$217.4
Tuition & Fees	19.8	21.5	21.5	23.7	24.4
Research Grants and Contracts	86.3	82.3	86.8	87.2	84.3
Interns and Residents	56.5	60.0	63.3	63.0	67.5
Net Patient Care	369.7	428.7	450.4	459.5	482.4
Correctional Managed Health Care	85.6	88.9	86.6	82.7	80.4
Other Income	47.3	48.2	47.2	46.7	61.6
Total Revenues	**$879.1**	**$956.4**	**$991.1**	**$987.1**	**$1,018.0**
Expenses:					
Personal Services	$351.9	$366.7	$389.1	$385.7	$387.3
Fringe Benefits	170.8	181.8	208.7	293.0	222.3
Correctional Managed Health Care	85.6	88.9	86.6	82.7	80.4
Medical/Dental House Staff	48.1	51.7	52.4	52.9	54.0
Drugs/Medical Supplies	70.3	74.7	76.9	87.7	88.1
Outside & Other Purchased Services	56.3	72.8	71.3	75.5	81.7
Other Expenses	109.7	121.5	130.6	111.5	122.6
Total Expenses	**$892.7**	**$958.1**	**$1,015.6**	**$1,089.0**	**$1,036.4**
Net Gain (Loss)	**($ 13.6)**	**($ 1.7)**	**($ 24.5)**	**($ 101.9)**	**($ 18.4)**

[1]Statement of Current Funds Operations results include certain non-operating expenses as well as year-end adjustments such as the GASB 68 and GASB 71 adjustments. These items are not presented in the UConn Health operating budget and accounted for $3.2 million, $8.6 million, and $73.2 million for fiscal years 2015, 2016 and 2017, respectively.

State Support of UConn Health – Appropriations

The State develops a biennial budget, which includes UConn Health's appropriation request. The appropriations are applicable to each specific year and the second year's appropriation is subject to review and adjustment. Public Act 17-2 appropriated $122.4 million to UConn Health for Fiscal Year 2018 and $123.0 million for Fiscal Year 2019. The Fiscal Year 2018 appropriation has since been reduced by the State by $4.7 million for allocable bottom line savings for the State budget. This reduction results in a forecasted allotment of $117.7 million for Fiscal Year 2018.

No assurance can be made that the State will not change the Fiscal Year funding prior to the end of such Fiscal Year. Any State funding cuts are expected to be managed by UConn Health through reduced hiring, reduced operating costs, fewer projects, and other deficit mitigation efforts.

Grants and Contracts

Revenue from federal, state, local and non-governmental grants and contracts totaled $87.2 million in Fiscal Year 2017, representing 11.0% of total operating revenues reported by UConn Health in the Statement of Revenues, Expenses and Changes in Net Position for the Fiscal Year ended June 30, 2017, included in this Appendix A.

Governmental Grants and Contracts
for Fiscal Years 2013 - 2017
(in Millions of Dollars)

Fiscal Year	Amount
2013	$88.2
2014	86.3
2015	82.3
2016	86.6
2017	87.2

Professional Liability, Litigation and Insurance

Professional Liability. Connecticut statutes provide that the State Claims Commissioner may authorize suit against the State, including its agencies (such as UConn Health), if the Claims Commissioner deems it just and equitable and where a claimant has presented an issue of law or fact under which the State, were it a private person, could be liable. State officers and employees cannot be personally liable for damage or injury, not wanton, reckless or malicious, caused in the discharge of their duties or within the scope of their employment.

Litigation. UConn Health is currently defending various legal matters in state and federal courts. None of those suits, either individually or in the aggregate, are likely to have a material adverse impact on UConn Health's financial position.

Insurance. UConn Health operates a statutorily created insurance fund designated the "Medical Malpractice Fund" (the "Fund"). The Fund is a separate trust fund of the Finance Corporation. The Fund is required by State law to be established and operated by the Finance Corporation and to be held by the State Treasurer. The Fund is charged with all payments required to satisfy claims against UConn Health arising from the delivery of health care services. Since the Fund was established in 1987, UConn Health has not maintained private professional liability insurance. The Fund has paid all claims against UConn Health and the State for professional liability since 1987. The Hospital Group has implemented quality assurance, risk assessment and peer review processes to mitigate, identify and evaluate risks. The Fund is a cash based fund that maintains the investment balance to cover expected current payments for the fiscal year. To the extent that claims for cases exceed current year premium charged by UConn Health, UConn Health may petition the State to make up the difference. However, operational subsidies from the State and/or UConn Health may be affected by the performance of UConn Health's malpractice program. At June 30, 2017, the Fund had actuarial reserves of approximately $24.9 million and assets of approximately $7.1 million. It was estimated that $5.6 million could be used in Fiscal Year 2018 in settling cases.

UConn Health Long-Term Liabilities

Summarized information on UConn Health long-term liabilities is presented in the breakout of long-term debt presented below.

In addition to the Malpractice Fund, UConn Health also maintains certain accrued compensated absences, to the extent that they are not expected to be utilized in the current year, as long-term liabilities. These amounts have been accrued as payables and will offset future payroll expenses as they are utilized.

The following schedules present UConn Health's composition and current year activity related to long-term debt and a breakout of debt service payments to be made in each of UConn Health's upcoming fiscal years related to debt outstanding as of June 30, 2017.

Long-term liability composition and activity for the Fiscal Years ended June 30, 2017 was as follows:

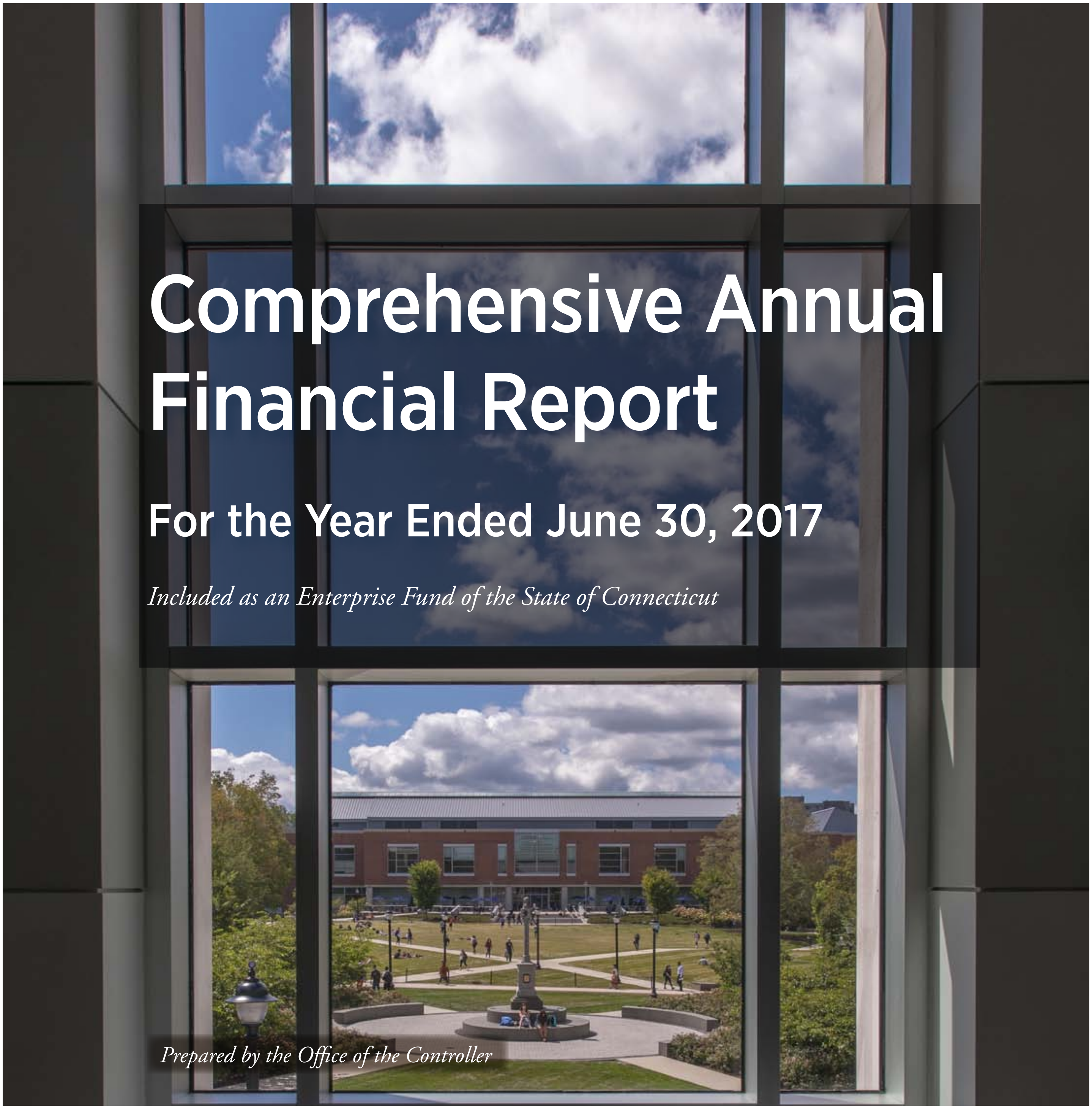
Long-Term Liability for Years Ended June 30, 2017

	June 30, 2016 Balance	**Additions**	**Reductions**	**June 30, 2017 Balance**	**Amounts Due Within One Year**
Long-Term Debt					
Capital Lease John Dempsey Hospital		2,492,263	305,664	2,186,599	485,482
Mortgage Agreements Primary Institution	210,700,241	-	5,786,545	204,913,696	6,090,659
Malpractice Reserve	31,592,000	-	6,735,000	24,857,000	5,870,000
Compensated Absences	53,037,827	35,293,381	36,337,464	51,993,744	20,797,498
Total Long-Term Liabilities	**$295,330,068**	**$37,785,644**	**$49,164,673**	**$283,951,039**	**$33,243,639**

Estimated cash basis interest and principal requirements for the long-term debt are as follows:

Fiscal Year Ending June 30th	**Total Long Term Debt**
2018	$ 16,508,114
2019	16,508,114
2020	16,508,114
2021	16,508,114
2022	16,173,569
Thereafter	252,850,239
Totals	**$335,056,264**

SCHEDULE 1



Comprehensive Annual Financial Report

For the Year Ended June 30, 2017

Included as an Enterprise Fund of the State of Connecticut

Prepared by the Office of the Controller

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INTRODUCTORY SECTION

UCONN
UNIVERSITY OF CONNECTICUT

LETTER OF TRANSMITTAL

November 20, 2017

To President Herbst,
Members of the Board of Trustees, and
University of Connecticut Community:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the University of Connecticut (University) for the fiscal year ended June 30, 2017. For purposes of this report, the University is herein defined as all financial activity from Storrs-based undergraduate and graduate programs, the regional campuses, the School of Law, and the School of Social Work. The University of Connecticut Health Center (UConn Health), which maintains a separate budget and issues its own audited financial statements, is excluded from this report.

The CAFR includes the Management's Discussion and Analysis (MD&A), the basic financial statements, notes, other supplementary and statistical information. The CAFR provides financial information about the University's results of activities during the year and describes its financial position at the end of the year based on currently known facts, decisions, and conditions.

Management assumes full responsibility for the contents of this report including the accuracy, completeness, and fairness of the data presented. We believe the University's system of internal controls is sufficient to identify material misstatements. Although we have strong internal controls, the cost of internal controls should not exceed the benefits. Therefore, the objective of the University's internal control system is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements, and that assets are safeguarded against loss from unauthorized use or disposition.

The University's Joint Audit and Compliance Committee of the Board of Trustees exercises oversight of the integrity of its financial statements and internal control systems, as well as direct engagement in the approval of independent auditing services. Certain bond covenants require that the University's accounting and financial records be subject to an annual independent audit. The University's annual audit for the fiscal year ended June 30, 2017, was performed by the State of Connecticut Auditors of Public Accounts. They have issued an unqualified opinion on the fair presentation of the financial statements that can be found in the front of the financial section.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and in conformity with standards established by the Governmental Accounting Standards Board (GASB), also using guidelines of the Government Finance Officers Association of the United States and Canada (GFOA). The MD&A is presented to supplement the financial statements and should be read in conjunction with this letter of transmittal. The MD&A can be found immediately following the auditors' report.

University Profile

Background

The University was founded in 1881 when Charles and Augustus Storrs donated land and money to the State of Connecticut (State), establishing the Storrs Agricultural School later to become Connecticut's land-grant college. Today the University serves as the State's flagship institution for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, service, and outreach.

The University is governed by a Board of Trustees that is composed of 21 members, including the Governor, the UConn Health Board of Directors Chair, and the Commissioners of Agriculture, Economic and Community Development, and Education. The University is reported as an enterprise fund in the State's CAFR and operates as a State-assisted institution of higher education.

In addition to academics, the University also participates in Division I athletics. The women's field hockey team recently won the national championship, claiming its third national title in 5 years. The women's basketball team continues to be a national powerhouse, following their record-breaking 2015-2016 season where they won their fourth consecutive and eleventh all-time national championship.

Student and Faculty Data

For the 2016-2017 academic year, the number of applications for admissions increased by three percent and total enrollment grew to 31,440 students, including more than 7,800 graduate students. All 169 Connecticut towns were represented in the University's undergraduate population, 42 states, and 109 countries. Of the 23,630 undergraduates, 50 percent were female and 31 percent were minority students. The University employs 1,518 full-time faculty members and an additional 722 part-time faculty and adjuncts. In 2017, the University awarded 8,487 degrees, an increase of 33 percent since 2006.

Component Units
In accordance with GASB reporting requirements, the University of Connecticut Law School Foundation, Inc. (Law School Foundation) is discretely presented as a component unit of the University. The University of Connecticut Foundation, Inc. (Foundation), another related organization, operates exclusively to promote the educational, scientific, cultural, research and recreational objectives for both the University and UConn Health, and is therefore not included as a component unit in the accompanying financial statements. See Notes 1 and 14 for additional information regarding component units and related organizations.

Economic Condition

The Connecticut economy had another year of steady growth going into 2017. In the past twelve months, Connecticut's headline unemployment rate fell by 0.6 percent to 4.8 percent. Statewide real average annual wages grew 0.5 percent to $65,869, remaining fourth in the nation behind only Massachusetts, New York, and Washington, D.C. The *Connecticut Economic Digest* reported that statewide single-family home sales gained 8.7 percent in 2016, reaching the highest level in nine years. Importantly, these gains were not at the expense of median sale prices, which grew at 0.4 percent. Initial data through the beginning of 2017 indicates this trend should continue as sales gained 6.5 percent in the first quarter of 2017 when compared to the same period in the prior year.

Despite Connecticut's recent economic gains, growth in expenses exceeds revenues at the State level, causing large and continuing overall budget deficits. The growth in expenses is largely due to the State's unfunded pension liability, debt service, and growth in other services. For the biennium fiscal years of 2018 and 2019, the budget process was extremely difficult with the State Legislature not passing a budget bill until well into the current fiscal year. After an initial budget was vetoed by the Governor, in October 2017 the Connecticut General Assembly approved a bipartisan budget agreement that cut the University by $106.7 million over the biennium when compared to the fiscal year 2017 appropriation. This steep reduction requires difficult decisions to be made in order to manage the cut and support a balanced budget going forward. The University will contend with these cuts in various ways including establishing a freeze on hiring, delaying certain capital projects, restructuring administrative functions and departments with the elimination of positions, and reducing services that are not essential to the academic mission. Based on this reality, the University must rely less on State support and adhere to a strategic financial plan that will meet both its current objectives and long-term goals.

Long-Term Financial Planning

Despite the cut in State support, the University is a financially stable institution with exceptional educational programs and research, and it continues to successfully balance financial needs and investments for long-term growth while providing high-quality education. The University's long-term plan includes becoming more self-reliant in generating diverse operating revenues to offset forecasted decreases in State support. The University will maintain a balanced budget for its growing operations through increases in student tuition, growth in research, increases in philanthropy, and new revenue sources.

Increases in Student Tuition
As of fiscal year 2017, tuition revenue is now the largest source of revenue for the University. During fiscal year 2016, the University's Board of Trustees approved a four-year tuition plan that allows for modest increases each year from fiscal year 2017 to fiscal year 2020. This is the second time that the Board of Trustees adopted a four-year tuition plan rather than addressing tuition each year. The multi-year plan provides more detail and certainty for students as they plan with their families for their college careers. Additionally, having a four-year tuition plan allows the University to better engage in strategic long-term planning; given the financial stress the State faces, having a revenue category that is set and predictable is important to the long-term stability of the University. Although tuition will increase, more financial aid will also be available to help address issues of affordability and accessibility for the University's students.

Increases in Philanthropy
Philanthropy is an area of revenue growth for the University and is part of the University's long-term financial planning. The Foundation, which supports both the University and UConn Health, has seen transformative changes in the last few years, with the last three years being the best in its history. In fact, the endowment investments of the Foundation grew by $36.4 million during fiscal year 2017, ending at $368.6 million. In fiscal year 2016, the University of Connecticut Alumni Association was moved under the umbrella of the Foundation, consolidating alumni engagement, service, and philanthropy. During summer 2017, the Law School Foundation dissolved and its assets were transferred to the Foundation, further strengthening the overall portfolio.

New Revenue Sources
The University continues to look at other ways to generate revenue and this will continue to be a focus in the coming

years. Some specific examples of recent changes include a new agreement with the University's bookstore operator (see Note 10), new self-supporting business school programs, increased enrollment in other revenue-generating programs, increases in summer school revenue, opening the new Stamford residence hall, and increasing room and board fees. Specifically, the new bookstore model includes an increase of guaranteed revenue from fiscal year 2017 of $3.5 million to $4.5 million in fiscal year 2018.

Over the past decade, the growth and diversification of the University's funding streams combined with continuing physical transformation through the University's capital improvement program have led to record enrollments, growth in philanthropy, new revenue streams, and significant contributions to the State's economy.

Major Initiatives

Next Generation Connecticut (NextGenCT) represents one of the most ambitious State investments in economic development, higher education, and research in the nation, with a particular focus on capital investment. The NextGenCT initiative added $1.5 billion in bond funds for new and renovated facilities, extending the UCONN 2000 capital improvement program that began in 1995 to 2027. An operating component was also included, but has been limited due to the State's recent financial constraints. The general obligation bonds issued through UCONN 2000 and NextGenCT are secured by the State's debt service commitment, thus there are no revenues budgeted for payment of these bonds. Since fiscal year 2015, UConn has been authorized $685.3 million in funding, with an additional $200.0 million coming in fiscal years 2018 and 2019. These funds have allowed UConn to open a new residential hall, renovate the associated dining hall, build the new downtown Hartford campus, complete the Engineering and Science Building, open the Innovation Partnership Building, update and renovate various buildings throughout campus, and address needed infrastructure and deferred maintenance improvements.

Despite reductions in operating funding, the NextGenCT initiative has provided a strong framework for the University and has aided the State's economy. Since the beginning of the initiative, many new faculty have been hired particularly in the fields of science, technology, engineering, and math (STEM). Additionally, funds have been provided for STEM scholarships, STEM fellowships, the IDEA (Imagine Develop Engage Apply) Grant program for student-designed and led projects, and for staff positions. Since fiscal year 2013, undergraduate enrollment has grown by 1,329 across all campuses. This ongoing success has attracted higher quality students and the University maintains solid rankings in virtually all relevant areas. Highlights from the 2016-2017 academic year include the following:

- As of fall 2016, the University ranked 18 out of 58 public research universities in graduation rates for all freshmen and 21 out of 58 for minority freshmen.

- In fiscal year 2017, approximately 76 percent of undergraduates enrolled were residents of the State. Nearly 80 percent of the recent alumni securing jobs in Connecticut were residents before coming to the University, and 30 percent of the graduates who came to the University from other states were also employed in Connecticut following graduation.

- In fiscal year 2017, the University provided $113.5 million in institutionally funded financial aid and has budgeted an additional $8.9 million for fiscal year 2018.

- The time to graduation is 4.2 years, ranking third among public research peers. This was accomplished by increasing the number of class offerings and reducing the student-to-faculty ratio. Lower time to graduation helps UConn students pay less in tuition and join the workforce more quickly.

- Through the end of fiscal year 2017, the UCONN 2000 capital improvement program authorized 112 major projects, totaling $3.1 billion in bond authorizations.

Looking ahead, the University will continue to build on these accomplishments and further strengthen its programs and services for faculty, staff, students, and the University community.

Awards and Acknowledgements

The University marked its seventh consecutive year among the nation's top 25 public universities as ranked by *U.S. News & World Report* in 2017. The No. 18 ranking in 2017 reflects the University's strong graduation and retention rates, academic excellence, faculty resources, and other factors that are weighed in its annual evaluations.

In 2017, *Money* magazine ranked the University No. 22 in best value among public universities, partly due to low tuition costs and a higher percentage of students who get need-based aid and merit scholarships. The University also came in at No. 27 in *Kiplinger's* list of best values in

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UNIVERSITY OF CONNECTICUT

public colleges and No. 28 in *Forbes'* annual ranking for best public colleges.

The University was among the top 25 schools in the Sierra Club's "Cool Schools Ranking" for the sixth consecutive year. The Sierra Club bases the school rankings on sustainability data collected in a range of areas, including energy, investments, academics, waste reduction and diversion, transportation, and purchasing. The University was No. 4 in the University of Indonesia's *GreenMetric World University Rankings* that rates universities worldwide on leadership on sustainability issues.

The University is a member of Universitas 21, an international network of leading research-intensive universities in 17 countries. The University is one of only three universities in the United States invited into the network, which is composed of some of the world's major institutions of higher education. Membership in Universitas 21 permits faculty and students to have additional opportunities for collaboration on projects around the world. Membership will increase the University's global reach, student participation in education abroad programs, fellowships, and research opportunities.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the University for its CAFR for the fiscal year ended June 30, 2016. To receive a Certificate of Achievement, a report issuer must publish an easily readable and efficiently organized CAFR, and must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The University will submit its CAFR for the fiscal year ended June 30, 2017, to the GFOA and anticipates this year's report will continue to meet the requirements to receive the Certificate of Achievement.

Preparation of this CAFR in a timely manner would not have been possible without the coordinated efforts from staff within the Office of the Controller and other University financial staff. Each member has my sincere appreciation for their individual contribution in the preparation of the report.

Respectfully submitted,

Scott Jordan
Executive Vice President for Administration
and Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

University of Connecticut

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

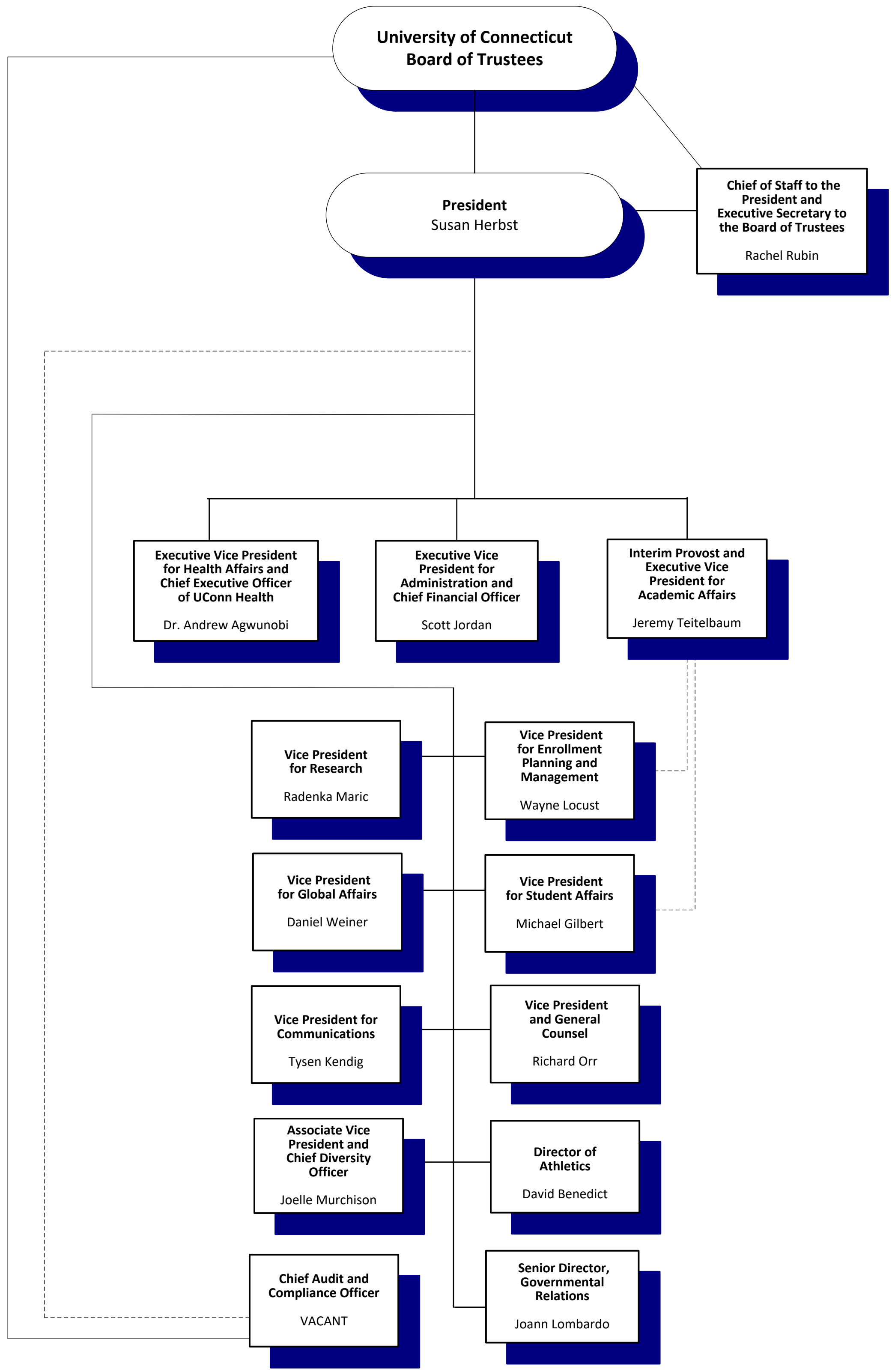
June 30, 2016

Jeffrey R. Emer

Executive Director/CEO

UNIVERSITY OF CONNECTICUT
BOARD OF TRUSTEES
As of June 30, 2017

UNIVERSITY OF CONNECTICUT
Organization Chart



FINANCIAL SECTION

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
20 TRINITY STREET
HARTFORD, CONNECTICUT 06106-1559

ROBERT J. KANE

INDEPENDENT AUDITORS' REPORT

Board of Trustees of the
University of Connecticut

Report on Financial Statements

We have audited the accompanying financial statements of the University of Connecticut (UConn), a component unit of the University of Connecticut system, which includes UConn, the University of Connecticut Health Center and the University of Connecticut Foundation, Inc. The accompanying financial statements, which consist of the statement of net position as of June 30, 2017 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, collectively comprise UConn's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We did not audit the financial statements of the University of Connecticut Law School Foundation, Inc., a discretely presented component unit of UConn, which represented less than one percent of the assets of UConn as of June 30, 2017 and less than one percent of total revenues and support for UConn for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Connecticut Law School Foundation, Inc., is based solely on the report of the other auditors. The audit of the University of Connecticut Law School Foundation, Inc. was conducted in accordance with auditing standards generally accepted in the United States of America.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of UConn as of June 30, 2017 and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accompanying Management's Discussion and Analysis on pages 15 through 25 and the Required Supplementary Information on page 52 is required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express and opinion or provide any assurance on them.

Sincerely,

John C. Geragosian
Auditor of Public Accounts

Robert J. Kane
Auditor of Public Accounts

November 20, 2017
State Capitol
Hartford, Connecticut

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Management's Discussion and Analysis

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) provides an overview and analysis of the financial position and results of activities for the fiscal year ended June 30, 2017, and selected comparative information from fiscal year 2016. It includes highly summarized information and should be read in conjunction with the accompanying financial statements and notes.

Reporting Entity

The University of Connecticut (University), is herein defined as all programs except for the University of Connecticut Health Center (UConn Health, see Note 1). This includes programs offered at the Storrs main campus, regional campuses, the School of Law, and the School of Social Work.

The University's financial report includes three basic financial statements: a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. These statements are prepared in accordance with standards issued by the Governmental Accounting Standards Board (GASB). The MD&A, financial statements, notes, and other supplementary information are the responsibility of management.

Key Reporting Changes

Beginning in fiscal year 2017, the University opted to report operating expenses by natural classification instead of functional classification on the face of its Statement of Revenues, Expenses, and Changes in Net Position. Operating expenses by functional classification are still presented in Note 16. Additionally, the University reclassified reimbursements from UConn Health previously reported in operating revenues as reductions to operating expenses in fiscal year 2017. For MD&A purposes, comparative data from fiscal year 2016 was adjusted to reflect these changes that were applied in the current year. These changes had no effect on net position for the year ended June 30, 2016.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents either an increase or decrease in net position based on the revenues received, the expenses paid, and any other gains and losses recognized by the University. Revenues and expenses are classified as operating, nonoperating, or other changes in net position according to definitions prescribed by GASB.

Generally, operating revenues are earned when providing goods and services to the various customers of the University. Operating expenses are incurred in the normal operation of the University and represent those expenses paid to acquire or produce the goods and services provided in return for operating revenues. Operating expenses also include a provision for estimated depreciation and amortization of property and equipment. The difference between operating revenues and operating expenses is the operating income or loss.

By its very nature, a state-funded institution does not receive tuition, fees, room, and board revenues sufficient to support the operations of the University. Nonoperating revenues are revenues received for which goods and services are not provided but are essential to the programs and services provided by the University. Significant recurring sources of nonoperating revenues utilized in balancing the operating loss each year include appropriations from the State of Connecticut (State) for general operations, the State's debt service commitment for interest, noncapital gifts, and short-term investment income.

Other changes in net position are composed primarily of the State's debt service commitment for principal and capital grants and gifts.

The Condensed Schedule of Revenues, Expenses, and Changes in Net Position on the following page reflects an increase in net position at the end of fiscal year 2017. Summarized highlights of the information presented in the Condensed Schedule of Revenues, Expenses, and Changes in Net Position are as follows:

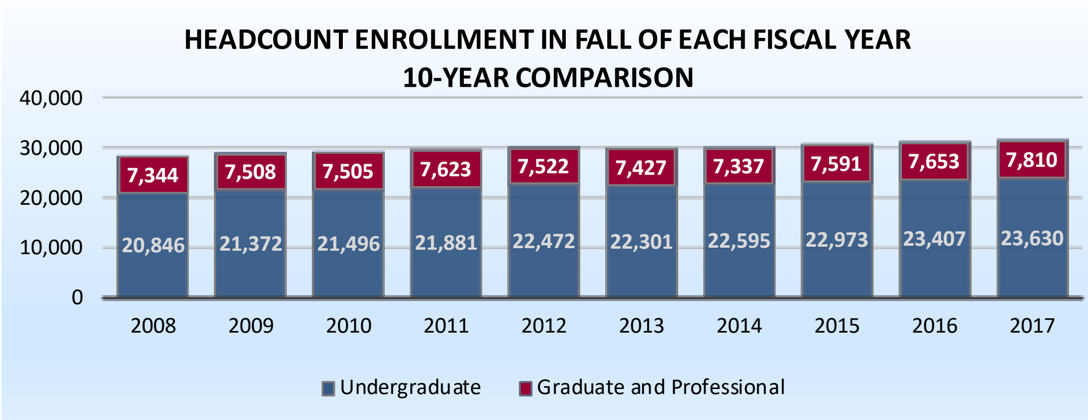
Revenues

Operating revenues increased $21.6 million in fiscal year 2017 based on the following factors:

- Student tuition and fees, net of scholarship allowances, increased $25.6 million. This was a result of an increase in tuition and mandatory fees and an increase in undergraduate enrollment, offset in part by higher scholarship allowances and waivers. Revenue from fees associated with graduate programs offered through the University's School of Business also increased significantly due to higher enrollment.

- Grant revenue can fluctuate year over year depending on various factors including the availability of funding from sponsors and the timing of large grants. Total grants and contracts decreased $4.3 million, mainly attributable to a $9.2 million decrease in state and local grants related to educational programs and a decrease of $3.6 million in revenue from federal grants. These changes were offset by an increase of $8.5 million in nongovernmental grants that was driven by higher revenues from private corporations and foundations.

The following graph presents undergraduate and graduate enrollment over the last 10 years:



The following table shows a Condensed Schedule of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30 ($ in millions):

	2017	2016	$ Change	% Change
Operating Revenues				
Student tuition and fees, net	$ 367.4	$ 341.8	$ 25.6	7.5%
Grants and contracts	180.1	184.4	(4.3)	(2.3)%
Sales and services of auxiliary enterprises, net	209.9	210.5	(0.6)	(0.3)%
Other	32.2	31.3	0.9	2.9%
Total Operating Revenues	789.6	768.0	21.6	2.8%
Operating Expenses				
Salaries and wages	556.4	557.5	(1.1)	(0.2)%
Fringe benefits	349.3	287.6	61.7	21.5%
Supplies and other expenses	245.4	245.9	(0.5)	(0.2)%
Utilities	19.0	19.7	(0.7)	(3.6)%
Depreciation and amortization	104.8	98.8	6.0	6.1%
Scholarships and fellowships	11.8	12.4	(0.6)	(4.8)%
Total Operating Expenses	1,286.7	1,221.9	64.8	5.3%
Operating Loss	(497.1)	(453.9)	(43.2)	9.5%
Nonoperating Revenues (Expenses)				
State appropriation	374.1	384.7	(10.6)	(2.8)%
State debt service commitment for interest	64.7	53.1	11.6	21.8%
Gifts and investment income	26.6	26.8	(0.2)	(0.7)%
Interest and other expenses	(60.9)	(55.2)	(5.7)	10.3%
Net Nonoperating Revenues	404.5	409.4	(4.9)	(1.2)%
Loss Before Other Changes in Net Position	(92.6)	(44.5)	(48.1)	108.1%
Other Changes in Net Position				
State debt service commitment for principal	281.6	103.4	178.2	172.3%
Capital gifts and grants	1.4	5.1	(3.7)	(72.5)%
Other	(0.3)	(8.5)	8.2	(96.5)%
Net Other Changes in Net Position	282.7	100.0	182.7	182.7%
Increase in Net Position	190.1	55.5	134.6	242.5%
Net Position – Beginning of Year	1,053.1	997.6	55.5	5.6%
Net Position – End of Year	$ 1,243.2	$ 1,053.1	$ 190.1	18.1%

- Sales and services of auxiliary enterprises, net of scholarship allowances, showed an overall decrease of $0.6 million. This included a decrease of $2.9 million in revenues from athletics programs due largely to reduced conference distributions and lower ticket revenues. An additional decrease of $2.4 million was attributed to reductions in both room occupancy and non-board dining revenues. These decreases were offset by a one-time receipt of $4.7 million for insurance proceeds from a claim related to an auxiliary building complex.

- Other operating revenues increased $0.9 million. This was primarily due to an increase in renewable energy credits related the University's energy conservation programs.

Revenues under nonoperating and other changes in net position increased $175.3 million based on the following:

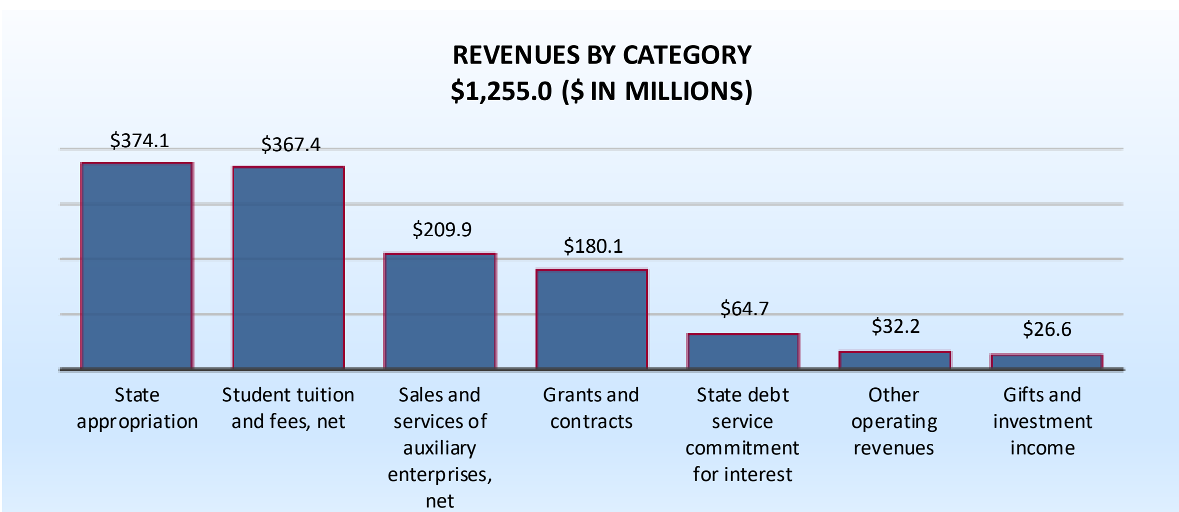
- State appropriations decreased by $10.6 million, including decreases to funding for education and general, research, and Next Generation Connecticut activities. The decrease in appropriation was the result of the State's concerns regarding its fiscal year 2017 budget.

- The State commits to pay for interest incurred on general obligation bonds issued by the University for capital purposes and for UConn Health projects (see Note 7). Effectively, this revenue offsets a significant portion of interest expense each year, and the noted increase in revenue from interest corresponds with a related increase in interest expense. Also, as general obligation bonds are issued, the State commits to the repayment of the future principal amounts. The increase in revenue related to the repayment of principal was due in part to a larger proportion of bond proceeds designated for University projects reduced by amounts allocated for UConn Health projects. Furthermore, there was a greater amount of proceeds related to debt issued in the current year and recorded as revenue compared with proceeds used to directly refund debt that existed in the previous fiscal year.

- Gifts and investment income decreased $0.2 million, mainly due to a reduction in gifts received from the University of Connecticut Foundation. Total gift revenue decreased $1.7 million offset by an increase in investment income of $1.5 million. Investment income increased due to higher interest rates for funds held in the State's short-term investment fund.

- Capital gifts and grants decreased $3.7 million. The change was mainly due to property that was acquired through the dissolution of the University of Connecticut Alumni Association in fiscal year 2016, offset by a gift received for the Law School Campus Center Library in the current year.

The following graph shows the University's total operating and nonoperating revenues by category, excluding other changes in net position for the year ended June 30, 2017:



Expenses

Total expenses increased $62.3 million in fiscal year 2017 based on the following:

- Salaries and wages decreased $1.1 million, primarily due to an increase in labor costs allocated to major capital projects combined with a slight decrease in the average base salary.

- Fringe benefits increased $61.7 million due to a significant increase in the collective pension expense for the State Employees' Retirement System (SERS). The majority of this increase was attributed to changes in experience data and economic assumptions used to calculate the total pension liability.

- Supplies and other expenses decreased $0.5 million due to the following:

  - Instruction expenses decreased $1.8 million due to a reduction in purchases of noncapital equipment for classrooms and the relocation of the Roper Center.

  - Research expenses were higher by $1.0 million due to increases in sub-awards, animal care expenses, and laboratory supplies.

  - Public service expenses were lower by $2.7 million, mainly due to a reduction in costs related to nonrecurring federal programs.

  - Institutional support increased $4.7 million due to noncapital expenditures related to software implementations that took place in the current year, including the Core-CT payroll system project, and an increase in professional services such as advertising and recruitment.

  - Auxiliary enterprises reflected expenses that were lower by $1.3 million due to a decrease in commodities purchased offset by an increase in facilities maintenance costs.

- Depreciation and amortization expense increased $6.0 million due to a significant increase in depreciable assets, including the Next Generation Residence Hall, and the Monteith and Putnam Refectory Renovations.

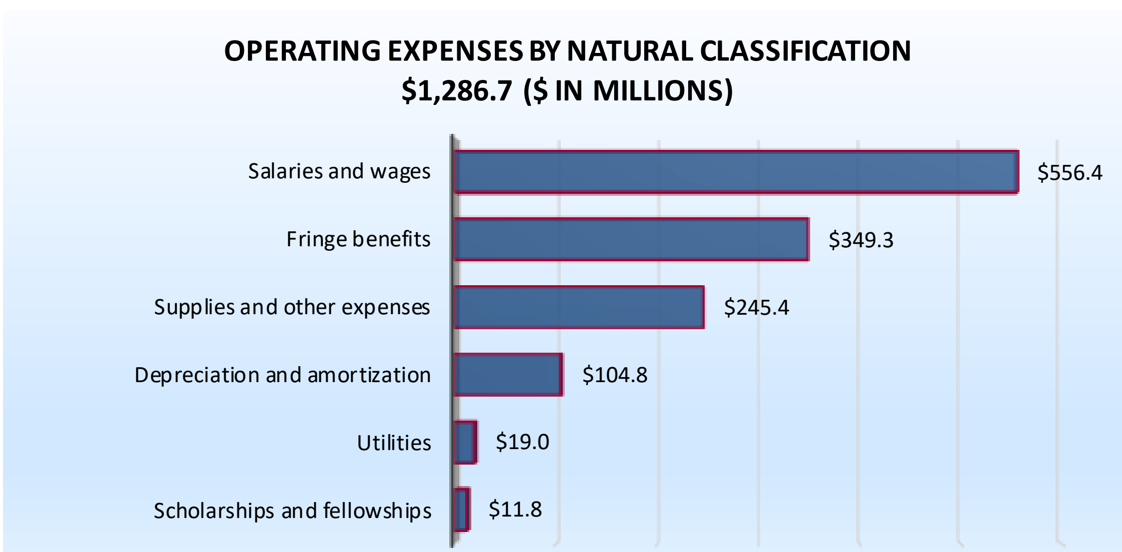
- Utilities expense decreased $0.7 million, mainly due to lower gas costs resulting from participation in the Energy Savings Performance Contracting program. This was offset by higher water costs resulting from steam costs associated with the new downtown Hartford campus.

- Scholarships and fellowships decreased $0.6 million, primarily due to a reduction in tuition charged to grants offset by an increase in the Next Generation STEM scholarship commitment and University-provided aid.

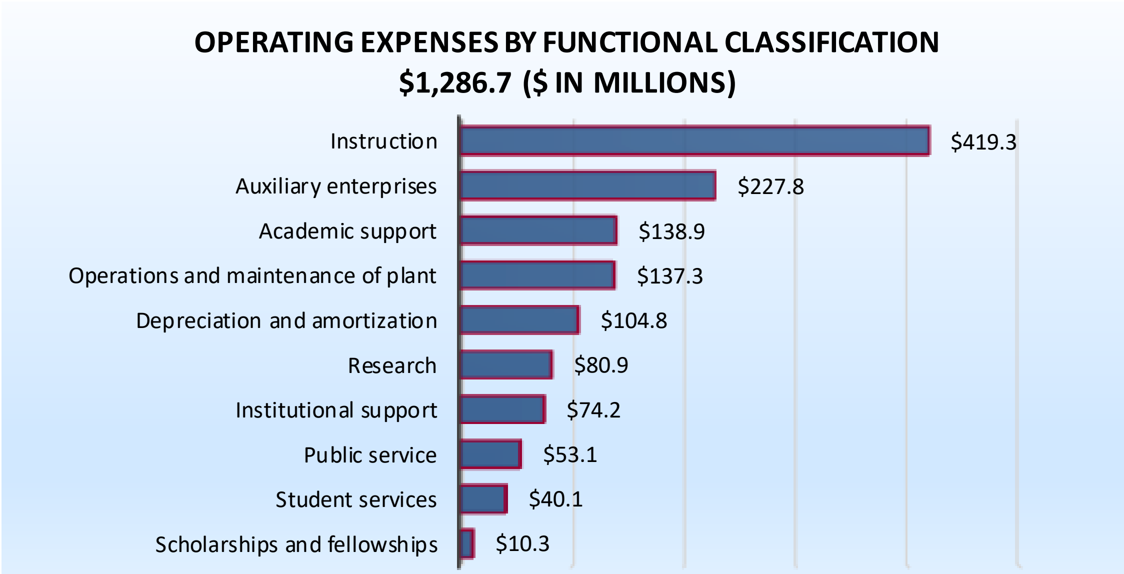
- Interest expense increased $7.8 million due to a full year of interest expense on the 2016 General Obligation Bonds and interest expense on new debt issued in fiscal year 2017. This was partially offset by decreases in interest on remaining bonds due to lower principal balances. Other nonoperating expenses, which consists mainly of bond issuance costs and fair market value adjustments, decreased $2.1 million. This was primarily due to an increase in unrealized gains on the University's endowment investments combined with one-time insurance recoveries received and a decrease in legal fees from the prior year.

- Other expenses under other changes in net position decreased $8.2 million in fiscal year 2017. This was mainly due to the disposal of the Connecticut Commons complex in fiscal year 2016 combined with an increase in additions to permanent endowments.

The following graph shows operating expenses by natural classification of the University for the year ended June 30, 2017:



The University's operating expenses by functional classification are presented below for the year ended June 30, 2017:



STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point in time financial statement and is used as a measure of the financial condition of the University. This statement presents a snapshot concerning assets classified as current (those available for use within one year) and noncurrent (those available beyond one year), liabilities categorized as current (those maturing and due within one year) and noncurrent (those maturing and due after one year), and net position.

Assets represent what is owned by or what is owed to the University, including payments made to others before a service was received. Assets are recorded at their current value except for property and equipment, which is recorded at historical cost, net of accumulated depreciation and amortization. Liabilities represent what is owed to others or what has been received from others prior to services being provided by the University. A deferred outflow of resources represents the consumption of net assets by the University that is applicable to a future reporting period, whereas a deferred inflow of resources is an acquisition of net assets by the University that is applicable to a future reporting period.

The University's net position is the residual value in assets and deferred outflows after liabilities and deferred inflows are deducted. Over time, an increase in net position is an indicator of the University's improving financial strength.

Assets

Total assets increased $396.1 million in fiscal year 2017. Current assets decreased $0.8 million, whereas property and equipment, net, increased $205.9 million and noncurrent assets increased $191.0 million.

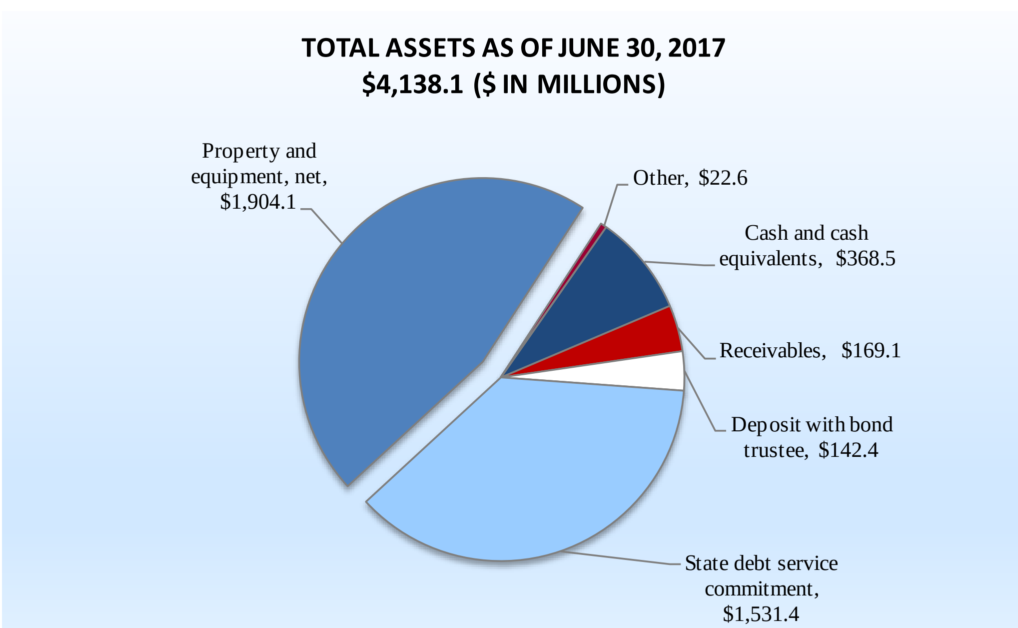
- The change in current assets was due to the following:
  - Cash and cash equivalents increased $40.2 million, which corresponds with higher operating revenues and unearned revenues over the prior year.
  - Due from State decreased $54.9 million, primarily as a result of capital expenditures paid by State general obligation bonds for the technology park during fiscal year 2017.
  - The current portion of the State debt service commitment increased $18.2 million, attributable to the issuance of new general obligation bonds and an increase in interest expense, offset by principal payments and refundings.
  - Deposit with bond trustee decreased $6.7 million due to additional drawdowns for capital expenditures in fiscal year 2017 compared to the prior year.
  - Prepaid expenses and other assets also increased $2.2 million, primarily due to an increase in prepaid library subscriptions and prepaid advertising costs.
- There was a net increase in capital assets of $205.9 million, which is made up of $312.1 million in additions offset by $104.8 million of depreciation and $1.4 million of disposals. The large additions are mostly due to the University's active construction program.

- Other noncurrent assets increased due to the following:
  - The long-term portion of the State debt service commitment increased $189.8 million. This increase corresponds with the increase in long-term debt related to the issuance of the 2017 general obligation bonds.
  - Investments increased $1.4 million, primarily due to $1.1 million in additions to permanent endowments. Fair market values for endowments also increased offset by a decrease in the market value of corporate stock held by the University.

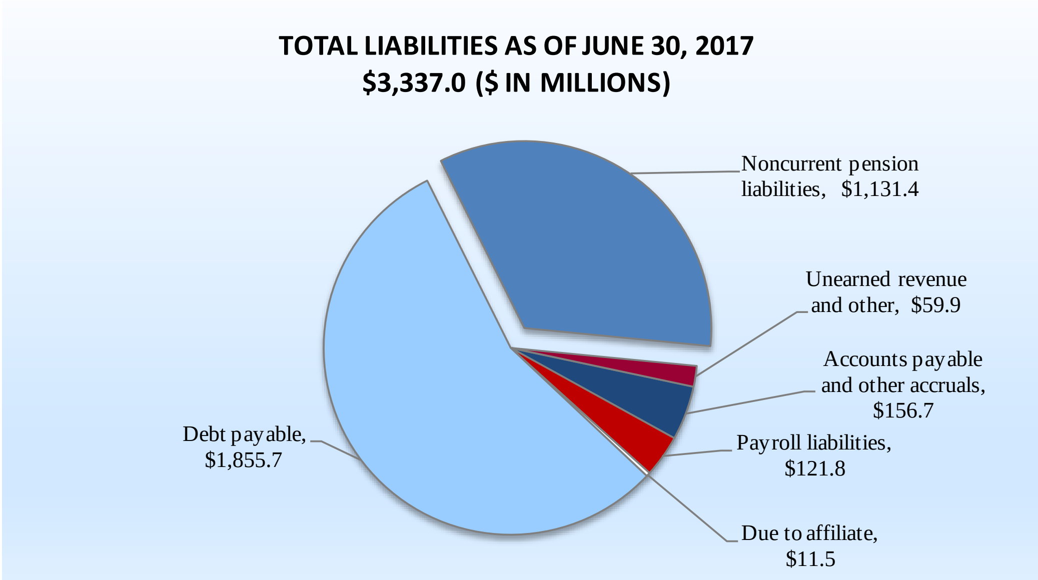
The following table shows a Condensed Schedule of Net Position at June 30 ($ in millions):

	2017	2016	$ Change	% Change
Assets				
Current assets	$ 822.7	$ 823.5	$ (0.8)	(0.1)%
Property and equipment, net	1,904.1	1,698.2	205.9	12.1%
Other noncurrent assets	1,411.3	1,220.3	191.0	15.7%
Total Assets	4,138.1	3,742.0	396.1	10.6%
Deferred Outflows of Resources	446.3	206.9	239.4	115.7%
Liabilities				
Current liabilities	471.0	554.6	(83.6)	(15.1)%
Noncurrent liabilities	2,866.0	2,337.0	529.0	22.6%
Total Liabilities	3,337.0	2,891.6	445.4	15.4%
Deferred Inflows of Resources	4.2	4.2	-	0.0%
Net Position				
Net investment in capital assets	1,557.5	1,365.9	191.6	14.0%
Restricted nonexpendable	14.5	12.6	1.9	15.1%
Restricted expendable	125.7	76.6	49.1	64.1%
Unrestricted	(454.5)	(402.0)	(52.5)	13.1%
Total Net Position	$ 1,243.2	$ 1,053.1	$ 190.1	18.1%

The following graph shows total assets by major category:



The following graph shows total liabilities by major category:



Liabilities
Total liabilities increased $445.4 million in fiscal year 2017. Current liabilities decreased $83.6 million, whereas noncurrent liabilities increased $529.0 million.

- Current liabilities decreased due to the following:

  - Accounts payable and due to affiliate decreased $25.7 million and $76.7 million, respectively, attributable to capital project costs associated with UConn Health's Bioscience Connecticut project nearing completion.

  - Unearned revenue increased by $9.4 million, which corresponds with increases in student enrollment, combined with higher tuition and fee rates as well as an increase in athletic sponsorships and commitments received in advance of the next fiscal year.

  - The University's current portion of debt payable also increased $8.6 million. This was primarily due to new general obligation bonds issued during the year, offset by debt refundings and a decrease in the Nathan Hale Inn note payable that was paid in full in fiscal year 2017.

- Noncurrent liabilities increased due to the following:

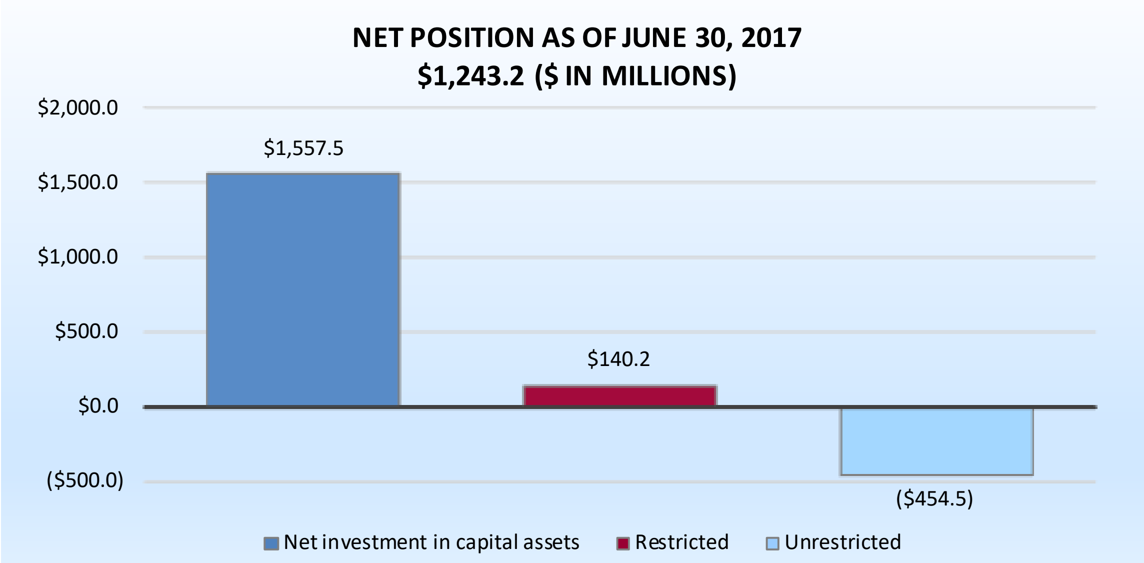
  - Long-term debt increased $205.1 million resulting from issuances of new general obligation bonds offset by refundings and repayments in fiscal year 2017.

  - Pension liabilities also increased $321.3 million, mostly due to changes in the actuarial calculation of the total pension liability for SERS combined with a slight increase in the University's proportionate share of the collective net pension liability.

Deferred Outflows and Deferred Inflows of Resources
Deferred outflows of resources increased $239.4 million, mainly due to pension-related adjustments, including changes in assumptions, increases from differences between expected versus actual experience, and investment losses offset by a decrease for amortization of changes in proportion. Deferred inflows decreased primarily due to the amortization of revenue related to the University's bookstore service concession arrangement.

Net Position
Net position is divided into three major categories. The first category, net investment in capital assets, represents the University's equity in property and equipment. The second category, restricted net position, is subdivided into nonexpendable and expendable. The corpus of restricted nonexpendable resources is only available for investment purposes and is included with investments in the University's Statement of Net Position. Expendable restricted net position is available for expenditure by the institution. However, it must be spent for purposes determined by donors or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, representing funds available to the University for any lawful purpose of the institution. Generally, unrestricted funds are internally assigned to academic and research programs, capital programs, retirement of debt, and auxiliary enterprise activities.

The following graph shows net position by major category:



The increase in net position of $190.1 million in fiscal year 2017 included the following changes:

- Net investment in capital assets increased $191.6 million. This was due to a net increase in capital assets of $205.9 million, reduced by a net increase of $14.3 million in capital-related debt.

- Restricted nonexpendable increased $1.9 million due to unrealized gains on endowment investments combined with large endowments received during fiscal year 2017.

- Restricted expendable increased $49.1 million as follows:

  - Restricted expendable under capital projects increased $39.5 million due to an increase in general obligation bond proceeds from the 2017 issuance and a reduction in funds allocated to UConn Health projects. This was offset by a decrease in State general obligation bond funds used for the construction of the Technology Quadrant Innovation Partnership Building at the University's technology park.

  - Restricted expendable related to research and scholarships increased $9.6 million due to higher nonexchange revenue earned on nongovernmental grants, differences between projected versus actual fringe benefit costs charged on grants, and an increase in private gifts.

- The deficit balance in unrestricted net position includes $690.0 million related to the University's share of the State's pension liabilities and related deferred outflows and deferred inflows of resources. The deficit was higher in fiscal year 2017 by $52.5 million due to increases in pension-related expenses and decreases in State appropriation offset by higher operating revenues, including student tuition and fees.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents detailed information about the cash activity of the University during the year. The first section of this statement, cash flows from operating activities, will always be different from the operating loss amount on the Statement of Revenues, Expenses, and Changes in Net Position. The difference results from noncash items such as depreciation and amortization expense and the use of the accrual basis of accounting in preparing the Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Cash Flows, on the other hand, shows cash inflows and outflows without regard to accruals.

The Statement of Cash Flows has four additional sections. The second section reflects cash flows from noncapital financing activities including State appropriation, debt transactions related to affiliate (UConn Health), gifts, and other nonoperating revenues and expenses. The third section shows cash flows from capital and related financing activities, capital grants and gifts, and State debt service commitments for principal and interest. The fourth section consists of cash flows from investing activities showing the purchases, proceeds, and interest provided from investing activities. The final section is a reconciliation of the operating loss shown on the Statement of Revenues, Expenses, and Changes in Net Position to net cash used in operating activities.

CAPITAL ACTIVITIES

Property and equipment, net of accumulated depreciation and amortization, consisted of the following ($ in millions):

	2017	2016	$ Change	% Change
Land	$ 20.7	$ 20.7	$ -	0.0%
Construction in progress	404.4	305.2	99.2	32.5%
Art and historical collections	55.0	55.1	(0.1)	(0.2)%
Non-structural improvements	146.1	132.8	13.3	10.0%
Buildings and improvements	1,174.7	1,078.7	96.0	8.9%
Intangible assets	11.5	9.9	1.6	16.2%
Library materials	7.9	13.0	(5.1)	(39.2)%
Equipment	83.8	82.8	1.0	1.2%
Total Property and Equipment, Net	$ 1,904.1	$ 1,698.2	$ 205.9	12.1%

- Construction in progress increased approximately $99.2 million as construction continued on the Technology Quadrant Innovation Partnership Building, the Engineering and Science Building, the Hartford campus relocation, and other projects. Approximately $125.8 million was transferred from construction in progress to non-structural improvements and buildings and improvements.

- Art and historical collections decreased by $0.1 million, representing approximately $40,000 in additions and $130,000 in disposals.

- Non-structural improvements increased by $13.3 million. Additions totaling $22.3 million included infrastructure for the Next Generation Residence Hall, the Sewer Line Replacement at Storrs Road Pump Station, the North Hillside Road Completion, and other projects. These additions were offset by depreciation expense of $9.0 million.

- Buildings and improvements increased by $96.0 million. Additions of $163.5 million included the Next Generation Residence Hall, the Monteith Renovation, the Putnam Refectory Renovation, the Heating Plant Upgrade, the Young Building Addition, and other renovation projects. These additions were offset by depreciation expense of $67.3 million and net disposals of $145,000.

- Intangible assets increased by $1.6 million. Additions of $6.5 million included costs associated with the Core-CT payroll system and other software implementations offset by amortization expense of $4.9 million.

- Library materials decreased by $5.1 million. Additions of approximately $408,000 were offset by $5.5 million in depreciation expense.

- Equipment increased by $1.0 million. Additions of $20.3 million were offset by depreciation expense and net asset disposals of $19.3 million.

- In conjunction with the Hartford campus relocation, the University executed an agreement in July 2016 to transfer land, buildings, and related infrastructure to the Town of West Hartford. As of the date of these financial statements, a final selling price and other terms related to the agreement are still under negotiation. The closing and transfer of title is anticipated to occur after December 15, 2017.

See also Note 4 in the financial statements for details related to capital activities.

DEBT ACTIVITIES

The University issues general obligation bonds in its own name for a special capital improvement program (UCONN 2000) designed to modernize and expand the physical plant of the University. As amended, it provides for a capital budget program in three phases for the University and UConn Health, with an estimated total cost of $4.6 billion. In fiscal year 2017, the Governor proposed a budget deferring $334.1 million in UCONN 2000 authorizations and extending the program three years to 2027.

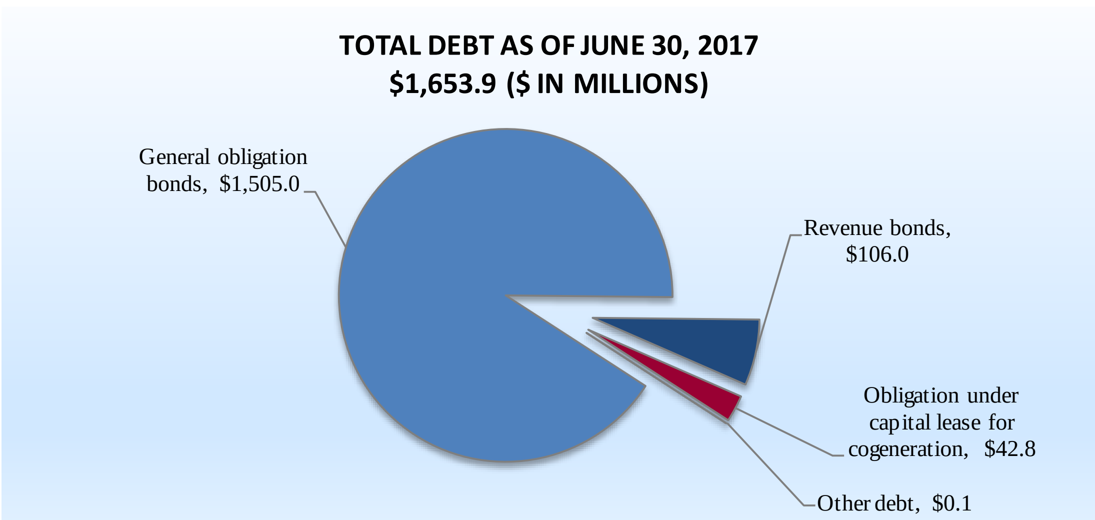
The State has made a commitment to fund the University for all principal and interest payments due on UCONN 2000 general obligation debt. As the general obligation debt is incurred, the commitment from the State is recorded as a current and noncurrent receivable in the Statement of Net Position.

In fiscal year 2017, the University issued UCONN 2000 general obligation bonds with a combined face value of $345.2 million, of which $27.5 million was committed to UConn Health for its UCONN 2000 projects. This issuance included the refunding of the general obligation 2007 Refunding Series A bonds.

Revenue bonds noted in the graph below relate to special obligation bonds issued and with debt service paid by the University. These bonds are secured by certain pledged revenues. There were no special obligation bonds issued or refunded in fiscal year 2017.

See also Note 7 in the financial statements for details related to debt activities.

The following graph illustrates total debt by category, exclusive of premiums and discounts:



ECONOMIC OUTLOOK

The University continues to face fiscal uncertainty given the difficulties the State is experiencing with its 2018 budget. In June 2017, the University's Board of Trustees adopted a preliminary budget of $1.3 billion for fiscal year 2018 in order to move forward into the next fiscal year. The adopted budget relies heavily on revenue from tuition, fees, and State support. However, future reductions in State support are likely depending on how the State plans to balance its budget and address the current economic crisis.

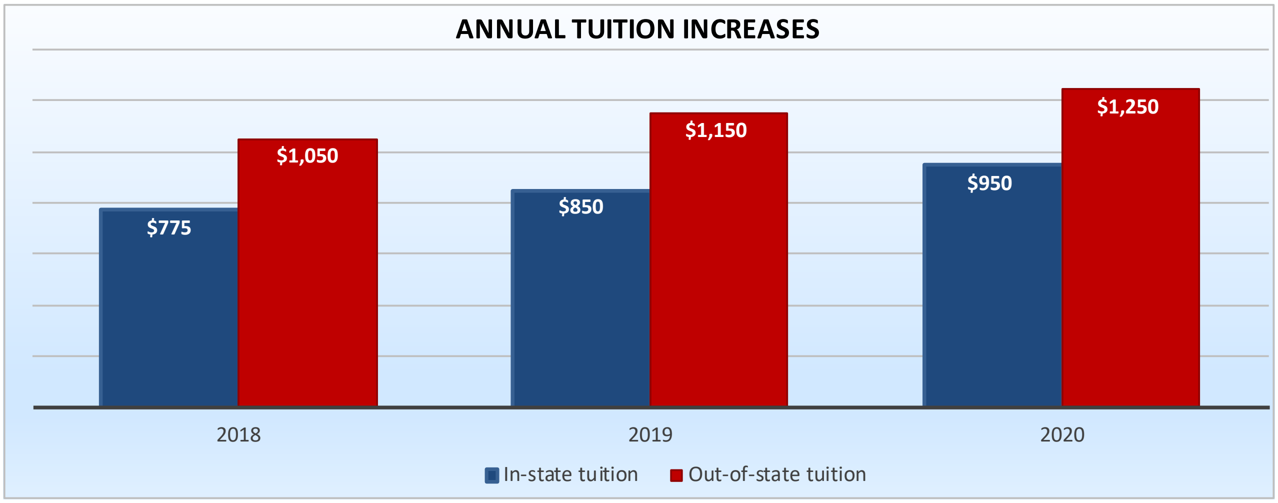
On July 31, 2017, the State Legislature approved the State Employees' Bargaining Agent Coalition (SEBAC) 2017 agreement that was ratified by union membership. In addition, contracts were ratified for all of the University's bargaining units participating in SEBAC. The SEBAC 2017 agreement includes changes to employee healthcare benefits, retirement plans, and future wage adjustments, resulting in cost-savings that are expected to offset ongoing increases to fringe benefit costs.

The decline in State support and rising costs are forcing the University to shift from expanding its academic and research initiatives to focusing on maintaining its current financial position. The fiscal year 2018 budget avoids raising tuition above the rate that was already approved in the four-year plan that went into effect in fall 2016. Although enrollment is expected to increase at the new downtown Hartford regional campus and at the Stamford regional campus, overall enrollment for the University over the next two years is expected to remain level. The downtown Hartford campus opened in August 2017 and is a major component of the Governor's Next Generation Connecticut initiative to expand STEM education. New student housing also opened at the Stamford regional campus for the fall 2017 semester and will accommodate approximately 300 students annually.

In fiscal year 2018, the University plans to award $122.4 million in University-funded financial aid to students in addition to the state, federal, and private aid for which they may qualify. Of this amount, $69.3 million is earmarked for need-based aid.

Despite fiscal challenges, the University continues to be one of the top-rated public universities in New England and the nation. Applications have reached record highs for the past several years, the number of class offerings has increased by 33 percent, and in fiscal year 2017 the University graduated more students than ever before in its history. These accomplishments are the direct result of the University's commitment to preserve academic excellence, fund key priorities in support of teaching and research, provide strong student support, and deliver a high standard of service to its students, faculty, staff, and the citizens of the State.

Undergraduate and graduate tuition increases over the next three remaining fiscal years of the four-year plan are presented in the graph below:



UNIVERSITY OF CONNECTICUT
STATEMENT OF NET POSITION
As of June 30, 2017

($ in thousands)

	2017
ASSETS	
Current Assets	
Cash and cash equivalents	$ 368,472
Accounts receivable, net	57,460
Student loans receivable, net	2,293
Due from State of Connecticut	97,993
Due from related agencies	763
State debt service commitment	145,663
Inventories	792
Deposit with bond trustee	142,418
Prepaid expenses and other assets	6,830
Total Current Assets	822,684
Noncurrent Assets	
Investments	15,045
Student loans receivable, net	10,591
State debt service commitment	1,385,710
Property and equipment, net	1,904,088
Total Noncurrent Assets	3,315,434
Total Assets	4,138,118
DEFERRED OUTFLOWS OF RESOURCES	446,264
LIABILITIES	
Current Liabilities	
Accounts payable	116,141
Unearned revenue	46,484
Deposits held for others	1,553
Wages payable	56,520
Compensated absences	23,903
Due to State of Connecticut	28,981
Due to affiliate	11,480
Current portion of long-term debt and bonds payable	145,357
Other current liabilities	40,535
Total Current Liabilities	470,954
Noncurrent Liabilities	
Compensated absences	12,380
Long-term debt and bonds payable	1,710,386
Federal refundable loans	11,906
Pension liabilities	1,131,370
Total Noncurrent Liabilities	2,866,042
Total Liabilities	3,336,996
DEFERRED INFLOWS OF RESOURCES	4,141
NET POSITION	
Net investment in capital assets	1,557,469
Restricted nonexpendable	14,483
Restricted expendable	
Research, instruction, scholarships, and other	34,058
Loans	2,543
Capital projects and debt service	89,146
Unrestricted	(454,454)
Total Net Position	$ 1,243,245

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2017

($ in thousands)

	2017
OPERATING REVENUES	
Student tuition and fees, net of scholarship allowances of $148,415	$ 367,351
Federal grants and contracts	126,186
State and local grants and contracts	25,942
Nongovernmental grants and contracts	28,005
Sales and services of educational departments	20,325
Sales and services of auxiliary enterprises, net of scholarship allowances of $4,981	209,851
Other sources	11,909
Total Operating Revenues	789,569
OPERATING EXPENSES	
Salaries and wages	556,411
Fringe benefits	349,328
Supplies and other expenses	245,357
Utilities	19,039
Depreciation and amortization	104,807
Scholarships and fellowships	11,791
Total Operating Expenses	1,286,733
Operating Loss	(497,164)
NONOPERATING REVENUES (EXPENSES)	
State appropriation	374,113
State debt service commitment for interest	64,757
Gifts	23,628
Investment income	2,996
Interest expense	(59,129)
Other nonoperating expenses, net	(1,776)
Net Nonoperating Revenues	404,589
Loss Before Other Changes in Net Position	(92,575)
OTHER CHANGES IN NET POSITION	
State debt service commitment for principal	281,576
Capital grants and gifts	1,388
Disposal of property and equipment, net	(1,418)
Additions to permanent endowments	1,149
Net Other Changes in Net Position	282,695
Increase in Net Position	190,120
NET POSITION	
Net Position – Beginning of Year	1,053,125
Net Position – End of Year	$ 1,243,245

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017

($ in thousands)

	2017
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 371,563
Grants and contracts	179,160
Sales and services of auxiliary enterprises	212,592
Sales and services of educational departments	20,650
Payments to suppliers and others	(407,971)
Payments to employees	(555,724)
Payments for benefits	(260,790)
Loans issued to students	(2,468)
Collections of loans to students	2,402
Other receipts, net	10,131
Net Cash Used in Operating Activities	(430,455)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriation	375,198
Proceeds from bonds related to affiliate	27,479
State debt service commitment related to affiliate	56,323
Principal paid on debt and bonds payable related to affiliate	(32,180)
Interest paid on debt and bonds payable related to affiliate	(24,143)
Gifts	24,009
Other nonoperating expenses, net	128
Net Cash Provided from Noncapital Financing Activities	426,814
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Proceeds from bonds	322,521
State debt service commitment	109,553
Purchases of property and equipment	(317,641)
Principal paid on debt and bonds payable	(92,359)
Interest paid on debt and bonds payable	(40,325)
Capital allocation	52,865
Capital grants and gifts	1,326
Net Cash Provided from Capital Financing Activities	35,940
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments, net	(1,171)
Interest on investments	2,455
Deposit with bond trustee	6,664
Net Cash Provided from Investing Activities	7,948
INCREASE IN CASH AND CASH EQUIVALENTS	40,247
BEGINNING CASH AND CASH EQUIVALENTS	328,225
ENDING CASH AND CASH EQUIVALENTS	$ 368,472

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended June 30, 2017

($ in thousands)

		2017
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	$	(497,164)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided from (Used in) Operating Activities		
Depreciation and amortization expense		104,807
Property and equipment		7,914
Investment		(247)
In-kind workers' compensation		1,214
Obligations under capital leases		98
Changes in Assets and Liabilities		
Receivables, net		1,124
Inventories		143
Prepaid expenses and other assets		(2,198)
Accounts payable, wages payable, and compensated absences		(7,662)
Unearned revenue		9,438
Deposits		(1,242)
Due from (to) State of Connecticut, net		1,698
Due to affiliate		(123,288)
Pension liabilities and related deferred outflows/inflows		80,129
Other liabilities		(5,421)
Loans to students		202
Net Cash Used in Operating Activities	$	(430,455)

ACCOMPANYING SCHEDULE OF SIGNIFICANT NONCASH TRANSACTIONS		
Proceeds from refunding bonds	$	36,960
Amortization of premiums, discounts, and net loss on debt refundings	$	13,018
Loss on disposal of capital assets	$	(1,418)

See accompanying notes to basic financial statements.

UNIVERSITY OF CONNECTICUT
THE UNIVERSITY OF CONNECTICUT LAW SCHOOL FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
As of June 30, 2017

($ in thousands)

	2017
ASSETS	
Current Assets	
Cash and cash equivalents	$ 23,660
Pledges receivable, net	240
Other current assets	36
Total Current Assets	23,936
Noncurrent Assets	
Pledges receivable, net	252
Total Assets	24,188
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	35
Net Assets	
Unrestricted	1,736
Temporarily restricted	7,387
Permanently restricted	15,030
Total Net Assets	24,153
Total Liabilities and Net Assets	$ 24,188

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

($ in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Contributions and grants	$ 313	$ 424	$ 585	$ 1,322
Interest and dividends	23	441	-	464
Net realized and unrealized gains	64	1,333	-	1,397
Net assets released from restrictions	1,746	(1,746)	-	-
Total Revenues and Support	2,146	452	585	3,183
EXPENSES				
Program Expenses				
Student support and faculty support	1,229	-	-	1,229
Scholarships and awards	275	-	-	275
Alumni and graduate relations	92	-	-	92
Total Program Expenses	1,596	-	-	1,596
Support Expenses				
Management and general	492	-	-	492
Fundraising	52	-	-	52
Total Support Expenses	544	-	-	544
Total Expenses	2,140	-	-	2,140
Changes in Net Assets	6	452	585	1,043
Net Assets – Beginning of Year	1,730	6,935	14,445	23,110
Net Assets – End of Year	$ 1,736	$ 7,387	$ 15,030	$ 24,153

See accompanying notes to basic financial statements.

Notes to Financial Statements
For the Year Ended June 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University of Connecticut, a comprehensive institution for higher education governed by a 21-member Board of Trustees, serves as the flagship for higher education in the State of Connecticut (State). This institution is composed of programs based in Storrs and at the regional campuses, the School of Law, the School of Social Work, and the University of Connecticut Health Center (UConn Health). UConn Health is a fiscally independent branch, defined in State statute as a health care institution, that oversees clinical care, advanced biomedical research, and academic education in medicine. Separate for purposes of audit and financial reporting, UConn Health has its own Board of Directors to whom the Board of Trustees has delegated authority and by State statute is a separate entity for purposes of budgeting, maintaining operating funds, and receiving appropriations from the State. The transactions and balances of UConn Health are not included within this comprehensive annual financial report for the year ended June 30, 2017, and the University of Connecticut (University) is herein defined as all programs except for UConn Health.

In accordance with standards issued by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Legally separate and tax exempt entities shall be presented as component units of the reporting entity if they meet all of the following criteria: the economic resources of the organization are entirely or almost entirely for the direct benefit of the reporting unit; the reporting unit is entitled to access all or a majority of the economic resources received or held by the organization; and the economic resources received or held by the organization are significant to the reporting unit.

The financial operations of the University along with those of UConn Health are reported in the State's comprehensive annual report using the fund structure prescribed by GASB. The State includes the transactions and balances of the University within an enterprise fund under the major business-type activities of the government-wide financial statements, and has noted that State colleges and universities do not possess corporate powers that would distinguish them as being legally separate.

Two related, but independent, corporate entities that support the mission of the University and are also included in the State's annual report are the University of Connecticut Foundation, Inc. (Foundation) and the University of Connecticut Law School Foundation, Inc. (Law School Foundation). The Foundation raises funds to promote, encourage, and assist education and research at both the University and UConn Health, whereas the Law School Foundation, with similar objectives, supports only the University. Although the Foundation materially supports the mission of both the University and UConn Health, displaying the Foundation's financial statements as a component unit of either entity individually would distort its actual contribution or economic benefit to that entity. Therefore, the Foundation is not included as a component unit in the accompanying financial statements, but is included as a component unit of the State. The Law School Foundation, which is organized for the benefit of the University with economic resources that can only be used by or for the benefit of the University, is included as a component unit of the University. The Law School Foundation's audited Statement of Financial Position and Statement of Activities are discretely presented in their original formats on a separate page of the accompanying financial statements. The Law School Foundation's complete financial statements are available upon request by contacting its administrative office at 55 Elizabeth Street, Hartford, Connecticut, 06105.

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with United States generally accepted accounting principles (GAAP), as prescribed by GASB. The University is considered a special-purpose government engaged in business-type activities, defined by GASB as those activities that are financed in whole or in part by fees charged to external parties for goods or services.

The University's financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. These financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, expenses are recognized when incurred, and all significant intra-agency transactions have been eliminated.

Adoption of New Accounting Standards

Effective for the University's fiscal year ended June 30, 2017, GASB issued the following statements that were adopted for this financial report:

- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14,* requires blended presentation for certain component units identified based on criteria from GASB Statement No. 14, *The Financial Reporting Entity*. This includes component units that are incorporated as a not-for-profit corporation in which the primary government is the sole member. There was no impact on the University's component unit presentation related to this issuance.

- GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, specifically addresses issues pertaining to (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standards of Practice for financial reporting purposes, and (3) the classification of any payments made by employers to satisfy employee contribution requirements. There was no significant impact on the accompanying financial statements as a result of this adoption.

Cash Equivalents
The University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the State of Connecticut Treasurer's Short-Term Investment Fund (STIF) are also considered cash equivalents, with the exception of those classified as restricted balances included in deposit with bond trustee.

Investments
The University accounts for its investments at fair value, categorized for disclosure purposes within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the investment. The three-level hierarchy of inputs is summarized as follows:

- Level 1 – Quoted prices for identical investments in an active market.

- Level 2 – Inputs other than Level 1 that are observable, such as quoted prices for similar investments in active markets; quoted prices for identical or similar investments in markets that are not active; or inputs other than quoted prices that are observable such as interest rate and yield curves, volatilities, and credit spreads, among others.

- Level 3 – Inputs that are unobservable but supported by the University's or the Foundation's own assumptions, taking into consideration the assumptions that market participants would use in pricing the investment. These inputs are developed based on the best information available under the circumstances.

The net asset value (NAV), or its equivalent, is used to determine the fair value of all investments that do not have a readily determinable fair value. Since they are not readily determinable, the fair values of these investments may differ from the values that would have been used had a ready market for these investments existed.

Changes in the unrealized gain or loss on the carrying value of the University's investments are recorded as nonoperating revenues or expenses in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

Accounts and Student Loans Receivable
Accounts receivable consists of tuition, fees, auxiliary enterprises service fees, and amounts due from state and federal governments for grants and contracts. Student loans receivable consists primarily of amounts due from students under the Federal Perkins Loan Program, which are subject to significant restrictions. The receivable for student loans is classified as current and noncurrent based on the amount estimated to be collected from students within one year and beyond one year, respectively. Accounts and student loans receivable are recorded net of an estimated allowance for doubtful accounts.

Inventories
Maintenance and custodial supplies, repair parts, and other general supplies used in daily operations are expensed when purchased. Inventories classified as available for resale are reported in the accompanying Statement of Net Position and are valued at cost as determined by the first-in, first-out method.

Deposit with Bond Trustee
Tax-exempt bond proceeds are deposited to various accounts held by the Trustee Bank as required by certain trust indentures. The funds are invested and disbursed as directed by the University. The University's bond proceeds investment policy is to balance an appropriate risk-return level heavily weighted towards safety of assets, as defined and permitted under the relative indentures and the General Statutes of Connecticut (State General Statutes).

The University has directed the Trustee Bank to invest UCONN 2000 General Obligation construction fund proceeds in STIF. Similarly, the University has directed the Trustee Bank to invest the debt service funds and cost of issuance for the special obligation bonds in dedicated STIF accounts.

Investment earnings from UCONN 2000 General Obligation Bond proceeds are retained by the State Treasurer's Office and do not flow to the University or to the Trustee Bank. Investment earnings from Student Fee Revenue Bonds are part of pledged revenues and are directly retained by the Trustee Bank to pay debt service on the bonds or for other indenture permitted purposes. Earnings on the UCONN 2000 General Obligation Debt Service Commitment Refunding Bonds and the Special Obligation Student Fee Revenue Refunding Redemption Fund escrows form part of the irrevocable escrows that are used by the Trustee Bank to meet debt service payments on defeased bonds until called.

Property and Equipment

Property and equipment are reported at cost at the date of acquisition or, in the case of gifts, at acquisition value. All land is capitalized, regardless of cost. Renovations greater than $100,000 that significantly increase the value or useful life of an asset are capitalized. Routine repairs and maintenance costs are charged to operating expenses in the year incurred. Equipment with a unit value of $5,000 or more and a useful life of more than one year is capitalized.

Art and historical collections are recognized at their acquisition values and are not depreciated. The Thomas J. Dodd Research Center at the University maintains historical collections of original source materials used for research and serves as the University's official archive. New items are added to the collection if their acquisition value can be substantiated by an external appraisal.

Depreciation and amortization expenses are recorded on a straight-line basis over the estimated useful lives of the respective assets:

Nonstructural improvements	10 – 50 years
Buildings and building components	6 – 60 years
Intangible assets	3 – 10 years
Library materials	15 years
Equipment	3 – 30 years

Most University capital assets are financed through the issuance of general obligation bonds, which are restricted in accordance with State legislation. Additionally, the repayment of interest on these bonds is funded through the State. Therefore, the University generally does not include interest in the cost of the capital assets constructed.

Unearned Revenue

Unearned revenue includes amounts received for services to be rendered in a future accounting period. This amount is composed primarily of student charges (tuition, fees, room, and board) received in advance of the applicable academic period and amounts received from sponsors related to certain restricted research grants that will not be included in revenue until the funds are expended. It also includes advance ticket sales for sporting events and commitments received in advance of the athletic season.

Compensated Absences

Employee vacation, holiday, compensatory, and sick leave are accrued at year-end for financial statement purposes. The recorded liability is included as compensated absences in the accompanying Statement of Net Position and is classified as current and noncurrent based on the amount estimated to be paid to eligible employees in one year and beyond one year, respectively. The related expense is included as operating expense in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

Noncurrent Liabilities

Noncurrent liabilities include the long-term portion of compensated absences, principal payments due on bonds (net of unamortized premiums and discounts), loans and capital leases with a maturity of more than one year, pension liabilities, and governmental advances for revolving loan programs required to be returned to the federal government upon cessation of the student loan program.

Pension Liabilities

The University records its proportionate share of the State's collective net pension liability and collective pension expense for each defined benefit plan offered to its employees. The collective net pension liability for each plan is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The total pension liability is the portion of the actuarial present value of projected benefit payments that are attributable to past periods of plan member service. Information about the fiduciary net position as well as additions to and deductions from each pension plan's fiduciary net position have been determined on the same basis as they are reported by each pension plan. For this purpose, plan member contributions are recognized in the period the contributions are due and employer contributions are recognized in the period the contributions are appropriated. Benefits and refunds are both recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

Deferred Outflows and Deferred Inflows of Resources

The University reports its proportionate share of collective deferred outflows or collective deferred inflows of resources related to the State's defined benefit plans. Differences between expected and actual experience in the measurement of the total pension liability, changes in assumptions, changes in proportion, and differences between actual and proportionate share of contributions are classified as either deferred outflows or deferred inflows. These differences and changes are recognized over the average of the expected remaining service lives of employees eligible for pension benefits. The net differences between projected and actual earnings on pension plan investments are reported as deferred outflows or deferred inflows and are recognized over five years. Contributions to the pension plan made by the University subsequent to the measurement date of the net pension liability and before the end of the reporting period are reported as deferred outflows of resources related to pensions.

The difference between the reacquisition price and the net carrying amount of refunded bonds is classified as an accumulated net gain or loss in deferred inflows or deferred outflows of resources. Such amounts are amortized as a component of interest expense on a straight-line basis over the life of either the old debt or the new debt, whichever is shorter. The difference between assets and contractual liabilities recorded in connection with a service concession arrangement is also reported as a deferred inflow of resources to be amortized as revenue over the contract term.

Net Position

GASB requires that resources be classified for accounting and reporting purposes into the following categories of net position:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation and amortization, reduced by outstanding principal balances of bonds (net of State debt service commitment) and notes that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component.

- **Restricted nonexpendable:** Endowment and similar type assets for which donors or outside sources have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity. These assets are invested for the purpose of producing present and future income, which may be expended or reinvested in principal.

- **Restricted expendable:** Assets reduced by liabilities and deferred inflows of resources related to those assets that are expendable but where the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties.

- **Unrestricted:** The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets". These assets are not subject to externally imposed stipulations, but they may be subject to internal designations. For example, amounts classified as unrestricted may be assigned to specific purposes by action of management or the Board of Trustees, or may otherwise be limited by contractual agreements with outside parties. In general, all unrestricted amounts in net position are assigned to support academic and research programs, capital projects, retirement of indebtedness, and auxiliary enterprise activities.

The University's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred is based on a variety of factors. These factors include consideration of prior or future revenue sources, the type of expense incurred, the University's budgetary policies surrounding the various revenue sources, and whether the expense is a recurring cost.

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained internally following the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

Revenues and Expenses

The University has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

- **Operating revenues and expenses:** Operating revenues consist of tuition and fees, grants and contracts, sales and services of educational activities, auxiliary enterprises revenue, and other sources of revenue that generally have the characteristics of exchange transactions. GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, requires recipients of government-mandated and voluntary nonexchange transactions to recognize revenue when all applicable eligibility requirements are met for these transactions. Restricted grant revenue that does not meet the nonexchange transaction definition is also recognized to the extent expended or, in the case of fixed price contracts, when the contract terms are met or completed. Operating expenses include all expense transactions incurred other than those related to investing or financing, irrespective as to whether the revenues associated with those expenses are classified as operating or nonoperating. These expenses are reported using natural classification, comprehensive of expenses incurred under both educational and general programs and auxiliary enterprises. See also Note 16 for operating expenses presented by functional classification.

- **Nonoperating revenues and expenses:** All other revenues and expenses of the University are reported as nonoperating revenues and expenses including State appropriation, State debt service commitment for interest, noncapital gifts, investment income, interest expense, net other nonoperating revenues and expenses, and other changes in net position.

Scholarship Discounts and Allowances

GASB requires that revenues be reported net of scholarship discounts and allowances, representing the difference between the stated charge for goods and services provided by the University and the amount that is ultimately paid by students or on their behalf. Any aid applied directly to student accounts in payment of tuition and fees, housing charges, and dining services is reflected as a scholarship allowance deducted from the University's operating revenues. Scholarships and fellowships expense in the accompanying Statement of Revenues, Expenses and Changes in Net Position includes payments made directly to students.

Component Unit

The Law School Foundation prepares its financial statements on the accrual basis of accounting in accordance with GAAP. Net assets, revenues, and expenses are classified based on the terms of donor-imposed restrictions, if any. Accordingly, the Law School Foundation's net assets and changes therein are classified and reported as follows:

- **Unrestricted net assets:** Net assets that are not subject to donor-imposed restrictions.

- **Temporarily restricted net assets:** Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Law School Foundation or passage of time. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

- **Permanently restricted net assets:** Net assets subject to donor-imposed stipulations that they be maintained permanently by the Law School Foundation. Generally, the donors of these assets permit the Law School Foundation to use all or part of the income earned on related investments for general or specific purposes.

Unconditional contributions are recognized as revenue when pledged or received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Investments in marketable debt and equity securities, money market funds, and mutual funds are stated at fair value.

On March 6, 2017, the Law School Foundation's Board of Trustees unanimously approved dissolution of the Law School Foundation as of June 30, 2017. Accordingly, all investments were liquidated prior to the dissolution date. After payment of or provision for all existing Law School Foundation liabilities and with the exception of a nominal amount held to satisfy closing expenses, all remaining assets were distributed to the UConn Foundation by July 7, 2017. These assets will continue to be managed in accordance with all donor restrictions and for the sole benefit of the University's Law School.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The University's total cash and cash equivalents and investments included the following as of June 30, 2017 (amounts in thousands):

	2017
Cash maintained by State Treasurer	$ 340,992
Invested in STIF	22,169
Other deposits	5,311
Total Cash and Cash Equivalents	$ 368,472
Foundation-managed endowments	$ 14,484
POET Technologies, Inc.	329
UConn Innovations Fund, LLC	232
Total Investments	$ 15,045

Cash and Cash Equivalents

Collateralized deposits are protected by State statute. This statute requires that any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined mainly by the bank's financial condition, which is measured using ratios of leverage, net worth, and risk-based capital. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State are insured by the Federal Deposit Insurance Corporation or collateralized. As a State agency, the University benefits from this protection, though the extent to which the deposits of an individual State agency such as the University are protected cannot be readily determined.

STIF is a money market investment pool in which the State, municipal entities, and other political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans.

The University's cash management investment policy permits the University to invest in STIF, United States Treasury bills, United States Treasury notes and bonds, United States Government Agency obligations, bankers' acceptances, certificates of deposit (including EURO Dollars), commercial paper, money market funds, repurchase agreements, and savings accounts. Cash and cash equivalents includes $22.2 million invested in STIF, which had a Standard and Poor's rating of AAAm during fiscal year 2017.

Foundation-Managed Endowments

The University designated the Foundation as the manager of the University's endowment funds. The Foundation makes spending allocation distributions to the University for each participating endowment. The distribution is spent by the University in accordance with the respective purposes of the endowments, the policies and procedures of the University and State statutes, and in accordance with the Foundation's endowment spending policy described below.

The endowment spending policy adopted by the Foundation's Board of Directors, in conjunction with a strategic asset allocation policy for the long-term pooled investment portfolio, is designed to provide reliable growth in annual spending allocation levels and to preserve or increase the real value of the endowment principal over time. To meet these objectives, the Foundation utilizes a total return investment approach, with total return consisting of interest and dividends as well as realized and unrealized gains and losses, net of management fees.

The Foundation's endowment spending allocation policy adheres to the Connecticut Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA considers prudence in maintaining an endowment fund in perpetuity. Therefore, spending can occur from an endowment fund whose fair value is below its historic value as long as the governing body has determined that its policies will continue the perpetual nature of the endowment over time.

An administrative fee is assessed to fund expenses incurred in meeting the Foundation's fiduciary and fundraising responsibilities to donors and the University. The endowment spending allocation and administrative fee taken together cannot exceed 6.75 percent or fall below 3.00 percent of the fair value of endowment funds at March 31. Should this occur, the calculated amounts will be decreased or increased, respectively, on a pro rata basis.

Over the long term, the Foundation expects the current spending allocation and administrative fee policies to allow endowments to grow on average at least at the annualized rate of inflation. This is consistent with the organization's objective of providing resources for the underlying purposes of its endowment assets over the life of the endowments, whether in perpetuity or for a specified term, as well as to provide additional growth through new gifts and investment return.

University endowment investments are managed by the Foundation in a pooled portfolio that is actively managed by professional investment managers as determined by the Investment Committee of the Foundation's Board of Directors. The Foundation has established asset allocation guidelines for the pooled investment portfolio, providing that the maximum exposure with any one manager would be 20 percent for actively managed liquid assets and 5 percent for illiquid assets. The Foundation's Board of Directors also established an asset allocation policy for the long-term pooled investment portfolio. The Foundation expects that portfolios will be invested in only the strategies described in the following table, and not above or below the individual strategy percentage and its total percentage by objective, unless otherwise specified by its Board of Directors.

Investment Objectives and Strategies	Allocation Range as Percentage of Market Value
Growth	
Public equity	10% - 60%
Private equity	0% - 25%
Risk Minimizing	
Global fixed income	5% - 30%
Hedge funds – non-directional	0% - 20%
Inflation Hedging	
Real assets	0% - 10%

The endowments invested with the Foundation are subject to risk due to the uncollateralized nature of most of its investments. Certain investments of the Foundation include external investment pools. The bond mutual funds had effective durations of 2.46 years. The University endowment's foreign publicly traded equities totaled $2.8 million as of June 30, 2017. Private capital investments totaled approximately $1.5 million as of June 30, 2017.

Other Investments

Certain investments are also held directly by the University. As of June 30, 2017, the University held 1.5 million shares in POET Technologies, Inc. (POET) that were received in previous years in connection with technology licensing and royalty-related transactions. In addition, the University held an ownership interest in UConn Innovation Fund, LLC as of June 30, 2017 (see Note 14).

The investment in POET is denominated in Canadian dollars and therefore is subject to foreign currency risk. Foreign currency risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuation in the value of the U.S. dollar relative to the foreign currencies.

The fair value amounts presented in the following table are intended to permit reconciliation of the fair value hierarchy to the investment balance presented in the Statement of Net Position as of June 30, 2017 (amounts in thousands):

	2017				
	Level 1	**Level 2**	**Level 3**	**NAV**	**Total**
Foundation-Managed Investments					
Cash and cash equivalents	$ 426	$ -	$ -	$ -	$ 426
Fixed income securities					
Corporate investment grade	1,771	-	-	-	1,771
Equity securities					
Domestic	8,619	-	-	-	8,619
Foreign	623	-	-	-	623
Private capital					
Buyout and venture capital	-	-	-	689	689
Debt	-	-	-	171	171
Royalties	-	-	-	562	562
Long and short equities	-	-	-	1	1
Private real estate	-	-	-	137	137
Private natural resources	-	-	-	630	630
Relative value	-	-	-	855	855
Total Foundation-Managed Investments	11,439	-	-	3,045	14,484
University-Held Investments					
Equity securities – foreign	329	-	-	-	329
Other	-	-	-	232	232
Total University-Held Investments	329	-	-	232	561
Total Investments	$ 11,768	$ -	$ -	$ 3,277	$ 15,045

Certain investments managed by the Foundation are measured at fair value pricing using NAV, or its equivalent. NAVs provided by third-parties have been utilized in determining fair value where there are significant unobservable inputs related to Level 3 assets, as all investments have been made through commingled fund structures with no direct ownership. The Foundation's investment managers utilize outside pricing services and administrators as well as their own internal valuation models in determining and verifying fair values.

The Foundation performs ongoing due diligence with its investment managers that includes evaluation of managers' operations and valuation procedures, site visits, investor calls, and review of manager filings and audited financial statements. The Investment Committee of the Foundation's Board of Directors monitors performance of investment managers and meets formally with managers on a periodic basis in addition to the ongoing due diligence performed by the Foundation investment staff.

The following table provides additional information relating to investments with fair values derived either from observable market transactions other than quoted market prices or from unobservable inputs as of the fiscal year ended June 30, 2017 (amounts in thousands):

Investment Strategy	Fair Value	Unfunded Commitments	Remaining Life	Redemption Terms	Redemption Restrictions
Private capital partnerships including venture, buyout, distressed in the U.S. and international, and other	$ 1,653	$ 476	Less than 1 to 12 years	Not applicable	Not redeemable
Private real estate partnerships in commercial, residential, office, and industrial properties	137	39	1 to 8 years	Not applicable	Not redeemable
Natural resource partnerships in energy and timber	630	86	13 years	Not applicable	Not redeemable
Total	$ 2,420	$ 601			

Funds Held in Trust by Others

Certain other funds are held in trust for investment by outside trustees. The University is designated as the income beneficiary and the funds are not under the direct control of the University. Accordingly, the assets of these funds are not included in the accompanying financial statements. The fair value of these funds was $14.3 million as of June 30, 2017. Investment income earned on these assets is transferred to the University in accordance with applicable trust agreements. Income received from those sources for the year ended June 30, 2017, was $524,000.

NOTE 3. ACCOUNTS AND STUDENT LOANS RECEIVABLE

Accounts receivable as of June 30, 2017, consisted of the following (amounts in thousands):

	2017
Grants and contracts	$ 34,722
Student and general	29,157
Investment income	781
Allowance for doubtful accounts	(7,200)
Total Accounts Receivable, Net	$ 57,460

The University participated in the U.S. Department of Education Federal Direct Lending Program during fiscal year 2017 and distributed student loans through this program of $169.4 million. These distributions and related funding are not reflected as expenses and revenues or as cash disbursements and cash receipts in the accompanying financial statements. The excess of direct loans distributed over funding received from the U.S. Department of Education as of June 30, 2017, was $740,000; this amount was included as a receivable under grants and contracts.

The University reported student loans receivable of $12.9 million as of June 30, 2017. Student loans receivable are substantially composed of amounts owed from students under the U.S. Department of Education Federal Perkins Loan Program and are reported separately from accounts receivable in the accompanying Statement of Net Position. The 2017 amount is reported net of an allowance for doubtful accounts of $881,000.

NOTE 4. PROPERTY AND EQUIPMENT

The following table describes the changes in property and equipment for the year ended June 30, 2017 (amounts in thousands):

	Balance July 1, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Capital Assets Not Being Depreciated					
Land	$ 20,679	$ -	$ -	$ -	$ 20,679
Construction in progress	305,290	224,901	-	(125,803)	404,388
Art and historical collections	55,073	40	(130)	-	54,983
Total Capital Assets Not Being Depreciated	381,042	224,941	(130)	(125,803)	480,050
Depreciable Capital Assets					
Non-structural improvements	274,494	7,318	-	14,955	296,767
Buildings and improvements	1,991,444	52,656	(529)	110,848	2,154,419
Intangible assets	26,581	6,475	(1,084)	-	31,972
Library materials	81,904	408	-	-	82,312
Equipment	265,783	20,291	(25,564)	-	260,510
Total Depreciable Capital Assets	2,640,206	87,148	(27,177)	125,803	2,825,980
Less Accumulated Depreciation					
Non-structural improvements	141,706	8,981	-	-	150,687
Buildings and improvements	912,752	67,307	(384)	-	979,675
Intangible assets	16,658	4,930	(1,084)	-	20,504
Library materials	68,911	5,474	-	-	74,385
Equipment	182,997	18,115	(24,421)	-	176,691
Total Accumulated Depreciation	1,323,024	104,807	(25,889)	-	1,401,942
Depreciable Capital Assets, Net	1,317,182	(17,659)	(1,288)	125,803	1,424,038
Property and Equipment, Net	$ 1,698,224	$ 207,282	$ (1,418)	$ -	$ 1,904,088

During fiscal year 2017, a total of $4.8 million was recorded as supplies and other expenses in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for costs relating to a dormitory project that was cancelled. It was determined that costs previously capitalized as construction in progress had no net realizable value.

In conjunction with the Hartford campus relocation, the University executed an agreement to sell the West Hartford campus property to the Town of West Hartford (Town). Under the agreement, the University will transfer land, buildings, and related infrastructure to the Town in exchange for $5.0 million. In the event that the Town sells the property to a third-party prior to October 1, 2024, the University is entitled to 90 percent of the net proceeds less the original $5.0 million purchase price. In April 2017, the Board of Trustees authorized a revision to the agreement that reduces the purchase price to $1.0 million, and extends the date for the third-party sale entitlement from October 1, 2024 to October 1, 2026. As of the date of these financial statements, negotiations with the Town have not been finalized. The closing and transfer of title are anticipated to occur after December 15, 2017.

NOTE 5. UNEARNED REVENUE

As of June 30, 2017, unearned revenue included the following (amounts in thousands):

	2017
Tuition, fees, and other student charges	$ 30,407
Amounts received from grant sponsors	10,488
Athletic tickets, commitments, and other	5,589
Total Unearned Revenue	$ 46,484

NOTE 6. COMPENSATED ABSENCES AND WAGES PAYABLE

The following table shows activity for compensated absences for the fiscal year ended June 30, 2017 (amounts in thousands):

	2017
Beginning Balance, July 1	$ 36,616
Additions, net	3,532
Deductions (separations only)	(3,865)
Ending Balance, June 30	$ 36,283

Wages payable includes salaries and wages for amounts owed to employees at the fiscal year-end. The State administers benefit and retirement plans for the University; therefore, the liability for fringe benefits related to wages payable is included as due to State in the accompanying Statement of Net Position.

NOTE 7. LONG-TERM DEBT AND BONDS PAYABLE

Public Act (PA) No. 95-230 enabled the University to borrow money in its own name for a special 10-year capital improvement program designed to modernize, rehabilitate, and expand the physical plant of the University (UCONN 2000). It authorized projects for Phases I and II of UCONN 2000, estimated to cost $1,250.0 million, of which $962.0 million was to be financed by bonds of the University; $18.0 million was to be funded by State general obligation bonds; and the balance of $270.0 million was to be financed by gifts, other revenue, or borrowing resources of the University.

In fiscal year 2002, the General Assembly of the State of Connecticut (General Assembly) enacted and the Governor signed into law PA No. 02-3, *An Act Concerning 21st Century UConn* (Act). The Act authorized additional projects for the University and UConn Health for what is called Phase III of UCONN 2000. This Act amended PA No. 95-230 and extended the UCONN 2000 financing program.

The Act, as amended by PA No. 10-104 and 11-75, authorized projects under Phase III at a total estimated cost of $1,818.3 million, of which $1,769.9 million was financed by bonds of the University secured by the State's debt service commitment. The remaining $48.4 million was financed by the University's issuance of special obligation bonds, from gifts and other revenue or borrowing resources of the University, or through the deferring of projects or achieved savings.

In June 2013, the General Assembly enacted and the Governor signed into law PA No. 13-233, *An Act Concerning Next Generation Connecticut*, an extension of Phase III that authorized additional projects, increased the cost of certain projects, increased the authorized bond funding secured by the State's debt service commitment by $1,551.0 million, and extended UCONN 2000 for an additional six fiscal years to 2024.

In fiscal year 2017, the Governor proposed a budget deferring $334.1 million in UCONN 2000 authorizations and extending the program three years to 2027. The total estimated cost for Phases I, II, and III under UCONN 2000 is $4,619.3 million.

The University issues general obligation bonds to finance UCONN 2000 projects. The University has also issued several series of general obligation refunding bonds, providing debt service savings for bonds refunded in advance of maturity. Sufficient proceeds are deposited into irrevocable escrow accounts held by the Trustee Bank to meet all obligations on the refunded debt and invested in U.S. Treasury, state and local government securities, and cash in accordance with the escrow agreement. These bonds are general obligations of the University, for which its full faith and credit are pledged, and are payable from all assured revenues. The bonds are additionally secured by the pledge of and a lien upon the State debt service commitment – the commitment by the State to pay an annual amount of debt service on securities issued as general obligations of the University. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State debt service commitment for the payment of the bonds and, accordingly, is not planning to budget any revenues for the payment of these bonds. Under the Master Indenture, the University expects to issue additional bonds to finance UCONN 2000 projects secured by the State debt service commitment.

In January 2017, the University issued general obligation bonds at a face value of $345.2 million, comprising $311.2 million of 2017 Series A bonds and $34.0 million of 2017 Refunding Series A bonds. The total bonds were issued at a premium of $43.8 million. Total net proceeds realized from the 2017 Series A bonds were $350.0 million after the payment of issuance costs and underwriter fees. Of this amount, $27.5 million was allocated to finance projects at UConn Health.

Net proceeds realized from the 2017 Refunding Series A bonds were used to refund $36.1 million of the previously issued 2007 Refunding Series A General Obligation Bonds in advance of maturity. This reduced the general obligation debt service in future years by $3.8 million and resulted in an economic gain (present value of the savings) of $3.3 million. A loss of $945,000 resulting from the debt refunding was reported as a deferred outflow of resources in the accompanying Statement of Net Position. This difference is being amortized to interest expense through the year 2022 using the straight-line method.

As general obligation bonds are issued, nonoperating revenue for State debt service commitment for principal is recognized at face value less any refunded debt and amounts set aside to finance UConn Health projects. For the year ended June 30, 2017, total State debt service commitment for principal recognized was $281.6 million. The portion of proceeds allocated to UConn Health is recorded as due to affiliate in the accompanying Statement of Net Position. As of June 30, 2017, the unspent portion of this balance was $11.5 million. In addition, nonoperating revenue for State debt service commitment for interest on general obligation bonds of $64.8 million was recognized for the year ended June 30, 2017, of which approximately $24.8 million was associated with UConn Health projects. As of June 30, 2017, approximately $596.5 million of the total general obligation bonds outstanding, net of premiums and discounts, pertained to proceeds used to finance UConn Health projects.

In addition, the University may issue special obligation bonds, also called Student Fee Revenue Bonds. There were no special obligation bonds issued or refunded in fiscal year 2017.

Special obligation bonds are secured by certain pledged revenues as defined in the indenture. In fiscal year 2017, this consisted of gross and net revenue amounts of approximately $91.2 million. Gross pledged revenues include the infrastructure maintenance fee and the general university fee plus investment income on the bond accounts held by the Trustee Bank, prior to any payments, deductions, offsets, or provisions. Net pledged revenues include the residential life room fee, student apartment rentals, Greek housing fee, the board (dining) fee, and parking and transportation fees, after providing for the cost of maintaining, repairing, insuring, and operating the facilities for which the fees are imposed and before depreciation expense is deducted. In addition to securing revenue bonds, the gross and net pledged revenues available are pledged toward certain other debt. The University has covenanted to collect, in each fiscal year, fees representing pledged revenues so that the sum of gross and net revenue amounts is no less than 1.25 times the debt service requirements in each respective fiscal year for its special obligation bonds.

The total principal and interest remaining to be paid on all special obligation bonds as of June 30, 2017, was $141.4 million. The total amount paid by pledged revenues was $6.5 million for the principal and $5.1 million for the interest on this debt in fiscal year 2017.

The State issues certain general obligation bonds that are categorized as self-liquidating bonds. These bonds are issued to fund the construction and renovations of revenue-generating capital projects. The University reimburses the State primarily with revenue from student fee charges in the amount equal to the debt service on self-liquidating bonds. All outstanding self-liquidating bonds were paid in full in June 2017.

The University also has a long-term UCONN 2000 Governmental Lease Purchase Agreement to finance the UCONN 2000 Cogeneration facility (see Note 8).

On July 1, 2015, the University assumed a note payable related to the purchase of the Nathan Hale Inn for $5.4 million. The note payable required monthly payments of principal and interest and was paid in full in December 2016.

Unamortized premiums and discounts are recorded as additions or reductions to the face value of bonds payable. These amounts are amortized using the straight-line basis over the life of the bonds, reducing interest expense for premiums and increasing it for discounts.

Long-term debt activity for the year ended June 30, 2017, was as follows (amounts in thousands):

	Balance July 1, 2016	**Additions**	**Retirements**	**Balance June 30, 2017**	**Current Portion**
General obligation bonds	$ 1,303,870	$ 345,150	$ (144,025)	$ 1,504,995	$ 119,285
Revenue bonds	112,410	-	(6,455)	105,955	6,700
Self-liquidating bonds	275	-	(275)	-	-
Installment loans	282	98	(263)	117	55
Obligation under capital lease for Cogeneration	47,229	-	(4,411)	42,818	4,623
Note payable – Nathan Hale Inn	5,205	-	(5,205)	-	-
Total Long-Term Debt	1,469,271	345,248	(160,634)	1,653,885	130,663
Premiums and discounts	172,757	43,842	(14,741)	201,858	14,694
Total Long-Term Debt, Net	$ 1,642,028	$ 389,090	$ (175,375)	$ 1,855,743	$ 145,357

Long-term debt outstanding as of June 30, 2017, consisted of the following (amounts in thousands):

Type of Debt and Issue Date	Original Amount	Maturity Dates Through Fiscal Year	Interest Rate*	2017 Balance
Bonds				
GO 2009 Series A	$ 144,855	2029	3.0-5.0%	$ 86,525
GO 2010 Series A	97,115	2030	3.0-5.0%	63,110
GO 2010 Ref. Series A	36,095	2021	2.25-5.0%	17,290
GO 2011 Series A	179,730	2031	3.515-5.0%	125,795
GO 2011 Ref. Series A	31,905	2023	2.0-5.0%	17,495
GO 2013 Series A	172,660	2034	2.0-5.0%	146,760
GO 2013 Ref. Series A	51,250	2024	2.0-5.0%	43,665
GO 2014 Series A	109,050	2034	2.0-5.0%	92,690
GO 2014 Ref. Series A	92,940	2025	2.0-5.0%	13,685
GO 2015 Series A	220,165	2035	1.0-5.0%	198,155
GO 2015 Ref. Series A	34,625	2026	4.0-5.0%	31,120
GO 2016 Series A	261,510	2036	3.0-5.0%	248,430
GO 2016 Ref. Series A	80,425	2027	4.0-5.0%	75,125
GO 2017 Series A	311,200	2037	2.5-5.0%	311,200
GO 2017 Ref. Series A	33,950	2022	2.5-5.0%	33,950
Total General Obligation Bonds	1,857,475			1,504,995
Rev 2010 Ref. Series A	47,545	2028	3.0-5.0%	28,845
Rev 2012 Ref. Series A	87,980	2030	1.5-5.0%	77,110
Total Revenue Bonds	135,525			105,955
Total Bonds	1,993,000			1,610,950
Loans and Other Debt				
Installment loans	246	various	1.05-1.959%	117
Obligation under capital lease for Cogeneration	81,900	2026	2.22%	42,818
Total Loans and Other Debt	82,146			42,935
Total Bonds, Loans, and Other Debt	$2,075,146			1,653,885
Add: premiums and discounts				201,858
Total Bonds, Loans, and Installment Purchases, Net				1,855,743
Less: current portion, net				145,357
Total Noncurrent Portion, Net				$1,710,386

**For bonds, the weighted average coupon rates are averaged by year of redemption.*

Long-term debt including general obligation bonds, revenue bonds, and loans are scheduled to mature in the following fiscal years as of June 30 (amounts in thousands):

	General Obligation Bonds			Long-Term Debt Other Than General Obligation Bonds			Total Obligations		
Year(s)	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2018	$ 119,285	$ 70,141	$ 189,426	$ 11,378	$ 5,768	$ 17,146	$ 130,663	$ 75,909	$ 206,572
2019	115,210	65,646	180,856	11,576	5,404	16,980	126,786	71,050	197,836
2020	109,430	60,333	169,763	12,594	4,993	17,587	122,024	65,326	187,350
2021	104,435	55,311	159,746	12,546	4,541	17,087	116,981	59,852	176,833
2022	99,190	50,366	149,556	13,004	4,079	17,083	112,194	54,445	166,639
2023-2027	432,595	184,223	616,818	60,452	12,940	73,392	493,047	197,163	690,210
2028-2032	333,575	87,685	421,260	27,340	1,993	29,333	360,915	89,678	450,593
2033-2037	191,275	21,063	212,338	-	-	-	191,275	21,063	212,338
Total	$ 1,504,995	$ 594,768	$ 2,099,763	$ 148,890	$ 39,718	$ 188,608	$ 1,653,885	$ 634,486	$ 2,288,371

NOTE 8. LEASES

Capital Leases

In December 2003, the University entered into a 20-year lease purchase agreement for a project to provide on-site generation of electricity, steam, and chilled water for heating and cooling at the University's Storrs campus. The project initially assumed a total cost of $75.0 million and included construction of a building and the engineering, design, and installation of certain equipment to establish the Cogeneration facility. The lease was amended in August 2005 as a result of an increase in the total anticipated cost to $81.9 million. After another amendment, the remaining monthly payments decreased from $517,000 to $482,000 beginning August 2013 and the original lease term did not change. In November 2016, the lease was amended again to reflect a new nominal rate, causing monthly payments to decrease to $462,000 beginning January 2017. Amounts advanced by the lessor include capitalized interest during construction and are reflected as long-term debt in the accompanying Statement of Net Position. At the completion of the lease term, the University has an option to purchase the project assets for one dollar. The historical cost and accumulated depreciation of the Cogeneration facility were $82.6 million and $39.5 million, respectively, as of June 30, 2017.

The University leases equipment assets with a historical cost and accumulated depreciation of $246,000 and $59,000, respectively, as of June 30, 2017.

All assets subject to capital lease agreements are included as property and equipment in the accompanying Statement of Net Position; depreciation on these assets is included as depreciation and amortization expense in the accompanying Statement of Revenues, Expenses, and Changes in Net Position (see Note 4). Loans related to these capital lease agreements are included as long-term debt and bonds payable in the accompanying Statement of Net Position (see Note 7).

On August 1, 2017, the University entered into a 25-year master sublease agreement for 116 apartment units at 900 Washington Boulevard in Stamford. The apartments will serve as the University's residential facility for the Stamford campus. The University will have options to purchase the property on each tenth anniversary of the term and a right of first refusal if the lessor receives a bona-fide offer to buy the property. The first year cost under the master sublease will be $2.7 million and payments will increase by 1.9 percent annually.

Operating Leases

The University has leases related to equipment and building space that expire at various dates. Future minimum rental payments at June 30, 2017, under non-cancellable operating leases that exceeded $500,000 each were as follows (amounts in thousands):

Fiscal Year	Payments
2018	$ 3,104
2019	3,479
2020	3,516
2021	3,553
2022	3,534
Thereafter	16,985
Total	$ 34,171

Expenses related to operating lease commitments in excess of $500,000 each were approximately $2.4 million for the fiscal year ended June 30, 2017.

NOTE 9. RETIREMENT PLANS AND POST EMPLOYMENT BENEFITS

State Retirement Systems

The University sponsors two defined benefit plans administered through the State: the State Employees' Retirement System (SERS) and the Connecticut Teachers' Retirement System (TRS). SERS and TRS do not issue stand-alone financial reports but are reported as fiduciary funds within the State's Comprehensive Annual Financial Report (CAFR). Financial reports are available on the website of the Office of the State Comptroller at www.osc.ct.gov.

Plan descriptions. SERS is a single-employer defined-benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State sponsored retirement plan. Approximately 51 percent of the University's eligible employees participate in SERS, which is administered by the State Comptroller's Retirement Division under the direction of the State Employees' Retirement Commission. As of June 30, 2017, SERS consisted of five plans: Tier I, Tier II, Tier IIA, Tier III, and the Hybrid Plan.

TRS is a cost-sharing multiple-employer defined-benefit plan covering any teacher, principal, superintendent, or supervisor engaged in service of public schools in the State. Employees previously qualified for TRS continue coverage during employment with the University and do not participate in any other offered retirement plans. TRS is governed by Chapter 167a of the State General Statutes, as amended through the current session of the State Legislature, and is administered by the Teachers' Retirement Board.

Benefits provided. SERS provides retirement, disability, and death benefits along with annual cost-of-living adjustments (COLAs) to plan members and their beneficiaries. Generally, the monthly pension benefit is calculated in accordance with a basic formula that takes into consideration average salary, credited service, and age at retirement. Further details on plan benefits, COLAs, and other plan provisions are described in Sections 5-152 to 5-192x of the State General Statutes.

TRS also provides retirement, disability, and death benefits along with annual COLAs to plan members and their beneficiaries. Generally, monthly plan benefits are based on a formula in combination with the member's age, service, and the average of the highest three years of paid salaries. Further information on TRS plan benefits, COLAs, and other plan provisions are described in Sections 10-183b to 10-183ss of the State General Statutes.

Contributions. SERS contribution requirements are established and may be amended by the State Legislature subject to the contractual rights established by collective bargaining. Tier I Plan B regular and Hazardous Duty members are required to contribute two percent and four percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus five percent above that level; Tier I Plan C members are required to contribute five percent of their annual salary; Tier II Plan Hazardous Duty members are required to contribute four percent of their annual salary; Tier IIA and Tier III Plans regular and Hazardous Duty members are required to contribute two percent and five percent of their annual salary, respectively. Individuals hired on or after July 1, 2011, who are otherwise eligible for the Alternate Retirement Plan are also eligible to become members of the Hybrid Plan. The Hybrid Plan has defined benefits identical to Tiers II, IIA, and III for individuals hired on or after July 1, 2011, but requires employee contributions three percent higher than the contribution required from the applicable Tier II, IIA, or III Plan. The State is required to contribute at an actuarially determined rate.

TRS contribution requirements are also established and may be amended by the State Legislature. Plan members are required to contribute six percent of their annual salary. Employer contributions are funded by the State on behalf of the participating municipal employers, which is considered to be a special funding situation. However, this special funding situation does not apply to the University, an agency of the State, because there is not a separate non-employer contributing entity.

The University contributes to both plans on behalf of its employees by applying fringe benefit rates assessed by the State to eligible salaries and wages in each participant category. The rates of actual University contributions as a percentage of covered payroll during fiscal year 2017 were 37.7 percent and 9.9 percent for SERS and TRS, respectively. These amounts are expected to finance the costs of benefits earned by employees during the year and any unfunded accrued liability. The University's contributions for fiscal year 2017 were $73.8 million and $135,000 for SERS and TRS, respectively.

Subsequent to year-end, provisions under collective bargaining agreements were amended for existing SERS plans by revising certain factors including employee contribution rates and COLAs. A Tier IV plan was also placed into effect for employees hired on or after the effective date. These changes were effective July 1, 2017, and their overall impact cannot be reasonably estimated as of the date of this report.

Proportionate share of collective net pension liability (NPL) and collective pension expense. The total pension liability (TPL) used to calculate the collective NPL was determined based on the annual actuarial funding valuation report as of June 30, 2016. The University's proportion of the collective NPL was based on the

University's share of contributions relative to total contributions made to the respective pension plans. Based on this calculation, the University's proportion was 4.91 percent and 0.03 percent for SERS and TRS, respectively, at the measurement date of June 30, 2016. SERS increased 0.03 of a percentage point from its proportion measured as of June 30, 2015, and TRS decreased by 0.01 of a percentage point from the same measurement date.

The University's proportionate share of the collective NPL at June 30, 2017, and related pension expense for fiscal year 2017 consisted of the following (amounts in thousands):

	2017		
	SERS	**TRS**	**Total**
Proportionate share of collective NPL	$ 1,126,394	$ 4,976	$ 1,131,370
Proportionate share of collective pension expense	$ 154,188	$ 405	$ 154,593

Actuarial assumptions. For SERS, the RP-2014 White Collar Mortality Table projected to 2020 by scale BB at 100 percent for males and 95 percent for females is used for the period after service retirement and for dependent beneficiaries. The RP-2014 Disabled Retiree Mortality Table at 65 percent for males and 85 percent for females is used for the period after disability.

TRS mortality rates were based on the RPH-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (five percent for females and eight percent for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The TPL was based on an actuarial study for the period July 1, 2011 – June 30, 2015 for SERS and the period July 1, 2010 – June 30, 2015 for TRS, using the following key actuarial assumptions:

	SERS	**TRS**
Inflation	2.50%	2.75%
Salary increases, including inflation	3.50% – 19.50%	3.25% – 6.50%
Investment rate of return, net of pension plan investment expense, including inflation	6.90%	8.00%

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the June 30, 2016 measurement date are summarized in the following table for each plan:

	SERS		TRS	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Large cap U.S. equities	21.0%	5.8%	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%	9.0%	8.3%
Real estate	7.0%	5.1%	7.0%	5.1%
Private equity	11.0%	7.6%	11.0%	7.6%
Alternative investment	8.0%	4.1%	8.0%	4.1%
Fixed income (core)	8.0%	1.3%	7.0%	1.3%
High yield bonds	5.0%	3.9%	5.0%	3.9%
Emerging market bond	4.0%	3.7%	5.0%	3.7%
Inflation linked bonds	5.0%	1.0%	3.0%	1.0%
Cash	4.0%	0.4%	6.0%	0.4%
Total	100.0%		100.0%	

Discount rate. The discount rate used to measure the TPL was 6.9 percent and 8.0 percent for SERS and TRS, respectively. The projection of cash flows used to determine the discount rates assumed that employee contributions would be made at the current contribution rates and that employer contributions would be made according to actuarially determined amounts in future years. Based on those assumptions, the SERS and TRS pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity analysis. The following table presents the University's proportionate share of the collective NPL calculated using the discount rate of 6.9 percent and 8.0 percent for SERS and TRS, respectively. The table also shows what the University's proportionate share of the collective NPL would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (amounts in thousands):

	1% Decrease	Current Rate	1% Increase
SERS	$ 1,336,691	$ 1,126,394	$ 951,378
TRS	$ 6,130	$ 4,976	$ 3,993

Pension plan fiduciary net position. Detailed information about the fiduciary net position of the SERS and TRS pension plans are available in the State's CAFR for the fiscal year ended June 30, 2016.

Deferred outflows and deferred inflows of resources related to pensions. At June 30, 2017, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	SERS	TRS	Total
Deferred Outflows of Resources			
Changes in assumptions	$200,828	$ 660	$201,488
Changes in proportion and differences between University contributions and proportionate share of contributions	99,678	20	99,698
Net differences between projected and actual earnings on pension plan investments	35,322	421	35,743
University contributions subsequent to the measurement date	73,781	135	73,916
Difference between expected and actual experience	31,291	-	31,291
Total Deferred Outflows	$440,900	$ 1,236	$442,136
Deferred Inflows of Resources			
Changes in proportion and differences between University contributions and proportionate share of contributions	$ -	$ 691	$ 691
Difference between expected and actual experience	-	112	112
Total Deferred Inflows	$ -	$ 803	$ 803

The $73.9 million in deferred outflows relating to University contributions made subsequent to the measurement date will be recognized as a reduction of the collective NPL in the reporting year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

Fiscal Year	SERS	TRS	Total
2018	$ 87,712	$ 40	$ 87,752
2019	87,712	40	87,752
2020	89,188	115	89,303
2021	66,055	65	66,120
2022	36,451	23	36,474
Thereafter	-	16	16
Total	$ 367,118	$ 299	$ 367,417

Alternate Retirement Plan

The University also sponsors the Alternate Retirement Plan (ARP), a defined contribution plan administered through a third-party administrator, Prudential Financial, Inc. The Connecticut State Employees Retirement Commission has the authority to supervise and control the operation of the plan including the authority to make and amend rules and regulations relating to the administration of the plan.

All unclassified employees not already in a pension plan of a constituent unit of the State system of higher education or the central office staff of the Department of Higher Education are eligible to participate in ARP. Participants must contribute five percent of eligible compensation each pay period and their employer must contribute an amount equal to eight percent of the participant's eligible compensation. The University contributes its employer share through a fringe benefit charge assessed by the State. Participant and employer contributions are both 100 percent vested immediately. For fiscal year 2017, the University's employer contributions to ARP were $18.8 million.

A participant who retires or experiences severance of employment for any reason other than retirement may elect, by written notice to the ARP administrator, to commence distribution of his or her account after attaining age 55; provided however, that the participant who experiences a severance of employment from State service with less than 5 years of participation may elect, at the time and in the manner prescribed by the ARP administrator, to have his or her entire account paid directly to an eligible retirement plan in a direct rollover prior to attaining age 55. Other ARP provisions are described in Chapter 66 of the State General Statutes, *State Employees Retirement Act*.

Subsequent to year-end, provisions under collective bargaining agreements were amended by revising certain factors including employee contribution rates related to ARP. These changes were effective July 1, 2017, and their overall impact cannot be reasonably estimated as of the date of this report.

Department of Dining Services

The University's Department of Dining Services (DDS) employs 497 full-time staff, of which 66 participate in either SERS or ARP. The remaining 431 are eligible to participate in two other defined contribution plans: the University of Connecticut, Department of Dining Services Money Purchase Pension Plan (MPPP) or the University of Connecticut, Department of Dining Services 403(b) Retirement Plan (403(b) Retirement Plan). Both plans are administered through a third-party administrator, Pension Consultants, Inc. The fiduciary of the plans has the authority to supervise and control the operation of the plans including the authority to make and amend rules and regulations relating to the administration of the plans.

Under the provisions of MPPP, all employees of DDS with at least 700 hours of service and 12 months of service are eligible to participate. DDS is required to contribute six percent or eight percent of covered compensation for eligible employees, dependent upon hire date, and its employees do not make any contributions to MPPP. Employees are vested after three years of credited service. Any amounts forfeited are used to reduce DDS's contribution. On behalf of MPPP participants, DDS contributed approximately $807,300 to the plan during fiscal year 2017. Forfeitures used to reduce the required contributions were approximately $5,500. Upon separation of service in accordance with plan provisions, a participant or designated beneficiary can withdraw a lump sum payment or receive annuity payments. Other plan provisions can be found in the MPPP document.

Under the provisions of the 403(b) Retirement Plan, all employees who perform services for DDS as common law employees are eligible to participate. For any participant employed on September 1, 1994, or terminated and rehired prior to September 1, 1995, and who has at least 700 hours of service, DDS is required to match 50 percent of the first 4 percent of the employee's contributions. Participants hired after August 31, 1994, do not receive a DDS match. Participant and State matches are both 100 percent vested. On behalf of 403(b) Retirement Plan participants, DDS contributed approximately $18,500 to the plan during fiscal year 2017. Upon separation of service in accordance with plan provisions, a participant or designated beneficiary can withdraw a lump sum payment or receive annuity payments. Other plan provisions can be found in the 403(b) Retirement Plan document.

Post-Employment Benefits Other Than Pension

In addition to pension benefits, the State provides post-retirement health care and life insurance benefits to University employees in accordance with State General Statutes Sections 5-257(d) and 5-259(a). When employees retire, the State may pay up to 100 percent of their health care insurance premium cost (including dependents' coverage), depending on the plan chosen by the employee. In addition, the State pays 100 percent of the premium cost for a portion of the employees' life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement. The State is responsible for and finances the cost of post-retirement health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the State's General Fund (General Fund); therefore, no liability is recorded by the University as of June 30, 2017.

Effective for fiscal year 2018, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will require the University to report its proportionate share of the net liability related to its participation in these post-employment benefit plans in its Statement of Net Position. This standard will also require more extensive note disclosures and required supplementary information to be presented about the reported post-employment liabilities. The University is still evaluating the full impact of this new standard.

In addition, certain provisions under collective bargaining agreements were amended subsequent to year-end that will impact post-employment benefits. These changes were effective July 1, 2017, and their overall impact cannot be reasonably estimated as of the date of this report.

NOTE 10. SERVICE CONCESSION ARRANGEMENT

In June 2016, the University contracted with Barnes & Noble College Booksellers, Inc. (Barnes & Noble) to manage the University's bookstore facilities for the next 10 years. The University recorded an execution payment for $1.5 million that will be amortized over the 10-year period. In March 2017, the contract was amended to include an additional location at the new downtown Hartford campus. For each contract year, Barnes & Noble will pay the University a percentage of commissionable sales as defined by the contract with a minimum annual guarantee of $3.5 million for the first year, $4.5 million for the second contract year, and $1.0 million for the third contract year. The University is obligated to provide bookstore facilities and utilities, including amounts related to leased locations in Storrs Center and Hartford. Barnes & Noble is obligated to invest a minimum of $4.0 million to improve and furnish the bookstores by December 31, 2017. As of June 30, 2017, Barnes & Noble has not completed these renovations.

At June 30, 2017, the University reported bookstore facilities as capital assets with a carrying amount of $4.2 million and a receivable of $6.0 million, representing June 2017 income and the present value of the installment payments for the second and third contract year. The University also reported a liability of $6.2 million, representing the present value of the lease obligations and utilities, and a deferred inflow of resources of $3.3 million that will be amortized as revenue over the contract term.

NOTE 11. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows and deferred inflows of resources consisted of the following as of June 30, 2017 (amounts in thousands):

	2017
Deferred Outflows of Resources	
Accumulated loss on debt refundings, net	$ 4,128
Amounts related to pension liabilities	442,136
Total Deferred Outflows of Resources	$ 446,264
Deferred Inflows of Resources	
Amounts related to service concession arrangement	$ 3,338
Amounts related to pension liabilities	803
Total Deferred Inflows of Resources	$ 4,141

NOTE 12. COMMITMENTS

The University had outstanding commitments, in excess of $500,000 each, of $335.6 million as of June 30, 2017. This amount included $271.4 million related to capital projects for the University and $55.1 million related to UCONN 2000 capital projects that are administered by the University for UConn Health. UCONN 2000 expenditures made on behalf of UConn Health offset the due to affiliate liability in the accompanying Statement of Net Position (see Note 7). In addition to the amounts related to capital outlay, approximately $9.1 million in outstanding commitments related to operating expenses. A portion of the total amount of outstanding commitments was also included within accounts payable in the accompanying Statement of Net Position as of June 30, 2017. See Note 8 for amounts related to operating leases.

NOTE 13. TUITION WAIVERS AND GRADUATE ASSISTANTSHIPS

The University is required by law to waive tuition for certain veterans and children of veterans, certain students over the age of 62, graduate assistants, and certain other students. The University is also required by collective bargaining agreements to waive tuition for certain employees and their dependents. The University has included the portion of waived tuition related to employees and their dependents as a fringe benefit cost and the same amount as tuition revenue in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. This increased tuition and fee revenues and operating expenses by $4.7 million for the fiscal year ended June 30, 2017. The total amount of waivers not reflected in the accompanying financial statements was $57.2 million in fiscal year 2017. Approximately 92 percent of this amount was provided to graduate assistants and $1.2 million was charged back to grants for reimbursement.

NOTE 14. RELATED PARTY TRANSACTIONS

Transactions with related parties occur in the normal course of the University's operations. The following related party transactions were deemed significant and material in nature:

The Foundation

The Foundation is a tax-exempt organization supporting the University and UConn Health (see Note 1). The University entered into a written agreement with the Foundation whereby the University agreed to provide financial support to the Foundation through a guaranteed contractual amount and the Foundation agreed to reimburse the University for certain operating expenses incurred on the Foundation's behalf. The terms of the agreement also stipulate that goals, objectives, and financial arrangements are reviewed and agreed upon by both parties on an annual basis. In addition to this agreement, the University provides other services to the Foundation.

The following transactions occurred between the University and the Foundation as of and for the year ended June 30, 2017 (amounts in thousands):

	2017
Total expenses incurred for guaranteed contractual services provided by the Foundation	$ 9,105
Reimbursements from the Foundation for operating expenses	$ 206
Accrued capital and noncapital gift and grant revenue from the Foundation	$ 20,295
Amount receivable from the Foundation*	$ 5,545

**Included in accounts receivable, net, in the accompanying Statement of Net Position.*

The Foundation also has the primary responsibility for alumni engagement activities for the University. The University has granted the Foundation rights to use the Alumni Center building, which is owned by the University, at an annual rental amount of one dollar.

In accordance with the terms of a ground lease between the University and the Foundation, approximately 1.58 acres on which the Foundation building was constructed is leased to the Foundation at an annual rental amount of one dollar. The initial term of the ground lease is 99 years and the Foundation has the right to extend the term of the ground lease for another 99 years. The ground lease provides that, at its expiration or earlier termination, the Foundation shall surrender the premises and title to the building will be transferred to the University.

The State

The University receives funding from the State for capital projects via UCONN 2000 (see Note 7). In addition, the State supports the University's mission primarily via two mechanisms: State appropriation and the provision of payments for fringe benefits. State appropriation represents amounts appropriated to the University from the General Fund. Payments for fringe benefits are made by the State for reimbursements related to salaries expensed from the General Fund.

State appropriation and the provision of payments for fringe benefits for the year ended June 30, 2017, consisted of the following (amounts in thousands):

	2017
Amount of General Fund appropriation received from the State	$ 217,799
Amount of payments for fringe benefits received from the State	158,314
Decrease of General Fund payroll included in due from the State	(2,000)
Total Appropriation and Payments for Fringe Benefits from the State	$ 374,113

Pursuant to various public or special bond acts, the General Assembly empowers the State Bond Commission to allocate and approve the issuance of bonds for a variety of projects or purposes. PA No. 11-57, as amended by PA 14-98, authorized $169.5 million of State General Obligation Bonds to create a technology park on the Storrs campus. The State Bond Commission allocated the total $169.5 million to finance the initial design, development costs, equipment purchases, and construction related to the technology park. These bonds are an obligation of the State and therefore are not recorded as a liability by the University. The unspent portion related to these bonds was $58.6 million as of June 30, 2017, and was included as part of due from State in the accompanying Statement of Net Position.

UConn Health

The University is responsible for the management of UCONN 2000 funds for UConn Health's construction projects. The unspent portion of these funds was recorded under due to affiliate in the accompanying Statement of Net Position (see Note 7). In addition, the University engaged in certain cost-share arrangements with UConn Health for shared services.

The University and UConn Health have also collaborated to support economic development activities and to achieve successful outcomes for the technology park and Bioscience Connecticut initiatives. In accordance with an annual memorandum of agreement, the University and UConn Health are obligated to provide an equal share of funding for economic development activities. Per the agreement, the University manages the program's budget and UConn Health reimburses the University for the majority of its share of funding obligations. In fiscal year 2017, the University recorded a $2.0 million reduction to expense, representing amounts reimbursed by UConn Health during that period for economic development activities.

In addition, the University and UConn Health have entered into an agreement that supports a unified marketing initiative. This agreement leverages the internal staff, resources, and expertise of both entities to provide marketing support. UConn Health has agreed to reimburse the University a baseline sum for marketing services under the agreement. In fiscal year 2017, the University incurred $3.8 million in expenses that were offset in total by reimbursements from UConn Health for its share of marketing support.

UConn Innovation Fund, LLC

On April 14, 2016, the University entered into an agreement with Connecticut Innovations, Inc. and Webster Bank, N.A. to create an investment fund for the purpose of making investments in early stage technology companies affiliated with the University. Each member commits to contribute $500,000 to the fund during the commitment period that extends to April 2018. In fiscal year 2017, the University paid $250,000 as part of its capital commitment.

Mansfield Downtown Partnership, Inc.

The Mansfield Downtown Partnership, Inc. (MDP) is a not-for-profit corporation that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code and is composed of the Town of Mansfield, the University, and individual business members and residents. MDP is responsible for organizing the enhancement and revitalization of three of the Town of Mansfield's commercial areas: Storrs Center, King Hill Road, and Four Corners. In accordance with its governing by-laws, members are required to submit annual dues, as determined by the Board of Directors, in lieu of financial support. In fiscal year 2017, the University paid $125,000 in annual membership dues to MDP.

NOTE 15. CONTINGENCIES

Certain claims and judgments against the University are covered by the State under State General Statutes section 4-160, which governs most tort claims. Additional coverage is provided for the University by insurance policies and funds maintained by the State.

The University is a party to various legal actions arising in the ordinary course of its operations. Although it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of the majority of these matters will not have a material effect on the University's financial statements. However, there are a small number of outstanding matters, including unasserted claims, of potential individual significance. With respect to one matter, the claimant seeks $20.0 million, though the State expects this matter to be resolved for substantially less than the amount claimed. If the claimant is successful, the claim will be paid from the General Fund, not by the University.

A second matter is being handled under the State's fleet insurance policy. Although no demand has been made, it is expected to be several million dollars. The policy is self-insured for $4.0 million and is funded by the State, not by the University. Payments above that amount are covered by the State's excess coverage. It is unlikely that the final resolution will exceed the excess coverage. Any portion of the claim not covered by insurance will be paid out of the General Fund. In the opinion of legal counsel, the aggregate exposure to the University pertaining to any other remaining claims and unasserted claims cannot be reasonably estimated but is not expected to exceed $5.0 million.

The University also participates in federal, state and local government programs that are subject to final audit by the granting agencies. Management believes any adjustment of costs resulting from such audits would not have a material effect on the University's financial statements.

NOTE 16. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

The table below details the University's operating expenses by functional classification for the year ended June 30, 2017 (amounts in thousands):

	Salaries and Wages	Fringe Benefits	Supplies and Other Expenses	Utilities	Depreciation and Amortization	Scholarships and Fellowships	Total
Instruction	$ 248,171	$ 138,343	$ 32,677	$ 14	$ -	$ 46	$ 419,251
Research	41,206	13,935	24,326	-	-	1,486	80,953
Public service	25,900	16,568	10,297	-	-	351	53,116
Academic support	60,706	41,970	36,210	21	-	5	138,912
Student services	20,264	14,123	5,698	2	-	-	40,087
Institutional support	32,303	26,783	15,137	3	-	-	74,226
Operations and maintenance	29,988	43,751	50,393	13,127	-	-	137,259
Depreciation and amortization	-	-	-	-	104,807	-	104,807
Scholarships and fellowships	133	23	341	-	-	9,809	10,306
Auxiliary enterprises	97,740	53,832	70,278	5,872	-	94	227,816
Total	$ 556,411	$ 349,328	$ 245,357	$ 19,039	$ 104,807	$ 11,791	$ 1,286,733

Required Supplementary Information
State Employees' Retirement System (SERS) and Teachers' Retirement System (TRS)

Schedule of University's Proportionate Share of Collective Net Pension Liability (NPL)
($ in thousands)

	SERS			TRS		
Fiscal Year Ended June 30	2017	2016	2015	2017	2016	2015
Proportion of the collective NPL	4.91%	4.88%	4.51%	0.03%	0.04%	0.04%
Proportionate share of the collective NPL	$ 1,126,394	$ 805,629	$ 722,009	$ 4,976	$ 4,430	$ 4,090
University's covered-employee payroll	$ 200,845	$ 189,903	$ 165,841	$ 1,372	$ 1,214	$ 1,191
Proportionate share of the collective NPL as a percentage of covered-employee payroll	560.83%	424.23%	435.36%	362.68%	364.91%	343.41%
Plan fiduciary net position as a percentage of the total pension liability	31.69%	39.23%	39.54%	52.26%	59.50%	61.51%

Schedule of University Pension Contributions
($ in thousands)

	SERS			TRS		
Fiscal Year Ended June 30	2017	2016	2015	2017	2016	2015
Contractually required employer contribution	$ 73,781	$ 73,668	$ 66,875	$ 135	$ 426	$ 425
Actual University contributions	73,781	73,668	66,875	135	426	425
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 195,810	$ 200,845	$ 189,903	$ 1,364	$ 1,372	$ 1,214
Actual University contributions as a percentage of covered-employee payroll	37.68%	36.68%	35.22%	9.90%	31.05%	35.01%

NOTES TO REQUIRED SCHEDULES

These schedules are presented as required by accounting principles generally accepted in the United States of America; however, until a full 10-year trend is compiled, information is presented for those years available.

Changes in Assumptions
2017 – Amounts reported for both SERS and TRS reflect a rate adjustment to more closely reflect actual and anticipated experience. In addition, amounts reported for SERS reflect an adjustment to economic assumptions, actuarial cost method, and amortization methodology in accordance with a State memorandum effective December 8, 2016.

Other Factors
2017 – The State's assessed fringe benefit rate attributable to TRS reduced to 9.87%, down from a rate of 43.14% in fiscal year 2016, materially decreasing University contributions for that plan.

STATISTICAL SECTION

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SCHEDULE OF REVENUES BY SOURCE

Last Ten Fiscal Years

($ in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Student tuition and fees, net of scholarship allowances	$ 367,351	$ 341,809	$ 308,174	$ 279,577	$ 261,641	$ 251,017	$ 233,881	$ 223,766	$ 215,642	$ 199,721
Federal grants and contracts	126,186	129,758	118,383	118,492	118,715	124,478	125,798	110,022	92,376	85,328
State and local grants and contracts	25,942	35,135	31,931	29,512	25,898	22,078	27,390	26,086	27,853	25,430
Nongovernmental grants and contracts	28,005	19,490	20,535	14,619	15,212	13,141	11,367	11,075	12,348	10,506
Sales and services of educational departments	20,325	20,543	21,028	19,280	15,814	17,348	16,161	15,204	17,216	15,280
Sales and services of auxiliary enterprises, net of scholarship allowances	209,851	210,455	201,066	195,525	185,240	181,974	178,494	161,780	149,501	133,472
Other sources	11,909	10,758	12,263	10,168	8,114	6,229	6,447	10,855	10,682	10,908
Total Operating Revenues	789,569	767,948	713,380	667,173	630,634	616,265	599,538	558,788	525,618	480,645
State appropriation	374,113	384,747	350,699	308,069	288,456	282,370	328,951	325,462	327,751	328,177
State debt service commitment for interest	64,757	53,092	46,635	42,091	40,571	39,755	39,978	38,557	37,843	39,525
Gifts	23,628	25,380	23,828	21,703	19,996	24,377	21,168	18,081	21,806	24,771
Investment income	2,996	1,448	889	799	859	898	1,020	1,313	4,268	10,384
Other nonoperating revenues, net	-	-	-	-	352	-	-	-	-	-
Total Nonoperating Revenues	465,494	464,667	422,051	372,662	350,234	347,400	391,117	383,413	391,668	402,857
	$ 1,255,063	**$ 1,232,615**	**$ 1,135,431**	**$ 1,039,835**	**$ 980,868**	**$ 963,665**	**$ 990,655**	**$ 942,201**	**$ 917,286**	**$ 883,502**

(% of total revenues)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Student tuition and fees, net of scholarship allowances	29.3%	27.7%	27.1%	26.9%	26.8%	26.1%	23.7%	23.7%	23.5%	22.6%
Federal grants and contracts	10.1%	10.5%	10.4%	11.4%	12.1%	12.9%	12.7%	11.7%	10.1%	9.7%
State and local grants and contracts	2.1%	2.8%	2.8%	2.8%	2.6%	2.3%	2.8%	2.8%	3.0%	2.9%
Nongovernmental grants and contracts	2.1%	1.6%	1.8%	1.4%	1.6%	1.4%	1.1%	1.2%	1.3%	1.2%
Sales and services of educational departments	1.6%	1.7%	1.9%	1.9%	1.6%	1.8%	1.6%	1.6%	1.9%	1.7%
Sales and services of auxiliary enterprises, net of scholarship allowances	16.7%	17.0%	17.7%	18.8%	18.9%	18.9%	18.0%	17.2%	16.3%	15.1%
Other sources	0.9%	1.1%	1.1%	1.0%	0.8%	0.6%	0.7%	1.2%	1.2%	1.2%
Total Operating Revenues	62.8%	62.4%	62.8%	64.2%	64.4%	64.0%	60.6%	59.4%	57.3%	54.4%
State appropriation	29.9%	31.1%	30.9%	29.6%	29.4%	29.3%	33.2%	34.5%	35.7%	37.1%
State debt service commitment for interest	5.2%	4.3%	4.1%	4.0%	4.1%	4.1%	4.0%	4.1%	4.1%	4.5%
Gifts	1.9%	2.1%	2.1%	2.1%	2.0%	2.5%	2.1%	1.9%	2.4%	2.8%
Investment income	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.5%	1.2%
Other nonoperating revenues, net	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Nonoperating Revenues	37.2%	37.6%	37.2%	35.8%	35.6%	36.0%	39.4%	40.6%	42.7%	45.6%
	100%	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

Last Ten Fiscal Years

	($ in thousands)									
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Salaries and wages	$ 556,411	$ 557,497	$ 542,082	$ 521,076	$ 482,685	$ 474,385	$ 472,725	$ 444,481	$ 456,102	$ 435,751
Fringe benefits	349,328	287,553	271,164	237,715	190,549	172,765	168,133	157,746	155,215	151,888
Supplies and other expenses	245,357	248,651	217,413	211,654	205,774	190,442	208,789	192,793	188,420	158,413
Utilities	19,039	19,737	23,212	20,963	19,725	21,684	26,506	27,810	33,600	29,224
Depreciation and amortization	104,807	98,767	95,990	95,377	91,713	88,478	90,335	90,039	90,037	100,187
Scholarships and fellowships	11,791	9,657	10,713	10,953	8,070	9,039	9,910	9,151	8,943	7,519
Total Operating Expenses	1,286,733	1,221,862	1,160,574	1,097,738	998,516	956,793	976,398	922,020	932,317	882,982
Interest expense	59,129	51,333	46,420	45,955	46,961	47,117	48,824	48,558	48,916	51,247
Transfers to State General Fund	-	-	-	-	-	-	15,000	8,000	-	-
Other nonoperating expenses, net	1,776	3,893	1,540	1,873	-	1,635	297	1,957	4,247	2,869
Total Nonoperating Expenses	60,905	55,226	47,960	47,828	46,961	48,752	64,121	58,515	53,163	54,116
	$ 1,347,638	**$ 1,277,088**	**$ 1,208,534**	**$ 1,145,566**	**$ 1,045,477**	**$ 1,005,545**	**$ 1,040,519**	**$ 980,535**	**$ 985,480**	**$ 937,098**

	(% of total expenses)									
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Salaries and wages	41.3%	43.6%	44.9%	45.5%	46.1%	47.1%	45.5%	45.3%	46.3%	46.5%
Fringe benefits	25.9%	22.5%	22.5%	20.8%	18.2%	17.2%	16.2%	16.1%	15.8%	16.2%
Supplies and other expenses	18.2%	19.6%	18.0%	18.4%	19.7%	18.9%	20.0%	19.7%	19.1%	16.9%
Utilities	1.4%	1.5%	1.9%	1.8%	1.9%	2.2%	2.5%	2.8%	3.4%	3.1%
Depreciation and amortization	7.8%	7.7%	7.9%	8.3%	8.8%	8.8%	8.7%	9.2%	9.1%	10.7%
Scholarships and fellowships	0.9%	0.8%	0.9%	1.0%	0.8%	0.9%	1.0%	0.9%	0.9%	0.8%
Total Operating Expenses	95.5%	95.7%	96.1%	95.8%	95.5%	95.1%	93.9%	94.0%	94.6%	94.2%
Interest expense	4.4%	4.0%	3.8%	4.0%	4.5%	4.7%	4.7%	5.0%	5.0%	5.5%
Transfers to State General Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	0.8%	0.0%	0.0%
Other nonoperating expenses, net	0.1%	0.3%	0.1%	0.2%	0.0%	0.2%	0.0%	0.2%	0.4%	0.3%
Total Nonoperating Expenses	4.5%	4.3%	3.9%	4.2%	4.5%	4.9%	6.1%	6.0%	5.4%	5.8%
	100%	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

SCHEDULE OF EXPENSES BY FUNCTION

Last Ten Fiscal Years

($ in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	$ 419,251	$ 390,364	$ 382,256	$ 353,251	$ 302,202	$ 291,370	$ 292,203	$ 271,939	$ 284,036	$ 279,087
Research	80,953	80,070	73,596	79,484	74,948	73,509	74,481	72,286	64,029	60,345
Public service	53,116	53,903	48,884	41,919	39,068	35,478	41,470	35,623	36,998	33,855
Academic support	138,912	139,643	131,914	125,557	117,679	108,340	98,393	90,593	87,047	81,514
Student services	40,087	38,916	36,955	36,787	33,315	35,256	39,755	37,063	36,711	36,006
Institutional support	74,226	66,580	57,330	54,484	51,358	53,465	84,744	83,175	83,155	72,314
Operations and maintenance of plant	137,259	122,034	114,889	105,148	94,961	100,402	71,365	66,742	71,432	64,111
Depreciation and amortization	104,807	98,767	95,990	95,377	91,713	88,478	90,335	90,039	90,037	100,187
Student aid	10,306	9,748	9,127	8,796	7,154	6,107	5,490	4,638	3,917	4,010
Auxiliary enterprises	227,816	221,837	209,633	196,935	186,118	164,388	158,422	145,414	144,376	135,061
Other operating expenses	-	-	-	-	-	-	19,740	24,508	30,579	16,492
Interest expense	59,129	51,333	46,420	45,955	46,961	47,117	48,824	48,558	48,916	51,247
Transfers to State General Fund	-	-	-	-	-	-	15,000	8,000	-	-
Other nonoperating expenses, net	1,776	3,893	1,540	1,873	-	1,635	297	1,957	4,247	2,869
	$ 1,347,638	**$ 1,277,088**	**$ 1,208,534**	**$ 1,145,566**	**$ 1,045,477**	**$ 1,005,545**	**$ 1,040,519**	**$ 980,535**	**$ 985,480**	**$ 937,098**

(% of total expenses)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	31.1%	30.6%	31.7%	30.7%	28.8%	29.0%	28.1%	27.7%	28.9%	29.9%
Research	6.0%	6.3%	6.1%	6.9%	7.2%	7.3%	7.2%	7.4%	6.5%	6.4%
Public service	3.9%	4.2%	4.0%	3.7%	3.7%	3.5%	4.0%	3.6%	3.8%	3.6%
Academic support	10.3%	10.9%	10.9%	11.0%	11.3%	10.8%	9.5%	9.2%	8.8%	8.7%
Student services	3.0%	3.0%	3.1%	3.2%	3.2%	3.5%	3.8%	3.8%	3.7%	3.8%
Institutional support	5.5%	5.2%	4.7%	4.8%	4.9%	5.3%	8.1%	8.5%	8.4%	7.7%
Operations and maintenance of plant	10.2%	9.6%	9.5%	9.2%	9.1%	10.0%	6.9%	6.8%	7.2%	6.8%
Depreciation and amortization	7.8%	7.7%	7.9%	8.3%	8.8%	8.8%	8.7%	9.2%	9.1%	10.7%
Student aid	0.8%	0.8%	0.8%	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%	0.4%
Auxiliary enterprises	16.9%	17.4%	17.4%	17.2%	17.8%	16.3%	15.2%	14.8%	14.7%	14.4%
Other operating expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.9%	2.5%	3.1%	1.8%
Interest expense	4.4%	4.0%	3.8%	4.0%	4.5%	4.7%	4.7%	5.0%	5.0%	5.5%
Transfers to State General Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%	0.8%	0.0%	0.0%
Other nonoperating expenses, net	0.1%	0.3%	0.1%	0.2%	0.0%	0.2%	0.0%	0.2%	0.4%	0.3%
	100%	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

Last Ten Fiscal Years

($ in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total revenues	$ 1,255,063	$ 1,232,615	$ 1,135,431	$ 1,039,835	$ 980,868	$ 963,665	$ 990,655	$ 942,201	$ 917,286	$ 883,502
Total expenses	1,347,638	1,277,088	1,208,534	1,145,566	1,045,477	1,005,545	1,040,519	980,535	985,480	937,098
Loss Before Other Changes in Net Position	(92,575)	(44,473)	(73,103)	(105,731)	(64,609)	(41,880)	(49,864)	(38,334)	(68,194)	(53,596)
State debt service commitment for principal	281,576	103,400	56,430	80,346	-	115,400	-	61,714	104,910	-
Capital allocation	-	-	131,500	(20)	20,000	18,000	(479)	-	-	8,000
Capital gifts and grants	1,388	5,071	25,412	21,643	6,675	2,768	1,989	2,396	3,814	6,803
Disposal of property and equipment, net	(1,418)	(8,486)	(473)	(1,043)	103	(540)	(618)	(727)	(439)	(875)
Additions to permanent endowments	1,149	14	66	743	13	-	-	33	20	56
State match to endowments	-	-	-	-	-	-	-	-	-	59
Total Changes in Net Position	190,120	55,526	139,832	(4,062)	(37,818)	93,748	(48,972)	25,082	40,111	(39,553)
Net position, beginning	1,053,125	997,599	1,435,360	1,439,422	1,477,240	1,395,355	1,444,327	1,419,245	1,379,134	1,417,650
Prior year adjustment	-	-	(577,593)	-	-	(11,863)	-	-	-	1,037
Net Position, Ending	**$ 1,243,245**	**$ 1,053,125**	**$ 997,599**	**$ 1,435,360**	**$ 1,439,422**	**$ 1,477,240**	**$ 1,395,355**	**$ 1,444,327**	**$ 1,419,245**	**$ 1,379,134**
Net investment in capital assets	$ 1,557,469	$ 1,365,918	$ 1,207,892	$ 1,187,602	$ 1,217,408	$ 1,160,216	$ 1,144,923	$ 1,131,885	$ 1,143,426	$ 1,187,942
Restricted nonexpendable	14,483	12,593	13,091	13,546	11,902	11,574	11,892	11,122	10,819	13,779
Restricted expendable										
Research, instruction, scholarships and other	34,058	24,455	19,334	15,465	20,602	19,535	17,915	15,748	15,147	14,629
Loans	2,543	2,520	2,533	2,482	2,469	2,426	2,818	3,945	3,758	3,729
Capital projects and debt service	89,146	49,637	184,023	85,447	33,551	115,315	42,433	118,820	98,846	23,271
Unrestricted	(454,454)	(401,998)	(429,274)	130,818	153,490	168,174	175,374	162,807	147,249	135,784
Total Net Position	**$ 1,243,245**	**$ 1,053,125**	**$ 997,599**	**$ 1,435,360**	**$ 1,439,422**	**$ 1,477,240**	**$ 1,395,355**	**$ 1,444,327**	**$ 1,419,245**	**$ 1,379,134**

SCHEDULE OF LONG-TERM DEBT

Last Ten Fiscal Years

($ in thousands, except for outstanding debt per student)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General obligation bonds	$ 1,504,995	$ 1,303,870	$ 1,147,985	$ 1,023,985	$ 828,795	$ 903,550	$ 804,310	$ 877,492	$ 844,945	$ 763,413
Revenue bonds	105,955	112,410	118,625	124,615	130,415	154,170	159,290	164,375	172,830	177,330
Self-liquidating bonds	-	275	349	551	1,050	2,171	2,953	3,793	4,786	5,808
Capital lease obligations	42,818	47,229	51,398	55,437	59,320	62,785	66,098	69,267	72,298	75,196
Installment loans and other	117	5,487	671	1,027	1,319	1,727	150	253	416	178
	1,653,885	1,469,271	1,319,028	1,205,615	1,020,899	1,124,403	1,032,801	1,115,180	1,095,275	1,021,925
Premiums and discounts	201,858	172,757	134,213	107,074	82,980	46,320	25,849	27,956	18,825	13,727
Total Long-Term Debt	1,855,743	1,642,028	1,453,241	1,312,689	1,103,879	1,170,723	1,058,650	1,143,136	1,114,100	1,035,652
Less: State debt service commitment for general obligation bonds	(1,504,995)	(1,303,870)	(1,147,985)	(1,023,985)	(828,795)	(903,550)	(804,310)	(877,492)	(844,945)	(763,413)
Total Long-Term Debt, Net	$ 350,748	$ 338,158	$ 305,256	$ 288,704	$ 275,084	$ 267,173	$ 254,340	$ 265,644	$ 269,155	$ 272,239
Full-time equivalent students*	29,220	28,832	28,134	27,461	27,036	27,240	26,686	26,705	26,382	24,147
Outstanding debt per student	$ 12,004	$ 11,729	$ 10,850	$ 10,513	$ 10,175	$ 9,808	$ 9,531	$ 9,947	$ 10,202	$ 11,274

**Source: IPEDS (Integrated Postsecondary Education Data System) 12-month Instructional Activity surveys for fiscal years 2008 to 2017, including Storrs and Regional Campuses.*

SCHEDULE OF DEBT COVERAGE - REVENUE BONDS

Last Ten Fiscal Years

($ in thousands)

	Gross Revenues (1)	Pledged Revenues (2)	Expenses (3)	Net Revenues Available	Total Gross and Net Revenues Available for Debt Service	Debt Service	Coverage Ratio
2017	$ 51,486	$ 172,444	$ (132,742)	$ 39,702	$ 91,188	$ (11,554)	7.89
2016	50,650	174,991	(134,492)	40,499	91,149	(11,557)	7.89
2015	50,506	168,047	(132,863)	35,184	85,690	(11,552)	7.42
2014	48,515	162,160	(125,014)	37,146	85,661	(11,548)	7.42
2013	45,355	151,766	(120,021)	31,745	77,100	(12,011)	6.42
2012	44,410	150,726	(118,434)	32,292	76,702	(12,667)	6.06
2011	42,022	144,790	(113,620)	31,170	73,192	(12,664)	5.78
2010	39,342	133,554	(102,113)	31,441	70,783	(13,211)	5.36
2009	36,850	124,078	(101,987)	22,091	58,941	(13,209)	4.46
2008	34,038	110,638	(92,568)	18,070	52,108	(13,211)	3.94

(1) Gross revenues include the infrastructure maintenance fee, the general university fee, and investment income.
(2) Pledged revenues include the residential life room fee, student apartment rentals, the Greek housing fee, the board (dining) fee, and the parking and transportation fees.
(3) Expenses include the cost of maintaining, repairing, insuring, and operating the facilities for which the fees in (2) are imposed, before depreciation.

ADMISSIONS AND ENROLLMENT
Last Ten Fiscal Years

FRESHMEN ADMISSIONS (STORRS)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Applications	35,980	34,978	31,280	27,479	29,966	27,247	22,142	21,999	21,058	21,105
Offers of admission	17,560	18,598	15,629	14,745	13,397	12,894	11,949	10,931	11,474	10,429
Percent admitted	49%	53%	50%	54%	45%	47%	54%	50%	54%	49%
Enrolled	3,822	3,774	3,588	3,755	3,114	3,327	3,339	3,221	3,604	3,179
Yield (enrolled/offers)	22%	20%	23%	25%	23%	26%	28%	29%	31%	30%
Total average SAT	1,233	1,233	1,234	1,233	1,226	1,216	1,221	1,212	1,200	1,192

ENROLLMENT	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Non-Resident Alien										
Male	1,890	1,773	1,532	1,301	1,163	1,018	924	872	875	838
Female	1,665	1,462	1,277	1,077	1,012	892	787	725	710	703
Black or African American										
Male	874	813	756	722	723	756	709	673	677	670
Female	1,098	1,053	1,010	981	1,017	1,007	963	977	931	929
American Indian or Alaska Native										
Male	19	18	18	25	25	28	33	43	37	44
Female	25	28	27	29	31	40	41	38	46	53
Asian										
Male	1,475	1,372	1,315	1,213	1,194	1,159	1,119	1,062	1,054	928
Female	1,467	1,419	1,333	1,189	1,106	1,108	1,060	1,038	986	904
Hispanic/Latino										
Male	1,386	1,293	1,233	1,132	1,059	1,006	889	790	746	661
Female	1,616	1,468	1,393	1,315	1,206	1,149	1,095	983	930	895
Native Hawaiian or Other Pacific Islander										
Male	8	8	10	8	12	14	11	*	*	*
Female	12	13	13	16	17	14	11	*	*	*
Two or More Races										
Male	364	330	301	258	238	170	96	*	*	*
Female	442	412	408	381	300	197	90	*	*	*
White										
Male	9,518	9,809	9,916	10,183	10,416	10,795	10,913	10,860	10,764	10,448
Female	9,581	9,789	10,022	10,102	10,209	10,641	10,763	10,940	11,124	11,117
Total Head Count	31,440	31,060	30,564	29,932	29,728	29,994	29,504	29,001	28,880	28,190
Percent female	50.6%	50.4%	50.7%	50.4%	50.1%	50.2%	50.2%	50.7%	51.0%	51.8%
Percent minority	27.9%	26.5%	25.6%	24.3%	23.3%	22.2%	20.7%	19.3%	18.7%	18.0%
Percent non-resident alien	11.3%	10.4%	9.2%	7.9%	7.3%	6.4%	5.8%	5.5%	5.5%	5.5%

White includes other/unknown.
**Beginning Fall 2010, new race/ethnic categories are required for federal reporting.*

Includes all undergraduate, graduate, and professional school enrollments at all campuses; excludes Schools of Dentistry and Medicine; includes full-time and part-time students, and degree and non-degree students.
Source: University of Connecticut Office of Institutional Research and Effectiveness

ACADEMIC YEAR TUITION AND MANDATORY FEES

Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Undergraduate resident	$ 14,066	$ 13,366	$ 12,700	$ 12,022	$ 11,242	$ 10,670	$ 10,416	$ 9,886	$ 9,338	$ 8,852
Undergraduate non-resident	$ 35,858	$ 34,908	$ 32,880	$ 30,970	$ 29,074	$ 27,566	$ 26,880	$ 25,486	$ 24,050	$ 22,796
Graduate resident	$ 15,996	$ 15,296	$ 14,472	$ 13,662	$ 12,786	$ 12,130	$ 11,828	$ 11,226	$ 10,594	$ 10,052
Graduate non-resident	$ 37,032	$ 36,082	$ 33,944	$ 31,946	$ 29,994	$ 28,438	$ 27,740	$ 26,310	$ 24,814	$ 23,534

DEGREES CONFERRED

Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Associate	30	24	20	21	26	25	29	26	19	35
Bachelor's	5,530	5,197	5,320	5,200	5,122	5,149	4,747	4,606	4,610	4,591
Post-baccalaureate	251	229	167	172	140	141	102	134	41	44
Master's	1,904	1,750	1,713	1,636	1,527	1,573	1,475	1,438	1,499	1,409
Sixth-year education	62	66	69	45	56	79	67	69	89	73
Ph.D.	411	379	372	342	340	341	322	309	266	285
J.D.	155	151	156	190	178	204	172	222	207	188
LL.M.	43	44	31	35	30	30	29	27	33	28
Pharm D.	101	99	95	97	94	94	103	100	98	103
Total	8,487	7,939	7,943	7,738	7,513	7,636	7,046	6,931	6,862	6,756

Includes May graduates of the current calendar year, and August and December graduates of the previous calendar year.
Source: University of Connecticut Office of Institutional Research and Effectiveness

FACULTY AND STAFF

Fall Employment

Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FACULTY										
Full-time	1,518	1,489	1,517	1,485	1,377	1,330	1,304	1,286	1,324	1,294
Part-time	32	30	33	34	39	43	43	35	36	34
Total Faculty	1,550	1,519	1,550	1,519	1,416	1,373	1,347	1,321	1,360	1,328
Tenured	841	848	877	874	848	841	815	777	815	809
Percentage tenured	54%	56%	57%	58%	60%	61%	61%	59%	60%	61%
Mean salary of full-time teaching faculty	$ 110,138	$ 113,975	$ 107,895	$ 104,458	$ 100,172	$ 101,179	$ 102,482	$ 98,369	$ 99,220	$ 95,846
STAFF										
Full-time	3,198	3,115	3,080	3,063	3,028	2,956	3,017	2,879	3,049	2,994
Part-time	82	158	186	175	180	181	222	210	222	233
Total Staff	3,280	3,273	3,266	3,238	3,208	3,137	3,239	3,089	3,271	3,227
Total Faculty and Staff	4,830	4,792	4,816	4,757	4,624	4,510	4,586	4,410	4,631	4,555
Student to faculty ratio*	16 to 1	17 to 1	16 to 1	16 to 1	17 to 1	18 to 1	18 to 1	18 to 1	17 to 1	17 to 1
Full-time and part-time faculty										
Female	41%	41%	39%	39%	40%	40%	39%	38%	37%	37%
Minority	23%	23%	22%	22%	22%	21%	20%	20%	19%	18%
Full-time and part-time staff										
Female	57%	57%	58%	57%	58%	58%	58%	58%	58%	58%
Minority	17%	17%	17%	17%	17%	17%	15%	15%	15%	15%
Staff covered by collective bargaining agreements	90%	90%	91%	91%	90%	91%	92%	91%	91%	91%
Adjunct lecturers	690	679	708	696	686	692	691	648	669	691

**Full-time equivalent students to full-time instructional faculty, Storrs and regional campuses.*

Source: University of Connecticut Office of Institutional Research and Effectiveness

SCHEDULE OF CAPITAL ASSET INFORMATION
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Academic Buildings										
Net assignable square feet (in thousands)	2,654	2,753	2,753	2,736	2,684	2,604	2,604	2,604	2,604	2,597
Number of buildings	168	171	171	171	171	172	172	172	172	172
Auxiliary and Independent Operations Buildings										
Net assignable square feet (in thousands)	3,753	3,277	3,336	3,279	3,279	3,396	3,430	3,430	3,430	3,430
Number of buildings	189	193	209	213	213	217	220	220	220	220
Administrative and Support Buildings										
Net assignable square feet (in thousands)	852	964	949	949	949	948	948	948	948	948
Number of buildings	88	97	96	96	96	95	95	95	95	95
Total Net Assignable Square Feet (in thousands)	7,259	6,994	7,038	6,964	6,912	6,948	6,982	6,982	6,982	6,975
Total Number of Buildings	445	461	476	480	480	484	487	487	487	487

Source: University of Connecticut Office of Cost Analysis and Office of University Planning, Design and Construction

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Residential halls*	101	115	115	116	117	116	114	114	114	114
Residential hall occupancy	12,699	12,723	12,711	12,668	12,469	12,716	12,546	12,378	11,970	11,307
Percentage of main campus undergraduates in campus housing	67%	70%	71%	72%	72%	73%	74%	73%	71%	68%

**Residential halls include houses owned by the University and used for student housing.*
Source: Office of Institutional Research and Effectiveness

DEMOGRAPHIC AND ECONOMIC STATISTICS

State of Connecticut

Last Ten Fiscal Years

	Personal Income as of June 30 (a)	Population at July 1 (a)	Per Capita Personal Income	Average Annual Unemployment Rate (b)
2017	$ 251,389,254,000	3,568,714	$ 70,443	4.8%
2016	252,249,206,000	3,586,640	70,330	5.5%
2015	240,602,679,000	3,591,282	66,996	6.1%
2014	232,600,172,000	3,596,922	64,666	7.1%
2013	222,984,316,000	3,598,628	61,964	8.1%
2012	224,252,008,000	3,593,857	62,399	8.4%
2011	215,220,960,000	3,589,072	59,966	9.1%
2010	205,145,596,000	3,576,676	57,356	8.8%
2009*	197,824,664,000	3,561,807	55,541	6.9%
2008*	206,731,668,000	3,545,579	58,307	4.9%

**Quarterly population not available. Annual population used 2008-2009.*
(a) Source: U.S. Department of Commerce
(b) Source: Connecticut Department of Labor

DEMOGRAPHIC AND ECONOMIC STATISTICS

TOP TEN NONGOVERNMENTAL EMPLOYERS

State of Connecticut

Current Year and Ten Years Ago

	2017			
NAME	**Employees in CT**	**Percentage of Total CT Employment**	**Rank**	
United Technologies Corp. UTC	20,000	1.1%	1	(1)
Stop & Shop Co. LLC	13,574	0.7%	2	(2)
Foxwoods Resort Casino	10,500	0.6%	3	
Aetna Inc.	10,001	0.5%	4	
Yale University & Health Sys	11,530	0.6%	5	
Immucor (medical supply)	7,200	0.4%	6	
General Dynamics/Electric Boat	6,100	0.3%	8	
Hartford Hospital	6,053	0.3%	8	
Mohegan Sun Casino	6,000	0.3%	9	
Eversource Energy	5,000	0.3%	10	
Hartford Financial Services	5,000	0.3%	10	
Total	100,958	5.4%		

	2008		
	Employees in CT	**Percentage of Total CT Employment**	**Rank**
United Technologies Corp.	26,490	1.5%	1
Stop & Shop Co. Inc	13,574	0.8%	2
Hartford Financial Services	13,000	0.7%	3
Yale University	12,163	0.7%	4
Foxwoods Resort Casino	12,000	0.7%	5
Mohegan Sun Casino	10,000	0.6%	6
Walmart Stores, Inc.	9,204	0.5%	7
General Dynamics/Electric Boat	7,400	0.4%	8
Aetna, Inc.	7,300	0.4%	9
AT&T Connecticut	7,000	0.4%	10
Total	118,131	6.7%	

Sources: 2008 - Hartford Business Journal (HBJ), 2017 Infogroup, Omaha, NE

(1) Includes Sikorsky Aircraft, UTC Aerospace, Pratt & Whitney - Business units of UTC.

(2) Omitted from the HBJ survey. The number equals the employees reported by HBJ in 2008.

UNIVERSITY OF CONNECTICUT

1881

SCHEDULE 2

UCONN HEALTH

Financial Report

For the Year Ended June 30, 2017

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INTRODUCTORY SECTION

Letter of Transmittal

Founded in 1881, the University of Connecticut (the "University") serves as the state's flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research, and service. The University of Connecticut is a comprehensive institution of higher education which includes the University of Connecticut Health Center ("UConn Health"). Although governed by a single Board of Trustees, the University and UConn Health maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and State appropriations. UConn Health also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. The financial statements contained herein represent the transactions and balances of UConn Health only.

The University's Board of Trustees is vested by law with fiscal oversight of the University. The operational authority granted to the University builds upon the successful implementation of several pieces of legislation known as the Flexibility Acts, enacted in the early 1990's. These statutory changes enabled the University to become responsible and accountable for its operational decisions independent of many of the previously imposed regulatory requirements. The University is now responsible for the budgetary allocation of its State appropriations, check-writing authority, human resource control, and purchasing authority with the advent of UCONN 2000 in 1995, management of capital activities, including projects for UConn Health starting in 2005.

While the University's operational flexibility and capacity has grown, all of these activities also take place within a context of continuing vigilance. The financial statements contained in this report reflect budget execution results consistent with spending plans, operating and capital budgets approved by the University Board of Trustees. The Board of Trustees, through its Joint Audit and Compliance Committee, exercises oversight over all University financial reporting and processes and internal control systems, as well as direct engagement in the approval of independent auditing services to augment the University's internal audit capacity and the work performed by state auditors. As important component of external oversight, the Auditors of Public Accounts issue an Independent Auditors' Report on the financial statements of UConn Health. They are responsible for auditing its financial operations and their opinion appears in this report.

UConn Health is an academic medical center composed of the School of Medicine, the School of Dental Medicine and their associated Education Clinics, John Dempsey Hospital, the UConn Medical Group, the University of Connecticut Finance Corporation and Correctional Managed Healthcare (CMHC). Established in 1961, UConn Health is dedicated to helping people achieve and maintain healthy lives and restoring wellness and health to the maximum attainable levels. In this quest, UConn Health will continuously enable students, professionals and agencies in promoting the health of Connecticut's citizens. UConn Health will consistently pursue excellence and innovation in the education of health professionals; the discovery, dissemination and utilization of new knowledge; the provision of patient care; and the promotion of wellness.

With approximately 4,900 full time employees (FTE's), UConn Health is one of Connecticut's largest employers and an important contributor to the local and regional economy. UConn Health's campus in Farmington is situated on 209 acres of wooded hilltop from which the skyline of Hartford, the capital of Connecticut, can be seen about eight miles to the east. (The University's main campus is in Storrs, about 30 miles east of Hartford.) UConn Health's campus includes 25 buildings totaling close to 2.8 million square feet.

Educational Programs

Dedicated to providing broad educational opportunities in the biomedical sciences, UConn Health offers degree programs in medicine (M.D.), dental medicine (D.M.D.), and biomedical science (Ph.D.); master's degree programs in public health and dental science; postdoctoral fellowships; residency programs providing specialty training for newly graduated physicians and dentists; and continuing education programs for practicing health care professionals.

Combined degree programs, such as the M.D./Ph.D., D.M.D./Ph.D., Dental Clinical Specialty/Ph.D. and M.D./M.P.H. are also offered.

UConn Health is the only academic health center in the nation where a medical school was founded concurrently with a dental school, a circumstance which has led to strong links. Medical and dental students share an essentially common curriculum during the first two years of their four-year degree programs and study the basic medical sciences together. This experience provides UConn's dental students with an especially strong foundation in the biomedical sciences, reflected in the dental school's decision to award its graduates the D.M.D. (Doctor of Medical Dentistry).

Each year at UConn Health, approximately 400 students work toward the medical doctor's degree and 180 toward the doctor of medical dentistry degree. Admission to each school is highly competitive; both schools offer preferential consideration to qualified Connecticut residents in their admissions policies. School of Dental Medicine students have a long history of outstanding performance on the National Boards. In the years since UConn Health graduated its first students in 1972, 2,593 men and women have received the D.M.D. degree; 4,282 the M.D. degree.

Through a variety of residency programs, the School of Medicine provides postgraduate training for more than 600 newly graduated M.D.s each year. These physicians come from all over the country to acquire advanced skills in fields such as the surgical specialties, internal medicine, and primary care. Some of the residency training occurs on UConn Health's main campus, but much of it takes place in community hospitals in Greater Hartford, thereby extending UConn Health's positive impact on the region.

Research Programs

Since UConn Health's inception, high-quality research programs have been part of the institution's fabric. This history has enabled UConn Health to recruit distinguished researchers with expertise in neuroscience, molecular biology, molecular pharmacology, biochemistry, cell physiology, toxicology, and endocrinology, among other fields. The Alcohol Research Center is one of only twenty seven such federally supported centers in the nation; the Connecticut Clinical Chemosensory Research Center, one of ten. In recent years, UConn Health has also become a leader in stem cell research. Clinical research is facilitated by the Lowell Weicker General Clinical Research Center and the Clinical Trials Unit. Research awards were over $80.0 million in fiscal 2017.

Health Care Services

Through John Dempsey Hospital (234 licensed beds, 193 staffed acute care beds), UConn Health provides specialized and routine inpatient and outpatient services, including comprehensive cardiovascular, cancer and musculoskeletal services, as well as, high risk maternity and neonatal intensive care. John Dempsey Hospital is home to the only Emergency Department in Connecticut's fast-growing Farmington Valley and contributes to the region's health in other ways. UConn Medical Group, one of the largest medical practices in Greater Hartford, offers primary care and services in more than 50 specialties.

While the hospital and faculty practice continue to have strong volume, the challenges of the health care marketplace (recruitment, increased competition, malpractice costs, and low reimbursement) are a continuing challenge. John Dempsey Hospital's financial health is also directly affected by its size, bed distribution, poorly reimbursed services provided as part of its public mission, and cost factors resulting from its status as a state entity.

Connecticut Health

UConn Health faculty, staff, residents, and students participate in a variety of joint efforts to address public health and community health needs of citizens throughout our state. Under the umbrella of Connecticut Health, hundreds of projects have been developed in collaboration with other state agencies, city and town governments, community-based organizations and the public to serve the poor and uninsured by providing better medical care and health education. UConn Health is committed to finding new and effective ways to reach out to the public as part of UConn Health's ongoing effort to bring a better quality of life to all our citizens.

Economic Condition

Connecticut's expenses exceed revenues at the State level, causing large and continuing overall budget deficits. The growth in expenses is largely due to the State's unfunded pension liability, debt service, and growth in other services. For the biennium fiscal years 2018 and 2019, the budget process was extremely difficult with the State Legislature not passing a budget bill until well into the current fiscal year. After an initial budget was vetoed by the Governor, the biennial budget was approved by the State legislature and signed into law by the Governor. The final budget reduced the amount of expected State Support by an estimated amount greater than $36 million over the next two years compared to the amount of State Support realized in 2017. This cut compared to our temporary spending plan approved by the Board has an $11 million impact to the bottom line which management is confident can be absorbed by operations based on favorable first quarter 2018 results. UConn Health will continue to focus on protecting academic excellence, delivering strong student support, providing excellent patient care, and supporting the research mission.

Awards and Acknowledgements

This year was UConn School of Medicine's first class to experience a newly launched, innovative curriculum to better prepare doctors for the rapidly changing health care landscape known as MDelta (Making a Difference in Education, Learning, and Teaching Across the curriculum) based on the principles of lifelong learning, patient-centered care, and collaborative teamwork.

Thanks to the investments from UConn Health and the State of Connecticut's Bioscience Connecticut initiative, medical and dental students began this curriculum in a new 17,000-square-foot facility featuring a renovated academic entrance and a brand-new, high-tech rotunda.

The Medical School's ranking among top medical schools across the country in U.S. News & World Report's March 2017 listing has jumped to #34 in primary care from #50 last year and in research to #56 from #63. Plus, UConn School of Dental Medicine was named the winner of the 2016 William J. Gies Award for Outstanding Achievement by an Academic Dental Institution, one of the most preeminent awards in dental education.

Also, the new hospital tower at UConn John Dempsey Hospital, thanks to Bioscience CT and UConn Health investments, celebrated its one-year anniversary in May 2017. UConn Health also increased patient volumes, revenues, and market share. Its clinical care has grown to more than 650,000 outpatient appointments, 9,200 inpatients, 34,000 emergency room visits and more than 132,000 additional patient visits conducted at our community sites.

While advancing medicine and education, our staff of 624 faculty, doctors and educators also contribute to the advancement of medicine through innovative scientific research and clinical trials. In fact, UConn Health scientists were awarded in fiscal year 2017 over $80.0 million in research funding which includes a large portion from the National Institutes of Health.

For the third consecutive year, UConn John Dempsey Hospital was awarded the highest A-rating in patient safety by National The Leapfrog Group. Receiving the top A-ranking in patient safety in 2015, 2016, and again in 2017 recognizes UConn John Dempsey's continued excellence in meeting the highest U.S. safety standards in keeping our patients safe from medical errors, infections, and other harms.

UConn Health also received several high honors for patient care excellence across cardiovascular medicine. UConn Health and UConn John Dempsey Hospital received three 'Gold Plus' level awards for continued excellence in stroke, heart failure, and STEMI heart attack patient care by The American Heart Association and the American Stroke Association. Also, for its excellence, UConn Health was designated by the Pulmonary Hypertension Association (PHA) as a Pulmonary Hypertension Regional Clinical Program due to its infrastructure and expertise.

Furthermore, for our youngest patients, at 99.1 percent UConn John Dempsey Hospital has the highest Hepatitis B birth dose vaccination rate for newborns among all Connecticut hospital, soaring high above the 83.5 percent statewide average, according to the latest data of the Connecticut Department of Public Health's Immunization Program released in July 2017.

Respectfully Submitted,

Scott Jordan Executive Vice President for Administration & Chief Financial Officer University of Connecticut	Jeffrey P. Geoghegan Chief Financial Officer UConn Health

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DIRECTORS AND FINANCIAL OFFICERS
June 30, 2017

BOARD OF DIRECTORS

Members at Large

Dr. Kenneth Alleyne	*Bloomfield*
Francis X. Archambault, Jr.	*Storrs*
Richard M. Barry	*Avon*
Cheryl A. Chase	*Hartford*
John F. Droney	*W. Hartford*
Timothy A. Holt	*Glastonbury*
Wayne Rawlins	*Cromwell*
Charles W. Shivery	*Avon*

Appointed by the Governor

Kathleen D. Woods	*Avon*
Teresa M. Ressel	*New Canaan*
Joel Freedman	*S. Glastonbury*

Members Ex Officio

Susan Herbst	*Storrs*
Robert S. Dakers	*Glastonbury*
Raul Pino	*Hartford*

Appointed by Chairperson, Board of Trustees

Sanford Cloud Jr, Chairperson	*Farmington*
Andy F. Bessette	*W. Hartford*
Richard T. Carbray, Jr.	*Rocky Hill*

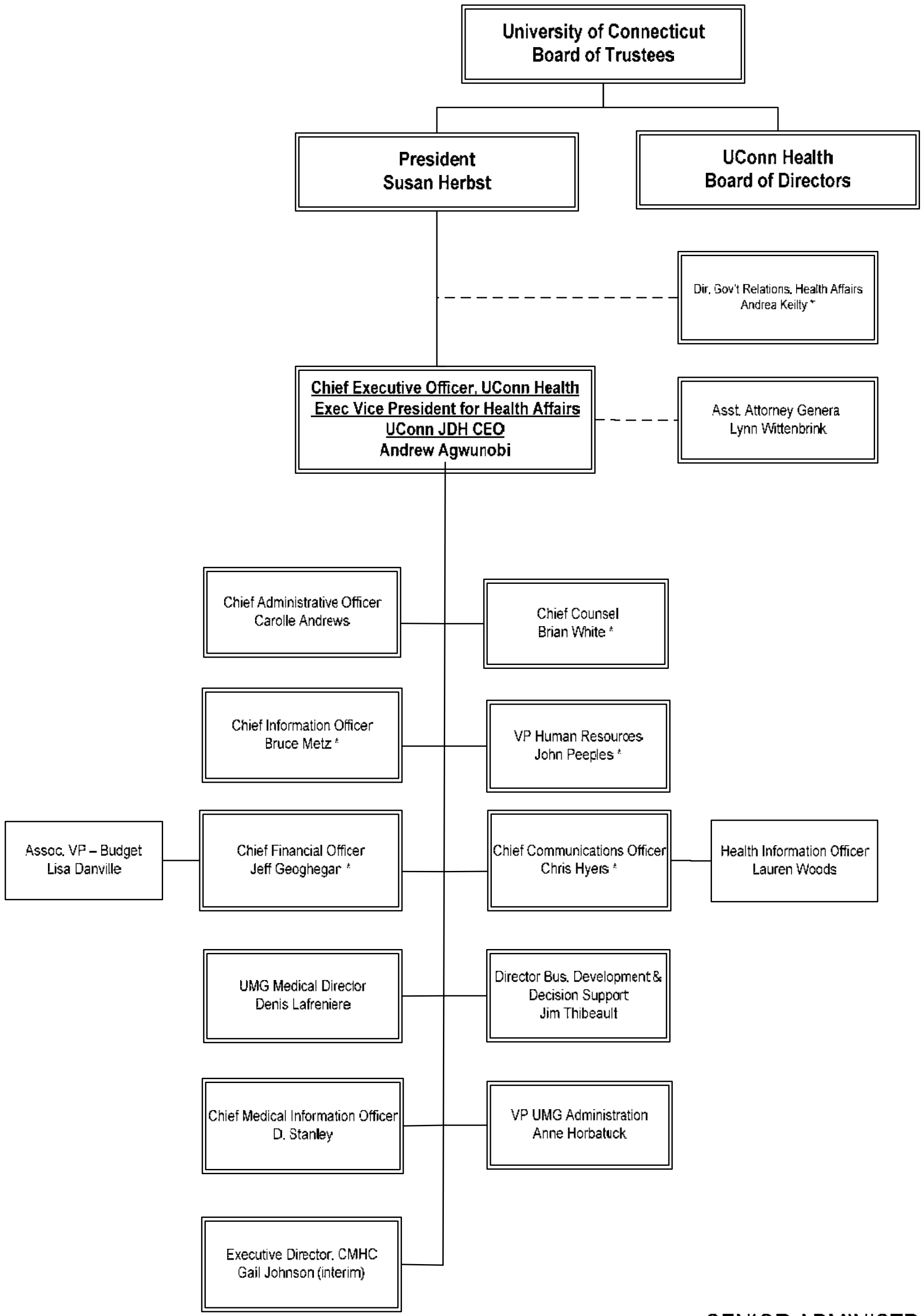
FINANCIAL OFFICERS

Scott A. Jordan, Executive Vice President for Administration and Chief Financial Officer
Jeffrey P. Geoghegan, Chief Financial Officer
Chad A. Bianchi, Controller

TRUSTEES
As of June 30, 2017

UCONN HEALTH

ORGANIZATIONAL CHART



SENIOR ADMINISTRATION
* indicates dual reporting with Storrs

FINANCIAL SECTION

STATE OF CONNECTICUT

AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL
20 TRINITY STREET
HARTFORD, CONNECTICUT 06106-1559

JOHN C. GERAGOSIAN

ROBERT J, KANE

INDEPENDENT AUDITORS' REPORT

Board of Directors of the
University of Connecticut Health Center

Report on Financial Statements

We have audited the accompanying financial statements of the University of Connecticut Health Center (UConn Health), a component unit of the University of Connecticut system, which includes the University of Connecticut, UConn Health and the University of Connecticut Foundation, Inc. The accompanying financial statements, which consist of the statements of net position as of June 30, 2017 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise UConn Health's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the John Dempsey Hospital, which represented 36% of the assets of UConn Health as of June 30, 2017 and 38% of the revenues of UConn Health for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the John Dempsey Hospital, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of UConn Health, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accompanying Management Discussion and Analysis on pages 14 through 24 and the Required Supplemental Information on pages 50 through 52 is required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express and opinion or provide any assurance on them.

Sincerely,

John C. Geragosian
State Auditor

Robert J. Kane
State Auditor

December 14, 2017
State Capitol
Hartford, Connecticut

Management's Discussion and Analysis

INTRODUCTION

The following discussion and analysis provide an overview of the financial position and activities of the University of Connecticut Health Center ("UConn Health") for the year ended June 30, 2017. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Founded in 1881, the University of Connecticut (the "University") serves as the state's flagship for higher education, meeting the educational needs of undergraduate, graduate, professional, and continuing education students through the integration of teaching, research and service. The University of Connecticut is a comprehensive institution of higher education, which includes UConn Health.

The financial statements presented here represent the transactions and balances of UConn Health only. UConn Health offers medical and dentistry degrees and operates a physician/dentist practice and a teaching and research hospital. UConn Health's component parts are the School of Medicine, the School of Dental Medicine, and their associated Educational Clinics, UConn Medical Group, the University of Connecticut Finance Corporation, Correctional Managed Healthcare (CMHC), and John Dempsey Hospital ("the Hospital"). UConn Health's enrollment in fiscal year 2017 was 408 students in the School of Medicine, 179 in the School of Dental Medicine, and 314 Graduate students, taught by over 500 faculty members. UConn Health finished fiscal 2017 with 4,908 FTE's. John Dempsey Hospital (JDH) has 193 staffed acute care beds. In fiscal year 2017, adjusted patient days (a measure of total hospital volume) were 110,673, a 5.8% increase from the prior year. During 2017, UConn Medical Group (UMG) had 658,205 unique patient visits, a .2% increase. The following Management's Discussion and Analysis (MD&A) is required supplemental information. Its purpose is to provide users of the basic financial statements with a narrative introduction, overview and analysis of those statements. It is designed to assist readers in understanding the accompanying financial statements required by GASB. This discussion, which is unaudited, includes an analysis of the financial condition and results of activities of UConn Health for the fiscal year ended June 30, 2017, based on currently known facts, decisions, and conditions. As the MD&A presentation includes highly summarized information, it should be read in conjunction with the accompanying financial statements and related notes to the financial statements. The financial statements, notes to the financial statements, and this MD&A are the responsibility of management.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of Management's Discussion and Analysis and the financial statements. The basic financial statements (statement of net position, statement of revenues, expenses and changes in net position and statement of cash flows) present the financial position of UConn Health at June 30, 2017, and the results of operations and financial activities for the year then ended. These statements report information about UConn Health using accounting methods similar to those used by private-sector companies. The statement of net position include all of UConn Health's assets and liabilities. The statement of revenues, expenses and changes in net position reflect the year's activities on the accrual basis of accounting, i.e., when services are provided or obligations are incurred, not when cash is received or paid. This statement reports UConn Health's net assets and how they have changed. Net position (the difference between assets and liabilities) is one way to measure financial health or position. The statement of cash flows provides relevant information about each year's cash receipts and cash payments and classifies them as to operating, investing, noncapital financing and capital and related financing activities. The financial statements include notes that explain information in the financial statements and provide more detailed data.

FINANCIAL HIGHLIGHTS

UConn Health's financial position at June 30, 2017, consisted of assets of \$1.30 billion and liabilities of \$1.63 billion. Net assets, which represent the residual interest in UConn Health's assets after liabilities are deducted, decreased \$59.5 million in fiscal 2017 after capital appropriations and other changes in net position.

The decrease in net position is attributable to additional pension liability booked under GASB 68. Operating losses and the additional pension liability booked under GASB 68 were only partially offset by Capital Appropriations and non-operating revenues including State Appropriations. Expenses associated with Capital Appropriations will be borne in the future through increased depreciation expenses.

The financial statements contained herein show an operating loss of $374.1 million for the year ending June 30, 2017 (fiscal year 2017). The measure more indicative of normal and recurring activities is net income before Other Changes in Net Position, which includes revenue from State Appropriations. Additions to capital assets are, in a large part, funded by capital appropriations from the state and issuance of UCONN 2000 bond funds (included in the Other Changes in Net Position above), which are not included as revenues in this measurement. However, depreciation expense on those assets is included as an expense in calculating operating income, so a loss under this measurement is expected. UConn Health experienced a loss before Other Changes in Net Position of $101.9 million in fiscal year 2017.

Some sources of recurring operating and non-operating revenues increased in 2017, including patient service revenue and contract and other operating revenue. These categories are expected to have slight increases in 2018. State support, not including state funded capital appropriations, decreased 3.8% in fiscal 2017. Decreases in state support are expected in the upcoming fiscal year due to ongoing efforts by the state to reduce expected budget shortfalls. The 2018-2019 biennial budget reduced the amount of block grant appropriations to UConn Health to $122.4 million and $123.0 million for 2018 and 2019, respectively. In addition, we have already received an additional lapse reduction of $4.7 million in fiscal year 2018.

STATEMENTS OF NET POSITION

The summary statements of net position below present the financial position of UConn Health at the end of the fiscal years 2017 and 2016; it includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of UConn Health. Net position represents assets plus deferred outflows, less liabilities and deferred inflows. Assets represent what is owned by or what is owed to UConn Health. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A deferred outflow of resources represents the consumption of net assets by UConn Health that is applicable to a future reporting period, while a deferred inflow of resources is an acquisition of net assets by UConn Health that is applicable to a future reporting period. UConn Health's net position is the residual value in UConn Health's assets and deferred outflows, after liabilities and deferred inflows are deducted. The change in net position is an indicator of whether the overall financial condition has improved or deteriorated during the year.

The total assets of UConn Health increased by $7.0 million, or .5%, over the prior year. The increase was primarily attributable to increases in Property, Plant and Equipment, which is the result of continued capital expansion at UConn Health including the new University Tower at John Dempsey Hospital.

Due from affiliates decreased by $76.6 million or 86.9% from 2016. This change occurs as UConn Health continues spending on construction related to UConn 2000 construction initiatives.

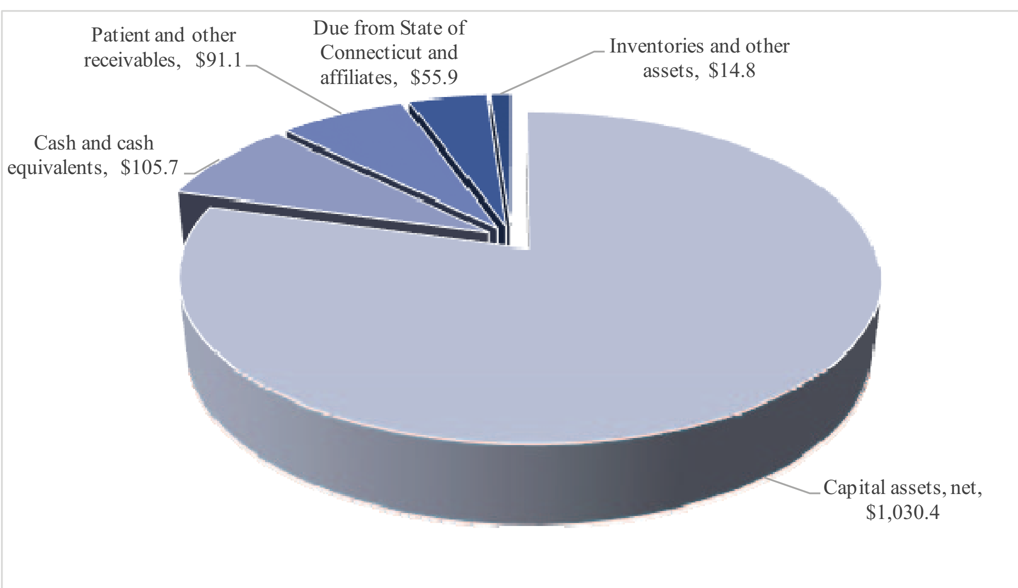
Total liabilities increased by $353.2 million or 27.8% from 2016. The driver of the increase was the addition of $359.0 million in pension liability due primarily to changes in State retirement plans. The combination of the increase in total assets of $7.0 and total liabilities of $353.2 million, offset by the net addition of $286.7 million in deferred inflows/outflows yielded a decrease in total net position of $59.5 million.

Deferred outflows of resources increased $296.9 million and deferred inflows of resources increased $10.2 million mainly due to pension related adjustments, including changes in assumptions, increases from differences between expected versus actual experience, and investment losses offset by a decrease of amortization of changes in proportion.

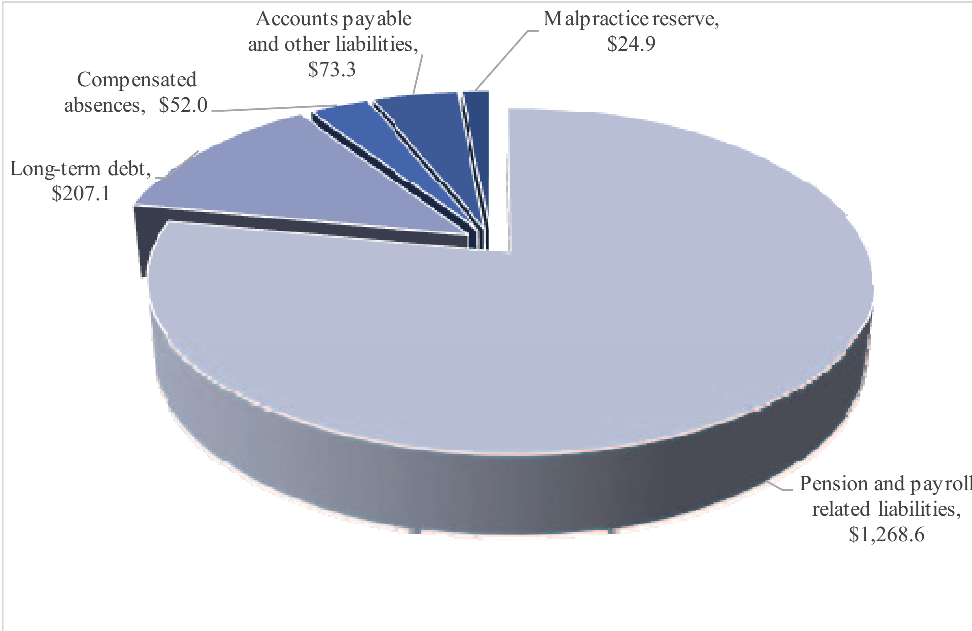
The following table shows a Condensed Schedule of Net Position at June 30 ($ in millions):

	2017	2016	$ Change	% Change
Assets:				
Current assets	$ 240.2	$ 321.8	$ (81.6)	-25.4%
Capital assets, net	1,030.4	945.2	85.2	9.0%
Other noncurrent assets	27.3	23.9	3.4	14.2%
Total assets	1,297.9	1,290.9	7.0	0.5%
Deferred outflows of resources	464.5	167.6	296.9	177.1%
Liabilities:				
Current Liabilities	141.8	136.1	5.7	4.2%
Noncurrent liabilities	1,484.1	1,136.6	347.5	30.6%
Total liabilities	1,625.9	1,272.7	353.2	27.8%
Deferred inflows of resources	10.2	-	10.2	100.0%
Net position:				
Net investment in capital assets	823.3	734.5	88.8	12.1%
Restricted nonexpendable	0.1	0.1	-	0.0%
Restricted expendable	37.0	117.5	(80.5)	-68.5%
Unrestricted	(734.1)	(666.3)	(67.8)	10.2%
Total net position	$ 126.3	$ 185.8	$ (59.5)	-32.0%

The following graph shows total assets of $1.30 billion by major category as of June 30, 2017 ($ in millions):



The following graph shows total liabilities of $1.63 billion by major category as of June 30, 2017 ($ in millions):



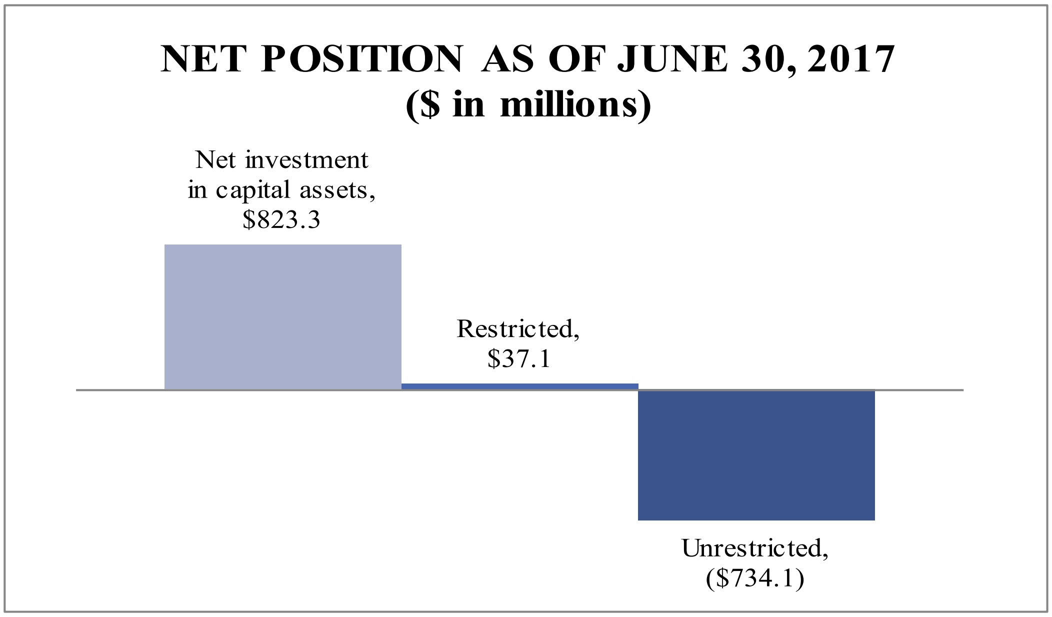
Net Position

Net position is divided into three major categories. The first category, net investment in capital assets, represents UConn Health's equity in property and equipment. The second category, restricted net position, is subdivided into nonexpendable and expendable. The corpus of restricted nonexpendable resources is only available for investment purposes and is included with investments on UConn Health's Statement of Net Position. Expendable restricted net position is available for expenditure by the institution. However, it must be spent for purposes determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, representing funds available to UConn Health for any lawful purpose of the institution. Generally, unrestricted funds are internally assigned to academic, clinical and research programs, capital programs, retirement of debt, and auxiliary enterprise activities. The Statement of Net Position presents assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of UConn Health as of the end of the fiscal year. The Statement of Net Position is a point in time financial statement and is used as a measure of the financial condition of UConn Health. This statement presents a snapshot concerning assets, classified as current (expected to be available for use within one year) and noncurrent (expected to be available beyond one year), liabilities, categorized as current (expected to mature and due within one year), and noncurrent (expected to mature and due after one year), and net position.

Assets represent what is owned by or what is owed to UConn Health, including payments made to others before a service was received. Assets are recorded at their current value except for property and equipment, which is recorded at historical cost net of accumulated depreciation and amortization. Liabilities represent what is owed to others or what has been received from others prior to services being provided by UConn Health. A deferred outflow of resources represents the consumption of net assets by UConn Health that is applicable to a future reporting period, whereas, a deferred inflow of resources is an acquisition of net assets by UConn Health that is applicable to a future reporting period.

UConn Health's net position is the residual value in UConn Health's assets and deferred outflows after liabilities and deferred inflows are deducted. Changes in net position over time are a relative indicator of UConn Health's financial ability.

The following graph shows net position by major category:



STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents either an increase or decrease in net position based on revenues received, the expenses paid, and any other gains and losses recognized by UConn Health. Revenues and expenses are classified as operating, non-operating, or other changes in net position according to definitions prescribed by GASB.

Generally, operating revenues are earned when providing goods and services to the various customers of UConn Health. Operating expenses are incurred in the normal operation of UConn Health and represent those expenses paid to acquire or produce the goods and services provided in return for operating revenues. Operating expenses also include the provision for allocated depreciation and amortization of property and equipment. The difference between operating revenues and expenses is the operating income or loss.

By its very nature, a state funded institution does not receive tuition and fees revenue, research awards or clinical program revenue sufficient to support its operations. Non-operating revenues are revenues received for which goods and services are exchanged. These revenues are essential to the continued provision of programs and services by UConn Health. Significant recurring sources of non-operating revenues utilized in balancing the operating loss each year include appropriations from the State of Connecticut (State) for general operations and investment income.

Other changes in net position are composed of capital appropriations and losses on disposal.

The statements of revenues, expenses and changes in net position present UConn Health's results of operating and non-operating activities. A summary of UConn Health's revenues, expenses and changes in net assets for the years ended June 30, 2017 and 2016 is presented below:

	2017	2016	$ Change	% Change
Operating revenues:				
Student tuition and fees (net of scholarship allowances)	$ 17.5	$ 15.7	$ 1.8	11.5%
Patient services	539.8	532.9	6.9	1.3%
Federal grants and contracts	58.1	59.6	(1.5)	-2.5%
Nonfederal grants and contracts	29.0	27.1	1.9	7.0%
Contract and other operating revenues	114.3	108.0	6.3	5.8%
Total operating revenues	758.7	743.3	15.4	2.1%
Operating expenses:				
Instruction	169.1	168.3	0.8	0.5%
Research	59.4	58.2	1.2	2.1%
Patient services	713.3	648.1	65.2	10.0%
Academic support	19.2	18.1	1.1	6.1%
Institutional support	82.2	80.6	1.6	2.0%
Operations and maintenance of plant	37.3	38.7	(1.4)	-3.6%
Depreciation and amortization	52.1	41.5	10.6	25.5%
Student aid	0.2	0.1	0.1	100.0%
Total operating expenses	1,132.8	1,053.6	79.2	7.5%
Operating Loss	(374.1)	(310.3)	(63.8)	20.6%
Nonoperating revenues (expenses):				
State appropriations	278.2	289.3	(11.1)	-3.8%
Gifts	4.1	6.9	(2.8)	-40.6%
Investment income (net of investment expense)	0.1	0.1	(0.0)	0.0%
Interest on capital asset - related debt	(10.2)	(10.5)	0.3	-2.9%
Net nonoperating revenues	272.2	285.8	(13.6)	-4.8%
Loss before other changes in net position	(101.9)	(24.5)	(77.4)	315.9%
Other changes in net position:				
Capital appropriations	43.4	175.0	(131.6)	-75.2%
Loss on disposal	(1.0)	(0.7)	(0.3)	42.9%
Net other changes in net position	42.4	174.3	(131.9)	-75.7%
Increase in net position	(59.5)	149.8	(209.3)	-139.7%
Net position-beginning of year, as adjusted	185.8	36.0	149.8	416.1%
Net position-end of year	$ 126.3	$ 185.8	$ (59.5)	-32.0%

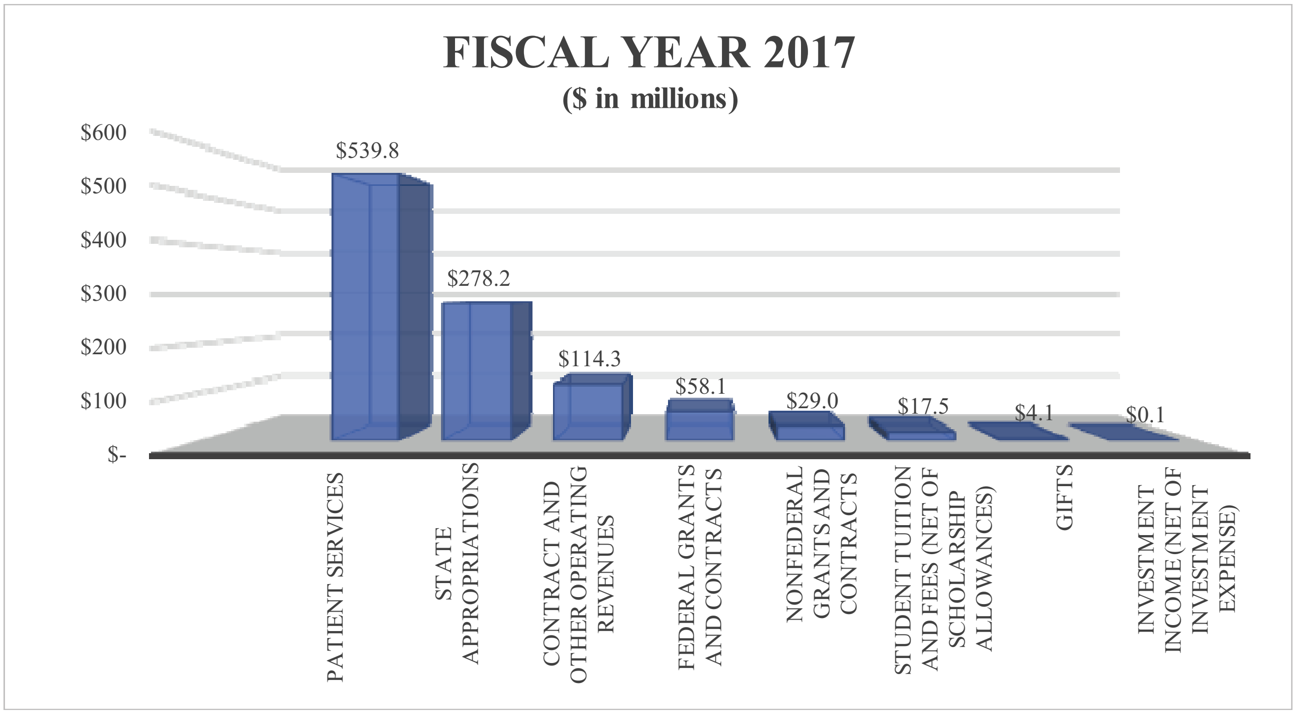
Revenue

Revenue highlights for the year ending June 30, 2017, including operating and non-operating revenues, presented on the Statements of Revenues, Expenses, and Changes in Net Position are as follows:

The largest source of revenue was patient service revenue. Net Patient service revenue increased $6.9 million or 1.3% over prior year. Prior to eliminations the increase in net patient service revenue for John Dempsey Hospital was $15.8 million. Increases in John Dempsey Hospital reflect higher surgical and outpatient volumes and strategic rate increases throughout the Hospital's lines of service. The UConn Medical Groups net revenue increased $539,000.

UMG's increases reflect changes in patient mix and UMG's focus on contracted rates. The Correctional Managed Health Care program revenue decreased by $8.6 million compared to prior year. This decrease was attributed to lower operational costs of the program. More detailed information about UConn Health's patient revenue is presented in note 4 of the financial statements.

The State Appropriation (including In Kind Fringe Benefits), which is included in non-operating revenues, totaled $278.2 million. This represents a 3.8% decrease over the prior year.



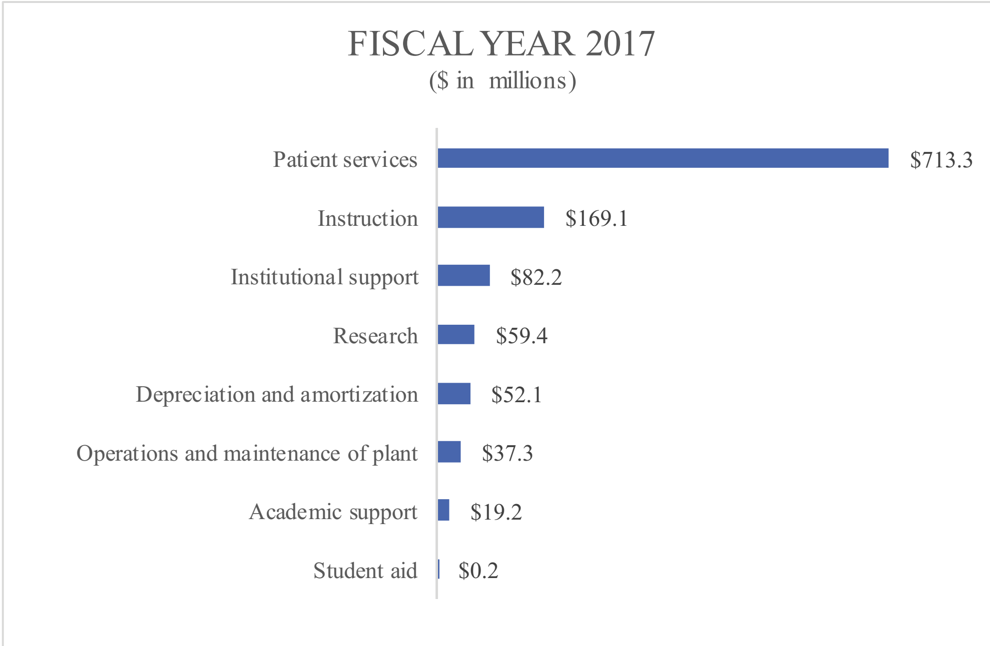
Expenses

Highlights of expenses including operating and non-operating expenses presented on the Statements of Revenues, Expenses and Changes in Net Position are as follows:

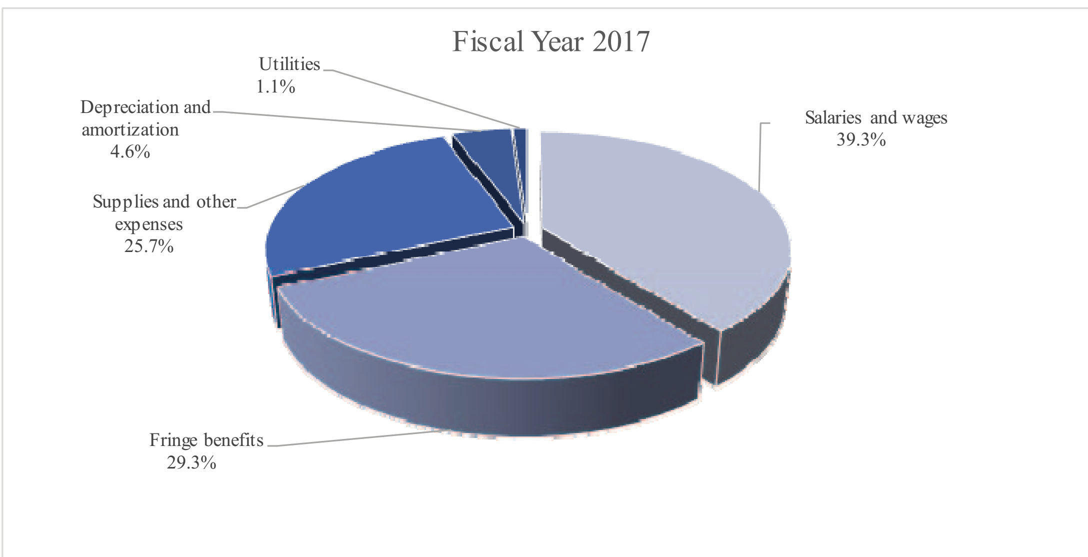
Patient service expense is the largest expense category for UConn Health; it accounts for 63.0% of total operating expenses. It increased by $65.2 million or 10.0% over the prior year. The increase was driven by expenses to support the additional clinical volume in JDH and UMG.

Depreciation and amortization expenses, which comprise about 4.6% of total expenses, grew to $52.1 million from $41.5 million reported in fiscal 2016. The increase was primarily due to increases in depreciable assets, including the New Hospital Tower and the continued depreciation of Outpatient Pavilion.

The following graph shows the functional expenses of UConn Health ($ in millions):



UConn Health's operating expenses by natural classification are presented below:



STATEMENTS OF CASH FLOWS

The Statement of Cash Flows presents detailed information about the cash activity of UConn Health during the year. The first section of this Statement, Cash Flows from operating activities, will always be different from the operating loss amount on the Statement of Revenues, Expenses, and Changes in Net Position. The difference results from non-cash items such as depreciation and amortization expense and the use of the accrual basis of accounting in preparing the Statement of Revenues, Expenses and Changes in Net Position. The Statement of Cash Flows, on the other hand, shows cash inflows and outflows without regard to accruals.

The Statement of Cash Flows has four additional sections. The second section consists of cash flows from investing activities showing the purchases, proceeds, and interest provided from investing activities. The third section reflects cash flows from non-capital financing activities including State Appropriation, debt transactions, gifts, and other non-operating revenues and expenses. The fourth section shows cash flows from capital and related financing activities. The final section is a reconciliation of the operating loss shown on the Statement of Revenues, Expenses and Changes in Net Position to net cash used in operating activities.

The Statements of Cash Flows below provides additional information about UConn Health's financial results by reporting the major sources and uses of cash. A summary of the Statements of Cash Flows for the years ended June 30, 2017 and 2016, is as follows:

(in millions)	2017	2016	$ Change	% Change
Cash received from operations	$ 758.5	$ 750.9	$ 7.6	1.0%
Cash expended for operations	(862.5)	(846.5)	(16.0)	1.9%
Net cash used in operating activities	(104.0)	(95.6)	(8.4)	8.8%
Net cash provided by investing activities	0.1	0.1	-	0.0%
Net cash provided by noncapital financing activities	140.1	152.3	(12.2)	-8.0%
Net cash used in capital and related financing activities	(30.5)	(49.8)	19.3	-38.8%
Net increase/(decrease) in cash and cash equivalents	5.7	7.0	(1.3)	-18.6%
Cash and cash equivalents, beginning of the year	100.0	93.0	7.0	7.5%
Cash and cash equivalents, end of the year	$ 105.7	$ 100.0	$ 5.7	5.7%

CAPITAL ACTIVITIES

Capital assets, net of accumulated depreciation, consisted of the following ($ in millions):

	2017	2016	$ Change	% Change
Land	$ 13.5	$ 13.5	$ (0.0)	0.0%
Construction in Progess	329.4	256.5	72.9	28.4%
Buildings and Building Improvements	607.6	600.6	7.0	1.2%
Equipment	77.6	74.6	3.0	4.0%
Capital Leases	2.3	0.0	2.3	100.0%
Capital assets, net	$ 1,030.4	$ 945.2	$ 85.2	9.0%

Construction in progress increased approximately $73.0 million driven by continued progress on UCONN 2000 construction initiatives and UConn Health's EMR system build.

As mentioned above, the UConn 2000 program has had a dramatic impact on our campus. This is the third phase of the program also known as 21st Century UCONN, which provides for improvements to facilities at the University and UConn Health. UConn Health is scheduled to receive $775.3 million over the life of this program. UConn Health received $27.5 million capital appropriations during 2017 from the UCONN 2000 bond issuance.

During 2017 and 2016, UConn Health received $16 million and $25 million, respectively, from the State Bond Commission for UConn Health's EMR; which was included in the capital appropriation line in the Statements of Revenues, Expenses, and Changes in Net Position.

UConn Health's fiscal 2018 capital funding requests will be considered for funding by the senior executive committee of UConn Health on an individual basis.

DEBT ACTIVITIES

JDH entered into two capital lease agreements, an MRI machine and a Lab equipment system during fiscal year 2017 for approximately $2.5 million. Scheduled lease payments began in 2017. More detailed information about UConn Health's capital assets and debt activities are presented in notes 9 and 10 of the financial statements.

UConn Health continued payments on the Outpatient Pavilion and UConn Musculoskeletal Institute (formerly the Medical Arts and Research Building) during the year.

BIOSCIENCE CONNECTICUT

Progress on the construction work related to the Bioscience Connecticut initiative continued. The construction of the corridor connecting the University Tower to the Main Building, which was the final phase of the John Dempsey Hospital University Tower project, was completed in November, 2016. The Main Building Lab Renovations – Phase 2 was completed in March, 2017. The Academic Building Addition and Renovation project is in the final phase and all work was completed in October 2017. Phase 1 of the Clinical Building Renovations is nearing final completion, and Phase 2 work began in September 2017. The final phases of work are scheduled to be complete at the end of 2018.

FISCAL YEAR 2018 OUTLOOK

As we look forward to fiscal year 2018, UConn Health's appearance and facilities have been transformed by the State's Bioscience Connecticut initiative. Our stunning new Outpatient Pavilion and University Tower position UConn Health to compete aggressively to be the provider of choice not only in the Farmington Valley but throughout Connecticut. Our new advertising campaign, The Power of Possible, harnesses this optimism.

Research, education, and patient care remain the cornerstones of our mission. Each of these areas contain their own unique challenges. They also share in the uncertainty surrounding both local and national government and funding opportunities.

The competition for researchers and grants is increasingly active. Even with our collaboration with Jackson Laboratories, attracting top talent, and the funding opportunities that come with them, can be difficult and expensive.

Clinically, healthcare reform and shifting regional and national dynamics continue to change the way hospitals serve their communities. As a result UConn Health will continue to explore the possibility of public private partnerships that may be beneficial to the finances and operations of the Clinical Programs and UConn Health as a whole. We continue to seek ways to increase our patient volumes while adapting to changing population demographics, needs and treatment demands. Management believes that our new facilities and advertising campaign provide UConn with the resources it needs to compete effectively in the marketplace.

UConn Health has begun installation of UConn Health One, an EPIC product. UConn Health is about three quarters through its installment with a target date of April 28, 2018. The installation will result in a new medical records system at both John Dempsey Hospital and UMG, linking patients via a single electronic health record (EHR) and positions JDH for compliance with the third stage of meaningful use requirements.

This endeavor creates additional opportunities to improve revenue cycle related operations, and as a result anticipate a reevaluation of clinical business office functions and other potential operational changes to best leverage this tool and our investment in the technology. This is particularly crucial to prevent any disruption to billing or cash flow during the transition period

Continued economic pressures within the State of Connecticut are not expected to improve and may still worsen causing some instability in the predictability of State support across UConn Health. Leadership remains diligent on continued cost reduction work while protecting quality. Additional cuts in State support, beyond those in the original passed budget, are likely depending on how the State plans to balance its budget and address its current economic crisis.

On July 31, 2017, the State Legislature approved the State Employees Bargaining Agent Coalition (SEBAC) 2017 agreement that was ratified by union membership. In addition, contracts were ratified for all of UConn Health bargaining units participating in SEBAC. The SEBAC 2017 agreement includes changes to employee healthcare benefits, retirement plans, and future wage adjustments, resulting in cost-savings for fiscal year 2018, that are expected to offset ongoing increases to fringe benefit costs. The agreement also provides for certain employment protection for bargaining unit employees through June 30, 2021. The full impact of this agreement is unknown at this time.

Management will continue to monitor these and other factors over the upcoming year as it seeks to strengthen UConn Health for the future.

CONTACTING UCONN HEALTH'S FINANCIAL MANAGEMENT

This financial report provides the reader with a general overview of UConn Health's finances and operations. If you have questions about this report or need additional financial information, please contact the Office of the Chief Financial Officer, UConn Health, Farmington, Connecticut 06030.

FINANCIAL STATEMENTS

UCONN HEALTH
STATEMENT OF NET POSITION
As of June 30, 2017

		2017
		($ in thousands)
ASSETS		
Current Assets		
Cash and cash equivalents	$	104,516
Patient receivables, net		51,681
Contract and other receivables		30,254
Construction escrow account		2,479
Due from Affiliates (Note 14)		11,480
Due from State of Connecticut		10,495
Due from Department of Correction		10,909
Inventories		11,780
Prepaid expenses		6,645
Total current assets		240,239
Noncurrent Assets		
Restricted cash and cash equivalents		1,199
Other assets		2,981
Due from State of Connecticut		23,101
Capital assets, net		1,030,426
Total noncurrent assets		1,057,707
Total assets	$	1,297,946
Deferred Outflows of Resources (Note 11)	$	464,517
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$	48,105
Due to State of Connecticut		7,628
Accrued salaries		27,592
Compensated absences - current portion (Note 10)		20,797
Due to third party payors		23,223
Unearned revenues		2,053
Malpractice reserve (Note 10)		5,870
Long-term debt - current portion (Note 10)		6,576
Total current liabilities		141,844
Noncurrent Liabilities		
Malpractice reserve (Note 10)		18,987
Compensated absences - net of current portion (Note 10)		31,196
Pension Liability (Note 11)		1,233,399
Long-term debt - net of current portion (Note 10)		200,523
Total noncurrent liabilities		1,484,105
Total liabilities	$	1,625,949
Deferred Inflows of Resources	$	10,182
NET POSITION		
Net investment in capital assets	$	823,325
Restricted for		
Nonexpendable		
Scholarships		61
Expendable		
Research		(8)
Loans		31
Capital projects		37,061
Unrestricted		(734,138)
Total net position	$	126,332

The accompanying notes are an integral part of these financial statements.

UCONN HEALTH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2017

		2017
		($ in thousands)
OPERATING REVENUES		
Student tuition and fees (net of scholarship allowances of $6,250)	$	17,499
Patient services (net of charity care of $310)		539,777
Federal grants and contracts		58,148
Nonfederal grants and contracts		29,009
Contract and other operating revenues		114,284
Total operating revenues		758,717
OPERATING EXPENSES		
Educational and General		
Instruction		169,130
Research		59,400
Patient services		713,342
Academic support		19,186
Institutional support		82,233
Operations and maintenance of plant		37,295
Depreciation and amortization		52,046
Student aid		194
Total operating expenses		1,132,826
Operating loss		(374,109)
NONOPERATING REVENUES (EXPENSES)		
State appropriations		278,211
Gifts		4,079
Investment income (net of investment expense of $56)		104
Interest on capital asset - related debt		(10,214)
Net nonoperating revenues		272,180
Loss before other changes in net position		(101,929)
OTHER CHANGES IN NET POSITION		
Capital appropriations		43,479
Loss on Disposal		(989)
Net Other Changes in Net Position		42,490
Decrease in net position		(59,439)
NET POSITION		
Net position-beginning of year		185,771
Net position-end of year	$	126,332

The accompanying notes are an integral part of these financial statements.

UCONN HEALTH
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017

		2017
		($ in thousands)
Cash flows from operating activities:		
Cash received from patients and third-party payors	$	535,451
Cash received from tuition and fees		17,499
Cash received from grants, contracts and other revenue		205,583
Cash paid to employees for personal services and fringe benefits		(564,258)
Cash paid for other than personal services		(298,231)
Net cash used in operating activities		(103,956)
Cash flows from investing activities:		
Interest received		104
Net cash provided by investing activities		104
Cash flows from noncapital financing activities:		
State appropriations		136,007
Gifts		4,079
Net cash provided by noncapital financing activities		140,086
Cash flows from capital and related financing activities:		
Additions to property and equipment		(138,064)
Capital appropriations		116,050
Interest paid		(10,227)
Net proceeds/(repayment) from long-term debt		1,741
Net cash used in capital and related financing activities		(30,500)
Net increase in cash and cash equivalents		5,734
Cash and cash equivalents at beginning of year		99,981
Cash and cash equivalents at end of year	$	105,715

The accompanying notes are an integral part of these financial statements.

UCONN HEALTH
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended June 30, 2017

		2017
		($ in thousands)
Operating loss	$	(374,109)
Adjustments to reconcile operating loss to net cash		
Used in operating activities:		
Depreciation and amortization		52,046
Personal services and fringe benefits In Kind from State		142,712
Changes in assets and liabilities:		
Patients receivables, net		(1,091)
Contract and other receivables		3,287
Due from DOC		(2,503)
Inventories		(49)
Third party payors		(732)
Prepaid expenses		1,858
Other assets		1,490
Accounts payable and accrued liabilities		6,292
Due to State of Connecticut		1,112
Accrued salaries		349
Pension liabilities and related deferred outflows/inflows		72,305
Compensated absences		(1,044)
Deferred revenue		856
Malpractice reserve		(6,735)
Net cash used in operating activities	$	(103,956)

Schedule of Non-Cash Financing Transactions

Mortgage proceeds held by Trustee in construction escrow account	$	(7,834)
Accruals of expenses related to construction in progress	$	164
Equipment acquired by entering into capital lease agreements	$	2,493

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related Entities

The University of Connecticut Health Center ("UConn Health") is a part of a comprehensive institution of higher education, the University of Connecticut (the "University"). Although governed by a single Board of Trustees, UConn Health and the University maintain separate budgets and are by statute separate entities for purposes of maintaining operating funds and State Appropriations. UConn Health also has a Board of Directors to whom the Board of Trustees has delegated certain responsibility and authority. These financial statements represent transactions and balances of UConn Health for the year ended June 30, 2017, which includes the School of Medicine, School of Dental Medicine, UConn Medical Group (UMG), University of Connecticut Health Center Finance Corporation, Correctional Managed Healthcare (CMHC), Dental Clinics (the "Primary Institution") and John Dempsey Hospital (the "Hospital"). UConn Health offers medical and dentistry degrees and operates a physician/dentist practice and a teaching and research hospital. There is also an affiliated entity that supports the mission of UConn Health: The University of Connecticut Foundation Inc. (the "Foundation"). The Foundation raises funds to promote, encourage, and assist education and research at the University, including UConn Health.

Basis of Presentation

UConn Health's financial statements are prepared using the economic resources measurement focus and in accordance with all relevant Governmental Accounting Standards Board (GASB) pronouncements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of accounting principles generally accepted in the United States of America (GAAP). During the year ended June 30, 2016, UConn Health adopted this Statement and it did not have material impact on UConn Health's financial statements.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. During the year ended June 30, 2016, UConn Health adopted this standard and it did not have a material impact on UConn Health's financial statements based on the composition of UConn Health's assets and liabilities.

UConn Health adopted GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB 67 pertains to financial reporting by state and local government pension plans, effective for plan years beginning after June 15, 2013. GASB 68 addresses new accounting and financial reporting requirements for governmental employers that provide their employees with pension benefits administered through a qualified trust and was effective for UConn Health beginning July 1, 2014. This statement establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses.

Under GASB 68, cost-sharing employers not in a special funding situation are required to recognize a liability for their proportionate share of the net pension liability (of all employers for benefits provided through the pension plan) - the collective net pension liability. Consequently, UConn Health must report its proportionate share of the collective pension amounts related to the State Employees' Retirement System and the Teachers' Retirement System in its stand-alone financial statements. This statement also requires more extensive note disclosure and required supplementary information (RSI) related to pensions.

In addition, UConn Health adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, effective simultaneously with the provisions of GASB 68. This Statement amends GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

Recently Adopted Accounting Pronouncements

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this Statement are effective for financial statements with periods beginning after June 15, 2016 and adoption of this standard did not have a material impact on UConn Health's financial statements.

In June 2015, GASB issued 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of this Statement became effective for financial statements with periods beginning after June 15, 2016 and the adoption of this standard did not have a material impact on UConn Health's financial statements.

In March 2016, GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, No.68, and No.73. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee contribution requirements. The adoption of this standard did not have a material impact UConn Health's financial statements.

Upcoming Accounting Pronouncements

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions,* which will require additional disclosures and the recording of UConn Health's proportionate share of the net liabilities related to its participation in the postemployment benefit plans on the statement of net position and requires supplementary information about the postemployment liabilities. This Statement is effective for fiscal years beginning after June 15, 2017. UConn Health is evaluating the impact this standard will have on it financial statements.

In June 2017, GASB issued Statement No. 87, *Leases.* The objective of this Statement is to improve accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The provisions of this statement are effective for reporting periods beginning after December 15, 2019. UConn Health is currently evaluating the impact this standard will have on its financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Proprietary Fund Accounting
UConn Health utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. All revenues and expenses are subject to accrual.

Basis of Presentation
All significant intra-agency transactions have been eliminated in the presentation of the Consolidated Financial Statements. Additional information about eliminations may be found in the supplemental schedules.

Operating and Non-operating revenues:
UConn Health breaks out revenues between operating and non-operating based on the nature of the transaction as being either an exchange or non-exchange transaction. Exchange transactions principally include services provided by UConn Health to the community. Non-exchange transactions include State Appropriations, Gifts, Loss on disposal of property and equipment, and Investment Returns.

Cash and Cash Equivalents:
UConn Health considers all funds that have not been board or otherwise designated and which are held on its behalf by the State of Connecticut to be cash.

Construction Escrow Account:
Funds related to the financing of the Outpatient Pavilion are placed into the Construction Escrow account upon advancement from the lender. UConn Health does not have immediate access to these funds and must submit receipts and other prescribed documentation in order to apply for reimbursement of construction expenses from the fund.

Accounts Receivable and Net Patient Service Revenues
Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Settlements are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Investments and Investment Income
The State of Connecticut has established various funds to account for the operations of UConn Health. These funds include the University Health Center Operating Fund (Fund 12018), the University Health Center Research Foundation Fund (Fund 12023), the University Health Center Hospital Fund (Fund 21002) and the UConn Health Malpractice Fund (Fund 35015). Grants and contracts for research and related retained overhead recoveries are accounted for in the Research Foundation Fund. The Malpractice Fund accounts for assets set aside in conjunction with actuarial funding recommendations. The Operating Fund acts as a "General Fund" for UConn Health, accounting for all operations not accounted for elsewhere.

Unrestricted Research Foundation Fund and Malpractice Fund assets in excess of immediate cash needs are invested in the State of Connecticut Short-Term Investment Fund (STIF). Most restricted Research Foundation Fund assets are not invested, though there are certain exceptions including gift accounts and funds invested at the request of sponsoring organizations. Local student activity funds controlled by UConn Health are also invested in STIF; these funds are minimal in amount.

The STIF, which was established and is operated under Sections 3-27a through 3-27i of the General Statutes, provides State agencies, funds, political subdivisions and others with a mechanism for investing at a daily-earned rate with interest from day of deposit to day of withdrawal. STIF participants have daily access to their account balances. Underlying investments of the STIF are mainly in money market instruments.

Though Operating Fund participation in STIF is not significant, UConn Health earns interest on Operating Fund cash balances through the State Treasurer's interest credit program. Under this program, the Treasurer pays UConn Health STIF equivalent interest on the average daily cash balance held in the Operating Fund each quarter. Additionally, interest is paid on monies transferred from UConn Health's civil list funds into the direct disbursement account used to process checks issued directly to vendors by UConn Health. Though the balance in this account may include assets of the Operating, Research Fund and Hospital Funds, all interest earned is credited to the Operating Fund. The Hospital Fund does not participate in STIF or, other than described above, the Treasurer's interest credit program.

Investment Income also includes amounts received from endowments.

Inventories

Consumable supplies are expensed when received with the exception of certain central inventories. Cost of the inventory is determined on a moving average basis for the Central Warehouse, and on a first-in, first-out basis for the others. Pharmacy inventory is valued at market which approximates cost due to high turnover rates for institutional pharmaceuticals.

Capital Assets

Property and equipment acquisitions are recorded at cost. Betterments and major renewals are capitalized and maintenance and repairs are expensed as incurred.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Buildings have an estimated useful life of 5 to 50 years and equipment has an estimated useful life of 2 to 25 years.

Medical Malpractice

Health care providers and support staff of the UConn Health are fully protected by state statutes from any claim for damage or injury, not wanton, reckless or malicious, caused in the discharge of their duties or within the scope of their employment ("statutory immunity"). Any claims paid for actions brought against the State as permitted by waiver of statutory immunity have been charged against UConn Health's malpractice self-insurance fund. Effective July 1, 1999, UConn Health developed a methodology by which it could allocate malpractice costs between the Hospital, UMG, and Dental practices. For the years ended June 30, 2017, these costs are included in the statement of revenues, expenses and changes in net position.

Compensated Absences

UConn Health's employees earn vacation, personal, compensatory and sick time at varying rates depending on their collective bargaining units. Employees may accumulate sick leave up to a specified maximum. Employees are not paid for accumulated sick leave if they leave before retirement. However, employees who retire from the Hospital may convert accumulated sick leave to termination payments at varying rates, depending on the employee's contract. Amounts recorded on the statements of net position are based on historical experience. All other compensated absences are accrued at 100% of their balance. Compensated absences have been allocated between current and noncurrent based on historical information.

Pension Liabilities

In accordance with GASB 68, UConn Health records its proportionate share of the collective net pension liability and collective pension expense for each defined-benefit plan offered to its employees. The collective net pension liability for each plan is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability is the portion of the actuarial present value of projected benefits payments that are attributable to past periods of plan member service. Information about the fiduciary net position and additions to/deductions from each pension plan's fiduciary net position have been determined on the same basis as they are reported by each pension plan. For this purpose, plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Deferred Outflows of Resources and Deferred Inflows of Resources

UConn Health reports its proportionate share of collective deferred outflows of resources or collective deferred inflows of resources related to its defined-benefit plans. Differences between expected and actual experience in the measurement of the total pension liability, changes of assumptions or other inputs, and differences between actual contributions and proportionate share of contributions are classified as either deferred outflows or deferred inflows, and are recognized over the average of the expected remaining service lives of employees eligible for pension benefits. The net differences between projected and actual earnings on pension plan investments are reported as deferred outflows or deferred inflows and are recognized over the average remaining service lives of the plan participants. Contributions to the pension plan from UConn Health subsequent to the measurement date of the net pension liability and before the end of the reporting period are reported as a deferred outflow of resources related to pensions.

Regulatory Matters
The Hospital is required to file semi-annual and annual operating information with the State of Connecticut Office of Health Care Access ("OHCA"), and is required to file annual cost reports with Medicare and Medicaid.

Reclassification
Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation. Approximately $17 million was reclassed from Institutional Support to Operations and Maintenance of Plant. This change did not have an impact on the bottom line.

2. CASH DEPOSITS AND INVESTMENTS

Statement No. 40 of the GASB requires governmental entities to disclose credit risk associated with cash deposits and investment balances, and investment policies applied to mitigate such risks, especially as it relates to uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in UConn Health's name.

UConn Health's cash and cash equivalents, current and noncurrent, balance was $105,714,980, as of June 30, 2017, included the following:

	2017
Cash maintained by State of Connecticut Treasurer	$ 63,970,856
Invested in State of Connecticut Short-Term Investment Fund	40,856,616
Deposits with Financial Institutions and Other	876,478
Currency (Change Funds)	11,030
Total cash and cash equivalents	105,714,980
Less: current balance	104,516,127
Total noncurrent balance	$ 1,198,853

Collateralized deposits are protected by Connecticut statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to at least a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio – a measure of the bank's financial condition. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. Portions of the bank balance of the State of Connecticut were insured by the Federal Deposit Insurance Corporation or collateralized. As a State agency, UConn Health benefits from this protection, though the extent to which the deposits of an individual State agency such as UConn Health are protected cannot be readily determined.

Short-Term Investment Fund (STIF)
STIF is a money market investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans. For financial reporting purposes, STIF is considered to be "cash equivalents" in the statements of net position.

UConn Health's cash management investment policy authorizes UConn Health to invest in the State Treasurer's Short Term Investment Fund, United States Treasury bills, United States Treasury notes and bonds, United States Government Agency obligations, banker's acceptances, certificates of deposit (including EURO Dollars), commercial paper, money market funds, repurchase agreements and savings accounts. The $40,856,616 invested in the State of Connecticut Investment Pool is invested by the State Treasurer in its Short-term Investment Fund and had a Standard and Poor's rating of AAAm during fiscal year 2017.

Certain funds are held by outside fiscal agents and are not under the direct control of UConn Health. Accordingly, the assets of these funds are not included in the financial statements. The fair value amount of these funds was $2,543,779 as of June 30, 2017. Investment income earned on these assets is transferred to UConn Health in accordance with the applicable trust agreement. Income received from those sources was $18,312 the year ended June 30, 2017.

3. HYPOTHECATION

Individual components of UConn Health are allowed to borrow from the State on the basis of their net patient receivables and contract and other receivables to fund operations. These units include John Dempsey Hospital and the UConn Medical Group. John Dempsey Hospital is allowed to borrow from the State at up to 90% of its receivables. UConn Medical Group is allowed to borrow at up to 70% of its receivables. As of June 30, 2017, the Hospital and UMG had the following draws and availability under the State statute:

		2017	
		John Dempsey Hospital	UConn Medical Group
Amount Drawn under Hypothecation	$	-	3,564,679
Remaining amounts available under Hypothecation	$	46,633,974	4,135,985

4. NET PATIENT SERVICE REVENUE

UConn Health provides health care services primarily to residents of the region. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. UConn Health believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries are outstanding, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on UConn Health.

UConn Health has agreements with third-party payers that provide for payments at amounts different from its established rates. These third party payers include Medicare, Medicaid and certain commercial insurance carriers and Health Maintenance Organizations. Additionally, under the Correctional Managed Health Care Program, UConn Health provides medical, dental and psychiatric care to the inmates incarcerated at the State's correctional facilities. This program is funded from the State's General Fund through the Department of Correction.

Patient service revenue for UConn Health is as follows:

			2017
John Dempsey Hospital			
Gross patient services revenue	$	945,652,352	
Less allowances		574,489,709	
Less bad debts		3,448,024	
Net patient service revenue			367,714,619
UConn Medical Group			
Gross patient services revenue		227,786,734	
Less allowances		136,559,524	
Less bad debts		2,141,680	
Net patient service revenue			89,085,530
Correctional Managed Health Care			78,871,336
All other			10,160,421
Total net patient service revenue per business unit			545,831,906
Eliminations			(6,055,032)
Total net patient service revenue	$		539,776,874

(Amounts above include internal transactions eliminated on the face of the statements. Additional information is provided in the Supplemental Information at the end of these statements)

5. CHARITY CARE

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. During 2017, the Hospital provided charity care services of $310,124. The cost basis of these services was $138,801. All related expenses are included in operating expenses.

6. ENDOWMENTS

UConn Health designated the Foundation as manager of UConn Health's endowment funds. The Foundation makes spending allocation distributions to UConn Health for each participating endowment. The distribution is spent by UConn Health in accordance with the respective purposes of the endowments and with the policies and procedures of UConn Health. Additional information is presented in note 14.

7. RESIDENCY TRAINING PROGRAM

UConn Health's School of Medicine Residency Training Program provides area hospitals with the services of interns and residents. Participating hospitals remit payments to UConn Health, in accordance with an established rate schedule, for services provided. UConn Health, in turn, funds the Capital Area Health Consortium, Inc., which coordinates the payment of payroll and the provision of related fringe benefits to the interns and residents, under a contractual arrangement. Amounts remitted or owed by participating hospitals for payments made to interns and residents, and amounts paid or due under contract to the Capital Area Health Consortium, Inc., are reflected in the accompanying financial statements as current unrestricted revenues and expenditures, respectively.

UConn Health's School of Dental Medicine also operates its Residency Training Program through the Consortium. Dental Residents work in local dental clinics honing their skills while providing services to traditionally underserved populations.

8. CONTINGENCIES

UConn Health is a party to various legal actions arising in the ordinary course of its operations. While it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material effect on UConn Health's financial statements.

9. CAPITAL ASSETS

Capital assets at June 30, 2017, consisted of the following:

		2017
Land	$	13,537,051
Construction in Progress		329,428,817
Buildings		921,799,316
Equipment		287,929,633
Capital leases		14,084,244
		1,566,779,061
Less accumulated depreciation		536,353,470
Capital assets, net	$	1,030,425,591

UConn Health's fine art collection is capitalized on the statement of net position. This collection is included in equipment in the Primary Institution and totaled $1,101,902 at June 30, 2017. Plant and equipment activity and related information on accumulated depreciation for UConn Health for the year ended June 30, 2017 was as follows:

	2016	**Additions**	**Deletions**	**2017**
Property and equipment:				
Land	$ 13,537,051	$ -	$ -	$ 13,537,051
Construction in Progress	256,476,514	114,934,438	(41,982,135)	329,428,817
Buildings and Building Improvements	887,659,395	36,217,322	(2,077,401)	921,799,316
Equipment	270,365,320	26,618,197	(9,053,884)	287,929,633
Capital leases	11,591,634	2,492,610	-	14,084,244
Total property and equipment	1,439,629,914	180,262,567	(53,113,420)	1,566,779,061
Less accumulated depreciation:				
Buildings and Building Improvements	287,079,190	28,405,147	(1,333,880)	314,150,457
Equipment	195,782,123	23,401,991	(8,808,480)	210,375,634
Capital Leases	11,588,256	239,123	-	11,827,379
Total accumulated depreciation	494,449,569	52,046,261	(10,142,360)	536,353,470
Net property and equipment:				
Land	13,537,051	-	-	13,537,051
Construction in Progress	256,476,514	114,934,438	(41,982,135)	329,428,817
Buildings and Building Improvements	600,580,205	7,812,175	(743,521)	607,648,859
Equipment	74,583,197	3,216,206	(245,404)	77,553,999
Capital leases	3,378	2,253,487	-	2,256,865
Total capital assets, net	$ 945,180,345	$ 128,216,306	$ (42,971,060)	$ 1,030,425,591

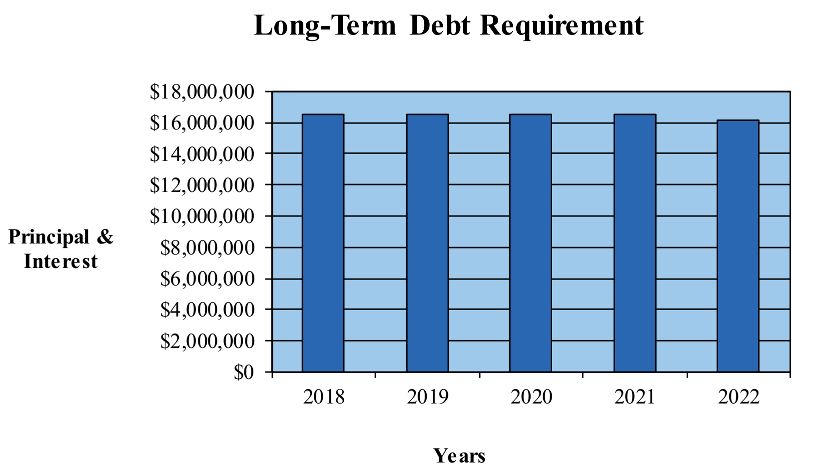
Construction in progress at June 30, 2017, represents accumulated costs for various UConn Health construction projects. UConn Health has entered into various contractual arrangements related to these projects. Upon completion, the cost of the project is transferred to the appropriate investment in property and equipment category and depreciation will commence.

10. LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2017 was as follows:

	June 30, 2016 Balance	Additions	Reductions	June 30, 2017 Balance	Amounts due within 1 year
Long-Term debt:					
Capital Leases John Dempsey Hospital	-	2,492,263	(305,664)	2,186,599	485,482
Mortgage Agreements Primary Institution	210,700,241	-	(5,786,545)	204,913,696	6,090,659
Total Long-Term Debt	210,700,241	2,492,263	(6,092,209)	207,100,295	6,576,141
Malpractice reserve	31,592,000	-	(6,735,000)	24,857,000	5,870,000
Compensated absences	53,037,827	35,293,381	(36,337,464)	51,993,744	20,797,498
Total Long - Term Liabilities	$ 295,330,068	37,785,644	(49,164,673)	283,951,039	$ 33,243,639

Estimated cash basis interest and principal requirements for the long-term debt (including the full amounts payable for the Outpatient Pavilion) for the next five years and thereafter are as follows:



Year	Long-Term Debt
2018	16,508,114
2019	16,508,114
2020	16,508,114
2021	16,508,114
2022	16,173,569
Thereafter	252,850,239
Totals	$ 335,056,264

In 2017, John Dempsey Hospital entered into two five year lease agreements for medical equipment. At the completion of the lease terms, John Dempsey Hospital has an option to purchase the medical equipment at fair market value. The cost and accumulated depreciation of the medical equipment was $2,492,610 and $235,745, respectively, as of June 30, 2017.

All assets subject to capital lease agreements are included in property and equipment on the accompanying Statement of Net Position; depreciation on these assets in included in depreciation in the accompanying Statement of Revenues, Expenses, and Changes in Net Position (see note 9). Loans related to these capital lease agreements are included in long-term debt on the accompanying Statement of Net Position.

UConn Health is self-insured with respect to medical malpractice risks. Estimated losses from asserted and unasserted claims identified under UConn Health's incident reporting system and an estimate of incurred but not reported claims are accrued based on actuarially determined estimates that incorporate UConn Health's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors. The scope of UConn Health's assessment for establishing budgets for malpractice costs encompasses physicians, dentists, and all other UConn Health health care providers, and support staff.

UConn Health is involved in litigation claiming a substantial amount of damages arising in the ordinary course of business. Specifically, claims alleging malpractice have been asserted against UConn Health and are currently in various stages of litigation. Costs associated with these known claims, including settlements, as well as any new claims arising during the course of business will be paid from the malpractice fund.

Pursuant to Public Act No. 09-3, to the extent that claims for cases exceed current year premiums budgeted by UConn Health, UConn Health may petition the State to make up any difference. However, operational subsidies from the State and/or UConn Health may be affected by the performance of UConn Health's malpractice program. At June 30, 2017, UConn Health Malpractice Fund had actuarial reserves of approximately $24.9 million and assets of approximately $7.1 million.

11. RETIREMENT PLAN AND OTHER POST EMPLOYMENT BENEFITS

State Retirement Systems

The University sponsors two defined benefit plans administered through the State: the State Employees' Retirement System (SERS) and the Connecticut Teachers' Retirement System (TRS). SERS and TRS do not issue stand-alone financial reports but are reported as fiduciary funds within the State's Comprehensive Annual Financial Report (CAFR). Financial reports are available on the website of the Office of the State Comptroller at www.osc.ct.gov.

State Employees' Retirement System (SERS)

Pension plan - SERS is a single-employer defined-benefit plan that covers substantially all of the State's full-time employees who are not eligible for another State sponsored retirement plan. SERS is administered by the State Comptroller's Retirement Division under the direction of the State Employees Retirement Commission. As of June 30, 2017, SERS consisted of five plans: Tier I, Tier II, Tier IIA, Tier III, and the Hybrid Plan. In accordance with GASB 68, UConn Health must report for its participation in SERS as if it were a cost-sharing employer plan.

Benefits provided - SERS was established by the Connecticut General Assembly for the purpose of providing retirement, disability, and death benefits along with annual cost-of-living adjustments (COLAs) to plan members and their beneficiaries. Generally, the monthly pension benefit is calculated in accordance with a basic formula, which takes into consideration average salary, credited service, and age at retirement. Further details on plan benefits, COLAs, and other plan provisions are described in Sections 5-152 to 5-192 of the State General Statutes.

Contributions - The contribution requirements are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining. Tier I Plan B regular and Hazardous Duty members are required to contribute two percent and four percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus five percent above that level; Tier I Plan C members are required to contribute five percent of their annual salary; Tier II Plan Hazardous Duty members are required to contribute four percent of their annual salary; Tier

IIA and Tier III Plans regular and Hazardous Duty members are required to contribute two percent and five percent of their annual salary, respectively. Individuals hired on or after July 1, 2011, who are otherwise eligible for the Alternate Retirement Plan are also eligible to become members of the Hybrid Plan. The Hybrid Plan has defined benefits identical to Tiers II, IIA, and III for individuals hired on or after July 1, 2011, but requires employee contributions three percent higher than the contribution required from the applicable Tier II, IIA, or III Plan. The State is required to contribute at an actuarially determined rate.

UConn Health makes contributions on behalf of the employees, through a fringe benefit charge assessed by the State. These amounts are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. UConn Health's contributions for regular and hazardous duty members were $84.9 million for fiscal year 2017.

Subsequent to year-end, provisions under collective bargaining agreements were amended for existing SERS plans by revising certain factors including employee contribution rates and COLAs. A Tier IV plan was also placed into effect for employees hired on or after the effective date. These changes were effective July 1, 2017, and their overall impact cannot be reasonably estimated as of the date of this report.

Proportionate share of collective Net Pension Liability (NPL - The total pension liability (TPL) used to calculate the collective NPL was determined based on the annual actuarial funding valuation report as of June 30, 2016. UConn Health's proportion of the collective NPL was based on UConn Health's share of contributions relative to total contributions made to the respective pension plans. Based on this calculation, UConn Health's proportion of SERS was 5.36 percent at the measurement date of June 30, 2016.

At June 30, 2017, UConn Health reported liabilities of $1.2 billion for its proportionate share of the SERS collective NPL.

Actuarial assumptions - For SERS, the RP-2014 White Collar Mortality Table projected to 2020 by scale BB at 100 percent for males and 95 percent for females is used for the period after service retirement and for dependent beneficiaries. The RP-2014 Disabled Retiree Mortality Table at 65 percent for males and 85 percent for females is used for the period after disability.

The TPL was based on actuarial study for the period July 1, 2011–June 30, 2015 for SERS using the following key assumptions.

Inflation	2.50 %
Salary increases, including inflation	3.50% - 19.50%,
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the June 30, 2016 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Market (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative Investments	8.0%	4.1%
Fixed Income (Core)	8.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bond	4.0%	3.7%
TIPS	5.0%	1.0%
Cash	4.0%	0.4%
Total	100.0%	

Discount rate - The discount rate used to measure the TPL at June 30, 2016 was the long-term rate of return of 6.9%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made equal to the difference between the projected actuarially determined contribution and member contributions. Projected future benefit payments for all current plan members were projected through the year 2136.

Based on those assumptions, SERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL and a municipal bond rate was not used in determining the discount rate.

Sensitivity analysis - The following table presents UConn Health's proportionate share of the collective NPL calculated using the discount rate of 6.9%, as well as what UConn Health's proportionate share of the collective NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate (amounts in thousands):

1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
$1,460,534	$1,230,753	$1,039,522

Pension plan fiduciary net position. Detailed information about the fiduciary net position of the SERS pension plan is available in the State's CAFR for the fiscal year ended June 30, 2016.

Connecticut Teachers' Retirement System (TRS)

Pension plan - TRS is a cost-sharing multiple-employer defined-benefit plan covering any teacher, principal, Superintendent, or supervisor engaged in service of public schools in the State. Employees previously qualified for TRS continue coverage during employment with UConn Health, and do not participate in any other offered retirement plans. TRS is governed by Chapter 167a of the State General Statutes, as amended through the current session of the State Legislature, and is administered by the Teachers' Retirement Board.

Benefits provided - TRS provides retirement, disability, and death benefits, and annual COLAs to plan members and their beneficiaries. Generally, monthly plan benefits are based on a formula in combination with the member's age, service, and the average of the highest three years of paid salaries. Further information on TRS plan benefits, COLAs, and other plan provisions are described in Sections 10-183b to 10-183ss of the State General Statutes.

Contributions - The contribution requirements are established and may be amended by the State legislature. Plan members are required to contribute 6.0% of their annual salary. According to Section 10-183z of the State General Statutes a special funding situation requires the State to contribute 100.0% of employer's contributions on behalf of its municipalities at an actuarially determined rate.

However, a special funding situation does not apply to UConn Health because it is an agency of the State and there is not a separate non-employer contributing entity. Therefore, like SERS, UConn Health makes contributions on behalf of these employees, through a fringe benefit charge assessed by the State. UConn Health's TRS contributions for the year ended June 30, 2017, was $238,865.

Proportionate share of collective Net Pension Liability (NPL) - The total pension liability (TPL) used to calculate the collective NPL was determined based on the annual actuarial funding valuation report as of June 30, 2016. UConn Health's proportion of the collective NPL was based on UConn Health's share of contributions relative to total contributions made to the respective pension plans. Based on this calculation, UConn Health's proportion of the TRS was .019 percent at the measurement date of June 30, 2016.

Actuarial assumptions - TRS mortality rates were based on the RPH-2014 White Collar Table with employee and annuitant rates blend from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (five percent for females and either percent for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is sued for the period after disability retirement.

The TPL was based on an actuarial study for the period July 1, 2010 – June 30, 2015 for TRS, using the following key actuarial assumptions:

Inflation	2.75%
Salary increases, including inflation	3.25% – 6.50%,
Investment rate of return, net of pension plan investment expense, including inflation	8.00 %

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the June 30, 2016 measurement date are summarized in the following table:

Asset Class	**Target Allocation**	**Long-term Expected Real Rate of Return**
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternate Investment	8.0%	4.1%
Fixed Income (Core)	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bond	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.0%
Cash	6.0%	0.4%
Total	100.0%	

Discount rate - The discount rate used to measure the TPL was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity analysis - The following presents UConn Health's proportionate share of the collective NPL calculated using the discount rate of 8.0%, as well as what the UConn Health's proportionate share of the collective NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate (amounts in thousands):

1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
$ 3,259	$ 2,646	$ 2,123

Pension plan fiduciary net position - Detailed information about the fiduciary net position of the TRS pension plan is available in the State's CAFR for the fiscal year ended June 30, 2016.

Deferred outflows and deferred inflows of resources related to pensions -At June 30, 2017, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	SERS	TRS	Total
Deferred Outflows of Resources			
Changes in assumptions	$ 219,435	$ 351	$ 219,786
Changes in proportion and differences between University contributions and proportionate share of contributions	85,342	1,281	86,623
Net differences between projected and actual earnings on pension plan investments	38,595	224	38,819
University contributions subsequent to the measurement date	84,860	239	85,099
Difference between expected and actual experience	34,190	-	34,190
Total Deferred Outflows	$ 462,422	$ 2,095	$ 464,517
Deferred Inflows of Resources			
Changes in proportion and differences between University contributions and proportionate share of contributions	10,122	-	10,122
Difference between expected and actual experience	-	60	60
Total Deferred Inflows	10,122	60	10,182

The $85.1 million in deferred outflows relating to contributions made subsequent to the measurement date will be recognized as a reduction of the collective NPL in the reporting year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

Fiscal Year	SERS	TRS	Total
2018	$ 22,846	$ 253	$ 23,099
2019	22,846	253	23,099
2020	19,568	253	19,821
2021	8,394	236	8,630
2022	1,566	163	1,729
Thereafter	-	124	124
Total	$ 75,220	$ 1,282	$ 76,502

Alternate Retirement Plan

Defined Contribution Plan - UConn Health also sponsors the Alternate Retirement Plan (ARP), a defined contribution plan administered through a third-party administrator, Prudential Financial, Inc. The Connecticut State Employees Retirement Commission has the authority to supervise and control the operation of the plan including the authority to make and amend rules and regulations relating to the administration of the plan.

All unclassified employees not already in a pension plan of a constituent unit of the State system of higher education or the central office staff of the Department of Higher Education are eligible to participate in ARP. Participants must contribute five percent of eligible compensation each pay period and their employer must contribute an amount equal to eight percent of the participant's eligible compensation. UConn Health contributes its employer share through a fringe benefit charge assessed by the State. Participant and employer contributions are both 100 percent vested immediately. For fiscal year 2017, UConn Health's employer contributions to ARP were $26.0 million. The commission has the authority to supervise and control the operation of the plan including the authority to make and amend rules and regulations relating to the administration of the plan.

Upon separation from service, retirement, death or divorce (including alternate payee under a Qualified Domestic Relations Order), if you are age 55 or over and have more than 5 years of plan participation, a participant or designated beneficiary can withdraw a partial or lump cash payment, rollover to another eligible retirement plan or IRA, or receive installment payments or annuity payments. Other ARP provisions are described in Title 5 – State Employees, Chapter 66 – State Employees Retirement Act of the Connecticut General Statutes.

Subsequent to year-end, provisions under collective bargaining agreements were amended by revising certain factors including employee contribution rates related to ARP. These changes were effective July 1, 2017, and their overall impact cannot be reasonably estimated as of the date of this report.

Post-Employment Benefits other than Pension

In addition to the pension benefits, the State provides post-retirement health care and life insurance benefits to UConn Health employees in accordance with State Statutes Sections 5-257(d) and 5-259(a). When employees retire, the State may pay up to 100% of their health care insurance premium cost (including dependents' coverage) based on the plan chosen by the employee. In addition, the State pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined by a formula based on the number of years of State service that the retiree had at the time of retirement. Currently, the State is responsible and finances the cost of post-retirement health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the General Fund; therefore, no liability is recorded in UConn Health's financial statements as of June 30, 2017.

Effective for fiscal year 2018, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions,* will require UConn Health to report its proportionate share of the net liability related to its participation in the postemployment benefit plans on the Statements of Net Position as well as more extensive note disclosures and required supplementary information about the postemployment liabilities. UConn Health is still evaluating the overall impact this standard will have on its overall financial statements.

12. BOND FINANCED ALLOTMENTS

UConn Health recognizes an asset when an allotment is processed for State general obligation bonds or when bonds are funded from UConn Health resources or issued under the UCONN 2000 program are sold.

In fiscal year 2002, the General Assembly of the State of Connecticut enacted and the Governor signed into law Public Act No. 02-3, An Act Concerning 21st Century UConn (Act), also known as Phase III. This Act amended Public Act No. 95-230 and extended the UCONN 2000 financing program that was scheduled to end in 2005, for an additional 10 years to June 30, 2015. The 21st Century UConn program was amended in fiscal year 2008, extending it an additional year to June 30, 2016, without any change in the total amount. In fiscal year 2010, the Act was amended again including a $25 million reallocation from existing UCONN 2000 UConn Health allocations, and a $207 million increase in UCONN 2000 debt service commitment authorizations for the UConn Health Network. This also extended the UCONN 2000 program two additional years to fiscal year 2018. In fiscal year 2011, the General Assembly enacted and the Governor signed Public Act No. 11-75, An Act Concerning the University of Connecticut Health Center, which increased the authorized project costs for UConn Health under Phase III. The Act, as amended, authorized additional projects for UConn Health at an estimated cost of $775.3 million. The Act also requires UConn Health to contribute not less than $69 million through operations, eligible gifts, or other sources towards new UConn Health construction.

In Fiscal year 2017, the Governor proposed a budget deferring $334.1 million in UCONN 2000 authorizations and extending the program three years. The total estimated cost for Phases I, II, and III under UCONN 2000 is $4,619.3 billion. These deferrals are not expected to have a material impact on UConn Health's ongoing projects.

In fiscal 2017, the University recorded total revenue of $345.2 million as State debt service commitment for principal for the 2017 Series A bonds and Refunding Series A bonds which included $27.5 million to finance projects for UConn Health. UConn Health reports revenues from these bonds as Capital Appropriations. As noted above, Phase III includes a commitment to fund projects totaling $775.3 million for UConn Health. These bonds are general obligations of the University, for which its full faith and credit are pledged, and are payable from all assured revenues. The bonds are additionally secured by the pledge of and a lien upon the State Debt Service Commitment. The State Debt Service Commitment is the commitment by the State to pay an annual amount of debt service on securities issued as general obligations of the University. The University, consistent with the Act, is relying upon the receipt of the annual amount of the pledged State Debt Service Commitment for the payment of the bonds and, accordingly, is not planning to budget any of the other revenues for the payment of the bonds. The University therefore acts as custodian of the funds for UConn Health. A corresponding receivable, Due from Affiliates, is recorded for the unspent portion of the bonds, $11.5 million, at June 30, 2017, in the Statement of Net Position.

In the June 2015 Special Session, the General Assembly of the State of Connecticut enacted and the Governor signed into law Public Act 15-01 (June Spec. Sess.), *An Act Authorizing and Adjusting Bonds of the State for Capital Improvements, Transportation, and Other Purposes*. This Public Act empowered the State Bond Commission to authorize the issuance of bonds of the State for specific purposes enumerated in the Act. Section 2(d)(5) of the Act authorized $25 million of the proceeds of the bond sales to be allocated in fiscal year 2016 for the purchase and implementation of an integrated electronic medical records system at The University of Connecticut Health Center ("UConn Health's EMR"), and Section 21(c)(4) of the Act authorized $16 million of the proceeds of the bond sales to be allocated in fiscal year 2017 for UConn Health's EMR. The bill also introduced language effective July 1, 2015, that allows the University to revise, delete or add particular projects to finance implementation of UConn Health's EMR, thus giving the University the flexibility to reallocate existing UCONN 2000 authorizations to the project in future years. As of June 30, 2017, the University has not made such an election. On February 1, 2017, pursuant to Public Act 15-1 (June Spec. Sess.), the State Bond Commission allocated funds to support the fiscal year 2017 installment of $16 million for UConn Health's EMR. UConn Health's unspent portion of State Bond Issuances, $20,394,798, is included in Due from State of Connecticut on its Statement of Net Position.

13. COMMITMENTS

On June 30, 2017, UConn Health had individual outstanding commitments exceeding $300,000 in amount, totaling $8,269,315. A portion of this amount was included in the June 30, 2017 accounts payable. Commitments above do not include any commitments arising from the administration of UCONN 2000 funds by the University on UConn Health's behalf. Such obligations would be paid directly from proceeds of current and future bond issuances.

UConn Health agreed to pay $56,318,904 during the 2017-2018 fiscal year to the Capitol Area Health Consortium to cover the payment of payroll, related fringe benefits, and certain program expenses for interns and residents participating in the School of Medicine and Dental Medicine Residency Training Programs. These costs are to be funded by participating hospitals, which will remit payments to UConn Health, in accordance with an established rate schedule, for services provided. Dental Residency costs will be funded by the School of Dental Medicine.

UConn Health leases various building space under operating lease commitments, which expire at various dates through fiscal year 2027. Expenses related to these leases was $5,605,567 for the year ended June 30, 2017. Future minimum rental payments at June 30, 2017 under non-cancelable operating leases are approximately as follows:

Year	Payments
2018	3,980,491
2019	4,006,750
2020	3,358,577
2021	2,759,405
2022	1,891,951
Thereafter	8,845,115
Total	$ 24,842,289

14. RELATED PARTY TRANSACTIONS

The University of Connecticut Foundation, Inc. (the "Foundation") is a tax-exempt organization whose objective is the betterment of the University, including UConn Health. The Foundation is a consolidated part of the University and therefore an affiliated party. UConn Health has an agreement through the University to reimburse the Foundation for certain administrative services and the Foundation agreed to reimburse UConn Health for certain services performed and for operating expenses of the Foundation. The following transactions occurred between UConn Health and the Foundation during the year ended June 30, 2017:

Amount paid to the Foundation	$ 13,545
Amount paid to University for Foundation services	$ 945,000
Amount received from the Foundation for personnel services and operating expenses	$ 4,163,104
Amount received from the Foundation from endowments and gifts	$ 1,845,822

In addition, UConn Health also directly engages in transactions with the University. Listed below are the material transactions with the University excluding payments for Foundation services. Not included in this list are certain cost share arrangements for shared services and transactions related to UCONN 2000 for which notation has been made in note 12.

Funds Paid to the University of Connecticut	$ 8,568,140

UConn Health is a component unit of the State of Connecticut. Through UConn Health, the State seeks to meet certain unmet needs in the community including the training and development of new doctors and dentists. The State supports UConn Health's mission primarily via two mechanisms: State Appropriations and the provision of In Kind benefits. State Appropriations represent amounts the State allows UConn Health to charge back directly to the State's General Fund. In Kind benefits take the form of forgone fringe benefit expense reimbursements related to salaries expensed on the General Fund. For the year ended June 30, 2017, the amounts of these benefits recognized were as follows:

Amount of General Fund Appropriations from State of Connecticut	$ 136,007,101
In Kind Fringe Benefits:	
Recognized through CMHC	53,927,826
Received elsewhere in Primary Institution	88,276,287
Total In Kind Fringe Benefits received from State of Connecticut:	$ 142,204,113
Total Appropriations and In Kind Fringe Benefits received from State of Connecticut	$ 278,211,214

15. OPERATING EXPENSES BY OBJECT

The table below details UConn Health's operating expenses by object for the years ended June 30, 2017.

Operating Expenses by object for the Years Ended June 30:

		2017
Salaries and wages	$	444,948,481
Fringe benefits		331,533,037
Supplies and other expenses		291,165,089
Utilities		13,133,034
Depreciation and amortization		52,046,261
Total	$	1,132,825,902

REQUIRED SUPPLEMENTARY INFORMATION

UCONN HEALTH
Required Supplementary Information
For the Year Ended June 30, 2017

State Employees' Retirement System (SERS) and Teachers' Retirement System (TRS)

Schedule of UConn Health's Proportionate Share of Collective Net Pension Liability (NPL)
Based on a valuation date lagging one year behind the fiscal year

($ in thousands)

	SERS			TRS		
Fiscal Year Ended June 30	2017	2016	2015	2017	2016	2015
Proportion of Collective NPL	5.36%	5.29%	4.99%	0.019%	0.0009%	0.0009%
Proportionate share of the collective NPL	$ 1,230,753	$ 873,351	$ 799,061	$ 2,646	$ 1,042	$ 963
UConn Health's covered employee payroll	$ 200,050	$ 184,762	$ 167,523	$ 762	$ 573	$ 384
Proportionate share of the collective NPL as a percentage of covered-employee payroll	615.22%	472.69%	476.99%	347.24%	181.85%	250.78%
Plan fiduciary net position as a percentage of the total pension liability	31.69%	39.23%	39.54%	52.26%	59.50%	61.56%

Schedule of UConn Health Pension Contributions
Based on contributions for the Fiscal Year Ended June 30,

($ in thousands)

	SERS			TRS		
For the year ended June 30	2017	2016	2015	2017	2016	2015
Contractually Required employer contribution	$ 84,860	$ 80,493	$ 72,496	$ 239	$ 181	$ 93
Actual UConn Health Contribution	84,860	80,493	72,496	239	237	201
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ (56)	$ (108)
UConn Health's covered employee payroll	$ 205,188	$ 200,050	$ 184,762	$ 834	$ 762	$ 573
Actual UConn Health contributions as a percentage of covered employee payroll	41.36%	40.24%	39.24%	28.66%	31.10%	35.08%

NOTES TO REQUIRED SCHEDULES

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

Changes in Assumptions

2017 – Amounts reported for both SERS and TRS reflect a rate adjustment to more closely reflect actual and anticipated experience. In addition, amounts reported for SERS reflect an adjustment to economic assumptions, actuarial cost method, and amortization methodology in accordance with a State memorandum effective December 8, 2016.

UCONN HEALTH
CONSOLIDATING STATEMENT OF NET POSITION
As of June 30, 2017

($ in thousands)	Primary Institution	John Dempsey Hospital	Eliminations	Total
	2017			
ASSETS				
Current Assets				
Cash and cash equivalents	$ 67,619	$ 36,897	$ -	$ 104,516
Patient receivables, net	10,736	40,945	-	51,681
Contract and other receivables	19,384	10,870	-	30,254
Construction escrow account	2,479	-	-	2,479
Due from Affiliates (Note 12)	11,480	-	-	11,480
Due from State of Connecticut	10,495	-	-	10,495
Due from Primary Institution	-	14,083	(14,083)	-
Due from Department of Correction	10,909	-	-	10,909
Inventories	2,734	9,046	-	11,780
Prepaid expenses	799	5,846	-	6,645
Total current assets	136,635	117,687	(14,083)	240,239
Noncurrent Assets				
Restricted cash and cash equivalents	1,199	-	-	1,199
Other assets	2,177	804	-	2,981
Due from State of Connecticut	23,101	-	-	23,101
Capital assets, net	663,968	366,458	-	1,030,426
Total noncurrent assets	690,445	367,262	-	1,057,707
Total assets	$ 827,080	$ 484,949	$ (14,083)	$ 1,297,946
Deferred Outflows of Resources	$ 334,728	$ 129,789	$ -	$ 464,517
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	$ 29,725	$ 18,380	$ -	$ 48,105
Due to State of Connecticut	3,412	4,216	-	7,628
Accrued salaries	20,747	6,845	-	27,592
Compensated absences - current portion (Note 10)	14,520	6,277	-	20,797
Due to John Dempsey Hospital	14,083	-	(14,083)	-
Due to third party payors	-	23,223	-	23,223
Unearned revenues	1,827	226	-	2,053
Malpractice reserve (Note 10)	5,870	-	-	5,870
Long-term debt - current portion (Note 10)	6,090	486	-	6,576
Total current liabilities	96,274	59,653	(14,083)	141,844
Noncurrent Liabilities				
Malpractice reserve (Note 10)	18,987	-	-	18,987
Compensated absences - net of current portion (Note 10)	21,780	9,416	-	31,196
Pension Liability (Note 11)	945,261	288,138	-	1,233,399
Long-term debt - net of current portion (Note 10)	198,822	1,701	-	200,523
Total noncurrent liabilities	1,184,850	299,255	-	1,484,105
Total liabilities	$ 1,281,124	$ 358,908	$ (14,083)	$ 1,625,949
Deferred Inflows of Resources	$ 10,182	$ -	$ -	$ 10,182
NET POSITION				
Net investment in capital assets	$ 459,054	$ 364,271	$ -	$ 823,325
Restricted for				
Nonexpendable				
Scholarships	61	-	-	61
Expendable				
Research	(8)	-	-	(8)
Loans	31	-	-	31
Capital projects	37,061	-	-	37,061
Unrestricted	(625,697)	(108,441)	-	(734,138)
Total net position	$ (129,498)	$ 255,830	$ -	$ 126,332

UCONN HEALTH
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2017

($ in thousands)	Primary Institution	John Dempsey Hospital	Total (Memo Only)	Eliminations	Consolidated
	2017				
OPERATING REVENUES					
Student tuition and fees, net	$ 17,499	$ -	$ 17,499	$ -	$ 17,499
Patient services, net	178,117	367,715	545,832	(6,055)	539,777
Federal grants and contracts	58,148	-	58,148	-	58,148
Nonfederal grants and contracts	29,009	-	29,009	-	29,009
Contract and other operating revenues	133,839	30,551	164,390	(50,106)	114,284
Total operating revenues	416,612	398,266	814,878	(56,161)	758,717
OPERATING EXPENSES					
Educational and General					
Instruction	191,572	-	191,572	(22,442)	169,130
Research	59,400	-	59,400	-	59,400
Patient services	340,032	407,029	747,061	(33,719)	713,342
Academic support	19,186	-	19,186	-	19,186
Institutional support	82,233	-	82,233	-	82,233
Operations and maintenance of plant	37,295	-	37,295	-	37,295
Depreciation and amortization	33,237	18,809	52,046	-	52,046
Student aid	194	-	194	-	194
Total operating expenses	763,149	425,838	1,188,987	(56,161)	1,132,826
Operating loss	(346,537)	(27,572)	(374,109)	-	(374,109)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	278,211	-	278,211	-	278,211
Gifts	3,429	650	4,079	-	4,079
Hospital transfer	(36,756)	36,756	-	-	-
Investment income, net	104	-	104	-	104
Interest on capital asset - related debt	(10,185)	(29)	(10,214)	-	(10,214)
Net nonoperating revenues	234,803	37,377	272,180	-	272,180
Loss before other changes in net position	(111,734)	9,805	(101,929)	-	(101,929)
OTHER CHANGES IN NET POSITION					
Capital appropriations	43,479	-	43,479	-	43,479
Loss on Disposal	(849)	(140)	(989)	-	(989)
Net Other Changes in Net Position	42,630	(140)	42,490	-	42,490
Decrease in net position	(69,104)	9,665	(59,439)	-	(59,439)
NET POSITION					
Net position-beginning of year	(60,394)	246,165	185,771	-	185,771
Net position-end of year	$ (129,498)	$ 255,830	$ 126,332	$ -	$ 126,332

STATISTICAL SECTION

SCHEDULE OF REVENUES BY SOURCE

For the Year Ended June 30, (amounts in thousands)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Student tuition and fees (net of scholarship allowances)	$ 17,499	$ 15,728	$ 16,557	$ 15,794	$ 13,812	$ 13,746	$ 13,095	$ 12,163	$ 11,579	$ 10,857
Patient services	539,777	532,876	512,960	450,315	432,032	429,546	422,094	405,660	413,226	399,252
Federal grants and contracts	58,148	59,529	57,920	62,527	60,651	56,904	60,127	59,358	60,479	61,214
Nonfederal grants and contracts	29,009	27,116	24,407	23,803	27,593	27,690	25,885	28,673	27,785	25,788
Contract and other operating revenues	114,284	108,017	109,324	106,771	102,574	93,730	71,694	58,791	52,018	50,418
Total operating revenues	758,717	743,266	721,168	659,210	636,662	621,616	592,895	564,645	565,087	547,529
State appropriations	278,211	289,287	280,645	266,139	213,371	202,997	225,268	218,484	208,531	190,743
Transfer from/(to) State and outside programs	-	-	-	-	-	1,312	(10,807)	(10,000)	-	-
Gifts	4,079	6,865	7,175	7,300	7,658	7,435	2,554	1,602	982	2,698
Investment income (net of investment expense)	104	141	176	93	124	101	134	2,506	5,885	6,625
Net nonoperating revenues	282,394	296,293	287,996	273,532	221,153	211,845	217,149	212,592	215,398	200,066
Total Revenues	**$ 1,041,111**	**$ 1,039,559**	**$ 1,009,164**	**$ 932,742**	**$ 857,815**	**$ 833,461**	**$ 810,044**	**$ 777,237**	**$ 780,485**	**$ 747,595**

For the Year Ended June 30, (percent of total revenues)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Student tuition and fees (net of scholarship allowances)	1.7%	1.5%	1.6%	1.7%	1.6%	1.7%	1.6%	1.6%	1.5%	1.5%
Patient services	51.8%	51.3%	50.9%	48.3%	50.4%	51.5%	52.1%	52.2%	52.9%	53.4%
Federal grants and contracts	5.6%	5.7%	5.7%	6.7%	7.1%	6.8%	7.4%	7.6%	7.7%	8.2%
Nonfederal grants and contracts	2.8%	2.6%	2.4%	2.6%	3.2%	3.3%	3.2%	3.7%	3.6%	3.4%
Contract and other operating revenues	11.0%	10.4%	10.9%	11.4%	11.9%	11.3%	8.9%	7.6%	6.7%	6.7%
Total operating revenues	72.9%	71.5%	71.5%	70.7%	74.2%	74.6%	73.2%	72.7%	72.4%	73.2%
State appropriations	26.7%	27.8%	27.8%	28.5%	24.9%	24.3%	27.8%	28.1%	26.7%	25.5%
Transfer from/(to) State and outside programs	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	-1.3%	-1.3%	0.0%	0.0%
Gifts	0.4%	0.7%	0.7%	0.8%	0.9%	0.9%	0.3%	0.2%	0.1%	0.4%
Investment income (net of investment expense)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.8%	0.9%
Net nonoperating revenues	27.1%	28.5%	28.5%	29.3%	25.8%	25.4%	26.8%	27.3%	27.6%	26.8%
Total Revenues	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

SCHEDULE OF EXPENSES BY FUNCTION

For the Year Ended June 30,
(amounts in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Instruction	$ 169,130	$ 168,299	$ 163,703	$ 152,618	$ 141,182	$ 129,217	$ 129,793	$ 126,206	$ 115,261	$ 109,503
Research	59,400	58,233	56,961	59,518	60,918	63,080	58,892	59,967	59,329	60,275
Patient services	713,342	648,071	607,435	581,558	522,825	506,720	492,788	464,366	471,209	445,746
Academic support	19,186	18,070	22,458	20,824	20,011	20,200	16,355	14,470	16,111	15,687
Institutional support	82,233	80,638	83,260	66,416	53,114	53,059	58,421	55,016	59,122	62,514
Operations and maintenance of plant	37,295	38,714	35,363	31,548	33,606	28,031	27,653	26,223	27,073	23,549
Depreciation and amortization	52,046	41,469	37,830	32,780	32,365	30,875	30,075	28,881	29,168	28,226
Student aid	194	84	32	50	136	165	416	480	659	417
Total operating expenses	1,132,826	1,053,578	1,007,042	945,312	864,157	831,347	814,393	775,609	777,932	745,917
Interest on capital asset - related debt	10,214	10,487	3,820	1,007	1,072	1,095	1,570	2,364	2,574	2,768
Total nonoperating expenses	10,214	10,487	3,820	1,007	1,072	1,095	1,570	2,364	2,574	2,768
Total Expenses	**$ 1,143,040**	**$ 1,064,065**	**$ 1,010,862**	**$ 946,319**	**$ 865,229**	**$ 832,442**	**$ 815,963**	**$ 777,973**	**$ 780,506**	**$ 748,685**

For the Year Ended June 30,
(percent of total expenses)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Instruction	14.8%	15.8%	16.2%	16.1%	16.3%	15.5%	15.9%	16.2%	14.7%	14.6%
Research	5.2%	5.5%	5.6%	6.3%	7.0%	7.6%	7.2%	7.7%	7.6%	8.1%
Patient services	62.4%	60.9%	60.1%	61.5%	60.4%	60.9%	60.4%	59.7%	60.4%	59.5%
Academic support	1.7%	1.7%	2.2%	2.2%	2.3%	2.4%	2.0%	1.8%	2.1%	2.1%
Institutional support	7.2%	7.6%	8.2%	7.0%	6.1%	6.4%	7.2%	7.1%	7.6%	8.3%
Operations and maintenance of plant	3.3%	3.6%	3.5%	3.3%	3.9%	3.3%	3.4%	3.4%	3.5%	3.1%
Depreciation and amortization	4.5%	3.9%	3.8%	3.5%	3.8%	3.7%	3.7%	3.7%	3.7%	3.8%
Student aid	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%
Total operating expenses	99.1%	99.0%	99.6%	99.9%	99.9%	99.9%	99.8%	99.7%	99.7%	99.6%
Interest expense	0.9%	1.0%	0.4%	0.1%	0.1%	0.1%	0.2%	0.3%	0.3%	0.4%
Total nonoperating expenses	1.0%	1.0%	0.4%	0.1%	0.1%	0.1%	0.2%	0.3%	0.3%	0.4%
Total Expenses	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION

	For the Year Ended June 30, (amounts in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Salaries and wages	$ 444,948	$ 452,363	$ 430,988	$ 418,305	$ 403,159	$ 391,890	$ 377,149	$ 363,741	$ 374,301	$ 359,204
Fringe benefits	331,533	264,911	239,288	223,850	180,323	128,613	162,684	151,534	143,393	140,420
Supplies and other expenses	291,166	282,218	286,170	258,778	237,013	266,778	229,952	217,425	215,290	201,814
Utilities	13,133	12,617	12,766	11,599	11,297	13,191	14,533	14,028	15,780	16,253
Depreciation and amortization	52,046	41,469	37,830	32,780	32,365	30,875	30,075	28,881	29,168	28,226
Total operating expenses	1,132,826	1,053,578	1,007,042	945,312	864,157	831,347	814,393	775,609	777,932	745,917
Interest on capital asset - related debt	10,214	10,487	3,820	1,007	1,072	1,095	1,570	2,364	2,574	2,768
Total nonoperating expenses	10,214	10,487	3,820	1,007	1,072	1,095	1,570	2,364	2,574	2,768
Total Expenses	**$ 1,143,040**	**$ 1,064,065**	**$ 1,010,862**	**$ 946,319**	**$ 865,229**	**$ 832,442**	**$ 815,963**	**$ 777,973**	**$ 780,506**	**$ 748,685**

	For the Year Ended June 30, (percent of total expenses)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Salaries and wages	38.9%	42.5%	42.6%	44.2%	46.6%	47.1%	46.2%	46.8%	48.0%	48.0%
Fringe benefits	29.0%	24.9%	23.7%	23.7%	20.8%	15.6%	19.9%	19.5%	18.4%	18.7%
Supplies and other expenses	25.5%	26.5%	28.3%	27.3%	27.4%	32.0%	28.2%	27.9%	27.6%	26.9%
Utilities	1.1%	1.2%	1.3%	1.2%	1.3%	1.6%	1.8%	1.8%	2.0%	2.2%
Depreciation and amortization	4.6%	3.9%	3.7%	3.5%	3.8%	3.7%	3.7%	3.7%	3.7%	3.8%
Total operating expenses	99.1%	99.0%	99.6%	99.9%	99.9%	99.9%	99.8%	99.7%	99.7%	99.6%
Interest expense	0.9%	1.0%	0.4%	0.1%	0.1%	0.1%	0.2%	0.3%	0.3%	0.4%
Total nonoperating expenses	0.9%	1.0%	0.4%	0.1%	0.1%	0.1%	0.2%	0.3%	0.3%	0.4%
Total Expenses	**100%**	**100%**	**100%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION

	For the Year Ended June 30, (amounts in thousands)									
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Total revenues (from Schedule of revenues by source)	$ 1,041,111	$ 1,039,559	$ 1,009,164	$ 932,742	$ 857,815	$ 833,461	$ 810,044	$ 777,237	$ 780,485	$ 747,595
Total expenses (from schedule of expenses by natural classification and function)	1,143,040	1,064,065	1,010,862	946,319	865,229	832,435	815,963	777,973	780,506	748,685
Loss before other changes in net position	(101,929)	(24,506)	(1,698)	(13,577)	(7,414)	1,026	(5,919)	(736)	(21)	(1,090)
Capital appropriations	43,479	175,000	159,810	193,214	5,000	62,500	170	35,610	40,276	(165)
Loss on disposal	(989)	(695)	(3,902)	(573)	(2,978)	(7)	(482)	(38)	(281)	(228)
Net other changes in net position	42,490	174,305	155,908	192,641	2,022	62,493	(312)	35,572	39,995	(393)
Total changes in net position	(59,439)	149,799	154,210	179,064	(5,392)	63,519	(6,231)	34,836	39,974	(1,483)
Net position-beginning of year (as previously stated)	185,771	35,972	576,794	397,730	403,122	339,610	345,841	311,005	271,031	272,514
Cumulative effect of implementing GASB 68 and 71 (see note 1)	-	-	(695,032)	-	-	-	-	-	-	-
Net position-beginning of year as restated	185,771	35,972	(118,238)	397,730	403,122	339,610	345,841	311,005	271,031	272,514
Net position, ending	**$ 126,332**	**$ 185,771**	**$ 35,972**	**$ 576,794**	**$ 397,730**	**$ 403,129**	**$ 339,610**	**$ 345,841**	**$ 311,005**	**$ 271,031**
Net investment in capital assets	823,325	$ 734,480	$ 579,241	$ 405,672	$ 335,015	$ 301,969	$ 277,865	$ 243,088	$ 216,044	$ 197,694
Restricted for										
Nonexpendable										
Scholarships	61	61	61	61	61	61	61	61	61	61
Expendable										
Research	(8)	(876)	(139)	547	1,982	3,436	4,047	4,359	4,251	4,031
Loans	31	953	1,348	104	794	1,081	875	1,864	2,401	2,512
Capital projects	37,061	117,466	104,082	152,707	30,829	51,287	5,758	30,649	32,802	14,362
Unrestricted	(734,138)	(666,313)	(648,621)	17,703	29,049	45,288	51,004	65,820	55,446	52,371
Total net position	**$ 126,332**	**$ 185,771**	**$ 35,972**	**$ 576,794**	**$ 397,730**	**$ 403,122**	**$ 339,610**	**$ 345,841**	**$ 311,005**	**$ 271,031**

SCHEDULE OF LONG-TERM DEBT

For the Year Ended June 30,
(amounts in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Bonds Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 66
Loans Payable	-	-	-	-	-	415	1,245	2,076	2,906	3,737
Capital Leases	2,187	-	-	-	-	472	1,087	2,318	4,302	6,679
Mortgage Agreement	204,914	210,700	216,198	168,024	62,889	17,281	18,097	29,630	30,712	31,726
Total long-term debt	**$ 207,101**	**$ 210,700**	**$ 216,198**	**$ 168,024**	**$ 62,889**	**$ 18,168**	**$ 20,429**	**$ 34,024**	**$ 37,920**	**$ 42,208**

FACULTY AND STAFF

For the Year Ended June 30,

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
BARGAINING UNIT										
Faculty	529.4	517.6	507.8	512.8	508.0	505.7	486.8	-	-	-
University Health Professionals	2,477.0	2,462.8	2,420.4	2,457.9	2,440.1	2,375.1	2,285.0	2,220.1	2,189.4	2,141.5
All Other	1,356.0	1,404.6	1,422.1	1,437.9	1,436.9	1,430.8	1,401.6	1,420.9	1,431.2	1,413.6
Total FTE's	4,362.4	4,385.0	4,350.3	4,408.6	4,385.0	4,311.6	4,173.4	3,641.0	3,620.6	3,555.1
EXEMPT										
Faculty	56.2	56.8	60.6	61.5	60.5	60.1	57.8	545.5	563.7	557.5
Managerial	153.9	160.6	159.3	158.3	156.2	151.9	144.1	145.0	152.0	151.9
All Other	335.1	329.3	353.2	392.7	404.1	408.9	369.0	376.7	368.4	400.4
Total FTE's	545.2	546.7	573.1	612.5	620.8	620.9	570.9	1,067.2	1,084.1	1,109.8
TOTAL FTE's	4,907.6	4,931.7	4,923.4	5,021.1	5,005.8	4,932.5	4,744.3	4,708.2	4,704.7	4,664.9

SCHEDULE OF CAPITAL ASSET INFORMATION
DETAIL FOR BUILDINGS ONLY - BY FUNCTION

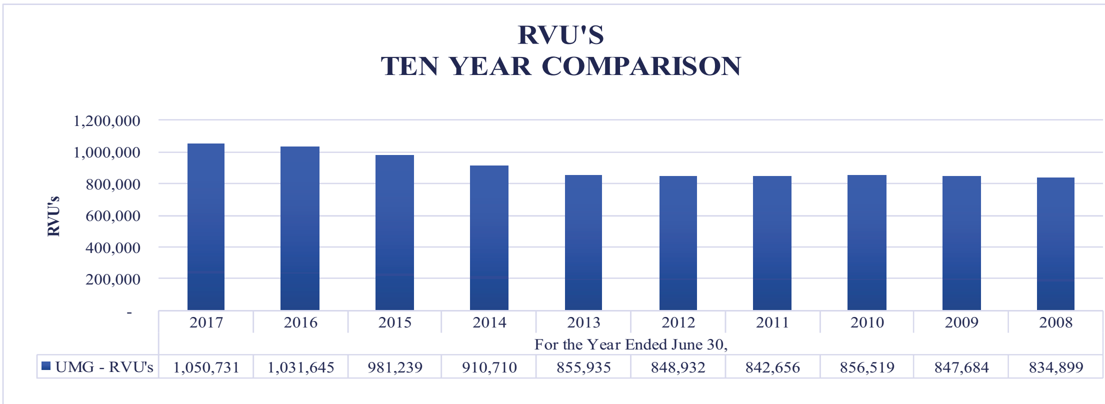
	For the Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Academic										
Net assignable square feet (in thousands)	82	74	74	74	74	74	74	74	74	74
Number of buildings/major areas of Main Building*	2	1	1	1	1	1	1	1	1	1
Research buildings										
Net assignable square feet (in thousands)	456	456	435	435	435	442	442	442	442	442
Number of buildings/major areas of Main Building*	6	6	6	6	6	17	17	17	17	17
Patient care buildings										
Net assignable square feet (in thousands)	885	885	662	529	529	529	529	529	529	529
Number of buildings/major areas of Main Building*	6	6	6	8	8	8	8	8	8	8
Administrative and support buildings										
Net assignable square feet (in thousands)	865	873	769	769	698	179	179	179	179	179
Number of buildings/major areas of Main Building*	11	12	11	11	10	9	9	9	9	9
Total net assignable square feet (in thousands)	2288	2288	1940	1807	1736	1224	1224	1224	1224	1224
Number of buildings/major areas of Main Building*	25	25	24	26	25	35	35	35	35	35

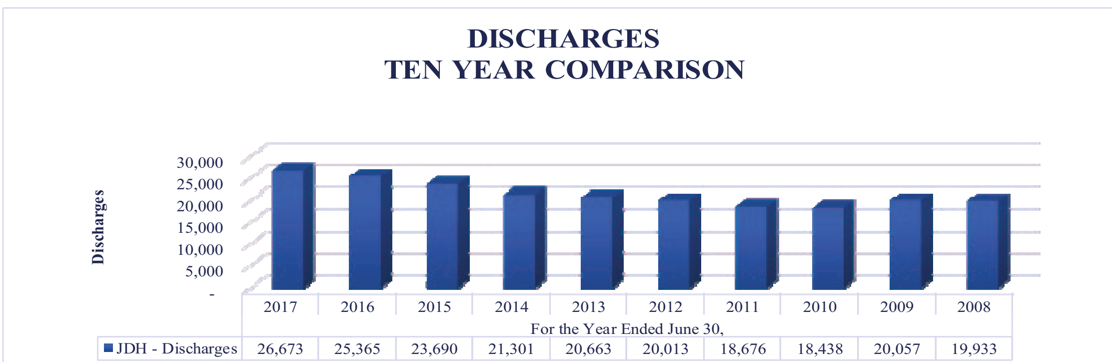
*** Notes**
The Main Building at UConn Health has commonly been understood and tracked by major areas assigned separate names and alphanumeric identifiers. These areas are counted as buildings here.
Many buildings have more than one usage. For the purposes of this schedule, the buildings (or areas of the Main Building) are categorized according to their primary use.
Parking garages are included under administrative and support buildings, and the parking is included in the NASF. Total NASF for G1, G2, and G3 = 695 (in thousands)
Buildings 9 and 28 were incorporated into Building 8 in 2009. For the purposes of this schedule, they are considered to have always been part of Building 8.

RVU'S AND DISCHARGES

	For the Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
UMG - RVU's	1,050,731	1,031,645	981,239	910,710	855,935	848,932	842,656	856,519	847,684	834,899

	For the Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
JDH - Discharges	26,673	25,365	23,690	21,301	20,663	20,013	18,676	18,438	20,057	19,933





DEMOGRAPHIC AND ECONOMIC STATISTICS
State of Connecticut
Last Ten Fiscal Years

Year	Personal Income as of June 30 (a)	Population at July 1 (a)	Per Capita Personal Income	Average Annual Unemployment Rate (b)
2017	$ 251,389,254,000	3,568,714	$ 70,443	4.8%
2016	252,249,206,000	3,586,640	70,330	5.5%
2015	240,602,679,000	3,591,282	66,996	6.1%
2014	232,600,172,000	3,596,922	64,666	7.1%
2013	222,984,316,000	3,598,628	61,964	8.1%
2012	224,252,008,000	3,593,857	62,399	8.4%
2011	215,220,960,000	3,589,072	59,966	9.1%
2010	205,145,596,000	3,576,676	57,356	8.8%
2009*	197,824,664,000	3,561,807	55,541	6.9%
2008*	206,731,668,000	3,545,579	58,307	4.9%

(a) Source: U.S. Department of Commerce
(b) Source: Connecticut Department of Labor
*Quarterly population not available. Annual population used 2008-2009

DEMOGRAPHIC AND ECONOMIC STATISTICS
TOP TEN NONGOVERNMENTAL EMPLOYERS
State of Connecticut
Current Year and Ten Years Ago

2017

Name	Employees in CT	Percentage of Total CT Employment	Rank	
United Technologies Corp. UTC	20,000	1.1%	1	(1)
Stop & Shop Co. LLC	13,574	0.7%	2	(2)
Foxwoods Resort Casino	10,500	0.6%	3	
Aetna Inc.	10,001	0.5%	4	
Yale University & Health Sys	11,530	0.6%	5	
Immucor (medical supply)	7,200	0.4%	6	
General Dynamics/Electric Boat	6,100	0.3%	7	
Hartford Hospital	6,053	0.3%	8	
Mohegan Sun Casino	6,000	0.3%	9	
Eversource Energy	5,000	0.3%	10	
Hartford Financial Services	5,000	0.3%	10	
Total	100,958	5.4%		

2008

Name	Employees in CT	Percentage of Total CT Employment	Rank
United Technologies Corp. UTC	26,490	1.5%	1
Stop & Shop Co. LLC	13,574	0.8%	2
Hartford Financial Services	13,000	0.7%	3
Yale University	12,163	0.7%	4
Foxwoods Resort Casino	12,000	0.7%	5
Mohegan Sun Casino	10,000	0.6%	6
Walmart Stores, Inc.	9,204	0.5%	7
General Dynamics/Electric Boat	7,400	0.4%	8
Aetna Inc.	7,300	0.4%	9
AT&T Connecticut	7,000	0.4%	10
Total	118,131	6.7%	

Sources: 2008 - Hartford Business Journal (HBJ), 2017 Infogroup, Omaha, NE
(1) Includes Sikorsky Aircraft, UTC Aerospace, Pratt & Whitney - Business units of UTC.
(2) Omitted from the HBJ survey. The number equals the employees reported by HBJ in 2008.

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APPENDIX B - EXCERPTS FROM THE SPECIAL OBLIGATION INDENTURE OF TRUST

The following are the excerpts of certain provisions of the Special Obligation Indenture of Trust, dated as of January 1, 1997, as amended (the "Special Obligation Indenture") and should not be regarded as full statements of the Special Obligation Indenture. Reference is made to the Special Obligation Indenture in its entirety for a complete statement of the provisions thereof.

AUTHORIZATION AND ISSUANCE OF THE BONDS

Section 201. **Authority for this Special Obligation Indenture**. This Indenture is made and entered into by virtue of and pursuant to the provisions of the Act. The University has ascertained and hereby determines and declares that the execution and delivery of this Special Obligation Indenture is necessary to carry out the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the University in accordance with the Act and to carry out powers expressly given thereby, and that each and every covenant and agreement herein contained and made is necessary, useful or convenient to carry out and effectuate its purposes under the Act.

Section 202. **Authorization for Issuance of Bonds and Obligations of University**. A. In order to provide sufficient funds for the UConn 2000 Infrastructure Improvement Program and not otherwise available from the sale of general obligation bonds of the University under its General Obligation Master Indenture of Trust, Special Obligation Bonds of the University are hereby authorized to be issued without limitation as to amount except as herein provided or as may be limited by law and such Bonds shall be issued subject to the terms, conditions and limitations established in this Special Obligation Indenture.

B. It is hereby expressly provided that the Bonds, Notes, Swaps, Subordinated Swaps, obligations of the University under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Termination Payments or other similar obligations of or payments by the University issued or incurred under and pursuant to this Special Obligation Indenture, shall be special obligations of the University, the Principal and Redemption Price (if any) of, interest on, and other amounts due in respect of which, shall be payable solely from the Trust Estate, and shall not be payable from nor charged upon any funds other than the Trust Estate pledged therefor as provided hereunder pursuant to the Act. The Bonds shall be entitled to the benefit of the continuing pledge of and lien on the Trust Estate created by this Special Obligation Indenture and, with respect to any Additional Bonds, the Supplemental Indenture authorizing the issuance thereof, to secure the full and final payment of the Principal, or Redemption Price, if applicable, thereof and the interest thereon.

C. The Bonds, Notes, Swaps, Subordinated Swaps, obligations of the University under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Termination Payments or other similar obligations of or payments by the University issued or incurred under and pursuant to this Special Obligation Indenture shall not constitute a general obligation of the University or a debt or liability of the State, including within the meaning of Section 3-21 of the General Statutes of the State, or any political subdivision thereof or a pledge of the faith and credit of the State, the University or of any other political subdivision of the State but shall be payable solely from the resources of the University described herein as the Trust Estate; the Bonds, Notes, Swaps, Subordinated Swaps, obligations of the University under a Swap Facility or Bond Facility, Reimbursement Obligations, Swap Payments and Termination Payments or other similar obligations of or payments by the University issued or incurred under and pursuant to this Special Obligation Indenture constitute a special obligation of the University payable solely from, and are secured solely by a pledge of, the Trust Estate, including Pledged Revenues and to the extent pledged in the Supplemental Indenture authorizing a particular Series of Bonds, all amounts on deposit in and if necessary certified by the University as necessary to restore the Special Capital Reserve Fund to the Special Capital Reserve Fund Minimum Requirement and deemed appropriated from the State's general fund and paid to the University.

D. All Bonds shall contain on the face thereof a statement to the effect that:

> NEITHER THE STATE OF CONNECTICUT NOR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE UNIVERSITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE UNIVERSITY IS OBLIGATED TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS SOLELY FROM THE TRUST ESTATE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CONNECTICUT OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE UNIVERSITY, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE UNIVERSITY HAS NO TAXING POWER.

GENERAL TERMS AND PROVISIONS OF THE BONDS

Section 301. Medium of Payment; Form and Date; Letters and Numbers. A. The Bonds shall be payable, with respect to interest, Principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

B. The Bonds shall be issued in the form of fully registered Bonds without coupons. The Bonds shall be in such form as provided in this Special Obligation Indenture substantially as set forth in Exhibit B with such insertions, omissions and variations as may be deemed necessary or appropriate by an Authorized Officer of the University executing the same and as shall be permitted by the Act, this Special Obligation Indenture and the applicable Supplemental Indenture authorizing such Bonds.

C. Each Bond shall be lettered and numbered as provided in this Special Obligation Indenture or an applicable Supplemental Indenture so as to be distinguished from every other Bond.

D. The date of original issuance of each Bond shall be the date specified in this Special Obligation Indenture or an applicable Supplemental Indenture. Bonds issued in exchange for Bonds of the same Series shall be dated the date of authentication and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (1) such date of authentication precedes the first Interest Payment Date of such Series, in which case such Bonds shall bear interest from the date of original issuance of such Series, or (2) such date of authentication is an Interest Payment Date, in which case such Bonds shall bear interest from their date of authentication; provided that if, as shown by the records of the Trustee, interest on such Bonds shall be in default, the Bonds issued in lieu of Bonds surrendered for transfer shall bear interest from the date to which interest has been paid in full on the Bonds surrendered.

Section 304. **Exchange, Transfer and Registry of Bonds**. A. All the Bonds issued under this Special Obligation Indenture shall be subject to the provisions for registration and transfer contained in this Special Obligation Indenture and as stated on the Bonds. So long as any of the Bonds shall remain Outstanding, the University shall maintain and keep, at the principal corporate trust office of the Trustee, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at said office, the University shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond. So long as any of the Bonds remain Outstanding, the University shall make all necessary provisions to permit the exchange of Bonds at the principal corporate trust office of the Trustee.

B. The Bonds shall be transferable only upon the books of the University, which shall be kept for the purpose at the principal corporate trust office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or his duly authorized attorney. Upon the transfer of any such registered Bond, the University shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, tenor and Series and maturity as the surrendered Bond.

C. The registered Owner of any Bond or Bonds of one or more denominations shall have the right to exchange such Bond or Bonds for a new Bond or Bonds of any denomination of the same aggregate principal amount, tenor and Series and maturity of the surrendered Bond or Bonds. Such Bond or Bonds shall be exchanged by the University for a new Bond or Bonds upon the request of the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender of such Bond or Bonds together with a written instrument requesting such exchange satisfactory to the Trustee duly executed by the registered Owner or his duly authorized attorney.

D. The University and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the University as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the Principal or Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the University nor any Fiduciary shall be affected by any notice to the contrary. The University agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under this Special Obligation Indenture, in so treating such registered Owner.

Section 305. **Regulations with Respect to Exchanges and Transfers**. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the University shall execute and the Trustee shall authenticate and make available for delivery Bonds in accordance with the provisions of this Special Obligation Indenture. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the University or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and, except (1) with respect to the delivery of definitive Bonds in exchange for temporary Bonds, (2) in the case of a Bond issued upon the first exchange or transfer of a Bond or Bonds surrendered for such purpose within 60 days after the first authentication and delivery of any of the Bonds of the same Series, or (3) as otherwise provided in this Special Obligation Indenture, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Neither the University nor the Trustee shall be required either to register, transfer or exchange Bonds of any Series for a period of fifteen days next preceding an interest payment on the Bonds of such Series or next preceding any selection of Bonds to be redeemed or thereafter until after the first mailing of any notice of redemption; or to register, transfer or exchange any Bonds called for redemption.

Section 306. **Bonds Mutilated, Destroyed, Stolen or Lost**. In case any Bond shall become mutilated or be destroyed, stolen or lost, the University shall execute, and thereupon the Trustee shall authenticate and make available for delivery, a new Bond of like Series, tenor, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee of evidence satisfactory to the University and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the University and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the University and the Trustee may prescribe and paying such expenses as the University and Trustee may incur. All Bonds so surrendered to the Trustee shall be promptly cancelled by it. Any such new Bonds issued pursuant to this Section 306 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the University, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Special Obligation Indenture, in any moneys or securities held by the University or the Fiduciary for the benefit of the Bondholders.

REDEMPTION OF BONDS

Section 406. **Payment of Redeemed Bonds**. Notice having been given in the manner provided in the Special Obligation Indenture, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the offices specified in such notice, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the Redemption Date. All interest installments which shall have matured on or prior to the Redemption Date shall continue to be payable to the registered Owner. If there shall be drawn for redemption less than all of a Bond, the University shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of the Owner thereof, Bonds of like Series and maturity in any of the authorized denominations. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the Redemption Date, shall be held by the Trustee and Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date, interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption and, except with respect to any mandatory redemption, shall not be deemed to be in default hereunder.

THE PLEDGE, FUNDS AND ACCOUNTS

Section 601. **Pledge Effected by Indenture**. The Trust Estate is hereby pledged to secure the payment of the Principal or Redemption Price, if any, and the interest on the Bonds (including the Sinking Fund Installments for the retirement thereof) in accordance with their terms and the provisions of this Special Obligation Indenture permitting the application or release thereof for or to the purposes and on the terms and conditions herein set forth. The pledge made in this Section 601 shall be valid and binding from the date hereof; the revenues, receipts, funds or moneys so pledged and hereafter received by the University shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and the lien of any pledge made hereunder shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the University, irrespective of whether such parties have notice thereof.

Section 602. **Establishment Funds and Accounts Therein**. A. The University hereby establishes and creates the following funds and accounts to be held by the Trustee:

(1) Bond Proceeds Fund

(a) Cost of Issuance Series accounts

(b) Series accounts

(2) Debt Service Fund

(a) Interest Account

(b) Principal Installment Account

(3) Redemption Fund

(4) Rebate Fund

(5) Special Capital Reserve Fund

(6) Renewal and Replacement Fund

(7) Debt Service Reserve Fund

B. Nothing contained in the Act or in this Special Obligation Indenture shall preclude the University from establishing or creating debt service reserve accounts in connection with the issuance of a particular Series of

Bonds not secured by the Special Capital Reserve Fund. Any such accounts may be established by a Supplemental Indenture hereto.

C. The University reserves the right and power, subject to this Indenture, to establish additional funds, accounts and subaccounts hereunder. All funds and accounts created under this Indenture, including such additional funds, accounts or subaccounts from time to time established hereunder, shall be held and maintained by the Trustee or the University in accordance with the terms of the Indenture.

Section 603. **Costs of Issuance Account**. A. A separate sub-account within the Costs of Issuance Account designated "UConn 2000 Special Obligation Bonds Costs of Issuance Sub-account" may be established for the Bonds of each Series Outstanding.

B. There shall be deposited in the applicable sub-account of the Costs of Issuance Account from time to time the amount of moneys necessary to pay the Costs of Issuance of each Series of Bonds from either:

(1) the proceeds of the Bonds of such Series as specified and determined in any Supplemental Indenture authorizing the issuance of such Series,

(2) moneys from time to time received by the University from any other source and determined by the University to be deposited therein, unless required to be otherwise applied as provided by this Special Obligation Indenture, or

(3) moneys deposited therein from the Pledged Account.

Such proceeds and moneys shall be used to pay only the Costs of Issuance of the Series of Bonds for which such proceeds and moneys were deposited. The Costs of Issuance of any Series of Bonds shall be paid only from the same Series Sub-account of the Costs of Issuance Account.

C. An Authorized Officer of the University shall from time to time pay out, or permit the withdrawal of, moneys in the Costs of Issuance Account, free and clear of any lien or pledge created by this Article VI, for the purpose of paying any Costs of Issuance.

D. Upon payment of all Costs of Issuance of a Series of Bonds for which a separate sub-account has been established in the Costs of Issuance account, an Authorized Officer of the University shall transfer any moneys remaining in said sub-account to the same Series Sub-account of the Bond Proceeds Fund or, subject to compliance with Section 912 hereof, to other Costs of Issuance accounts hereunder or to the University on account of payment of Costs of Issuance.

E. Upon the deposit of the proceeds of the Bonds of a Series or other moneys in the manner hereinabove prescribed in the Costs of Issuance account, an Authorized Officer of the University shall, invest and reinvest in Investment Obligations the moneys in said account and shall sell at the best price obtainable, or present for redemption, any obligations purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment from the Costs of Issuance Account.

Section 604. **Bond Proceeds Accounts**. A. Within the Bond Proceeds Fund a separate sub-account designated "UConn 2000 Special Obligation Bond Proceeds Sub-account" may be established for the Bonds of each Series Outstanding.

B. Except as provided in Section 610 hereof, there shall be deposited into the applicable Series Sub-account of the Bond Proceeds Fund, only the amount of the proceeds of the Bonds of any Series required to be deposited therein as shall be specified and determined by the Supplemental Indenture authorizing such Series of Bonds, in accordance with and subject to the provisions of Article V hereof.

C. Moneys in the Bond Proceeds Fund shall be expended only for a UConn 2000 Project subject to the provisions and restrictions of this Section 604 of this Special Obligation Indenture.

D. Except as may be limited by the purposes for which a Series is issued as set forth in the Supplemental Indenture authorizing such Series, amounts in the Bond Proceeds Fund shall be expended and applied by the University from time to time only to payments:

(1) for the financing of a UConn 2000 Project, including reimbursement to the University on account of expenditures of the University prior to the receipt of proceeds of Bonds or Notes hereunder,

(2) of Principal, Redemption Price, if any, and interest when due (whether at the maturity of Principal or the due date of interest or upon redemption) on any Notes issued in anticipation of Bonds hereunder,

(3) to the State on account of moneys paid or advanced by the State, other than through operation of the Special Capital Reserve Fund, to the University and used by the University for a UConn 2000 Project being financed by Bonds issued hereunder, including for purposes permitted under Section 13 of the Act, or

(4) to the extent that other moneys are not available, of Principal Installments of and interest on Bonds when due.

E. Upon the deposit of the proceeds of the Bonds of a Series or other moneys in the manner hereinabove prescribed in the Bond Proceeds Fund, an Authorized Officer of the University shall furnish the Trustee with a schedule of dates on which it is estimated by the University that such moneys in said account will be required to be expended. The University may from time to time amend the schedule so furnished. Upon receipt of such schedule or amended schedule, an Authorized Officer of the University shall, or cause the Trustee to, invest and reinvest in Investment Obligations the moneys in said account so that the maturity date or date of redemption at the option of the Holder of such obligations shall coincide as nearly as practicable with the times at which moneys are needed by the University to be so expended. The obligations purchased shall be held by the Trustee and shall be deemed at all times to be part of the Bond Proceeds Fund and the Trustee shall keep the University advised as to the details of all such investments. The Trustee shall sell at the best price obtainable, or present for redemption, any obligations purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment from the Bond Proceeds Fund. Any interest earned or gains realized by the investment of such moneys shall be considered and treated as Pledged Revenues.

F. The University is further authorized and directed to order each disbursement from the Bond Proceeds Fund upon a certification filed with Trustee, signed by an Authorized Officer of the University. Such certification shall (i) state the requisition number, (ii) specify the Project and sub-account and the nature of each item or category of cost and certify the same to be correct and proper under this Section and that such item or category of cost has been properly paid or incurred as a cost of the Project and, pursuant to Section 912 hereof, is consistent with the covenant of the University respecting tax exempt obligations and any Tax Regulatory Agreement with respect thereto, (iii) certify that none of the items or categories for which the certification is made has formed the basis for any disbursement theretofore made from the Bond Proceeds sub-account (iv) certify that the payee and amount stated with respect to each item in the certification are correct and that such item is due and owing, and (v) specify the name and address of the person to whom payment is due or has been made.

G. At any time, the University, by delivery to the Trustee of an Authorized Officer's Certificate, is permitted and may direct the Trustee to transfer any moneys:

(1) to the Redemption Fund, and/or

(2) to another Sub-account of the Bond Proceeds Fund.

H. The University covenants that promptly after determination by the University that a UConn 2000 Project financed in whole or in part with proceeds of bonds issued hereunder has been completed or discontinued it will deliver to the Trustee a certificate signed by an Authorized Officer authorizing a transfer as provided for in Subsection G of this Section.

Section 605. **Flow of Pledged Revenues**. A. The University shall cause all moneys received as Swap Receipts to be deposited promptly in the Interest Account and unless otherwise specified in any Supplemental Indenture, received as Termination Receipts to be deposited promptly in the Redemption Fund.

B. At least fifteen (15) days prior to any Interest Payment Date or Principal Installment Date and with respect to the Pledged Revenues, an Authorized Officer of the University shall transfer, remit or pay and direct the Trustee to deposit or credit the following accounts and funds, but as to each such account and fund, only within the limitations hereinbelow indicated with respect thereto and only after maximum payment within each limitation into each such account or fund previously mentioned in the following tabulation:

FIRST -- Into the Interest Account the amount necessary to increase the amount in such account so that it equals the Interest Requirement on the Outstanding Bonds becoming due on such Interest Payment Date.

-- Into the Principal Installment Account, the amount necessary to increase the amount in such account so that it equals the Principal Installments coming due or payable on such Principal Installment Date.

SECOND -- Into the Special Capital Reserve Fund and into the Debt Service Reserve Fund, as applicable, pro rata between and within such Funds as to the Principal amount of Bonds then Outstanding, the amount, if any, necessary to increase the amount in the applicable Fund so that it equals the Special Capital Reserve Fund Maximum Requirement or the Debt Service Reserve Fund Requirement as the case may be.

THIRD -- Into the Renewal and Replacement Fund, the amount of the Renewal and Replacement Fund Requirement for each and every Project financed with the proceeds of Outstanding Bonds.

FOURTH -- Into the Redemption Fund, the amount, if any, set forth in a Certificate of an Authorized Officer of the University pursuant to Section 607 hereof.

PROVIDED THAT, with respect to the deposits required pursuant to Subsection B of this Section 605, the fact that the University shall not have received sufficient Pledged Revenues with which to make the deposits or credits each month as prescribed above to meet any of the requirements thereof shall not, by the fact itself, be construed as an "Event of Default" under Section 1201 hereof and, FURTHER PROVIDED, that if subsequent to any Interest Payment Date or Principal Installment Date, the Special Capital Reserve Fund or the Debt Service Reserve Fund, as the case may be, is below its Special Capital Reserve Fund Maximum Requirement or the Debt Service Reserve Fund Requirement, as the case may be, an Authorized Officer of the University shall cause the first Pledged Revenues thereafter received to be deposited therein in an amount necessary to increase the amount in such Fund so that it equals the Special Capital Reserve Fund Maximum Requirement or the Debt Service Reserve Fund Requirement, as the case may be.

Section 606. **Debt Service Fund**. A. The Trustee shall pay out of the Interest Account to the respective Paying Agents for any Bonds (1) on or before each Interest Payment Date, the amounts required for the payment of interest on Outstanding Bonds and Swap Payments due on such date, and (2) on or before the Redemption Date or date of purchase, the amounts required for the payment of accrued interest on Bonds redeemed or purchased for retirement, unless the payment of such accrued interest shall be otherwise provided for, and in each such case, such amounts shall be applied by such Paying Agents to such payments.

B. The Trustee shall pay out of the Principal Installment Account to the respective Paying Agents on the Principal Installment Date the amounts required for the payment of Principal due on Outstanding Bonds on such date and such amounts shall be applied by the Paying Agents to such payments.

C. The amount accumulated, if any, in the Principal Installment Account for each Sinking Fund Installment may, and if so directed by the University shall, be applied (together with amounts accumulated in the

Interest Account with respect to interest on Bonds for which such Sinking Fund Installment was established) by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Installment as follows:

(1) to the purchase of Bonds of the maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price for such Bonds when such Bonds are redeemable by application of such Sinking Fund Installment plus unpaid Interest accrued to the date of purchase, such purchases to be made in such manner as the Trustee shall determine; or

(2) to the redemption, pursuant to Article IV, of such Bonds then redeemable by their terms at the Redemption Price referred to in Subsection (1) of this Subsection C.

D. Upon the purchase or redemption of any Bond pursuant to Subsection C of this Section 606, an amount equal to the principal amount of the Bond so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited as directed by an Authorized Officer of the University, or in the absence of such direction, against future Sinking Fund Installments in direct chronological order. The portion of any Sinking Fund Installment remaining after the crediting thereto of any such amounts and of any amounts to be credited thereto as provided in subsection G of this Section 606 (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculating Sinking Fund Installment due on a future date.

E. As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption pursuant to Section 403 of this Special Obligation Indenture, on such due date, Bonds of the maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Bonds of such maturity. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Principal Installment Account sufficient to pay the applicable Redemption Price thereof on the redemption date. The Trustee shall pay out of such Principal Installment Account to the appropriate Paying Agents on or before each such redemption date the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

F. The University may, from time to time, by written instructions direct the Trustee to make purchases under Subsection C of this Section 606 only upon receipt of tenders after published notice. The University may specify the length of notice to be given and the dates on which tenders are to be accepted or may authorize the Trustee to determine the same in its discretion. All such tenders shall be sealed proposals and no tenders shall be considered or accepted at any price exceeding the price specified hereunder for the purchase of Bonds. The Trustee shall accept bids with the lowest price and if the moneys available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and there shall be tenders at any equal price above the amount of moneys available for purchase, then the Trustee shall select by lot, in such manner as the Trustee shall determine in its discretion, the Bonds tendered which shall be purchased. No purchase of Bonds, either on tenders or otherwise, shall be made by the Trustee within the period of forty-five days next preceding any date on which such Bonds are subject to redemption.

G. If at any time Bonds of any Series or maturity for which Sinking Fund Installments shall have been established are purchased or redeemed other than pursuant to this Article VI, the University may from time to time and at any time by written notice to the Trustee, specify the portion, if any, of such Bonds so purchased or redeemed and not previously applied as a credit against any Sinking Fund Installment which are to be credited against future Sinking Fund Installments. Such notice shall specify the amounts of such Bonds to be applied as a credit against such Sinking Fund Installment or Installments and the particular Sinking Fund Installment or Installments against which such Bonds are to be applied as a credit; provided, however, that none of such Bonds may be applied as a credit against a Sinking Fund Installment to become due less than 60 days after such notice is delivered to the Trustee. All such Bonds to be applied as a credit shall be surrendered to the Trustee for cancellation on or prior to the due date of the Sinking Fund Installment against which they are being applied as a credit. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installments for the purpose of calculation of Sinking Fund Installments due on a future date.

Section 607. **Redemption Fund**. There shall be deposited into the Redemption Fund, the amount of Bond proceeds required to be deposited therein pursuant to Section 604 hereof; there may also be deposited into the Redemption Fund, Pledged Revenues including Termination Receipts in the amount determined by the University pursuant to Section 605 hereof. Amounts in the Redemption Fund may be applied as directed by the University in a certificate of an Authorized Officer of the University filed with the Trustee to the purchase of Bonds at prices not exceeding the Redemption Price thereof applicable on the next redemption date plus accrued interest to such next redemption date (such redemption date shall be the earliest date upon which Bonds are subject to redemption from such amounts) or to the redemption of Bonds pursuant to Article IV hereof and, with respect to any such redemption or purchase, to the payment, if necessary, of amounts under a Swap to effectuate a reduction in the Notional Amount thereof equivalent to the principal amount of the Bonds so redeemed or purchased.

Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established other than by application of Sinking Fund Installments, an amount equal to the applicable Redemption Prices thereof (as specified below) shall be credited toward a part of all or any one or more of such Sinking Fund Installments, as directed by an Authorized Officer, or, failing such direction by June 30 of each year, toward such Sinking Fund Installment in inverse order of their due dates. Such applicable Redemption Prices shall be the respective Redemption Prices which would be applicable upon the redemption of such Bonds from the respective Sinking Fund Installments on the due dates thereof. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of the calculation of Sinking Fund Installments due on a future date.

Section 608. **Rebate Fund**. With respect to a Series of Bonds sold under this Special Obligation Indenture or any Supplemental Indenture hereto issued as federally tax-exempt bonds, an Authorized Officer of the University shall deposit to the Rebate Fund any moneys (i) held by it under any funds or accounts pursuant to this Special Obligation Indenture, (ii) held by it other than pursuant to this Special Obligation Indenture and legally available for deposit in the Rebate Fund, (iii) delivered to it by any qualified person for deposit in the Rebate Fund, or (iv) transferred or paid to it by the University in accordance with the provisions of this Section for deposit therein. An Authorized Officer of the University shall make such deposit to the Rebate Fund at such times and in such amounts as shall be set forth in a written determination by an Authorized Officer of the University to be necessary to comply with the Code with respect to such Series of Bonds. The University shall transfer at such times such amounts from the Renewal and Replacement Funds and other legally available funds of the University as Authorized Officer of the University shall determine to be necessary to comply with the Code with the respect to such Series of Bonds.

Moneys on deposit in the Rebate Fund shall be applied by an Authorized Officer of the University to pay Rebate Amounts to the Department of the Treasury of the United States of America at such times as may be set forth in the Federal Tax Documents or the Treasurer shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. At any time and from time to time, moneys which the Authorized Officer of the University determines to be in excess of the amount required to be so rebated shall be deposited to any fund or account held pursuant to this Special Obligation Indenture, including the Bond Proceeds Fund, in accordance with the directions of such Authorized Officer.

Section 609. **Release and Restriction on Pledged Revenues**. a) Subject to providing for the deposits or payments pursuant to Section 605 or otherwise under this Indenture and providing for the payment of Special Obligation Debt Service Expense Requirements, the Pledged Revenues may be expended by the University free and clear of the pledge of and lien created thereon by this Indenture pursuant to the Act.

Pursuant to the Act, at such time as any Pledged Revenues are not required for other corporate purposes of the University, and in any event, on the date one year after the Bonds secured by the Special Capital Reserve Fund, together with interest on such Bonds, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the Holders thereof, are fully met and discharged, such moneys shall be paid to the State as repayment of amounts, if any, theretofore advanced by the State for deposit in the Special Capital Reserve Fund.

Section 612. **Renewal and Replacement Fund**.

A. The University shall provide from time to time for deposit of amounts into the Renewal and Replacement Fund (which Fund may be combined with other similar renewal and replacement funds of the University including that established under the UConn General Obligation Master Indenture and under the loan agreement with U.S. Department of Education referred to in Section 907 hereof) so that the amounts therein equals the Renewal and Replacement Fund Requirement.

B. The University is hereby authorized to apply the amounts in the Renewal and Replacement Fund to the payment or reimbursement of the extraordinary expenses incurred for the rebuilding, replacement, relocating, repair and restoration of any UConn 2000 Project financed by the University under this Indenture and other facilities forming part of the physical university plant so to permit the University to operate and maintain the physical university plant in sound operating condition.

Whenever the moneys in the Debt Service Fund are insufficient to pay the interest, principal and Sinking Fund Installments due or to become due in the next seven (7) days on Bonds, the University may transfer from the Renewal and Replacement Fund to the Trustee for deposit in the Debt Service Fund the amount necessary to make up such deficiency.

C. The University is further authorized and directed to order each disbursement from the Renewal and Replacement Fund upon a certification filed with Trustee, signed by an Authorized Officer of the University. Such certification shall (i) state the requisition number, (ii) specify the project or other facilities financed with such disbursement and the nature of each item or category of cost and certify the same to be correct and proper under this Section and that such item or category of cost has been properly paid or incurred as a cost of the project or other facilities, (iii) if the money in the Renewal and Replacement Fund is proceeds of a tax exempt obligation, then, pursuant to Section 912 hereof, such disbursement is consistent with the covenant of the University respecting tax exempt obligations and any Tax Regulatory Agreement with respect thereto, (iv) certify that none of the items or categories for which the certification is made has formed the basis for any disbursement theretofore made from the Bond Proceeds Fund (v) certify that the payee and amount stated with respect to each item in the certification are correct and that such item is due and owing, and (vi) specify the name and address of the person to whom payment is due or has been made.

INVESTMENT OF FUNDS

Section 701. **Investment of Funds and Accounts**. A. Except as otherwise set forth in Section 1401 hereof, the Trustee shall, upon direction of the University in writing signed by an Authorized Officer, deposit moneys or cause moneys to be deposited from any fund or account held by the Trustee, in Investment Obligations, provided, that each such Investment Obligation shall permit the moneys so placed to be available for use at the times provided with respect to the investment or reinvestment of such moneys.

B. Except as otherwise provided for in this Special Obligation Indenture:

Obligations purchased as an investment of moneys in any fund or account held by the Trustee under the provisions of this Special Obligation Indenture shall be deemed at all times to be a part of such fund or account and the income or interest earned, gains realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account, provided, however, with respect to all funds or accounts other than as particularly provided for in Section 610 with respect to the Special Capital Reserve Fund and except during any period in which an "Event of Default" within the meaning of Section 1201 hereof is continuing, any income or interest earned or gains realized by a fund or account due to the investment thereof shall be deposited in or credited to the Interest Account or Principal Account of the Debt Service Fund as directed by an Authorized Officer.

C. Except as otherwise provided in this Special Obligation Indenture, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any obligation purchased by it as an investment pursuant to this Special Obligation Indenture whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such investment was made. The Trustee shall advise the University in writing, on or before the twentieth day of each calendar month, of the details of all investments held for the credit of each fund and account in its custody under the provisions of this Special Obligation Indenture as of the end of the preceding month.

D. The Trustee and University shall not permit the deposit of any moneys with any Depository, other than the Trustee, in an amount exceeding fifteen per centum (15%) of the amount which an officer of such Depository shall certify to the Trustee and University as the combined capital and surplus of such Bond Depository.

CONCERNING THE TRUSTEE

Section 808. **Resignation of Trustee**. The Trustee may at any time resign and be discharged of the duties and obligations created by this Special Obligation Indenture by giving not less than sixty (60) days' written notice to the University and Bondholders, specifying the date when such resignation shall take effect, by U.S. Mail return receipt requested. Such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed, as provided in Section 810 hereof, in which event such resignation shall take effect immediately on the appointment of such successor; provided that no resignation shall take effect until a successor Trustee shall have been appointed and shall have accepted such appointment.

Section 809. **Removal of Trustee**. Subject to the provisions of any Supplemental Indenture granting rights to the provider of any Bond Facility or otherwise:

A. During any period in which no Event of Default shall have occurred or be continuing, the Trustee may be removed for any reason, with or without cause (1) by the University, by written instrument delivered to the Trustee, or (2) by the Holders of at least 25% of the Outstanding Bonds, by written instrument or concurrent instruments in writing signed and acknowledged by such Holders or by their attorneys-in-fact and delivered to the University and the Trustee.

B. During any period in which any Event of Default shall have occurred or be continuing, the Trustee may be removed (1) by the University, with cause, by written instrument delivered to the Trustee, or (2) by the Holders of at least 25% of the Outstanding Bonds, with cause, by written instrument or concurrent written instruments signed and acknowledged by such Holders or by their attorneys-in-fact and delivered to the University and the Trustee. Notwithstanding the foregoing, Holders of at least 25% of the Outstanding Bonds may cancel or overturn any removal of the Trustee undertaken by the University pursuant to this Subsection B by written instrument or concurrent written instruments signed and acknowledged by such Holders or their attorneys-in-fact and delivered to the University and the Trustee prior to the date of removal of the Trustee. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Special Obligation Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the University or of the Holders of not less than ten percent of the Outstanding Bonds.

C. The removal of the Trustee will not relieve the Trustee of liability for (1) any action or omission to act in breach of its fiduciary duties hereunder that occurred prior to the date of removal, or (2) acting or proceeding in violation of, or failing to act or proceed in accordance with, any provision of this Special Obligation Indenture with respect to the duties and obligations of the Trustee that occurred prior to the date of removal.

Section 810. **Appointment of Successor Trustee**. Subject to the provisions of any Supplemental Indenture granting rights to the provided of any Bond Facility or otherwise:

A. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the University covenants and agrees that it will thereupon appoint a successor Trustee. If in the reasonable judgment of the University any such event referred to in the preceding sentence is likely to occur, the University, in its sole discretion and without the request of Holders of Bonds as required in Section 809 hereof, may remove the Trustee and the University covenants and agrees that it will thereupon appoint a successor Trustee. The University shall notify the Bondholders of any such appointment made by it within ninety (90) days after such appointment.

B. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 810 within forty-five (45) days after the Trustee shall have given to the University written notice, as provided in Section 808 hereof, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

C. Any Trustee appointed under the provisions of this Section 810 in succession to the Trustee shall be a bank or trust company having its principal corporate trust office in the State, and having a capital and surplus aggregating at least One Hundred Million Dollars ($100,000,000) if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Special Obligation Indenture.

PARTICULAR COVENANTS

Section 901. **Payment of Bonds**. The University shall duly and punctually pay or cause to be paid, the Principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof, and shall duly and punctually pay or cause to be paid all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

Section 903. **Coverage Covenant**.

"Net Revenue Amount" for the purpose of this section and Section 910 only constitutes that amount of Pledged Revenues with respect to the (i) Residential Life Room Fee, (ii) Board Dining Fee, (iii) the Parking and Transportation Fee, (iv) the Student Apartment Rentals and (v) the Greek Housing Fee after providing for or paying the reasonable or necessary cost of currently maintaining, repairing, insuring and operating the facilities for which such fees, respectively, are imposed and each which individual amount as a result thereof may be a plus or minus.

"Gross Revenue Amount" for the purpose of this section and Section 910 only constitutes that amount of Pledged Revenues with respect to the (i) Infrastructure Maintenance Fee and (ii) the General University Fee, (iii) the Student Recreational Center Fee and (iv) the Athletic Stadia FIT Fee prior to any payments, deductions, offsets or provisions, respectively and (v) those Pledged Revenues described in paragraph (2) of the definition thereof.

(A) The University will establish, fix, and revise from time to time, prior to and during each Fiscal Year and collect in each Fiscal Year, fees representing Pledged Revenues so that the aggregate sum of each Net Revenue Amount plus each Gross Revenue Amount is equal to no less than the sum of:

(1) an amount equal to 1.25 times the Debt Service Requirements in such Fiscal Year, and

(2) together with any amounts on hand and available therefor, an amount equal to the amounts of the Debt Service Expense Requirement in such Fiscal Year not covered in (1) hereof.

Section 907. **Power to Issue Bonds and Make Pledges**. The University is duly authorized pursuant to law to create and issue the Bonds and to adopt this Special Obligation Indenture and to pledge its Pledged Revenues, or other receipts, funds and moneys purported to be pledged by this Special Obligation Indenture in the manner and to the extent provided in this Special Obligation Indenture. The Pledged Revenues, or other receipts, funds and moneys so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, except with respect to certain of the Pledged Revenues for a certain loan from the United States of America, acting by and through the Secretary of the Department of Education (herein and in the loan agreement and mortgage documentation called "ED") executed on April 26, 1994 in the outstanding amount, as of November 1, 1996, of $1,958,560.94, as the interest of ED may be appear and be valid, binding upon and enforceable against the University, prior to, or except with respect to the Pledged Revenues for certain outstanding general obligation bonds of the State categorized by the State as self liquidating from certain of the Pledged Revenues of the University, of equal rank with, the pledge created by this Special Obligation Indenture, and all corporate action on the part of the University to that end has been duly and validly taken. Pledged Revenues once deposited in and moneys on deposit in the Debt Service Fund, the Debt Service Reserve Fund and Special Capital Reserve Fund are pledged to the Bonds and shall be applied as provided herein and under no circumstances shall be considered as available for the payment of State general obligation bonds referred to herein notwithstanding the parity of Pledged Revenues provisions permitted hereunder. The Bonds and the provisions of this Special Obligation Indenture are and will be the valid and legally enforceable special obligations of the University in accordance with their terms and the terms of this Special Obligation Indenture. The University shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the revenues, or other receipts, funds and moneys pledged under this Special Obligation Indenture and all the rights of the Bondholders under this Special Obligation Indenture against all claims and demands of all persons whomsoever including defending, preserving and protecting such pledges as statutory liens as set forth in Section 8 of the Act.

Section 908. **Indebtedness and Liens**. A. After the date hereof the University (i) shall not issue any securities or other evidences of indebtedness secured by a prior pledge of particular revenues, receipts, funds or moneys constituting Pledged Revenues, and (ii) shall not create or cause to be created any lien, pledge, or charge (other than the lien and pledge created or permitted by this Special Obligation Indenture) on the Bond Proceeds Fund, Debt Service Fund, the Redemption Fund, the Debt Service Reserve Fund and the Special Capital Reserve Fund or on other assets of the University. Except as provided in paragraph B or C hereof, the University shall not issue, after the date hereof, any securities or other evidence of indebtedness secured by a parity pledge of the Pledged Revenues, other than Additional Bonds or otherwise permitted with respect to Notes pursuant to the provisions of this Indenture.

B. Nothing in this Special Obligation Indenture shall prevent the University from issuing indebtedness payable out of, or secured by a pledge, assignment or other encumbrances of, the Pledged Revenues to be derived on and after such date as this Special Obligation Indenture shall be discharged and satisfied as provided in Section 1401 of this Special Obligation Indenture.

C. Nothing in this Special Obligation Indenture shall be construed as precluding further pledging, assigning or encumbering on a parity or subordinated basis, the Pledged Revenues, revenues or other receipts, funds and moneys of the University which are applicable and appropriated by the University for payment to the State on account of debt service on general obligation bonds of the State for University purposes outstanding or, authorized by the State Bond Commission or by a bond act.

Section 910. **Issuance of Additional Bonds; Execution of Swaps**. A. No Additional Series of Bonds may be authorized and issued under this Special Obligation Indenture unless:

(1) In the event of Bonds secured by a Special Capital Reserve Fund, the University shall pay into such Special Capital Reserve Fund (i) any moneys appropriated and made available by the State for the purposes of such Fund, (ii) any proceeds of sale of Bonds, to the extent provided herein or in any Supplemental Indenture authorizing the issuance thereof, and (iii) any other moneys which may be made available to the University for such purpose from any other source or sources so that the amount on deposit in such Special Capital Reserve Fund equals the Special Capital Reserve Fund Maximum Requirement. The moneys held in or credited to any Special Capital Reserve

Fund established pursuant to the Act, except as provided herein, shall be used solely for the payment of the Principal of Bonds secured by such Special Capital Reserve Fund as the same become due, the purchase of such Bonds, the payment of interest on such Bonds or the payment of any redemption premium required to be paid when such Bonds are redeemed prior to maturity; provided the University may provide that moneys in any such Fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such Fund to less than the Special Capital Reserve Fund Maximum Requirement, except for the purpose of paying such Principal of, redemption premium and interest on such Bonds, secured by such Special Capital Reserve becoming due and for the payment of which other moneys of the University are not available. The University shall not issue any Additional Series of Bonds at any time if the amount of money on deposit in and Investment Obligations credited to the Special Capital Reserve Fund is less that than the Special Capital Reserve Fund Maximum Requirement on Outstanding Bonds and the Additional Series of Bonds then to be issued and secured by such Special Capital Reserve Fund, unless the University, at the time of the issuance of such Additional Bonds, shall deposit in such Special Capital Reserve Fund from the proceeds of the Bonds so to be issued, or otherwise, an amount which, together with the amount then in such Special Capital Reserve Fund, will be not less than the Special Capital Reserve Fund Maximum Requirement;

(2) a certificate signed by an Authorized Officer dated as of the date of authorization of such Series of Bonds shall have been delivered to the Trustee stating (a) that the particular Pledged Revenues estimated to be received as a result of the construction, completion and operation of the Project to be financed with the proceeds of the Additional Series of Bonds, and amounts in funds or accounts or payable thereto as a result of the issuance of such Additional Series of Bonds during the period such Additional Series of Bonds are Outstanding, including Swap Receipts, shall be sufficient to pay as the same become due the estimated, reasonable and necessary Project operating expenses of the University which will be incurred as a result of the issuance of such Additional Series of Bonds and the use of the proceeds thereof and the estimated Principal Installments of, Swap Payments, if any, and interest on such Additional Bonds; or (b) the Pledged Revenues estimated to be received, and amounts in funds or accounts or payable thereto including Swap Receipts:

(i) shall be sufficient to pay all estimated Principal Installments of, Swap Payments, if any, and the Interest Requirement on Bonds Outstanding and such Additional Series of Bonds, or

(ii) together with other moneys received or estimated to be received by the University from, and available or to be made available to the University for the Project to be financed with the proceeds of the Additional Series of Bonds by the State, the United States or some other source all Principal Installments of and the Interest Requirement on Bonds Outstanding and such Additional Series of Bonds; in the event that a certificate is filed with the Trustee in accordance with this subparagraph (ii), it shall be accompanied by a certificate to evidence that such other moneys are or will be made available to the University for the Project;

The estimates referred to in (i) and (ii) shall be made without the inclusion of any moneys that may be received by the University as a result of a future certification pursuant to Section 7(i) of the Act and Section 909 of this Special Obligation Indenture); and

(3) a certificate signed by an Authorized Officer of the University delivered to the Trustee stating that the sum of Net Revenue Amount and Gross Revenue Amount based on the most recent Audited Financial Statements preceding the date of issuance of such Additional Bonds have been, with respect to the then and any future Fiscal Year, equal to an amount at least 1.25 times the maximum Debt Service Requirement on all Outstanding Bonds plus the expected maximum Debt Service Requirement on the Additional Bonds.

B. No Swap shall be entered into by the University unless, with respect to such Swap, written confirmation affirming the existing ratings on the Bonds is filed thereupon with the Trustee.

Section 911. UConn 2000 Infrastructure Improvement Program. A. The University shall with all practical dispatch and in a sound and economical manner consistent in all respects with the Act and with the provisions of this Special Obligation Indenture, use and apply the proceeds of the Bonds for the UConn 2000 Infrastructure Improvement Program and shall do all such acts and things appropriate or necessary to receive and collect Pledged Revenues.

B. The University covenants that it will promptly proceed with the construction of each UConn 2000 Project financed in whole or in part by the issuance of Bonds in conformity with law and all requirements of the governmental authorities having jurisdiction thereover and that it will complete such construction with all expedition possible.

C. The University covenants that it will at all times maintain, to the extent reasonably obtainable, insurance with respect to each such Project with such variations as shall reasonably be required to conform to applicable standard or customary insurance practice and subject to such exceptions and permissible deductions as are ordinarily required. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing, qualified to do business in Connecticut, and shall be payable to the University. The University shall be deemed to be in compliance with this Paragraph C to the extent any Project is covered by the State under a State insurance policy or to the extent the State is a self-insurer on such Project.

Section 912. **Tax Exemption**. In the event Bonds are sold under this Special Obligation Indenture or any Supplemental Indenture hereto as federally tax-exempt bonds, the University covenants that it will not take any action or fail to take any action that would result in loss of the exclusion from federal income taxation pursuant to Section 103(a) of the Code of interest paid on such Bonds.

Section 913. **No Impairment of Rights of Bondholders**. Except to the extent otherwise provided in this Special Obligation Indenture, the University shall not enter into any contract or take any action by which the rights of the Bondholders may be restricted, precluded or otherwise impaired.

Section 916. Pledge of State to Bondholders. Pursuant to the Act, the University, as agent for the State, includes the following pledge and undertaking for the State, in this Special Obligation Indenture and in the Bonds issued hereunder:

> The State covenants with the holders of any securities issued under the Act, in consideration of the acceptance of and payment for the securities, until the securities, together with the interest thereon, with interest on any unpaid installment of interest and all costs and expenses in connection with any action or proceeding on behalf of the owners, are fully met and discharged or unless expressly permitted or otherwise authorized by the terms of each contract and agreement made or entered into by or on behalf of the University with or for the benefit of such owners, that the State: (1) will not create or cause to be created any lien or charge on the assets or revenues pledged to secure such securities, other than a lien or pledge created thereon pursuant to the Act; (2) will not in any way impair the rights, exemptions or remedies of the owners; and (3) will not limit, modify, rescind, repeal or otherwise alter the rights or obligations of the University to take such action as may be necessary to fulfill the terms of the resolution authorizing the issuance of the securities; provided nothing in the Act shall preclude the State from exercising the power, through a change in law, to limit, modify, rescind, repeal or otherwise alter the Act if and when adequate provision shall be made by law for the protection of the holders of outstanding securities, pursuant to the resolution or indenture under which the securities are issued.

SUPPLEMENTAL INDENTURE

Section 1001. **Modification and Amendment Without Consent**. The University may, at any time or from time to time enter into Supplemental Indenture without consent of the Bondholders, the provider of either a Bond Facility, or a Swap Facility or Swap Provider for any one or more of the following purposes:

(1) to provide for the issuance of a Series of Bonds or Notes or Swaps pursuant to the provisions of this Special Obligation Indenture and to prescribe the terms and conditions pursuant to which such Bonds or Notes or Swaps may be issued, paid or redeemed;

(2) to add additional covenants and agreements of the University for the purpose of further securing the payment of the Bonds or Notes or Swaps, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the University contained in this Special Obligation Indenture;

(3) to prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the University which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(4) to surrender any right, power or privilege reserved to or conferred upon the University by the terms of this Special Obligation Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the University contained in this Special Obligation Indenture;

(5) to confirm as further assurance any pledge under this Special Obligation Indenture subject to any lien, claim or pledge created or to be created by the provisions of this Special Obligation Indenture, of the moneys, securities or funds;

(6) to modify any of the provisions of this Special Obligation Indenture or any previously adopted Supplemental Indenture in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such Supplemental Indenture shall cease to be Outstanding, and all Bonds issued under such indenture shall contain a specific reference to the modifications contained in such subsequent indenture;

(7) to cure any ambiguity, or defect or inconsistent provision in this Special Obligation Indenture or to insert such provisions clarifying matters or questions arising under this Special Obligation Indenture as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Special Obligation Indenture as theretofore in effect;

(8) consistent with Section 912 hereof, to ensure the exclusion of interest on the Bonds from gross income of the Bondholders for federal income tax purposes;

(9) to grant or to confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted or conferred and which are not contrary to or inconsistent with this Special Obligation Indenture as therefore in effect; or

(10) to grant such rights and remedies and make such other covenants subject to this Special Obligation Indenture (including any prior Supplemental Indenture) as may be necessary for issuance of a Bond Facility, a Swap or a Swap Facility so long as such rights, remedies and covenants are not contrary to or inconsistent with this Special Obligation Indenture as theretofore in effect.

Section 1002. **Amendments and Supplemental Indenture Effective With Consent of Bondholders**. Subject to the provisions of any Supplemental Indenture granting rights to the provider of any Bond Insurer or otherwise, the provisions of this Special Obligation Indenture may also be modified or amended, at any time or from time to time, by any Supplemental Indenture, subject to the consent of Bondholders in accordance with and subject to the provisions of Article XI hereof, to become effective upon the execution thereof by the University and the Trustee, and the filing with the Trustee of a copy thereof certified by an Authorized Officer of the University.

Section 1003. General Provisions Relating to Supplemental Indenture. A. This Indenture shall not be modified or amended in any respect, whether pursuant to Section 204 of this Special Obligation Indenture or otherwise, except in accordance with and subject to the provisions of this Article X and Article XI hereof. Nothing contained in this Article X or in Article XI hereof shall affect or limit the rights or obligations of the University to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 906 of this Special Obligation Indenture or the right or obligation of the University to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in this Special Obligation Indenture provided or permitted to be delivered to the Trustee or any Paying Agent.

AMENDMENTS OF INDENTURE

Section 1101. **Powers of Amendment.** A. Any modification or amendment of the Special Obligation Indenture and of the rights and obligations of the University and of the Holders of the Bonds thereunder, in any particular, may be made by any Supplemental Indenture with the written consent of the Holders of not less than 66 2/3% in principal amount of the Outstanding Bonds of each Series affected by such amendment or amendments or Supplemental Indenture or Indentures; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculation of Outstanding Bonds.

B. No such modification or amendment shall permit (1) a change in the terms of redemption or maturity of the Principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon or in the terms and conditions of the Special Capital Reserve Fund respecting Bonds supported by such Fund without the consent of the Holder of such Bond, or (2) shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

Section 1102. **Consent of Bondholders**. A. The University and the Trustee may at any time enter into any Supplemental Indenture making a modification or amendment permitted by the provisions of Section 1101 hereof to take effect when and as provided in this Section 1102. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the University to Bondholders and be published at least once a week for two (2) successive weeks (but failure to mail such copy and request shall not affect the validity of such Supplemental Indenture when consented to as hereinafter in this Section provided).

B. Such Supplemental Indenture shall not be effective unless and until (1) there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1101 hereof, and (b) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully entered into by the University and the Trustee and filed by the University in accordance with the provisions of this Special Obligation Indenture, is authorized or permitted by this Special Obligation Indenture, and is valid and binding upon the University and enforceable in accordance with its terms, and (2) a notice shall have been published as hereinafter in this Section 1102 provided.

C. Each such consent shall be effective only if accompanied by proof of the holding at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1301 of this Special Obligation Indenture. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 1301 hereof shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 1301 hereof to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof).

D. At any time after the Holders of the required percentages of Bonds shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the University and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed.

E. At any time thereafter notice, stating in substance that such Supplemental Indenture (which may be referred to as any Supplemental Indenture entered into by the University and the Trustee on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 1102, shall be given to Bondholders by the University by mailing such notice to Bondholders not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to such Supplemental Indenture and the written statement of the Trustee hereinabove provided for is filed (but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as provided in this Section 1102). A transcript, consisting of the papers required or permitted by this Section 1102 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the University, the Trustee, each Paying Agent and the Holders of all Bonds at the expiration of thirty (30) days after the filing with the Trustee of the transcript except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the University, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

Section 1103. **Modifications by Unanimous Consent**. The terms and provisions of this Special Obligation Indenture and the rights and obligations of the University and of the Holders of the Bonds hereunder may be modified or amended in any respect upon the execution by the University and the Trustee of any Supplemental Indenture and filing with the Trustee by the University of a copy of such Supplemental Indenture certified by an Authorized Officer of the University and the consent of the Holders of all of the Outstanding Bonds, such consent to be given as provided in Section 1102 hereof, except that no notice to Bondholders either by mailing or publication shall be required.

Section 1105. **Exclusion of Bonds**. Bonds owned or held by or for the account of the University shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Special Obligation Indenture, and the University shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Special Obligation Indenture. At the time of any consent or other action taken under this Special Obligation Indenture, the University shall furnish the Trustee a certificate of an Authorized Officer of the University, upon which the Trustee may rely, describing all Bonds so to be excluded.

EVENTS OF DEFAULT

Section 1201. **Events of Default**. Each of the following events is hereby declared an "Event of Default" if:

(1) the University shall default in the payment of the Principal of or Redemption Price, if any, or interest on any Bond after the same shall become due, whether at maturity or upon call for redemption or otherwise;

(2) With respect to Bonds secured by the Special Capital Reserve Fund, the University shall fail or refuse to comply with the provisions of Section 909 of this Special Obligation Indenture, or such amounts as shall be certified by the Chairman of the Board of Trustees of the University to the Secretary of the Office of Policy and Management and Treasurer of the State pursuant to such

provisions of the Act shall not be allotted and paid from the State general fund to the University for deposit therein and such allotment and payment is not made prior to the second day succeeding the final adjournment of (1) the session of the General Assembly of the State convening when such certification shall have been made or, if the General Assembly is not then in session, (2) the first session of the General Assembly of the State convening after such certification shall have been made; or

(3) Except as provided in (1) and (2) above, the University shall fail or refuse to comply with the provisions of this Special Obligation Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained herein or in any Supplemental Indenture or in any Bonds, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Trustee or the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds.

Section 1202. **Remedies**. Subject to the provisions of any Supplemental Indenture granting rights to the provider of any Bond Facility or otherwise:

A. Upon the happening and continuance of any Event of Default specified in Subsections (1) and (2) of Section 1201 hereof, the Trustee shall proceed or, upon the happening and continuance of any Event of Default specified in Subsection (3) of Section 1201 hereof, the Trustee may proceed and, upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, or in the Event of Default arising from the failure of the University to duly and punctually perform the covenant contained in Section 912 hereof which results in the interest on the Bonds of the Series to which such covenant applies being no longer excluded from gross income under Section 103(a) of the Code, twenty-five per centum (25%) in principal amount of the Outstanding Bonds of such Series affected thereby, shall proceed, in its own name, subject to the provisions of Section 804 hereof, to protect and enforce the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require the University to receive and collect revenues, including Pledged Revenues adequate to carry out the covenants and agreements as to, and the pledge of, such Pledged Revenues and to require the University to carry out any other covenants or agreements with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, to require the University to account as if it were the trustee of any express trust for the Holders of the Bonds; and

(4) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds.

B. In the enforcement of any rights and remedies under this Special Obligation Indenture, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the University for Principal, Redemption Price, interest or otherwise, under any provision of this Special Obligation Indenture or any Supplemental Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the University for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

C. All remedies conferred upon or reserved to the Holders of Bonds hereunder may also be conferred upon and reserved to the provider of a related Bond Facility, a Swap Provider or the provider of a Swap Facility authorized by any Supplemental Indenture and may be cumulative as provided in Section 1208 hereof. Nothing herein shall preclude the University from providing in an applicable Supplemental Indenture or in any Bond Facility, any Swap or any related Swap Facility authorized thereby, that the exercise of any remedy hereunder or the waiver of any Event of Default hereunder by the Trustee or the Holder of any such Bond shall be subject to the prior written consent of the provider of any related Bond Facility, any Swap Provider or the provider of a related Swap Facility. Such Supplemental Indenture or related Bond Facility, any Swap Provider or the provider of a related Swap Facility may provide that any and all notices required to be given under this Article XII by the University or the Trustee to the Holder of any Bond shall also be given to the provider of any related Bond Facility, any Swap Provider or the provider of a related Swap Facility.

Section 1203. **Priority of Payments After Default**. A. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and Principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Trustee acting pursuant to the Act and this Article XII, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Special Obligation Indenture, shall be applied as follows:

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

Second -- To the payment to the persons entitled thereto of the unpaid Principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of Principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

Third -- To the payment to other persons entitled to payment hereunder or under any applicable Supplemental Indenture.

B. Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section 1203, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the University, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Special Obligation Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an interest payment date 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 to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. Unless otherwise required by the book-entry system for the Bonds, the Trustee shall not be required to make payment to the Holder of any unpaid interest or any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 1204. **Termination of Proceedings**. In case any proceeding undertaken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, then in every such case the University, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been undertaken.

Section 1205. **Bondholders' Direction of Proceedings**. Anything in this Special Obligation Indenture to the contrary notwithstanding, except for Subsection C of Section 1202, the Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise that in accordance with law or the provisions of this Special Obligation Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Section 1206. **Limitation on Rights of Bondholders**. A. No Holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Special Obligation Indenture or any right under law unless such Holder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been afforded to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Special Obligation Indenture or for any other remedy hereunder or under law. It is understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Special Obligation Indenture, or to enforce any right hereunder or under law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders of the Outstanding Bonds. Nothing in this Article XII contained shall affect or impair the right of any Bondholder to enforce the payment of the Principal of and interest on his Bonds, or the obligation of the University to pay the Principal of and interest on each Bond issued hereunder to the Holder thereof at the time and place expressed in said Bond.

B. Anything to the contrary notwithstanding contained in this Section 1206, or any other provision of this Special Obligation Indenture, each Holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Special Obligation Indenture or any Supplemental Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Subsection B shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five per centum (25%) in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the Principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

Section 1210. **Notice of Event of Default**. The Trustee shall give to the Bondholders notice of each Event of Default hereunder known to an officer in the Corporate Trust Administration Department of the Trustee within ninety (90) days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the Principal or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the Debt Service Reserve Fund or the Special Capital Reserve Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of Event of Default shall be given by the Trustee by mailing written notice thereof (1) to all registered Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds except by the Trustee, (2) to such Bondholders as have filed their names and addresses with the Trustee for that purpose, and (3) to such other persons as is required by law.

DEFEASANCE

Section 1401. **Defeasance**. A. If the University shall pay or cause to be paid to the Holders of all Bonds then Outstanding, the Principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Special Obligation Indenture, then, at the option of the University, expressed in an instrument in writing signed by an Authorized Officer of the University and delivered to the Trustee, the covenants, agreements and other obligations of the University to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the University, execute and deliver to the University all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the University all moneys, securities and funds held by them pursuant to this Special Obligation Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

B. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the University of funds for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid within the meaning and with effect expressed in Subsection A of this Section 1401. Any Outstanding Bonds of any Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in Subsection A of this Section 1401 if, (1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the University shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption as provided in Article IV of this Special Obligation Indenture on said date of such Bonds, (2) there shall have been deposited with the Trustee either (a) moneys in an amount which shall be sufficient, (b) non-callable direct obligations of the United States of America or non-callable obligations the principal of or interest on which is fully and unconditionally guaranteed by the United States of America as to timely payment of principal or interest, as the case may be, provided that such obligations shall consist of only such amounts so guaranteed, or (c) certificates that evidence ownership of the right to payments of principal or interest on obligations described in clause (b), provided that such obligations shall be held in trust by the Trustee or a bank or trust company or national banking association meeting the requirements for a successor Trustee under Section 810 hereof, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee, or other bank or trust company, at the same time, shall be sufficient, to pay, when due, the Principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, and (3) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the University shall have given the Trustee in form satisfactory to it irrevocable instructions to notify the Holders of such Bonds, as soon as practicable, that the deposit required by (2) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 1401 and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the Principal or Redemption Price, if applicable, on said Bonds. Non-callable direct obligations of the United States of America or non-callable obligations the principal of or interest on which is fully and unconditionally guaranteed by the United States of America as to timely payment of principal or interest, as the case may be, provided that such obligations shall consist of only such amounts so guaranteed, qualified certificates evidencing ownership of the right to payments of principal or interest on such obligations, moneys deposited with the Trustee pursuant to this Section 1401 and principal or interest payments on any such securities shall be held in trust for the payment of the Principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such direct obligations of the United States of America deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in non-callable direct obligations of the United States of America maturing at times and in amounts sufficient to pay when due the Principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the University, as received by the Trustee, free and clear of any trust, lien or pledge.

C. Anything in this Special Obligation Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for three years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for three years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, shall, at the written request of the University, be repaid by the Fiduciary to the University, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the University for the payment of such Bonds provided, however, that before being required to make any such payment to the University, the Fiduciary shall deliver to Bondholders a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the University.

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APPENDIX C - DEFINITIONS OF CERTAIN TERMS DEFINED IN THE SPECIAL OBLIGATION INDENTURE

"Act" means Public Act No. 95-230 entitled 'The University of Connecticut 2000 Act', as amended to the date hereof, as amended from time to time pursuant to an Authorized Act Amendment.

"Additional Bonds" means all Bonds, other than the Initial Bonds, issued under the Special Obligation Indenture pursuant to a Supplemental Indenture adopted by the University pursuant to Section 204 and 910 and Refunding Bonds pursuant to Section 205 hereof, but not the Initial Bonds issued pursuant to the First Supplemental Indenture hereto.

"Assured Revenues" means revenues other than Project Revenues, or patient revenues or any other revenues derived from the clinical operation of the University, to be received from fees, tuition, rentals, charges, gifts, investments, endowments and from grants, subsidies, contracts, leases or other agreements made by or with the federal government, the State or any political subdivision, agency or instrumentality of the Federal government or the state, or others, including the State Debt Service Commitment, the Minimum State Operating Provision and Special Eligible Gifts.

"Athletic Stadia FIT Fee" means a surcharge on football tickets, men's ice hockey, men's and women's basketball tickets and on men's and women's soccer tickets for regular season, mini-plan and single-game purchases.

"Audited Financial Statements" means, with respect to the University, the annual financial statements, if any, of the University, audited by such auditor as shall then be required or permitted by State law or the Special Obligation Indenture. Audited Financial Statements shall be prepared in accordance with GAAP; *provided, however,* that the University may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared including Financial Policy Number 2 of State Comptroller respecting Accounting and Financial Reporting Standards for State of Connecticut Constituent Units of Higher Education, as same may be implemented and amended from time to time. Notice of any such modification shall include a reference to the specific federal or State law or regulation describing such accounting basis and shall be provided by the University to the Trustee, who shall promptly deliver such notice to (i) either the MSRB or each NRMSIR, and (ii) the SID, if any.

Audited Financial Statements shall mean, with respect to the State, the Audited Financial Statements submitted or to be submitted by or on behalf of the State pursuant to the State's written continuing disclosure undertaking in compliance with the requirements of paragraph (b)(5) of the Rule.

"Authorized Officer" in the case of the University, the Chairman or Vice-Chairman of the Board of Trustees, the financial committee of the Board of Trustees (acting by resolution and constituting the finance committee of the Board of Trustees within the meaning of the Act), the President, the Provost and Executive Vice President for Academic Affairs, the Executive Vice-President For Administration and Chief Financial Officer, or the Manager of Treasury Services (for the purpose of making disbursements and investments only), the Controller (for the purpose of making disbursements only), or any other person duly authorized by the bylaws or resolution of the University to perform the Act or sign the document in question.

"Board of Trustees" means the board of trustees of the University.

"Bond", **"Bonds"** or **"Special Obligation Bonds"** means the Initial Bonds, together with any Additional Bonds.

"Bond Depository" means a place or institution that holds securities certificates for safekeeping and maintains a record keeping system such that all or a portion of such Bonds held can be sold and transferred without the physical movement of their corresponding certificates.

"Bond Facility" means an insurance policy, surety bond or agreement, standby purchase agreement, line of credit, letter of credit or other credit enhancement, or liquidity facility entered into for the purpose of assuring the timely payment of the Principal and Redemption Price, if any, of and interest on the Bonds.

"Bondholders" or "**Holder of Bonds"** or "**Holder"** or "**Owner"**, when used with reference to Bonds, or any similar term, means any person or party who shall be the registered owner of any Outstanding Bond.

"Bond Proceeds Fund" means such fund of the University established by Section 602 hereof and governed by Section 604 of the Special Obligation Indenture.

"Business Day" shall mean any day other than (1) a Saturday or Sunday, (2) a day on which banking institutions located in the State or in any of the cities in which the principal corporate trust office of the Trustee, or the principal office of any Paying Agent, Surety or remarketing agent is located, are required or are authorized by law or executive order to close, or (3) a day on which the New York Stock Exchange is closed.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Cost", as applied to a project or any portion of the project, includes, but is not limited to: The purchase price or acquisition cost of any such project; the cost of planning, designing, constructing, building, alteration, enlargement, reconstruction, renovation, improvement, equipping and remodeling; the cost of all labor, materials, building systems, machinery and equipment; the cost of all lands, structures, real or personal property, rights, easements and franchises acquired; the cost of all utility extensions, access roads, site development, financing charges, premiums for insurance, interest prior to and during construction and for six months thereafter; the cost of working capital related to the project; the cost of plans and specifications, surveys and estimates of cost and of revenues; the cost of accountants, audits, engineering, feasibility studies, legal and other professional consulting or technical services; the cost of reserves for payment of future debt service related to the financing transaction proceedings and for future repairs, renewals, replacements, additions and improvements; the cost of all other expenses necessary or incident to determining the feasibility or practicability of such construction; and administrative and operating expenses and such other expenses as may be necessary or incident to the financing authorized.

"Costs of Issuance" means all costs related to the proceedings under which Bonds are issued under the Special Obligation Indenture, including but not limited to salaries, administrative expenses, insurance premiums, fees, expenses or other similar charges payable to providers of a Bond Facility or a Swap Facility, including without limitation a Swap Provider, including a Termination Payment, other than Reimbursement Obligations or Swap Payments or other termination payments, auditing and legal expenses and fees and expenses incurred for professional consultants, financial advisors and fiduciaries, fees and expenses of the Trustee, fees for issuing and paying agents, fees and expenses of remarketing agents and dealers, fees and expenses of the underwriters if payable other than as a result of a discount on the purchase price of Bonds or Notes, fees and expenses of rating agencies, transfer or information agents, the publication of advertisements and notices, printers' fees or charges incurred by the University or Treasurer on behalf of the University to comply with applicable federal and State securities or tax laws; and with respect to Bonds the interest on which is excludable from gross income of the recipient under the Code means only the costs of issuance of a Series of Bonds which may be paid with Bond proceeds as shall be consistent with Section 912 of the Special Obligation Indenture.

"Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the Treasurer, in consultation with the University (who may be the Attorney General of or other counsel to the University); provided, however, that for the purposes of Article II and Article IX of the Special Obligation Indenture such term shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds.

"Debt Service Expense Requirements" means for any period, and with respect to the Bonds, subject to the Special Obligation Indenture and any Supplemental Indenture authorizing the issuance of the Bonds, the sum of (A) the Principal Installments, Sinking Fund Installments and Interest Requirement accruing and coming due during such period, (B) the amounts, if any, required, with respect to interest rate fluctuations on variable rate debt, or to establish or maintain reserves, sinking funds or other funds or accounts at the respective levels required to be established or maintained therein in accordance with the Special Obligation Indenture or any Supplemental Indenture authorizing the issuance of Bonds, (C) annual expenses of issuance and administration with respect to the Bonds, (D) the amounts, if any, becoming due and payable under a reimbursement agreement or similar agreement entered into pursuant to authority granted under the proceedings authorizing the issuance of Bonds, (E) net amounts owing under interest rate agreements authorized and effective under section 10 of the Act, (F) arbitrage rebate requirements pursuant to subsection (b) of section 17 of the Act, and (G) any other annual costs or expenses necessary or proper to be paid in connection with the Bonds, including, without limitation, the annual cost of any Bond Facility, issued by a financial institution pursuant to an agreement approved in the Financing Transaction Proceedings.

"Debt Service Fund" means the Principal Installment and Interest accounts established pursuant to Section 602 hereof and governed by Section 606 of the Special Obligation Indenture.

"Debt Service Requirement" means, for any period, the sum of the Principal Installment and Interest Requirement.

"Debt Service Reserve Fund" means the fund established pursuant to the Act and Section 602 of the Special Obligation Indenture and governed by Section 613 of the Special Obligation Indenture.

"Debt Service Reserve Fund Requirement" means, with respect to any Series of Bonds issued under the Indenture (i) after May 1, 2000 and (ii) not supported by the Special Capital Reserve Fund, as of any date of computation and for the period computed, an amount equal to the maximum amount of Principal Installments, including Sinking Fund Installments, and Interest Requirements maturing and becoming due in the Calendar Year in which such computation is made or in any single succeeding Calendar Year on such Series of Outstanding Bonds; provided that for the purposes of determining the maximum amount required to be on deposit and thereafter maintained in the with respect to any Series of Bonds secured by the Debt Service Reserve Fund, the interest on which is excludable from gross income for federal income tax purposes, the Debt Service Reserve Fund Requirement shall (a) at no time exceed the least of (x) the sum of the maximum amount of (i) the Principal Requirement and (ii) the Interest Requirement coming due during the then or any succeeding Calendar Year or (y) 125% of the average annual Principal, Sinking Fund Installment and interest on any such Series of Outstanding Bonds coming due during the then current or any succeeding Calendar Year or (z) ten percent of the proceeds (as such term is used in Section 148(d) of the Code) from the sale of such Series of Bonds or Notes and (b) not be funded with in excess of ten percent (10%) of such proceeds from the sale of such series of Bonds or as otherwise limited by Federal tax law regarding the tax exemption of the Bonds.

"Depository" means any qualified public depository or bank under the laws of the State and which is doing business both in the State and with the Trustee and any Paying Agent when designated in accordance with the Special Obligation Indenture.

"Event of Default" shall have the meaning given to such term in Article XII of the Special Obligation Indenture.

"Fiduciary" or "**Fiduciaries"** means the Trustee, any Paying Agent, any Depository, or any or all of them, as may be appropriate.

"Fiscal Year" means a twelve-month period commencing on the first day of July of any year.

"GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board ("GASB").

"Initial Bonds" means the first Series of Bonds issued under the Special Obligation Indenture pursuant to the Act.

"Interest Account" means such account established by Section 602 of the Special Obligation Indenture and governed by Section 606.

"Interest Payment Date" means each date on which interest is payable on the Special Obligation Bonds or in accordance with a Swap under the Special Obligation Indenture or, if such date is not a Business Day, the immediately succeeding Business Day.

"Interest Requirement" means, as of the date of computation with respect to any period, an amount equivalent to the aggregate maximum amount coming due during such period on any Interest Payment Date, of (1) interest which may be payable on Outstanding Bonds and (2) Swap Payments, provided that interest on Variable Interest Rate Bonds or Notes or Swaps shall be calculated in accordance with the Variable Interest Rate Calculation Rate, and further provided that if the University shall have entered into one or more Swaps (that is not a Subordinated Swap) with respect to a Variable Interest Rate Bond or Note, then the Bonds or Notes of such series in a principal amount equal to the Notional Amount shall be treated for purposes of this definition as bearing interest for such period at the fixed rate payable by the University under such Swap; if the University shall have entered into one or more Swaps (that is not a Subordinated Swap) with respect to a Bond or Note that is not a Variable Interest Rate Bond or Note which calls for a Variable Interest Rate Swap Payment by the University then the Bonds or Notes of such series in a principal amount equal to the Notional Amount shall be treated for purposes of this definition as a Variable Interest Rate Bond or Note bearing interest for such period at the Variable Interest Rate payable by the University under such Swap.

"Investment Obligations" means and includes any of the following:

Direct obligations of or obligations guaranteed by the United States of America;

Direct obligations of the U.S. government, obligations of Federal agencies backed by the full faith and credit of the U.S. government, the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"), purchased pursuant to repurchase agreements with any primary dealer on the Federal Reserve reporting dealer list and, any bank which is rated "A" or better by Moody's and S&P if rated by both, or is rated "A" by Moody's or S&P if not rated by both (without regard to the addition of a plus (+) or a minus (-) to any rating) , pursuant to a written repurchase agreement, having a term of up to 30 days, which requires (a) that before or simultaneously with the payment for such obligations (i) such obligations shall be delivered to the Trustee (if the Trustee is not supplying the collateral) or to a third party acting as agent for the Trustee or the University (if the Trustee is supplying the collateral) such that the University has a perfected security interest in such obligations by possession and (ii) a legal opinion addressed to the University shall be delivered to the Trustee stating that the repurchase agreement complies with all provisions of State law governing the qualification of repurchase agreements as legal investments for public funds; (b) that such obligations be valued weekly and be marked-to-market, at their current market price, plus accrued interest, such that the value thereof is equal to 102% of the amount of cash transferred by the University to the financial institution under the repurchase agreement (unless such obligations are issued by FNMA or FHLMC, in which case the value must equal 103%), plus accrued interest; and (c) that if the value of obligations held as collateral is below 102% or 103% of the value of the cash transferred by the University as stated above, then additional cash and or acceptable securities must be transferred to the Trustee, the agent for the Trustee or the University, as the case may be so that the aggregate value of the obligations and cash so held is equal to the required percentage stated above;

Any bond, debenture, note, participation or other similar obligation issued by Government National Mortgage Association, Farmers' Home Administration and Export-Import Bank;

Any bond, debenture, note, participation or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by a Federal Agency backed by the full faith and credit of the United States of America other than as provided in Subsection (1) hereof;

Any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the State or which are legal investments for savings banks in the State, with the consent of any Bond Insurer;

Public Housing Bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an Annual Contributions Contract or Contracts with the United States of America;

Direct and general obligations of or obligations guaranteed by the State of Connecticut, as to the payment of the principal of and interest on which the full faith and credit of the State is pledged, including any obligation of the University or financial guarantee purchased by the University that (1) has a rating equal to or better than that of the State and for which, pursuant to Section 8-258(g) of the General Statutes, the State has issued a collateralized direct guarantee of the State of the punctual payment of such investment or financial guarantee from the general fund of the State and carrying the full faith and credit pledge of the State, (2) does not result in a reduction of any rating of the University's long-term debt, and (3) if rated by both Moody's and S&P, is rated by both Moody's and S&P in one of the two highest rating categories, or if not rated by both Moody's and S&P, is rated by either Moody's or S&P in one of the two highest rating categories (without regard to the addition of a plus (+) or a minus (-) to any rating);

Deposits in interest-bearing time or demand deposits or certificates of deposit secured by obligations described in Subsections (1) through (6) of this definition;

Participation certificates in the short term investment fund created and existing under Section 3-27a of the General Statutes;

Tax-exempt Proceeds Fund established by the State Treasurer pursuant to Section 3-24a of the General Statutes;

Such obligations, securities and investments as are set forth in Subsection (f) of Section 3-20 of the General Statutes, as the same may be amended from time to time; and

Surety or Sureties.

"Minimum State Operating Provision" means the commitment of the State to appropriate, annually an amount for the University for operations after receiving a request from the University therefor and consideration of other amounts available to the University for its operations which amount so appropriated shall be consistent with the University continuing to operate in furtherance and pursuant to the provisions of section 2 of article eighth of the Constitution of the State and applicable law as an institution dedicated to the excellence in higher education, including the operation of the components of UCONN 2000 at Storrs and elsewhere in the State pursuant to section 5 of the Act; provided, however, nothing in section 1 to 25, inclusive, of the Act shall be construed to preclude the State from appropriating a lower or higher amount than the amount appropriated in the previous fiscal year so long as the appropriation act provides and determines that the University can continue to operate as an institution dedicated to excellence in higher education and such amount so appropriated shall then constitute the Minimum State Operating Provision.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notes" means any obligations of the University, other than Bonds, Reimbursement Obligations or Swaps, issued for the purposes of the Act to provide funds for deposit in the Bond Proceeds Fund and issued in anticipation of the issuance of Bonds.

"Notional Amount" means the non-payable or the theoretical principal amount with reference to which Swap Payments and Swap Receipts are calculated, as specified as such for each Swap in the documentation applicable thereto.

"NRMSIR" means, at any time, a then-existing nationally recognized municipal securities information repository, as recognized from time to time by the SEC for the purposes referred to in the Rule. The NRMSIRs as of the date of this Special Obligation Indenture are: Bloomberg Municipal Repositories (Princeton, NJ), DPC Data, Inc. (Fort Lee, NJ), Kenny Information Systems Inc. (New York, NY) and Thomson NRMSIR (New York, NY).

"Outstanding Bond" means, as of any date, a Bond or portion of any Bond of such Series theretofore or thereupon being authenticated and delivered under the Special Obligation Indenture, except any:

(i) Bond cancelled by the Trustee and Paying Agent or the University at or prior to such date;

(ii) Bond for the payment or redemption of which cash, equal to the principal amount or Redemption Price, shall be held in trust under the Special Obligation Indenture for such purpose (whether at or prior to the maturity or Redemption Date), provided that if such Bond is to be redeemed, notice of such redemption shall have been given as provided in Article IV of this Special Obligation Indenture, or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(iii) Bond referred to in Section 1105 of the Special Obligation Indenture;

(iv) Bond issued in lieu of or in substitution for which another Bond shall have been authenticated and delivered pursuant to Article IV, Section 406 and Section 1106 of the Special Obligation Indenture; and

(v) Bond deemed to have been paid as provided in Section 1401 of the Special Obligation Indenture.

"Paying Agent" for the Bonds of any series means the bank or trust company located within or without the State and its successor or assigns, appointed by the University pursuant to the provisions of the Special Obligation Indenture and any successor or assign so appointed and approved.

"Pledged Revenues" means special revenues, subject to the prior lien on and pledge thereof noted in Section 907 hereof, to be received by the University from fees and charges for certain auxiliary activities, including the Residential Life Room Fee, the Student Apartment Rentals, the Greek Housing Fee, the Board (Dining) Fee, the Infrastructure Maintenance Fee, the Parking and Transportation Fee, the General University Fee, the Athletic Stadia FIT Fee and the Student Recreation Center Fee, (1) such other legally available revenues, including but not limited to other fees and charges and Special Eligible Gifts, as the Board of Trustees may determine to pledge hereunder by or pursuant to a Supplemental Indenture excluding in any event Assured Revenues from the State Debt Service Commitment and the Minimum State Operating Provision and (2) any interest earned or gains realized by the investment of moneys held by the Trustee in the Funds and Accounts created under Section 602 of the Special Obligation Indenture, which are treated hereunder as Pledged Revenues and which constitute a part of the Trust Estate.

"Principal" means the principal amount of the Bonds of a Series as due on a certain future date.

"Principal Installment" for any period, means, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding:

(i) the principal amount of Bonds of said Series which mature in such period, reduced by the aggregate principal amount of such Bonds which would before such period be retired by reason of the payment when due and application in accordance with the Special Obligation Indenture or Sinking Fund Installments payable before such period for the retirement of such Bonds, plus

(ii) the unsatisfied balance (determined as provided in Section 606 of the Special Obligation Indenture) of the Sinking Fund Installments, if any, due during such period for the Bonds of such Series.

"Project" means any capital improvement to be financed with Bonds under the Special Obligation Indenture pursuant to the Act and described in a Supplemental Indenture, including any structure designed for use as a dormitory or other housing facility, dining facility, student union, academic building, administrative facility, library, classroom building, research facility, faculty facility, office facility, athletic facility, health care facility, laboratory, maintenance, storage or utility facility or other building or structure essential, necessary or useful for instruction in a program of education provided by the university; or any multipurpose structure designed to combine two or more of the functions performed by the types of structures enumerated in this subsection, including, without limitation, improvements, reconstruction, replacements, additions and equipment acquired in connection with a Project or in connection with operation of any facilities of the University existing on the effective date of the Act. "Project" includes all real and personal property, lands, improvements, driveways, roads, approaches, pedestrian access roads, parking lots, parking facilities, rights-of-way, utilities, easements and other interests in land, machinery and equipment, and all appurtenances and facilities either on, above or under the ground that are used or usable in connection with any of the structures mentioned in this subsection. "Project" also includes landscaping, site preparation, furniture, machinery, equipment and other similar items necessary or convenient for the operation of a particular facility or structure in the manner for which its use is intended, but does not include items that are customarily under applicable accounting principles considered as a current operating charge, unless the category and maximum amount thereof is specifically included by a determination of the Board of Trustees in the Financing Transaction Proceedings and by percentage or otherwise as may be limited pursuant to such proceedings in order to preserve the excludability of the interest on the securities issued therefor from Federal taxation under the applicable provisions of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended.

"Rebate Fund" means such fund of the University established by Section 602 hereof and governed by Section 608 of the Special Obligation Indenture.

"Redemption Fund" means such fund of the University established by Section 602 of the Special Obligation indenture and governed by Section 607 of the Special Obligation Indenture.

"Redemption Price" means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Special Obligation Indenture.

"Renewal and Replacement Fund" means such fund of the University established by Section 602 hereof and governed by Section 612 of the Special Obligation Indenture.

"Renewal and Replacement Fund Requirement" means that amount necessary for the University to maintain the Projects financed with the proceeds of the Bonds in sound operating condition in conformity with the Act, as determined, from time to time, by the University.

"Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of the Special Obligation Indenture, including any official interpretations thereof issued either before or after such date which are applicable to Article XV of the Special Obligation Indenture.

"Series of Bonds" or "**Bonds of a Series"** or words of similar meaning, means the designated series of Bonds authorized by the Special Obligation Indenture with respect to Initial Bonds or by the Special Obligation Indenture and a Supplemental Indenture with respect to any Additional Bonds.

"SID" means, at any time, a then-existing State information depository, if any, as operated or designated as such by or on behalf of the State for the purposes referred to in the Rule. (As of the date of the Special Obligation Indenture, there is no SID.)

"Sinking Fund Installment" means, for any period as of any date of calculation and with respect to any Outstanding Series of Bonds, the amount of money required by the Special Obligation Indenture or the Supplemental Indenture authorizing the issuance of such Series of Bonds to be paid on a single future fixed date for the retirement of any Outstanding Bonds of said Series that mature after said future date, but does not include any amount payable by the University by reason only of the maturity of a Bond, and said fixed future date is deemed to be the date when such Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment. Unless otherwise provided in a Supplemental Indenture, each such future fixed date of any year shall be November 15.

"Special Capital Reserve Fund" means the fund established pursuant to the provisions of the Act and Section 602 of the Special Obligation Indenture and governed by Section 610 of the Special Obligation Indenture.

"Special Capital Reserve Fund Maximum Requirement" means, as of any date of computation and for the period computed, an amount equal to the sum of the greatest amount of Principal Installments, including Sinking Fund Installments, and Interest Requirements maturing and becoming due in the Calendar Year in which such computation is made or in any single succeeding Calendar Year on all Outstanding Bonds of the University issued under the Special Obligation Indenture; provided that for the purposes of determining the maximum amount required to be on deposit and thereafter maintained in the with respect to any Series of Bonds secured by the Special Capital Reserve Fund, the interest on which is excludable from gross income for federal income tax purposes, the Special Capital Reserve Fund Maximum Requirement shall (a) at no time exceed the least of (x) the sum of the maximum amount of (i) the Principal Requirement and (ii) the Interest Requirement coming due during the then or any succeeding Calendar Year or (y) 125% of the average annual Principal, Sinking Fund Installment and interest on any such Series of Outstanding Bonds coming due during the then current or any succeeding Calendar Year or (z) ten percent of the proceeds (as such term is used in Section 148(d) of the Code) from the sale of such Series of Bonds or Notes and (b) not be funded with in excess of ten percent (10%) of such proceeds from the sale of such series of Bonds or as otherwise limited by Federal tax law regarding the tax exemption of the Bonds.

"Special Capital Reserve Fund Minimum Requirement" means the maximum amount of Principal Installment and Interest Requirement becoming due by reason of maturity or a required Sinking Fund Installment in the succeeding Calendar Year on the Outstanding Bonds secured by such Special Capital Reserve Fund.

"Special Eligible Gift" means a gift to the University of cash or assets which may be reduced to cash by the University which the donor has specifically designated as a donation for use by the University in furtherance of UConn 2000 or which explicitly or implicitly by the terms thereof the University may use for UConn 2000 and which the University determines to so use therefor pursuant to section 9(a) of the Act.

"State Debt Service Commitment" means, an annual amount payable by the State, commencing in the Fiscal Year ending June 30, 1996, and any Fiscal Year thereafter with respect to the debt service on bonds issued as general obligations of the University pursuant to section 7(c) of the Act for UCONN 2000 in a principal amount not exceeding nine hundred eighty million dollars.

"Student Apartment Rentals" means the student apartment rentals to be received by the University from student apartment facilities that presently are or will become a UCONN 2000 Project.

"Subordinated Swap" or **"Subordinated Swap Payments"** means either a financial arrangement that meets the definition of Swap or a net amount to be paid by the University under such financial arrangement that meets the definition of Swap Payment but does not qualify hereunder as a Swap or Swap Payment, respectively, and is expressly payable (including any termination payment thereunder) only from a subordinated account or is otherwise subordinated pursuant to this Special Obligation Indenture.

"Supplemental Indenture" means any supplemental indenture entered into by the Trustee and the University pursuant to and in compliance with the provisions of Article X of the Special Obligation Indenture providing for the issuance of Additional Bonds or Refunding Bonds, and shall also mean any other indenture between the same parties entered into pursuant to and in compliance with the provisions of such Article amending or supplementing the provisions of the Special Obligation Indenture as originally executed or as theretofore amended or supplemented.

"Surety" means any surety agreement, insurance agreement, letters of credit or other type of agreement or arrangement, including guaranteed investment contracts satisfying the provisions hereof or of any applicable Supplemental Indenture authorizing a Series of Bonds, which provides for the availability, at all times required under the Special Obligation Indenture or under any such Supplemental Indenture, of the amount of money or the value of the Investment Obligations in lieu of which such agreement or arrangement is substituted; provided that (1) the financial institution providing such Surety shall have an outstanding, unsecured, uninsured and unguaranteed debt issue which has been assigned, or (2) such Surety itself is assigned, either of the three highest ratings (without regard to the addition of a plus (+) or a minus (-) to any rating) by S&P, Moody's and Fitch, if either of the latter two is maintaining a rating on any Bonds not supported by the Special Capital Reserve Fund and is then rating such financing institution or Surety; and provided further that, if the financial institution providing or guaranteeing such Surety is an insurance company, the claims-paying ability of such insurance company shall be assigned either of the three highest ratings (without regard to the addition of a plus (+) or a minus (-) to any rating) by S&P and Moody's or Fitch, if either of the latter two is maintaining a rating on any Bonds not supported by the Special Capital Reserve Fund and is then rating such insurance company.

"Swap" means any financial arrangement:

(1) that is entered into by the University with an entity that is a Swap Provider at the time the arrangement is entered into;

which:

provides that the University shall pay to such entity an amount based on the interest accruing at a fixed rate on the Notional Amount equal to all or part of the outstanding Principal amount of a Series of Bonds issued hereunder, and that such entity shall pay to the University an amount based on the interest accruing on the Notional Amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Series of Bonds) or that one (after adjustment for any cap, floor, collar or other financial arrangement referred to in (2)(c) hereof, with respect thereto) shall pay to the other the net amount (Swap Payment or Swap Receipt) due under such arrangement;

provides that the University shall pay to such entity an amount based on the interest accruing on the Notional Amount equal to all or part of the outstanding principal amount of a Series of Bonds issued hereunder, at a variable rate of interest computed according to a formula set forth in such arrangement and that such entity shall pay to the University an amount based on the interest accruing at a fixed rate on the Notional Amount (which need not be the same as the actual rate of interest borne by such Series of Bonds) or that one (after adjustment for any cap, floor, collar or other financial arrangement referred to in (2)(c) hereof, with respect thereto) shall pay to the other the net amount (Swap Payment or Swap Receipt) due under such arrangement; or

is included as part of or covered by the financial transaction described in (2)(a) or (2)(b) above or is separately executed and which is a cap, floor or collar, forward rate, future rate, asset, swap or index, price or market linked transaction or agreement, other exchange or rate protection transaction agreement, other similar transaction (however designated) or any combination thereof or any option with respect thereto executed by the University for the purpose of moderating interest rate fluctuations or otherwise pursuant to the Act, as amended; and which has been designated in writing to the Trustee by an Authorized Officer of the University and authenticated or otherwise registered by the Trustee hereunder as a Swap with respect to a Series of Bonds or Notes.

"Swap" shall also include any such financial arrangement described in clauses (2) and (3) above entered into by the University with a Swap Provider, as a replacement of a Swap that has been terminated and which has been so designated in writing to the Trustee by an Authorized Officer of the University with respect to a Series of Bonds or Notes.

"Swap Receipt" means the net amount required to be paid to the University under a Swap, but shall not include any Termination Receipt.

"Termination Payment" means with respect to a Swap an amount required to be paid by the University to the Swap Provider or related Swap Facility as a result of the termination of the Swap or required to be paid by the University into a collateral account as security for any termination provided that any payment by the University on account of termination of a Swap shall be subject to amortization over several fiscal years to be determined and approved by the Treasurer in the Swap.

"Termination Receipt" means with respect to a Swap an amount required to be paid to the University by the Swap Provider or related Swap Facility as a result of the termination of the Swap.

"Trust Estate" means all of the funds, securities, property, rights, privileges and interest conveyed, pledged and assigned as provided in the Granting Clause of the Special Obligation Indenture, securing the payment of the Principal and Redemption Price, if any, of and interest on the Bonds according to their respective terms and all other amounts due in connection therewith and the performance and observance by the University of all the covenants expressed or implied in the Special Obligation Indenture and stated on the Bonds.

"Trustee" means U.S. National Bank Association (successor to State Street Bank and Trust Company), and any successor trust company or bank having the powers of a trust company within or without the State succeeding a prior trust company or bank as trustee, appointed pursuant to Section 810 of the Special Obligation Indenture.

"UConn 2000 Infrastructure Improvement Program" or "**UCONN 2000"** means the promotion, planning, designing, developing, encouraging, assisting, acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of any UCONN 2000 Project and assisting directly or indirectly in the financing of the cost thereof pursuant to the Act including the program of the University pursuant to which it issues bonds under the Special Obligation Indenture.

"UConn 2000 Project" means any UConn 2000 Phase I, UConn 2000 Phase II Project and UConn 2000 Phase III Project which the Board of Trustees by resolution authorizes to finance with Bonds hereunder provided such resolution is submitted to the Governor and has not been disapproved by the Governor within thirty (30) days of its submission.

"University" means The University of Connecticut, a constituent unit of the State system of public higher education, including The University of Connecticut Health Center and pursuant to the Act having perpetual succession as a body politic and corporate and an instrumentality and agency of the State or any body, agency, or instrumentality of the State or the State which shall hereafter succeed to the powers, duties and functions of the University under the Special Obligation Indenture.

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APPENDIX D - FORM OF OPINION OF BOND COUNSEL

March 29, 2018

University of Connecticut
352 Mansfield Road, U-2122
Storrs, Connecticut 06269-2122

Honorable Denise L. Nappier, Treasurer
State of Connecticut
Office of the Treasurer
55 Elm Street
Hartford, Connecticut 06106

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $141,725,000 Special Obligation Student Fee Revenue Bonds 2018 Series A (the "2018 Bonds") of the University of Connecticut (the "University"), a body politic and corporate constituting a public instrumentality and agency of the State of Connecticut (the "State"), operating and existing under the Constitution and laws of the State. Capitalized terms used herein and not otherwise defined shall have the definitions assigned to them by the Indentures (as hereinafter defined).

The 2018 Bonds are authorized to be issued pursuant to The University of Connecticut 2000 Act, constituting Sections 10a-109a to 10a-109y inclusive of the Connecticut General Statutes, as amended to the date hereof (the "Act"), the Special Obligation Indenture of Trust, as amended and supplemented by certain supplemental indentures (the "Special Obligation Indenture"), including the Fifth Supplemental Indenture (the "Fifth Supplemental Indenture" and together with the Special Obligation Indenture, the "Indentures"). The Special Obligation Indenture was entered into as of January 1, 1997 by and between the University and State Street Bank and Trust Company, as original trustee (predecessor to U.S. Bank National Association) (the "Trustee").

The 2018 Bonds are dated, will mature on the dates, will bear interest at the rates, and may be subject to redemption prior to maturity, all as set forth in or determined pursuant to the Indentures.

The University is authorized to issue bonds, in addition to the 2018 Bonds, upon the terms, conditions and covenants set forth in the Act and the Special Obligation Indenture, and such bonds, when issued, shall, with the 2018 Bonds and with all other such bonds theretofore issued under the Special Obligation Indenture, be entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Special Obligation Indenture, in accordance with its terms.

We have examined the law and such other materials as we have deemed necessary in order to render this opinion. We have relied upon originals or copies, certified or otherwise identified to our satisfaction, of such public and private records, certificates and correspondence of public officials, including certificates of officials of the University and the Treasurer and such other documents as were provided to us. In making such examinations, we have assumed the genuineness of all signatures, the conformity to original documents of documents submitted as certified or photostatic copies, the validity of all applicable statutes, ordinances, rules and regulations, the capacity of all persons executing documents and the proper indexing and accuracy of all public records and documents.

We are of the opinion that:

1. Under the Constitution and laws of the State, the University exists as a body politic and corporate and an instrumentality and agency of the State, performing an essential public function with good right and lawful authority, among other things, to carry out the UConn 2000 Infrastructure Improvement Program and to provide funds therefor by the execution of the Indentures and the issuance and sale of bonds, including the 2018 Bonds, and to perform its obligations under the terms and conditions of the Indentures including collecting and enforcing the collection of Pledged Revenues as covenanted in the Indentures, except to the extent such enforcement may be limited by bankruptcy, insolvency, and other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. The Indentures have been duly executed by the University and are valid and binding upon the University and enforceable in accordance with their terms. The principal amount of the 2018 Bonds together with the principal amount of obligations of the University issued and obligations authorized and unissued, does not exceed any aggregate limitation on the principal amount of obligations which may be issued by the University imposed by law.

3. The 2018 Bonds have been duly authorized, executed and authenticated and are legal, valid and binding limited obligations of the University payable solely from revenues, funds and assets pledged therefor under the Indentures and are entitled to the equal benefit, protection, and security of provisions, covenants and remedies of the Indentures. The 2018 Bonds are limited recourse special obligations of the University and do not constitute a general obligation of the University nor are they guaranteed by the University. The University has no taxing power.

4. The 2018 Bonds are secured by the Pledged Revenues, which the University has covenanted to collect, in the manner and to the extent set forth in the Indentures. The Special Obligation Indenture obligates the University to deposit Pledged Revenues into the Trust Estate and to apply the same first to the credit of the Debt Service Fund to pay debt service and creates the valid pledge of and the valid lien upon the Trust Estate, including the monies and securities held or set aside or to be set aside and held in such Debt Service Fund established thereunder, which the Indentures purport to create, subject only to the provisions of the Indentures permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indentures.

5. Pursuant to the Special Obligation Indenture, the University has validly covenanted in the manner and to the extent provided in the Special Obligation Indenture, among other things, to do all acts and things necessary to receive and collect the Pledged Revenues.

6. Pursuant to the Act, the 2018 Bonds do not constitute a debt or liability of the State of Connecticut or any municipality or other political subdivision thereof or bonds issued or guaranteed by the State within the meaning of Section 3-21 of the General Statutes of Connecticut (except to the extent set forth in the Act), do not obligate the State or any municipality or political subdivision to levy or pledge any form of taxation and are payable solely from the funds provided therefor pursuant to the Indentures and the Act.

7. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the delivery of the 2018 Bonds in order that interest on the 2018 Bonds not be included in gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to the use and expenditure of gross proceeds of the 2018 Bonds, yield and other restrictions on the investments

of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2018 Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is discovered.

We have examined the Indentures and the procedural documents, including a tax regulatory certificate (the "Tax Regulatory Agreement") of the University with respect to the 2018 Bonds, which, in our opinion contain provisions under which such requirements can be met. The University has covenanted with respect to the 2018 Bonds in the Indentures to comply with the requirements of the Code.

In rendering the opinion in this paragraph 7, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Regulatory Agreement with respect to matters affecting the status of interest paid on the 2018 Bonds, and (ii) continuing compliance by the University with the procedures and covenants set forth in the Tax Regulatory Agreement as to such tax matters.

Under existing law, interest on the 2018 Bonds, (a) is not includable in gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, for certain corporations (as defined for federal income tax purposes) for taxable years that began before January 1, 2018 such interest may be taken into account in computing the corporation's federal alternative minimum tax liability.

8. Under existing statutes, interest on the 2018 Bonds is excludable from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates, and interest on the 2018 Bonds is excludable from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Except as stated in paragraphs 7 and 8 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the 2018 Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of interest on the 2018 Bonds.

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2018 Bonds may be limited by bankruptcy, insolvency, and other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Very truly yours,

PULLMAN & COMLEY, LLC

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APPENDIX E-FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is dated as of March 29, 2018 and is executed and delivered by the University of Connecticut (the "University") and U.S. Bank National Association (the "Dissemination Agent") in connection with the issuance of $141,725,000 University of Connecticut Special Obligation Student Fee Revenue Bonds, 2018 Series A (the "Bonds"). The Bonds are being issued pursuant to a Special Obligation Indenture of Trust, dated as of January 1, 1997, as supplemented and amended to date (the "Indenture"), between the University of Connecticut and U.S. Bank National Association (as successor to State Street Bank and Trust Company) of Hartford, Connecticut, as Trustee (the "Trustee"). For valuable consideration, the receipt of which is acknowledged, the Dissemination Agent and the University covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the University and the Dissemination Agent for the benefit of the Bondholders (defined below) and the beneficial owners of the Bonds, and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the University pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Bondholder" or the term "Holder", when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Bond and any beneficial owner thereof.

"Disclosure Representative" shall mean the Manager of Treasury Services or the Executive Vice President for Administration and Chief Financial Officer of the University or his or her designee, or such other person as the University shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean the initial Dissemination Agent hereunder, which is U.S. Bank National Association, or any successor Dissemination Agent designated in writing by the University and acceptable to the State and which has filed with U.S. Bank National Association a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system for municipal securities disclosure (http://emma.msrb.org) or any other repository of disclosure information that may be designated by the SEC (defined below).

"Filing Date" shall have the meaning given to such term in Section 3(a) of this Disclosure Agreement.

"Listed Events" shall mean, with respect to the Bonds, any of the events listed in subsection (b)(5)(i)(C) of the Rule (defined below), which are listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean 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.

"Official Statement" shall mean the Official Statement dated March [ ], 2018 relating to the Bonds.

"Participating Underwriters" shall mean any or all of the original underwriters of the Bonds required to comply with the Rule in connection with the 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.

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of Connecticut acting by and through the Treasurer of the State.

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) The University, commencing with the fiscal year ending June 30, 2018, shall, or shall cause the Dissemination Agent to, not later than February 28 of each year, or in the event of a change in the University's fiscal year from the present July 1 to June 30 fiscal year, within eight months after the end of such fiscal year (the "Filing Date"), provide to the MSRB through EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. On or prior to the Filing Date (except that in the event the University elects to have the Dissemination Agent file such report, five (5) Business Days prior to such date) such Annual Report shall be provided by the University to the Dissemination Agent together with either (i) a letter authorizing the Dissemination Agent to file the Annual Report with the MSRB, or (ii) a certificate stating that the University has provided the Annual Report to the MSRB and the date on which such Annual Report was provided. 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 University may be submitted separately from the balance of the Annual Report; and provided further that audited financial statements of the University shall be submitted as soon as practicable after the audited financial statements become available. The University shall promptly notify the Dissemination Agent of any change in the University's fiscal year.

(b) If by 5 Business Days prior to the Filing Date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the University to request a report regarding compliance with the provisions governing the Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB through EMMA by the Filing Date, the Dissemination Agent shall send a reminder notice to the University and shall send a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(d) The Dissemination Agent shall file a report with the University and the Trustee (if the Dissemination Agent is not the Trustee) certifying that the University has filed a report (directly or through the Dissemination Agent) purporting to be an Annual Report pursuant to this Disclosure Agreement, and stating the date it was provided (if such report was provided).

SECTION 4. Content of Annual Reports. The University's Annual Report shall contain or incorporate by reference the following:

(a) audited financial statements (including notes) of the University and University of Connecticut Health Center ("UConn Health"), provided, however, if audited financial statements are not available by the Filing Date, the University may file unaudited financial statements in lieu of such audited financial statements until such audited financial statements become available, which financial statements may be individual, combined or consolidated, prepared in accordance with generally accepted accounting/auditing principles as in effect from time to time, and consistently applied, unless otherwise explained in notes to the financial statements.

(b) financial information and operating data of the University for the preceding fiscal year, which shall include annual or year-end information of the University, as applicable, of the type included in the Official Statement, as set forth below:

(1) student statistical information of the type set forth in Appendix A to the Official Statement ("Appendix A") under the headings:

(i) Schedule of Freshmen Enrollment – Storrs Campus
(ii) Average Total SAT Scores (excluding writing component)
(iii) Total Enrollment Data (Head Count);
(iv) Percentage of Enrollment by Residence Status;
(v) In-State Student Enrolled at the University (Annual Tuition and Fees)
(vi) Financial Aid to University Students (excluding Tuition Waivers)

(2) to the extent not otherwise incorporated in the financial statements of the University provided in accordance with Section 4(a) hereof, revenue, expense and fund data of the type set forth in the Official Statement under the headings:

(i) Statement of Revenues, Expenses and Changes in Net Position
(ii) University Budget (Storrs and Regional Campuses)
(iii) Statement of Current Funds Operations
(iv) Schedule of State Operating Support and Fringe Benefits to the University
(v) State Legislative Bond Authorizations for the University
(vi) Governmental Grants and Contracts
(vii) Assets, Support and Revenue, Expenditures of UConn Foundation and Law School Foundation
(viii) Debt Service on General Obligation Bonds
(ix) Total UConn 2000 Debt Obligations Outstanding
(x) Projected Debt Service and Debt Service Coverage
(xi) Statement of Projected Coverage Levels

(3) student statistical information of UConn Health and, to the extent not otherwise incorporated in the financial statements of UConn Health provided in accordance with Section 4(a) hereof, revenue, expense and fund data all of the type set forth in Appendix A under the headings:

(i) Average Total MCAT and DAT Scores
(ii) Passing Rates on National Exams
(iii) Annual Cost of an In-State Student Enrolled at UConn Health by School
(iv) Percentage of Enrollment by Residence Status
(v) Statement of Revenues, Expenses and Changes in Net Position
(vi) Statement of Current Funds Operations
(vii) Governmental Grants and Contracts
(viii) Long Term Liabilities

together with a narrative explanation, if necessary to avoid misunderstanding, regarding the presentation of financial and operating data concerning the University and the financial and operating condition of the University; provided, however, that the references above to specific section headings of the Official Statement used as a means of identification shall not prevent the University from reorganizing such material in subsequent official statements and Annual Reports.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including financial statements provided under Section 4(a) hereof, or official statements of debt issues with respect to which the University is the issuer, which have been (i) made available to the public on EMMA or (ii) filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The University shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events.

(a) The University shall, or shall cause the Dissemination Agent to, give notice of the occurrence of any of the Listed Events relating to the Bonds to the MSRB in a timely manner not in excess of ten (10) Business Days after the occurrence of any of such Listed 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 determination with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to the rights of holders of the Bonds, if material;

(8) Bond calls, if material, and tender offers (other than mandatory sinking fund redemptions);

(9) Bond 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 University or the State;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the University in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the University or the State, 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 University or the State.

(13) the consummation of a merger, consolidation, or acquisition involving the University or the State or the sale of all or substantially all of the assets of the University or the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional paying agent or trustee or the change of the name of the paying agent or trustee, if material.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event. "Actual knowledge" for purposes of this subsection (b) shall mean actual knowledge of an officer of the Corporate Trust Administration of the Dissemination Agent.

(c) Whenever the University obtains knowledge of the occurrence of a Listed Event set forth in clauses (2), (7), (8) (relating to Bond calls only), (10), (13) or (14) of subsection (a) above, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the University shall as soon as possible determine if such event would constitute material information for Bondholders, and if such event is determined by the University to be material, the University shall, or shall cause the Dissemination Agent to, give notice of such event to the MSRB not later than ten (10) Business Days after the occurrence of such event.

(d) If the University elects to have the Dissemination Agent file notice of any Listed Event, the University will provide the notice to the Dissemination Agent within 5 Business Days after the occurrence of the Listed Event, along with an instruction to file the notice with the MSRB.

SECTION 6. Termination of Reporting Obligation.

(a) The University's and the Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

(b) In addition, the University's obligations under the provisions of this Disclosure Agreement shall terminate (in whole or in part, as the case may be) in the event that (1) the University delivers to the Dissemination Agent and the Trustee an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Dissemination Agent and the Trustee to the effect that those portions of the Rule which require the provisions of this Disclosure Agreement, or any of such provisions, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion (but such termination of the University's obligations shall be effective only to the extent specifically addressed by such opinion), and (2) the Dissemination Agent delivers copies of such opinion to (i) the MSRB, (ii) the Trustee (if other than the Dissemination Agent), and (iii) Jefferies & Company, Inc., as representative of the Participating Underwriters. The Dissemination Agent shall so deliver such opinion promptly.

SECTION 7. Dissemination Agent.

(a) The University may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

(b) The Dissemination Agent, or any successor thereof, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the University and the registered owners of the Bonds, specifying the date when such resignation shall take effect.

Such resignation shall take effect upon the date a successor shall have been appointed by the University or by a court upon the application of the Dissemination Agent.

(c) In case the Dissemination Agent, or any successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Dissemination Agent or of its property shall be appointed, or if any public officer shall take charge of control of the Dissemination Agent, or of its property or affairs, the University shall forthwith appoint a Dissemination Agent to act. The University shall give or cause to be given written notice of any such appointment to the Bondholder and the Trustee (if the Trustee is not the Dissemination Agent).

(d) Any company into which the Dissemination Agent may be merged or with which it may be consolidated or any company resulting from any merger or consolidation to which it shall be a party or any company to which such Dissemination Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Dissemination Agent, without any further act or deed.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the University and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment not modifying or otherwise affecting its duties, obligations or liabilities in such a way as they are expanded or increased) and any provision of this Disclosure Agreement may be waived, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the University or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the University shall have delivered an opinion of counsel, addressed to the University, the Dissemination Agent and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the University shall have delivered to the Trustee and the Dissemination Agent an opinion of counsel unaffiliated with the University (such as bond counsel) and acceptable to the University, to the effect that the amendment does not materially impair the interests of the Holders of the Bonds or (ii) the Bondholders consent to the amendment to this Disclosure Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of the Bondholders pursuant to the Indenture as in effect on the date of this Disclosure Agreement, and (5) the University shall have delivered copies of such opinion(s) and amendment to the MSRB. The Dissemination Agent may rely and act upon such opinions.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the University 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 the occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the University chooses to include any information in any Annual Report or notice of the occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the University shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of the occurrence of a Listed Event. Nothing in this Disclosure Agreement shall be deemed to prevent U.S. Bank National Association from providing a notice or disclosure as it may deem appropriate pursuant to any other capacity it may be acting in relating to the Bonds.

SECTION 10. Default. In the event of a failure of the University or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of any of the Holders of at least 25% of the aggregate principal amount of Outstanding Bonds who have provided security and indemnity deemed acceptable to the Dissemination Agent, shall), or any party who can establish beneficial ownership of any of the Bonds, or any Bondholder may, after providing fifteen (15) days written notice to the University to give the University opportunity to comply within such fifteen-day period, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the University 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 Indenture, and the sole remedy available to the Dissemination Agent, any beneficial owners of the Bonds or the Bondholders under this Disclosure Agreement in the event of any failure of the University or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent that the Dissemination Agent is required under the terms of this Disclosure Agreement to report any information, it is only required to report information that it receives from the University in the form in which it is received, and the Dissemination Agent shall be under no responsibility or duty with respect to the accuracy and content of the information which it receives from the University.

(b) The Dissemination Agent shall have all such immunities and liabilities vested in the Trustee under the Indenture.

SECTION 12. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB pursuant to this Disclosure Agreement shall be provided to EMMA.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the University, the Trustee, the Dissemination Agent, the Participating Underwriters, parties who can establish beneficial ownership of the Bonds and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. 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 15. Notices. The parties hereto may be given notices required hereunder at the addresses set forth for them in the Indenture.

SECTION 16. Applicable Law. This Disclosure Agreement shall be governed by the laws of the State, and by applicable federal laws.

Dated as of March 29, 2018

UNIVERSITY:

UNIVERSITY OF CONNECTICUT

By:__________________________________
Name: Scott Jordan
Title: Executive Vice President for Administration and CFO

DISSEMINATION AGENT:

U.S. BANK NATIONAL ASSOCIATION

By:__________________________________
Name:
Title:

[SIGNATURE PAGE -CONTINUING DISCLOSURE AGREEMENT – MARCH 29, 2018]

EXHIBIT A
To Continuing Disclosure Agreement

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: University of Connecticut (the "University")

Name of Bond Issue:

Date of Issuance:

NOTICE IS HEREBY GIVEN that the University has not yet provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement by and between the University and U.S. Bank National Association (the "Dissemination Agent") dated as of _______________, ____. The University has informed the Dissemination Agent that the Annual Report will be filed with the Dissemination Agent by _______________.

Dated:____________________

U.S. Bank National Association,
as Dissemination Agent

By:_________________________________
Name:___________________________
Title:____________________________

cc: University

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UNIVERSITY OF CONNECTICUT • SPECIAL OBLIGATION STUDENT FEE REVENUE BONDS, 2018 SERIES A

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