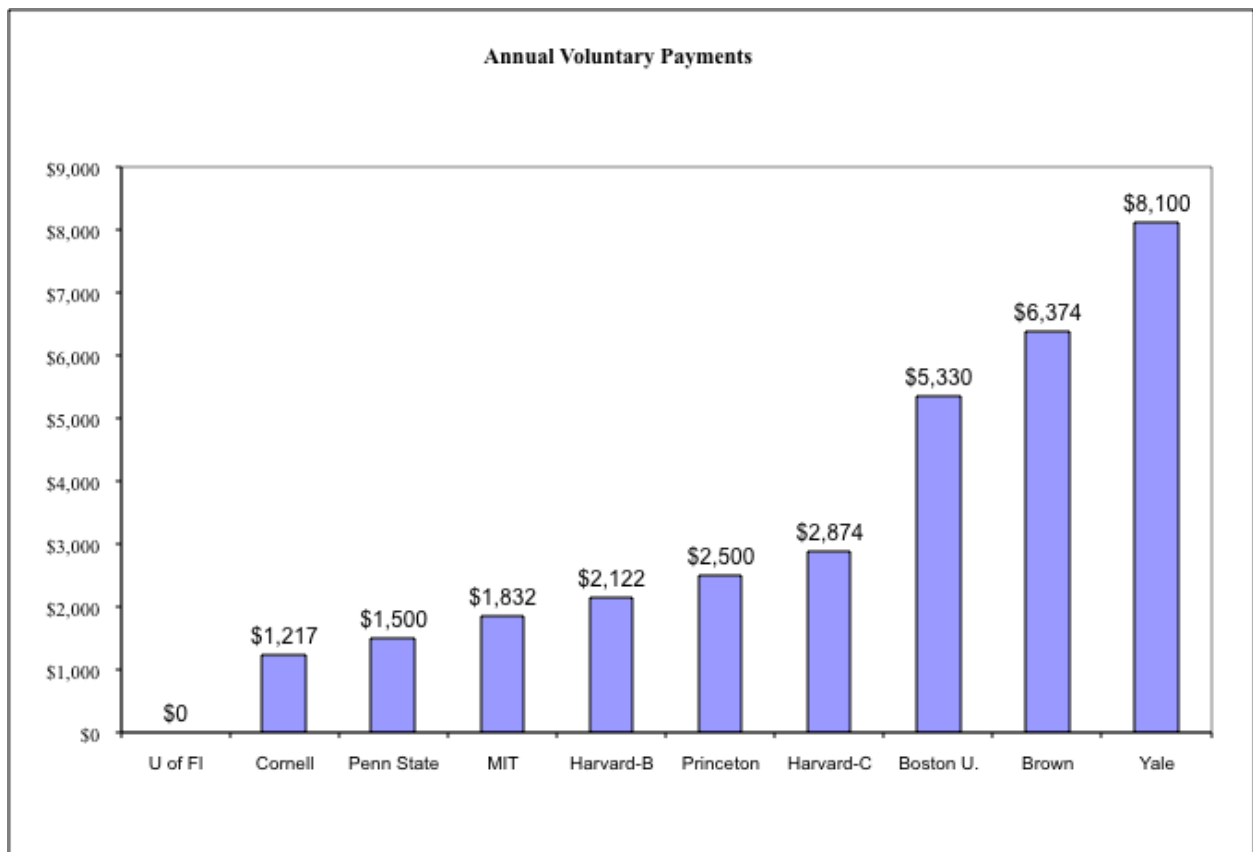


PART I



Voluntary Payments to Host Municipalities

Note: Harvard-B = Harvard's voluntary payment to Boston; Harvard-C = Harvard's voluntary payment to Cambridge

Harvard University

Harvard has PILOT programs with both Cambridge and Boston, which total to an annual amount of \$5 million.

Cambridge

Harvard is one of the top five taxpayers in Cambridge⁸ and, on top of that, also makes substantial voluntary payments to the City every year. In 2005 Harvard renewed its PILOT agreement with Cambridge for a 50-year period. The terms of the agreement include a 3 percent annual payment escalation, in addition to a \$100,000 payment escalation every 10 years. The University will pay the City an estimated \$2,874,000 for fiscal year 2012-2013.⁹

Boston

In 2009 Boston Mayor Thomas Menino established a task force charged with developing recommendations for a more successful and more consistent PILOT program to improve relationships between the City and its tax-exempt institutions. As a result, PILOT payment amounts in Boston are now determined by a standard formula, based on organizations' property values and whether or not they can prove that they provide substantial community services.¹⁰ Boston's PILOT request to Harvard for fiscal year 2012 was \$2,121,894.¹¹

Massachusetts Institute of Technology

Massachusetts Institute of Technology (MIT) also has a formal PILOT arrangement with Cambridge,¹² and is the City's largest taxpayer as well. Although it had been making voluntary payments for many years, the University did not enter into a written agreement with Cambridge until 2005. The agreement has a 40-year term and includes an annual 2.5 percent payment escalation. MIT will pay an estimated \$1,832,000 for fiscal year 2012-2013.¹³

Princeton University

Princeton University makes annual voluntary payments to both the Borough of Princeton and the Princeton Township (which are currently consolidating into a single municipality). The University paid the Borough and Township a combined \$1,680,496¹⁴ in 2011 and nearly \$2,500,000 in 2012.¹⁵

On top of its PILOT, in 2011 Princeton also paid \$7.7 million in property taxes, one third of which (nearly \$2.6 million) was legally exempt.¹⁶ While New Jersey state law stipulates that any portion of a facility that is used for educational purposes is qualified for tax-exemption, the University only removes a property from the tax roll if 100 percent of the facility is used for education.¹⁷

Yale University

Yale University makes the largest voluntary payment to its host municipality among all colleges and universities in the nation.¹⁸ Furthermore, the University is one of the top five taxpayers in New Haven and makes other substantial financial investments in the community, such as a \$25 million Homebuyer Program.¹⁹

In 1991 Yale and the City of New Haven reached a PILOT agreement that had an original base payment of \$1.2 million. In 2009 the University then agreed to increase its payments by 50 percent. By 2010, Princeton's annual contribution to the City reached \$7.5 million,²⁰ growing to nearly \$8.1 million in 2012.²¹

Pennsylvania State University

Penn State is a public land grant institution. They give about 1.5 million to their host county, local school districts, and municipalities. Their PILOT agreement is tied to CPI.

Boston University

In 2009 Boston Mayor Thomas Menino established a task force charged with developing recommendations for a more successful and more consistent PILOT program to improve relationships between the City and its tax-exempt institutions. As a result, PILOT payment amounts in Boston are now determined by a standard formula, based on organizations' property values and whether or not they can prove that they provide substantial community services.²² The City's PILOT request to Boston University for fiscal year 2012 was \$5,329,936.²³

Brown University

Brown University recently signed a Memorandum of Agreement (MOA) with Providence, in which it committed to invest \$31.5 million into the City over the next eleven years.²⁴ As

stipulated by the agreement, Brown will pay \$3.9 million annually for six years followed by \$2 million annually for five years.²⁵

This MOA does not override a 2003 Memorandum of Understanding (MOU) in which the University agreed to make voluntary payments of an average \$1.2 million annually.²⁶ On top of that, Brown pays taxes on all educational properties that have been purchased since 2003. Thus, in 2012 the University's voluntary payments to Providence totaled \$6,374,000: \$3,900,000 (2012 MOA) + \$1,200,000 (2003 MOU) + \$1,274,000 (voluntary payments on educational property purchased since 2003).²⁷

Cornell University

Although Cornell University is not in a formal PILOT arrangement, it has been making voluntary payments to the City of Ithaca for many years. A Memorandum of Understanding (MOU) between the City and the University contains a schedule of these payments (shown below) and stipulates that, each year, 60 percent of the funds are to be allocated for fire protection and the remaining 40 percent for "other municipal services".²⁸

Under the original MOU, written in 1995, voluntary payments increased by \$50,000 annually (except for a \$100,000 increase between 1999 and 2000). Thus, Cornell's contribution grew from \$250,000 in 1995 to \$700,000 in 2003.²⁹ The MOU was then amended in 2003 to increase the amount of the annual payments and to extend the agreement (which was due to expire in 2007) another 16 years.³⁰ Cornell's contribution has since been determined by the previous year's CPI, however each year they have remained at roughly \$1,200,000. In 2012, the University made a total voluntary payment to the City of \$1,217,475, with \$730,485 allocated for fire protection.³¹

A summary of Cornell's contribution under the MOU is as follows:

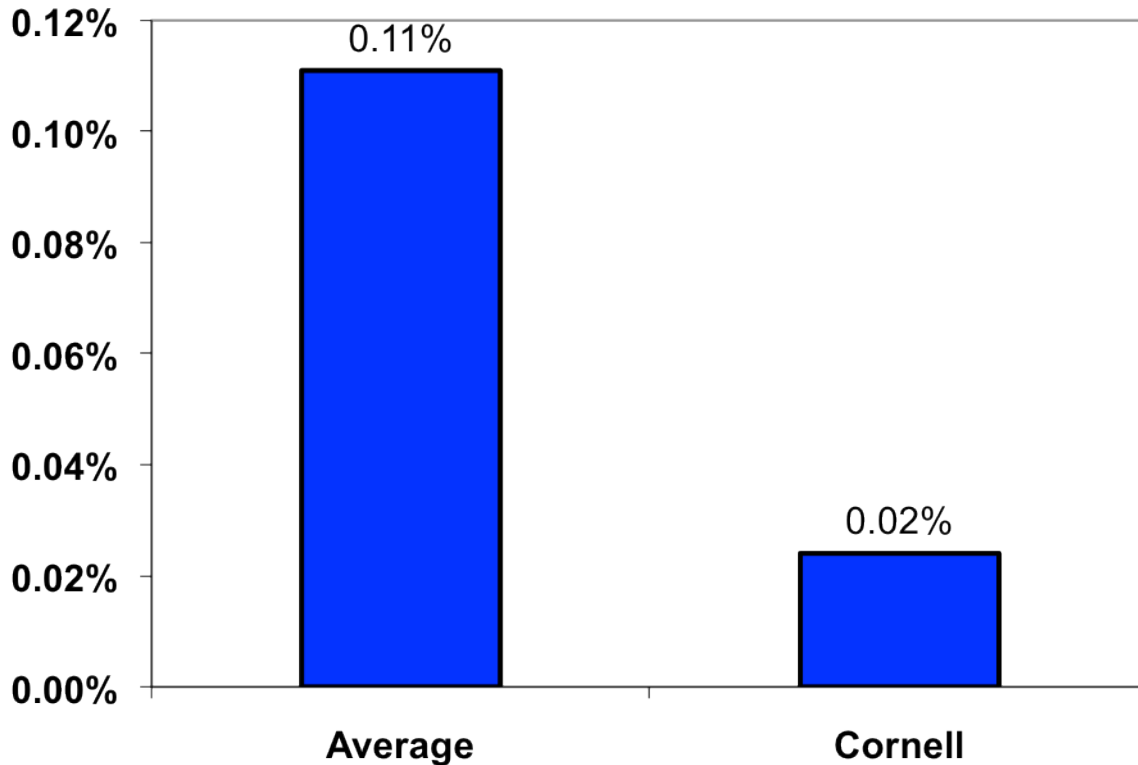
Year	Contribution	% Change	Allocation		
			Fire Protection	Other Municipal	Economic
2012	\$1,217,475	2.50%	\$730,485	\$486,990	
2011	\$1,187,780	1.60%	\$712,668	\$475,112	
2010	\$1,169,075	-4.00%	\$701,445	\$467,630	
2009	\$1,173,770	3.80%	\$704,262	\$469,508	
2008	\$1,130,800	2.80%	\$678,480	\$452,320	
2007	\$1,100,000	-4.35%	\$660,000	\$440,000	
2006	\$1,150,000	-4.17%	\$575,000	\$500,000	\$75,000
2005	\$1,200,000	-4.00%	\$550,000	\$500,000	\$150,000
2004	\$1,250,000	78.57%	\$475,000	\$525,000	\$250,000
2003	\$700,000	7.69%	\$450,000	\$250,000	
2002	\$650,000	8.33%	\$425,000	\$225,000	
2001	\$600,000	9.09%	\$400,000	\$200,000	
2000	\$550,000	22.22%	\$375,000	\$175,000	
1999	\$450,000	12.50%	\$325,000	\$125,000	
1998	\$400,000	14.29%	\$300,000	\$100,000	
1997	\$350,000	16.67%	\$275,000	\$75,000	
1996	\$300,000	20.00%	\$250,000	\$50,000	
1995	\$250,000	-	\$225,000	\$25,000	

Source: City of Ithaca 2012 Mayor's Budget Narrative, Page 43

PART II

Voluntary Payment as a Percentage of University Endowment

All University endowments in this comparison were found in a 2012 report published by the National Association of College and University Business Officers (NACUBO) and Communfund Institute.³² The amounts used represent the market value of endowments for fiscal year 2011.

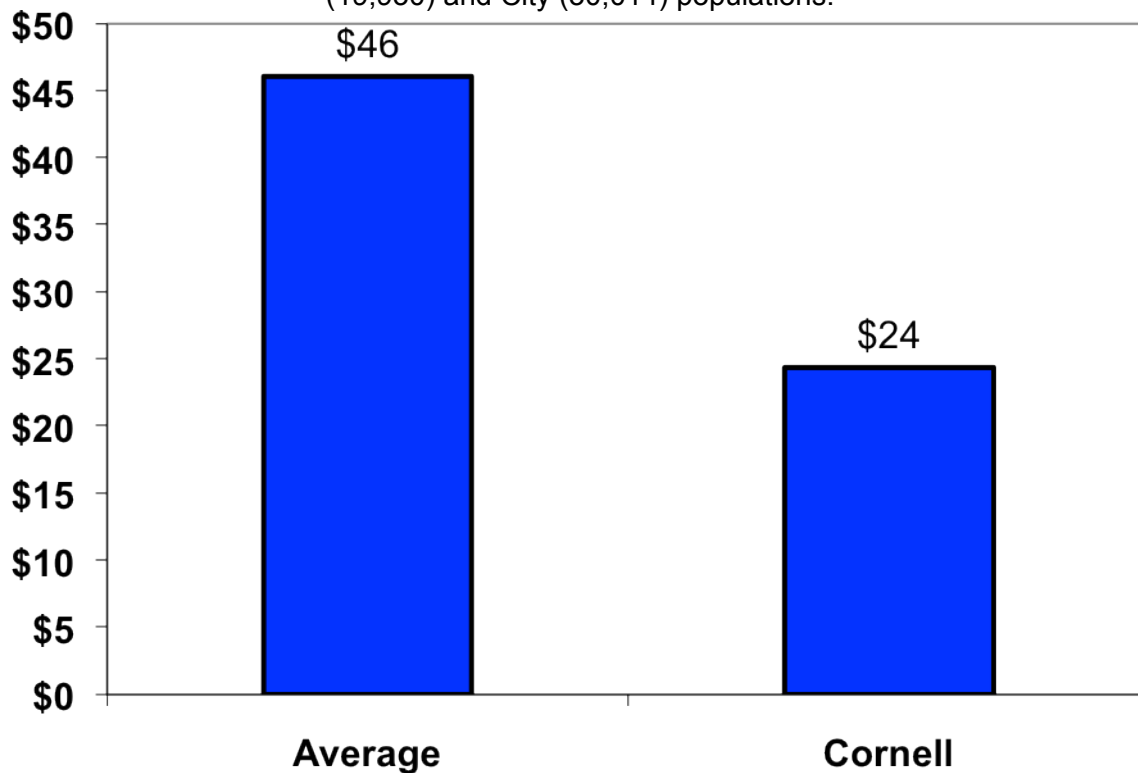


University	Municipality	Endowment	Voluntary Payment	Payment as % of Endowment
MIT	Cambridge	\$9,712,628,000	\$1,832,000	0.0243%
Brown	Providence	\$2,496,926,000	\$6,374,000	0.2553%
Princeton	Princeton	\$17,109,508,000	\$2,500,000	0.0146%
Harvard	Cambridge	\$31,728,080,000	\$2,874,000	0.0091%
	Boston		\$2,121,894	0.0067%
Penn State	State College	\$1,953,300,000	\$1,500,000	0.0768%
Yale	New Haven	\$19,374,000,000	\$8,100,000	0.0418%
Boston U.	Boston	\$1,159,583,000	\$5,329,936	0.4596%
Average				0.1110%
Cornell	Ithaca	\$5,059,406,000	\$1,217,475	0.0241%

Cornell's Rank: 6th out of 9

Voluntary Payment as Dollar Amount per Municipality Resident

All but two of the municipality populations were found on a United States' Census Bureau webpage and are current as of 2010.³³ The 2010 population for the Town of Ithaca was found in a town profile published by Tompkins County Youth Services³⁴ and the 2010 population for Princeton Township was found on a New Jersey State document regarding legislative districts.³⁵ The final population listed for Princeton is a summation of the Borough (12,307) and Township (16,265) populations; and the final population listed for Ithaca is a summation of the Town (19,930) and City (30,014) populations.

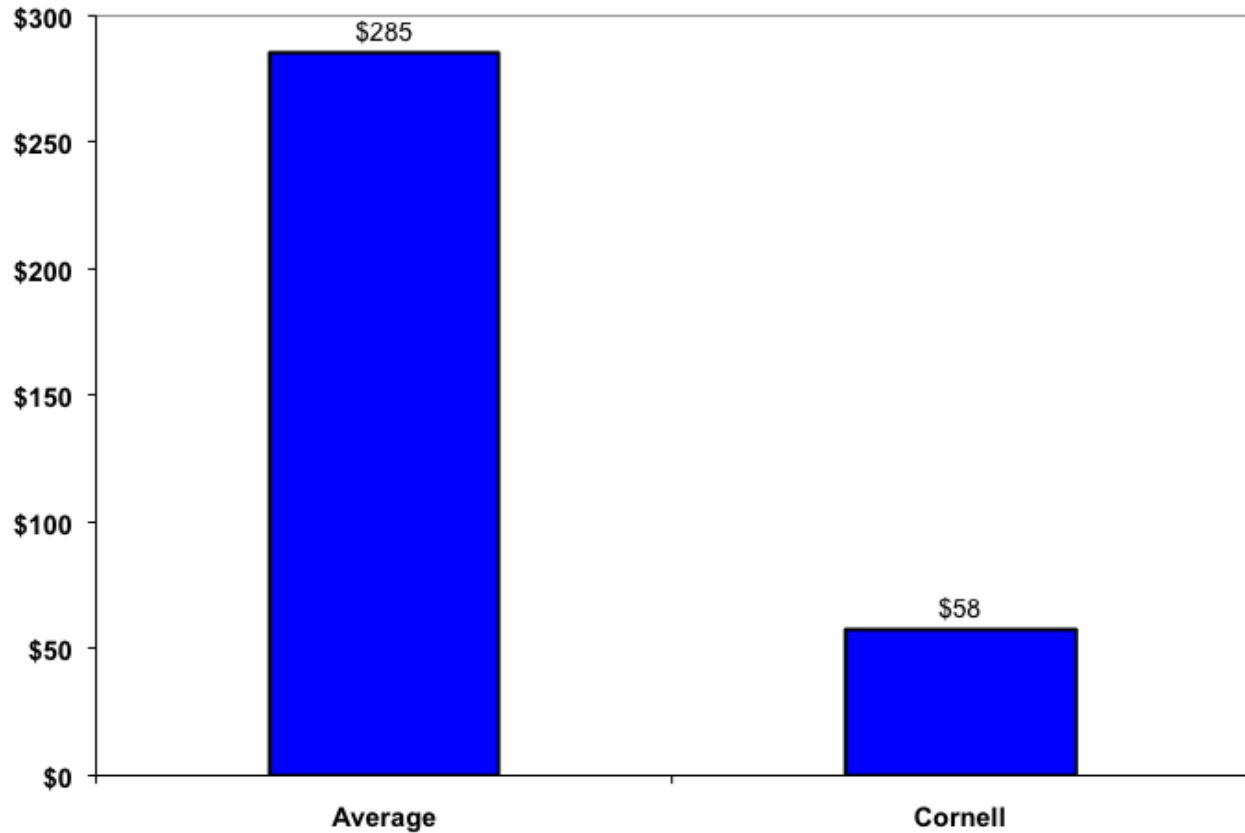


University	Municipality	Municipality Population	Voluntary Payment	Payment as \$ Per Municipality Resident
MIT	Cambridge	105,162	\$1,832,000	\$35.36
Brown	Providence	178,042	\$6,374,000	\$35.80
Princeton	Princeton	28,572	\$2,500,000	\$163.11
Harvard	Cambridge	105,162	\$2,874,000	\$26.15
	Boston	617,594	\$2,121,894	\$3.43
Penn State	State College	\$42,499	\$1,500,000	\$35.29
Yale	New Haven	129,779	\$8,100,000	\$61.26
Boston U.	Boston	617,594	\$5,329,936	\$8.39
Average				\$46.10
Cornell	Ithaca	49,944	\$1,217,475	\$24.38

Cornell's Rank: 6th out of 9

Voluntary Payment as Dollar Amount per University Student

University enrollments—total and undergrad—were found through a search engine produced by the National Center for Education Statistics.³⁶ All information is based on Fall 2011 enrollment



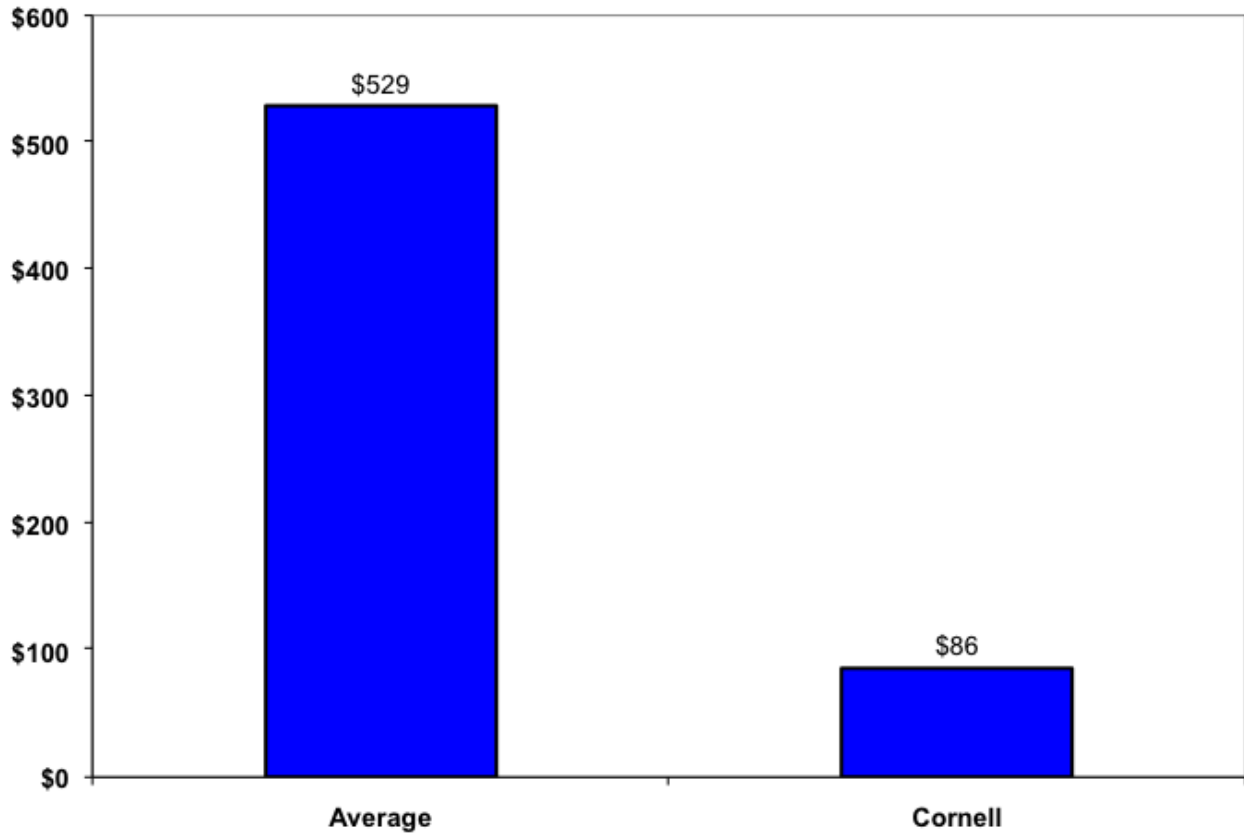
statistics.

University	Municipality	University Enrollment	Voluntary Payment	Payment as \$ Per University Student
MIT	Cambridge	10,894	\$1,832,000	\$168.17
Brown	Providence	8,768	\$6,374,000	\$726.96
Princeton	Princeton	7,813	\$2,500,000	\$319.98
Harvard	Cambridge	27,392	\$2,874,000	\$104.92
	Boston		\$2,121,894	\$77.46
Penn State	State College	38,954	\$1,500,000	\$38.51
Yale	New Haven	11,875	\$8,100,000	\$682.11
Boston U.	Boston	32,439	\$5,329,936	\$164.31
Average				\$285.30
Cornell	Ithaca	21,131	\$1,217,475	\$57.62

Cornell's Rank: 8th out of 9

Voluntary Payment as Dollar Amount per Undergrad Student

University enrollments—total and undergrad—were found through a search engine produced by the National Center for Education Statistics.³⁷ All information is based on Fall 2011 enrollment



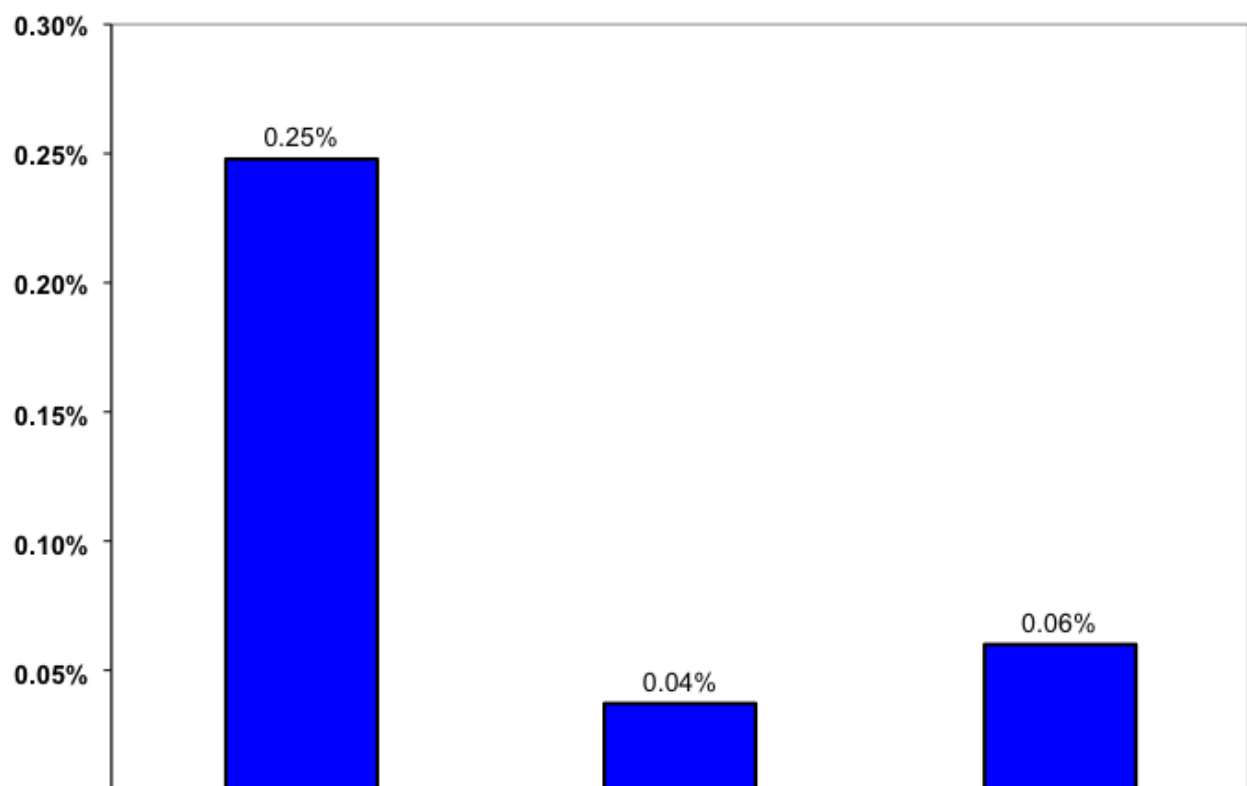
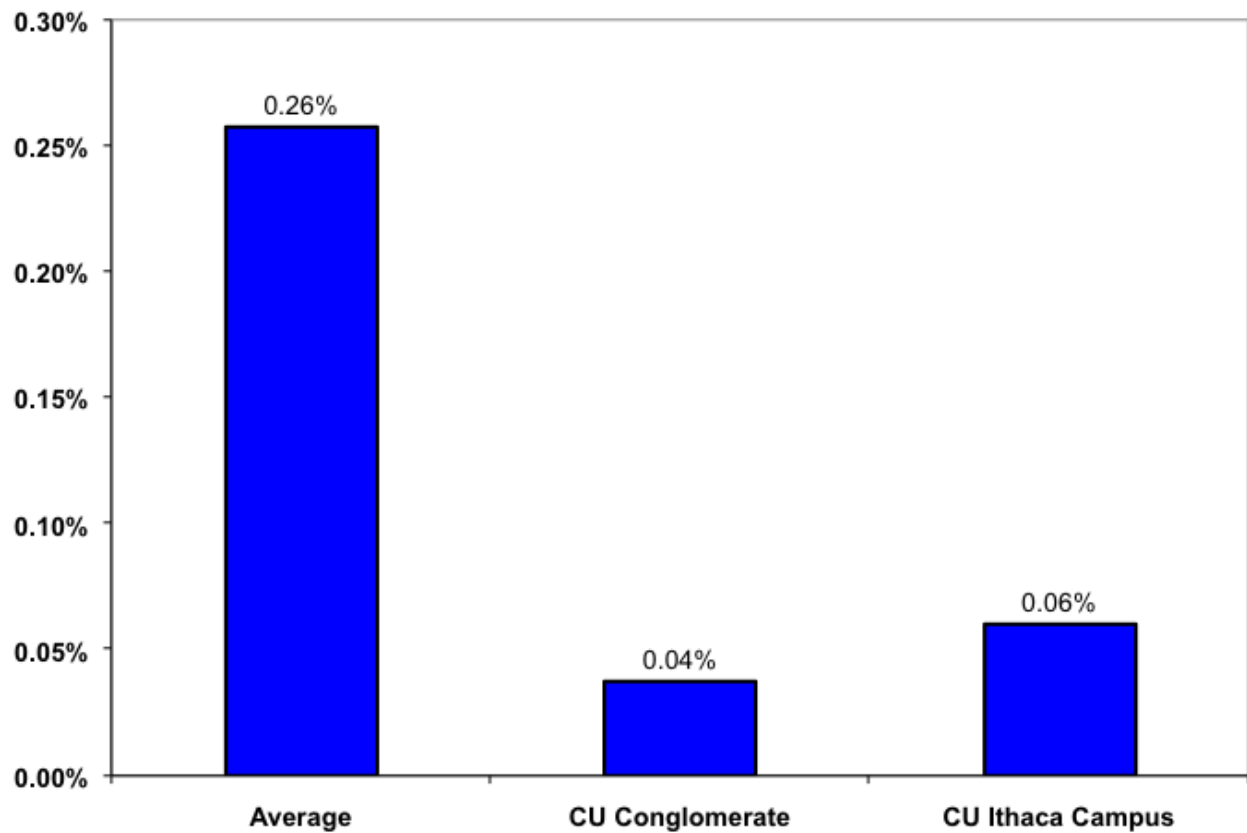
statistics.

University	Municipality	Undergrad Enrollment	Voluntary Payment	Payment as \$ Per Undergrad Student
MIT	Cambridge	4,384	\$1,832,000	\$417.88
Brown	Providence	6,380	\$6,374,000	\$999.06
Princeton	Princeton	5,203	\$2,500,000	\$480.49
Harvard	Cambridge	10,305	\$2,874,000	\$278.89
	Boston		\$2,121,894	\$205.91
Penn State	State College	38,954	\$1,500,000	\$38.51
Yale	New Haven	5,349	\$8,100,000	\$1,514.30
Boston U.	Boston	18,140	\$5,329,936	\$293.82
Average				\$528.61
Cornell	Ithaca	14,167	\$1,217,475	\$85.94

Cornell's Rank: 8th out of 9

Voluntary Payment as a Percentage of University Operating Revenues

The operating revenues and operating expenses for every University were found in their respective financial statements/reports. The amounts listed are for the year ended June 30,



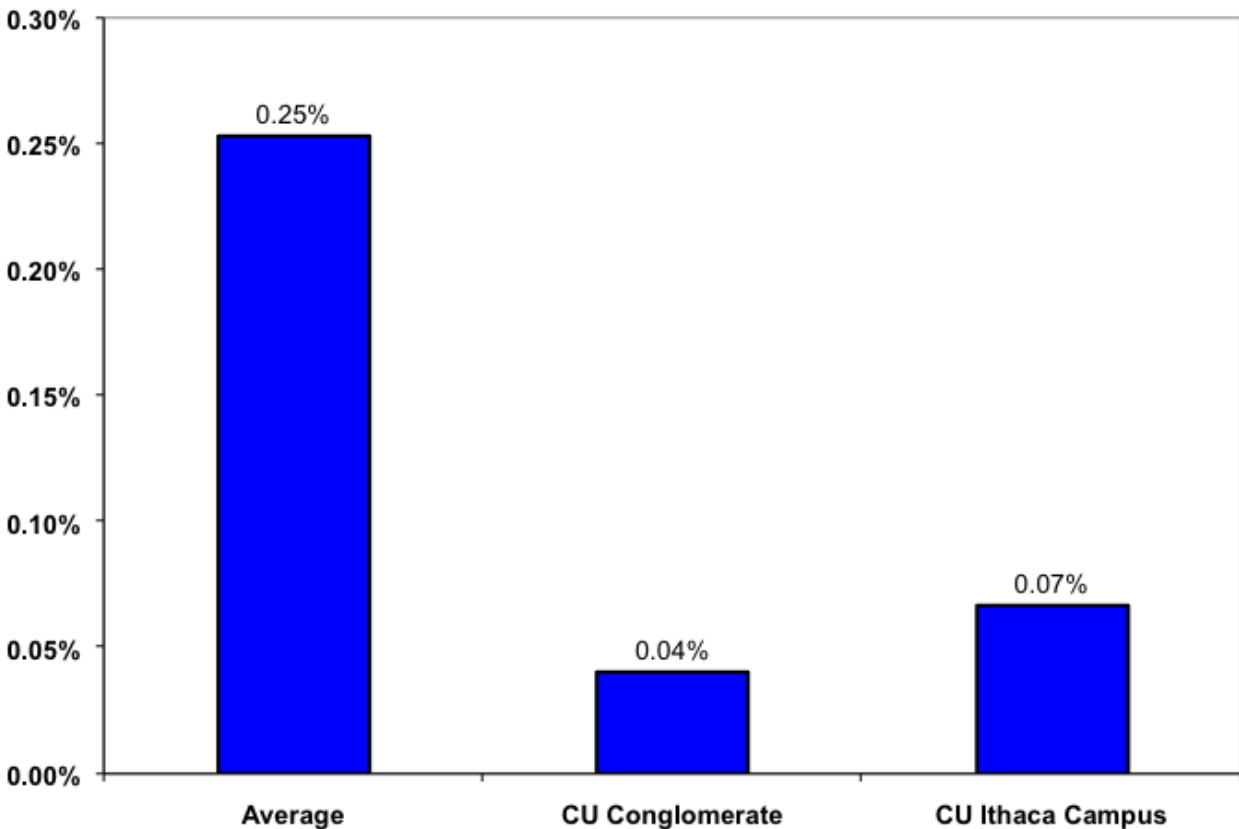
2011. For Cornell, we included revenues and expenses for the University's conglomerate budget and for its Ithaca Campus budget.

Cornell—Ithaca Campus Rank: 8th out of 10
 Cornell—Conglomerate Rank: 9th out of 10

University	Municipality	Univ. Operating Revenues	Voluntary Payment	Payment as % of Oper. Revenues
MIT	Cambridge	\$2,750,647,000	\$1,832,000	0.0666%
Brown	Providence	\$666,510,000	\$6,374,000	0.9563%
Princeton	Princeton	\$1,426,407,000	\$2,500,000	0.1753%
Harvard	Cambridge	\$3,777,746,000	\$2,874,000	0.0761%
	Boston		\$2,121,894	0.0562%
Penn State	State College	\$4,264,764,000	\$1,500,000	0.0352%
Yale	New Haven	\$2,734,218,000	\$8,100,000	0.2962%
Boston U.	Boston	\$1,654,314,000	\$5,329,936	0.3222%
Average				0.2480%
CU Conglomerate		\$3,239,008,000		0.0376%
CU Ithaca Campus	Ithaca	\$2,021,983,000	\$1,217,475	0.0602%

Voluntary Payment as a Percentage of University Operating Expenses

The operating revenues and operating expenses for every University were found in their respective financial statements/reports. The amounts listed are for the year ended June 30, 2011. For Cornell, we included revenues and expenses for the University's conglomerate budget



and for its Ithaca Campus budget.

University	Municipality	Univ. Operating Expenses	Voluntary Payment	Payment as % of Oper. Expenses
MIT	Cambridge	\$2,571,147,000	\$1,832,000	0.0713%
Brown	Providence	\$662,508,000	\$6,374,000	0.9621%
Princeton	Princeton	\$1,426,407,000	\$2,500,000	0.1753%
Harvard	Cambridge	\$3,907,568,000	\$2,874,000	0.0735%
	Boston		\$2,121,894	0.0543%
Penn State	State College	\$4,264,764,000	\$1,500,000	0.0352%
Yale	New Haven	\$2,624,550,000	\$8,100,000	0.3086%
Boston U.	Boston	\$1,551,750,000	\$5,329,936	0.3435%
Average				0.2530%
CU Conglomerate		\$3,007,129,000		0.0405%
CU Ithaca Campus	Ithaca	\$1,822,103,000	\$1,217,475	0.0668%

Cornell—Ithaca Campus Rank: 8thth out of 10