

INVESTMENTS AT FAIR VALUE

	Level 1 fair value	Level 2 fair value	Level 3 fair value	Net asset value	2017 Total	2016 Total
Cash and cash equivalents	\$ 332,132	\$ 16,566	\$ -	\$ -	\$ 348,698	\$ 323,766
Derivatives	(342)	(1,918)	-	-	(2,260)	(3,527)
Equity						
Domestic equity	419,412	61,390	1,656	207,434	689,892	646,613
Foreign equity	697,320	33,534	6,744	506,785	1,244,383	886,137
Hedged equity	-	-	4,945	430,809	435,754	629,455
Private equity	-	-	47,822	1,332,736	1,380,558	1,173,988
Fixed income						
Asset backed fixed income	-	26,646	929	-	27,575	29,604
Corporate bonds	-	213,805	2,888	-	216,693	446,485
Equity partnership	-	74	-	459,107	459,181	478,517
International	15,585	76,629	-	-	92,214	110,355
Municipals	-	11,005	-	-	11,005	12,998
Mutual funds (non-equity)	-	19,921	-	-	19,921	22,603
Preferred/convertible	-	15,103	5,014	-	20,117	28,929
Other fixed income	-	105	-	-	105	5,737
US government	42,897	87,886	-	-	130,783	156,155
Marketable alternatives	-	152	-	878,830	878,982	722,079
Real assets	-	1,350	23,953	1,160,483	1,185,786	936,496
Receivable for investments sold	19,842	-	-	-	19,842	39,336
Payable for investments purchased	(58,727)	-	-	-	(58,727)	(83,011)
Other	-	-	24,076	-	24,076	24,460
Total investments	\$ 1,468,119	\$ 562,248	\$ 118,027	\$ 4,976,184	\$ 7,124,578	\$ 6,587,175
Securities not included in investment portfolio						
Cash and cash equivalents	\$ 69,963	\$ -	\$ -	\$ -	\$ 69,963	\$ 84,714

Level 1 investments consist of cash and cash equivalents, equity, and fixed-income securities with observable market prices. Fair value is readily determinable based on quoted prices in active markets. Unsettled trade receivable and payable valuations are reflective of cash settlements subsequent to the fiscal year-end and are also categorized as Level 1. The University does not adjust the quoted price for such instruments, even in situations where the University holds a large position and a sale of all its holdings could reasonably impact the quoted price.

Investments that are classified as Level 2 include domestic and foreign equities, as well as fixed income securities that trade in markets that are not considered to be active. Fair value is based on observable inputs for similar instruments in the market, and obtained by various sources including market participants, dealers, and brokers; the University's custodian secures pricing for these assets. The fair value of derivative investments is based on market prices from the financial institution that is the counterparty to the derivative.

Level 3 investments have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value are based upon the best information in the circumstance and may require significant management judgment. Investments included in Level 3 consist primarily of the University's ownership in real estate, oil and mineral rights, limited partnerships, and equity positions in private companies.

C. Investments Using Net Asset Value

The net asset value ("NAV") column above represents the University's ownership interest in certain alternative investments. As a practical expedient, the University uses its ownership interest in the NAV to determine the fair value of all alternative investments that do not have a readily determinable fair value, and have financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The NAV of these investments is determined by the general partner and is based upon appraisal or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the general partner will take into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. The University has performed significant due diligence around these investments to ensure that NAV is an appropriate measure of fair value as of June 30.

Cornell University Endowment

Last Updated: 29-Dec-17

Private Equity	Real Estate	Hedge Funds	Infrastructure	Private Debt	Natural Resources	Secondaries Sellers	Secondaries Buyers
Venture Capital							

▼ General

Address  Office of University Investments
 35 Thornwood Drive - Suite 200
 Ithaca
 NY, 14850
 US
 Tel +1 607 254 1150
 Fax +1 607 254 1174

Website www.investmentoffice.cornell.edu/

Email info@cornell.edu

Other Offices Show/Hide Offices...
 US

 Cornell University Library, 110 Olin Library, Ithaca, NY, 14853, US Tel +1 607 255 9487	 102 Greystone Lane, #11, Rochester, NY, 14618, US
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Type Endowment Plan

About Cornell University is a prestigious institution of higher education located in Ithaca, New York. The University is currently a member of the Ivy League and the Land Grant Institution for New York State.

The university consists of thirteen colleges which are both privately endowed and state assisted. Cornell University's Endowment directly or indirectly supports tuition, financial aid, operations, administration, and instruction.

Assets (Mn)

Total Funds under Management (USD Mn)		7,125
Current Allocation to Hedge Funds	1,310	18.4%

Breakdown of Hedge Fund Allocation

Allocation to Direct Hedge Funds	1310	100.0%
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Current Investor? Yes

Year of First Investment in Hedge Funds 1995

Preferences

Locations	Emerging Markets
Strategies	Macro, Multi-Strategy, Special Situations, Event Driven, Long/Short Equity, Convertible Arbitrage, Relative Value Arbitrage, Equity Market Neutral, Long/Short Credit
Types	Direct
Structures	Commingled

Target Returns +5% against T-Bill

First Time Fund Preferences

Emerging Managers	Yes
Spin Offs	Yes
Seed	Yes

Portfolio

Number of funds in Portfolio	26 - 50
Typical Investment Size	USD 20mn

Investment Overview

Summary	<p>Cornell University Endowment is an active investor in hedge funds. It currently allocates 18.39% of its total investment portfolio to the asset class. Typically the endowment holds between 26 and 50 funds in its portfolio at a time.</p> <p>Cornell University Endowment is advised on its hedge fund investments by its investment consultant - Cambridge Associates.</p>
Preferences	<p>Cornell University Endowment invests in the asset class through direct single-manager hedge funds. It invests through a variety of strategies such as event driven, equity market neutral, convertible arbitrage, global macro, multi-strategy, relative value and special opportunity investment plays. The endowment also has a hedged equity tranche which is composed of both international and domestic long/short equity managers and at this time made up approximately 44% of its hedge fund portfolio.</p> <p>When making hedge fund investments, Cornell University Endowment is primarily concerned with the quality of the management team as opposed to the size of the funds they manage. It favors managers with a five-year track record and it prefers to use hedge funds from smaller organisations that are entrepreneurial in nature. In the past it has been a day one investor in a hedge fund, but it will only typically seed high profile new funds where the fund manager has a substantial track record at another company. Cornell will invest in funds with lock-up periods which it reviews on a case-by-case basis. Typically it invests USD 20 million per hedge fund.</p>
Key Events	<p>Key Event Type: <input type="text" value="All"/> <input type="button" value="View"/> <input type="button" value="Hide All"/></p> <p>2016 ○ Q3 2016: People Moves</p> <p>1995 ○ Q1 1995: Change in Investment Strategy</p>

Contacts

Contacts

Preferred method of initial contact: Receive email with fund documentation and no follow-up call from the fund manager

Preferred Initial Contact Email: privateinvestments@cornell.edu

vCard	Name	Job Title	Contact
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	Jesse Clurman	Investment Analyst	+1 607 254 1150 jesse.clurman@investment.corne...
	Nathalie Cunningham	Managing Director	+1 607 254 1150 ncunningham@investment.cornell...
	Cody Danks Burke	Senior Investment Officer	+1 607 254 1150 cad54@cornell.edu
	Steve Novakovic	Associate Director	+1 607 254 1150 smn24@cornell.edu
	Roger Vincent	Senior Investment Officer	+1 607 254 1150 rvincent@cornell.edu

Investment Consultants

Consultant	Asset Class	Service
Cambridge Associates	General Consultant	-

Fund Portfolio Performance

Reported Horizon Returns

Reported Horizon Returns for Cornell University Endowment

Asset Class	Date As At	12 Months	3 Years	5 Years	10 Years
Overall Return	31-Mar-17	11.5	4.5	6.8	4.7

Chart.

©Preqin 2018

Comparable Median Reported Horizon Returns – all PFs where data available

Asset Class	Date As At	12 Months	3 Years	5 Years	10 Years
Hedge Funds	31-Mar-17	8.0	2.1	4.3	2.7
Overall Return	31-Mar-17	11.6	5.7	7.9	5.2

Chart.

©Preqin 2018

^ Fund Manager Relationships

Firm	Location
Baupost Group	US
Convexity Capital Management	US
Reservoir Capital Group	US
Silver Point Capital	US
The Cayuga Fund	US
Wexford Capital	US

v News

21-Apr-2016

Following the announcement that A.J Edwards is leaving the USD 6 billion endowment, Kenneth Miranda has been appointed to take Edwards' place as CIO. Cornell University Endowment does not invest in fund of hedge funds, choosing to invest directly into funds. It has a preference for convertible arbitrage, event-driven, multi-strategy, long/short, and macro strategies, with a focus on emerging markets. The endowment currently allocates 22.77% of total assets to hedge funds.

Cornell University Endowment has added two new hedge funds to its portfolio over 2010 and plans to make a third by year end.

09-Sep-2010

The USD 3.9 billion endowment of the Ithaca-based University invests around 20% of its assets in hedge funds. It has been gradually rebuilding its stake in the asset class over the past 18 months following withdrawals during the market crisis. In 2010 it has invested in two funds – a long/short equity vehicle and a long/short credit fund. It is still on the hunt for a third manager and is taking an opportunistic approach to this, its final investment in 2010. However it has spent time reviewing macro, CTA and niche distressed vehicles and may pursue these funds for this investment. In 2011, Cornell intends to invest further in the asset class and will be making more new investments, however at this time it has no set plans for these allocations in terms of regional or strategic preferences.

Cornell University Endowment considers new hedge fund investments.

12-Jan-2010

The USD 4.3 billion endowment has announced plans to add as many as three new hedge fund vehicles to its portfolio over the course of 2010. It is currently carrying out research on several strategies including macro, long/short equity, multi-strategy and volatility arbitrage and plans to compile a shortlist of managers. It will employ a global mandate for the search and only invests in direct hedge fund vehicles. The endowment has a preference for more established managers with a 5 year track record but will consider emerging managers. It will invest in funds with lock-up periods which it reviews on a case-by-case basis and typically commits around USD 20 million per hedge fund.

[View all news](#)

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO
RICO, *et al.*,

Debtors.

PROMESA
Title III

No. 17 BK 3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

PUERTO RICO SALES TAX FINANCING
CORPORATION (“COFINA”),

Debtor.

PROMESA
Title III

No. 17 BK 3284-LTS

Related to Debtor COFINA Only

**VERIFIED STATEMENT OF THE SENIOR COFINA BONDHOLDERS’ COALITION
PURSUANT TO FEDERAL RULE OF BANKRUPTCY PROCEDURE 2019**

The COFINA Senior Bondholders’ Coalition, comprised of Jose F. Rodriguez, Fideicomiso Plaza, and certain institutions that hold and/or manage accounts holding 32.7% of all COFINA senior bonds, hereby submits this verified statement (the “Verified Statement”) pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), made applicable to this Title III case (the “Case”) by Section 310 of the Puerto Rico Oversight,

Management, and Economic Stability Act (“PROMESA”), 48 U.S.C. § 2170, and states as follows:

1. Certain members of the COFINA Senior Bondholders’ Coalition initially retained Quinn Emanuel Urquhart & Sullivan, LLP (“Quinn Emanuel”) in June 2015. In August 2015, the COFINA Senior Bondholders’ Coalition retained Reichard & Escalera LLC (with Quinn Emanuel, “Counsel”). From time to time thereafter, certain additional holders of COFINA senior bonds have joined the COFINA Senior Bondholders’ Coalition. Counsel appears in the Case on behalf of the COFINA Senior Bondholders’ Coalition.

2. Counsel does not hold any claims against or interests in COFINA or any other title III Debtor.

3. The members of the COFINA Senior Bondholders’ Coalition hold disclosable economic interests, or act as investment advisors or managers to funds, entities and/or accounts or their respective affiliates that hold disclosable economic interests in relation to COFINA. In accordance with the requirements of Bankruptcy Rule 2019, and based upon information provided to Counsel by each member of the COFINA Senior Bondholders’ Coalition, attached hereto as Exhibit A is a list of the names, addresses, and “the nature and amount of all disclosable economic interests” held in relation to COFINA by each present member of the COFINA Senior Bondholders’ Coalition.

4. As of the date of this Verified Statement, Counsel represents only the COFINA Senior Bondholders’ Coalition in respect of their COFINA senior bonds and does not represent or purport to represent any entities other than the COFINA Senior Bondholders’ Coalition in connection with the Case. The COFINA Senior Bondholders’ Coalition does not represent or purport to represent any other entities in connection with the Case. To the extent any member of

the COFINA Senior Bondholders' Coalition holds interests other than COFINA senior bonds, the COFINA Senior Bondholders' Coalition does not represent such other interest, nor does Counsel represent group members with respect to such other interests.

5. Nothing contained in this Verified Statement (or Exhibit A hereto) is intended to or should be construed to constitute (a) a waiver or release of any claims filed or to be filed against or interests in COFINA or any of the other title III Debtors held by any member of the COFINA Senior Bondholders' Coalition, its affiliates or any other entity, or (b) an admission with respect to any fact or legal theory. Nothing in this Verified Statement (or Exhibit A hereto) should be construed as a limitation upon, or waiver of, the COFINA Senior Bondholders' Coalition's rights to assert, file and/or amend their claims in accordance with the applicable law and any Orders entered in this Case.

6. Additional holders of COFINA senior bonds may become members of the COFINA Senior Bondholders' Coalition, and certain members of the COFINA Senior Bondholders' Coalition may cease to be members in the future. Counsel reserves the right to amend or supplement this Verified Statement as necessary for that or any other reason in accordance with Bankruptcy Rule 2019.

7. The undersigned hereby verifies that the foregoing is true and accurate, to the best of the undersigned's knowledge and belief.

DATED: July 25, 2017

Respectfully submitted,

REICHARD & ESCALERA

QUINN EMANUEL URQUHART &
SULLIVAN, LLP

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Co-Counsel for the COFINA Senior Bondholders

Exhibit A

Names, Addresses and Disclosable Economic Interests of the Members of the COFINA Senior Bondholders' Coalition¹

Name of Creditor²	Address	Nature and Amount of Disclosable Economic Interests in COFINA Bonds
Jose F. Rodriguez	PO Box 8848, San Juan, PR 00910	\$250,000 COFINA Senior Bonds
Fideicomiso Plaza	131 Dorado Beach East, Dorado PR 00646	\$1,210,000 COFINA Senior Bonds
Decagon Holdings 1, L.L.C.	Decagon Holdings 1, L.L.C., 800 Boylston Street, Boston, MA 02199	\$29,057,003 COFINA Senior Bonds \$27,054,354 COFINA Subordinate Bonds
Decagon Holdings 2, L.L.C.	Decagon Holdings 2, L.L.C., 800 Boylston Street, Boston, MA 02199	\$37,870,092 COFINA Senior Bonds \$34,307,649 COFINA Subordinate Bonds
Decagon Holdings 3, L.L.C.	Decagon Holdings 3, L.L.C., 800 Boylston Street, Boston, MA 02199	\$15,462,481 COFINA Senior Bonds \$14,414,439 COFINA Subordinate Bonds
Decagon Holdings 4, L.L.C.	Decagon Holdings 4, L.L.C., 800 Boylston Street, Boston, MA 02199	\$156,447,232 COFINA Senior Bonds \$143,281,894 COFINA Subordinate Bonds

¹ To the best of Counsel's knowledge, the information included herein is accurate as of July 21, 2017. The amounts set forth herein include only outstanding principal (accrued value for capital appreciation bonds) and do not include overdue interest, interest on overdue interest and principal, or other amounts that may be owing under the applicable debt documents and laws.

² Each person or entity on this Exhibit A holds disclosable economic interests, or acts as investment advisor or manager to funds, entities and/or accounts or their respective subsidiaries that hold disclosable economic interests, in relation to COFINA.

Decagon Holdings 5, L.L.C.	Decagon Holdings 5, L.L.C., 800 Boylston Street, Boston, MA 02199	\$46,823,030 COFINA Senior Bonds \$43,752,782 COFINA Subordinate Bonds
Decagon Holdings 6, L.L.C.	Decagon Holdings 6, L.L.C., 800 Boylston Street, Boston, MA 02199	\$17,689,399 COFINA Senior Bonds \$15,794,133 COFINA Subordinate Bonds
Decagon Holdings 7, L.L.C.	Decagon Holdings 7, L.L.C., 800 Boylston Street, Boston, MA 02199	\$103,745,848 COFINA Senior Bonds \$104,041,588 COFINA Subordinate Bonds
Decagon Holdings 8, L.L.C.	Decagon Holdings 8, L.L.C., 800 Boylston Street, Boston, MA 02199	\$30,670,396 COFINA Senior Bonds \$29,452,315 COFINA Subordinate Bonds
Decagon Holdings 9, L.L.C.	Decagon Holdings 9, L.L.C., 800 Boylston Street, Boston, MA 02199	\$18,216,854 COFINA Senior Bonds \$17,446,373 COFINA Subordinate Bonds
Decagon Holdings 10, L.L.C.	Decagon Holdings 10, L.L.C., 800 Boylston Street, Boston, MA 02199	\$13,100,425 COFINA Senior Bonds \$12,531,927 COFINA Subordinate Bonds
Tilden Park Investment Master Fund LP (on behalf of its participating clients)	c/o Tilden Park Capital Management LP 452 5th Ave, 28th Floor New York, NY 10018	\$455,876,291 COFINA Senior Bonds \$9,142,033 COFINA Subordinate Bonds
GoldenTree Asset Management LP (on behalf of its participating clients)	300 Park Avenue 20th Floor New York, NY 10022	\$431,161,811 COFINA Senior Bonds \$97,374,100 COFINA Subordinate Bonds

Canyon Capital Advisors LLC (on behalf of its participating clients)	2000 Avenue of the Stars 11th Floor Los Angeles, CA 90067	\$303,080,000 COFINA Senior Bonds
Old Bellows Partners LP (on behalf of its participating clients)	660 Madison Ave, #20 New York, NY 10065	\$215,028,900 COFINA Senior Bonds
Scoggin Management LP (on behalf of its participating clients)	660 Madison Ave, #20 New York, NY 10065	\$60,311,100 COFINA Senior Bonds
Whitebox Advisors LLC (on behalf of its participating clients)	3033 Excelsior Boulevard Suite 300 Minneapolis, MN 55416	\$132,201,010 COFINA Senior Bonds \$26,995,686 COFINA Subordinate Bonds
Merced Capital, L.P. (on behalf of its participating clients)	601 Carlson Parkway Suite 200 Minnetonka, MN 55305	\$36,119,077 COFINA Senior Bonds
Taconic Capital Advisors L.P. (on behalf of funds under management)	280 Park Avenue 5th Floor New York, NY 10017	\$132,359,389 COFINA Senior Bonds \$21,982,917 COFINA Subordinate Bonds
Värde Partners, Inc. (on behalf of its participating clients)	901 Marquette Avenue South Suite 3300 Minneapolis, MN 55402	\$111,643,772 COFINA Senior Bonds
Cyrus Capital Partners, L.P. (on behalf of its participating clients)	399 Park Avenue 39th Floor New York, NY 10022	\$93,105,717 COFINA Senior Bonds
Aristeia Capital, L.L.C. (on behalf of its participating clients)	One Greenwich Plaza 3rd Floor Greenwich, CT 06830	\$102,590,000 COFINA Senior Bonds \$4,435,000 COFINA Subordinate Bonds

Aggregate Holdings: COFINA Senior Bonds	Aggregate Holdings: COFINA Subordinate Bonds
\$2,544,019,827	\$602,007,190

WE CAN FINALLY IDENTIFY ONE OF THE LARGEST HOLDERS OF PUERTO RICAN DEBT

David Dayen

October 3 2017, 5:11 p.m.



Photo: Scott Eells/Bloomberg/Getty Images

For years, the identity of the owner of one of the largest holdings of Puerto Rican debts has been a mystery.

That mystery has finally been solved, with the help of the The Baupost Group, who unmasked themselves to The Intercept. The Baupost Group, a Boston-based hedge fund managed by billionaire Seth Klarman,

owns nearly \$1 billion of Puerto Rican debt, purchased under a shell company subsidiary and hidden from public scrutiny. Baupost acquired the debt through an on-paper Delaware-based corporation named Decagon Holdings LLC, whose beneficial owner had been unknown until now.

“The Baupost Group is a holder of COFINA bonds through the Decagon entities,” said Baupost spokesperson Diana DeSocio. “Baupost regularly makes investments through subsidiary holding entities.” She added that Klarman, [one of the richest hedge fund managers in the world](#), did not hold any Puerto Rican debt individually.

Though the island, currently recovering from a catastrophic hurricane, has been mired in a borrowing crisis for years, it’s difficult to get precise information about the creditors. Many of them scooped up bonds on the cheap, seeking an astronomical payout by forcing the island to pay them back at par (or 100 cents on the dollar). This has led to widespread suffering, as punishing austerity has been imposed to encourage Puerto Rico to pay back the bondholders in full. (Only now has [some of this austerity been lifted](#) in the wake of Hurricane Maria.)

Using shell companies to buy Puerto Rican bonds, then, can shield wealthy investors from public knowledge of their complicity in the misery of millions of U.S. citizens.

Julio López Varona, state director of Make the Road Connecticut and a member of the HedgeClippers coalition, which is organized to challenge the concentrated power of hedge funds, said the revelation of Klarman’s involvement will have political ramifications.

“What’s incredible about this is these people were actually hiding,” said López. “In the case of this person, he’s in Boston, which has a large Puerto Rican community. ... Our work right now will be about activating our community in Boston, letting them know this person has been

hiding and making sure we go to his houses and his companies to hold them accountable.”

In July, as part of a court order to comply with bankruptcy procedures, a coalition of holders of “COFINA” bonds, backed by the island’s sales taxes, were required to supply the names of its members. The largest member in terms of bond value was Decagon Holdings, which had 10 separate purchasing subsidiaries (Decagon 1-10) holding [\\$911.6 million](#) in COFINA bonds.

But there was no information about Decagon in the court filing, other than a Boston address of 800 Boylston St. That’s the 52-floor [Prudential Tower](#) skyscraper in the Back Bay district. The Intercept sent an associate to the Prudential Tower to find Decagon Holdings’ office, but they were not listed in the directory.

A [rather primitive website](#) for a Decagon Holdings LLC turned out to be for a different company. “This is a start-up organization and has not gained any ground,” a spokesperson for the wrong Decagon Holdings stated to The Intercept. “You aren’t the first to ask these questions.”

It turns out that there were two Decagon Holdings. One, the startup, was [incorporated in Nevada](#) in November 2016. But a second, which includes all 10 entities used by Baupost, was [incorporated in Delaware](#) on August 4, 2015, through an agent called the Corporation Service Company. As usual for Delaware incorporation, almost no information accompanied that registration, including its beneficial owner.

800 Boylston St. in Boston houses a number of investment firms, though none of them had the kind of assets that would plausibly include \$911.6 million in Puerto Rican bonds. However, Kevin Connor, director of the [Public Accountability Initiative](#), directed The Intercept to an [obscure op-ed](#) written for Fox News’s since-shuttered Latino news site in May 2016. Iván Rivera Reyes, a Puerto Rican lawyer and politician, wrote that “CO-

FINA was a creation of Wall Street financial whizzes Goldman Sachs and counts large billion-dollar hedge funds like GoldenTree Asset Management, Whitebox Advisors and Baupost Group as bondholders.”

But while GoldenTree and Whitebox were known COFINA bondholders, Baupost had never publicly stated that they owned Puerto Rican debt. When Roll Call asked Sean Neary, a spokesperson for the coalition of COFINA bondholders, about Baupost’s role, he would only say, “They are not part of the steering committee group that is the main driver of the coalition.”

This appeared to be a confirmation, or at least a non-denial, of Baupost’s assets. Neary never responded to a request from the Intercept for comment. But contrary to Neary’s claim, Decagon was apparently active in the coalition, according to [reports in Puerto Rican media](#) of them “leading” litigation efforts to get repaid.

Baupost had a connection to 800 Boylston, but not through an investment firm. The law office of [Ropes & Gray](#) works out of that building, and one of its partners, [Jeffrey R. Katz](#), has worked with Baupost in the past. This [SEC filing](#) about the purchase of shares in a pharmaceutical company lists Katz next to Klarman. It appeared that Baupost used Katz’s address to register the Decagon shell companies.

When Connor, the public accountability advocate, contacted Katz about Decagon and Baupost, he hesitated and tried to get Connor off the phone. “He got really flustered,” Connor said. “He said, ‘You probably think you’re onto something big, but I’m a lawyer and I have clients.’” Katz never returned an Intercept request for comment.

The current spokesperson for the COFINA bondholders coalition, Greg Marose, did not confirm Baupost’s involvement, but did say, “We have a lot of stakeholders with commercial interests,” which could be read as an excuse for hiding ownership behind a shell corporation. Eventually,

Baupost admitted to controlling the Decagon entities and owning the COFINA bonds. The COFINA bondholders group, Marose added in a later interview, has “proactively disclosed its steering committee members in press releases and all institutional members in legal filings.” In the case of Baupost, however, this disclosure did not reveal the name of the investor behind the shell company.

Klarman, who has been described as the [Oracle of Boston](#), has a history of buying unpopular or distressed assets on the cheap in hopes of a payday. Baupost manages [over \\$30 billion](#) in assets. He is known as the [top campaign contributor in New England](#) and has been a [major donor in Republican politics](#) in Massachusetts, including [largely secret support for 2016’s Question 2](#), an ultimately unsuccessful effort to lift a state cap on charter schools. Klarman [supported Hillary Clinton](#) in 2016, calling Donald Trump “completely unqualified for the highest office in the land.”

Klarman’s involvement in Puerto Rican debt will surely come as a surprise to activists in Massachusetts and Puerto Rico, who have never mentioned him among the “vultures” who are causing undue pain for the island’s U.S. citizens.

COFINA bondholders have been sparring with holders of Puerto Rico’s general obligation debt over who has the right to be repaid first from a pool of sales tax revenue. Judge Laura Taylor Swain, currently presiding over the bankruptcy-like process in Puerto Rico, [suspended COFINA payments](#) in May.

The COFINA group has [spent \\$610,000](#) lobbying Congress over the past two years. Last week, after an [Intercept report](#) about creditor responses – or the utter lack of them – to the disaster in Puerto Rico, COFINA bondholders [offered](#) “our heartfelt thoughts and prayers” to those living on the island and promised that “members of the Coalition will be contributing to the Puerto Rico Chapter of the American Red Cross.”

The amount was not disclosed, nor whether Seth Klarman and the Baupost Group would be contributing.

Update: Oct. 3, 2017

Politico reporter Marc Caputo adds the context of Seth Klarman's political giving.



HEDGE FUNDS

FINANCE | BANKS | INVESTING | WALL STREET | HEDGE FUNDS | M&A | INSURANCE | VENTURE CAPITAL

MENU



Hedge-fund billionaire Klarman says Puerto Rico should pay its debts

- Baupost owned \$911 million of the island's bonds through Decagon Holdings entities, according to a July public court filing.
- "In the case of Puerto Rico, expunging the debt would almost certainly eliminate any ability the Commonwealth would have to borrow money in the future at reasonable rates, which will be critical to the island's rebuilding efforts," Klarman writes in an investor letter.
- The firm has \$30 billion of assets under management as of March 2017.

Tae Kim | @firststadopter

Published 1:56 PM ET Fri, 20 Oct 2017 | Updated 4:21 PM ET Fri, 20 Oct 2017



Daniel Acker | Bloomberg | Getty Images

Seth Klarman, founder of the Baupost Group

Seth Klarman, the value investing giant who draws comparisons to Warren Buffett, is telling his clients it is in Puerto Rico's interest to pay its debt.

Klarman's hedge fund, Baupost, owned \$911 million of the island's bonds through Decagon Holdings entities, according to a July public court [filing](#). The bonds were issued by the Puerto Rico Sales Tax Financing Corp., which goes by the acronym COFINA.

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"Baupost first purchased COFINA bonds in the secondary market in 2015, with our most recent purchases made in 2017 before Hurricane Maria hit Puerto Rico," Klarman wrote in an investor letter Wednesday obtained by CNBC.



legal analysis regarding the priority and property rights of COFINA bonds relative to other debt issues with respect to valuable collateral," the letter said.

Last month the island was hit by Hurricane Maria, a Category 4 storm that left widespread devastation and wiped out electric power for most of the population. Puerto Rico currently has more than \$70 billion in debt and is already in a type of bankruptcy status as it tries to negotiate with creditors.



Trump: The federal government can't keep helping reeling Puerto Rico 'forever'

11:09 AM ET Thu, 12 Oct 2017 | 00:54

There have been calls for debt forgiveness as Puerto Rico struggles to recover. President Donald Trump himself pledged to wipe out its debt in an interview with Fox News earlier this month. The island's general obligation bonds fell to 31 cents on the dollar Friday versus 56 cents on the dollar last month.

The hedge-fund billionaire pushed back on debt forgiveness talk.

"While the impulse of the advocacy groups to demand the debt be expunged may be well intentioned, it is impractical for several reasons," he wrote. "In the case of Puerto Rico, expunging the debt would almost certainly eliminate any ability the Commonwealth would have to borrow money in the future at reasonable rates, which will be critical to the island's rebuilding efforts."

Klarman also said one-third of the COFINA bonds are owned by Puerto Rican citizens and community banks on the island. "The elimination of Puerto Rico's debt would have a devastating effect on the savings of many Puerto Ricans," he wrote.

The investor admitted his firm acquired the island's debt through "special purpose vehicles" such as Decagon Holdings so competitors wouldn't find out his firm was buying the bonds, which "could have an adverse effect on our ability to trade."

This chart shows what

plunge in the Dow like this

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(BravoTV)

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Baupost did not respond to a request for comment on the letter. The firm has \$30 billion of assets under management as of March 2017.

The hedge-fund manager has largely avoided controversy over his career and is often compared with Buffett for his disciplined investing



— CNBC's *Leslie Picker* and *Fred Imbert* contributed to this report.

WATCH: CNBC's crew traveled through Puerto Rico two weeks after the hurricane



CNBC's crew traveled through Puerto Rico two weeks after the hurricane

3:16 PM ET Tue, 3 Oct 2017 | 05:47



Tae Kim
Investing Journalist

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Military veterans defy Jeff Sessions, fight for medical marijuana to kick opioid addiction

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#U.S. LEGAL NEWS

FEBRUARY 5, 2018 / 6:34 PM / 2 DAYS AGO

Puerto Rico oversight board wants changes to island's fiscal plan

Nick Brown



(Reuters) - Puerto Rico's financial oversight board told the bankrupt island's governor on Monday to revise his proposed fiscal turnaround plan to add more detail on labor and other reforms, and to create room in the budget for a \$1.3 billion emergency fund.

People watch television powered with the help of a generator, as Puerto Rico Governor Ricardo Rossello addresses the nation in a televised speech, in Toa Baja, Puerto Rico February 5, 2018. REUTERS/Alvin Baez

In a letter to Governor Ricardo Rossello, the federally appointed, seven-member panel set a Feb. 12 deadline for the new draft, which will chart Puerto Rico's plan to regain economic stability.

The U.S. territory is struggling to recover from September's Hurricane Maria - its worst storm in 90 years - while also navigating the biggest government bankruptcy in U.S. history, with \$120 billion in combined bond and pension debt.

Rossello's draft turnaround plan, submitted on Jan. 24, projected a \$3.4 billion budget gap that would bar the island from repaying a penny of its debt until 2022.

While the plan included subsidy cuts to cities and towns and the streamlining of public agencies, the board, which must approve the plan, demanded more details in Monday's eight-page letter.

The board wants an emergency reserve of \$650 million in the next five years and \$1.3 billion within 10 years, "based on best practices for states and territories regularly impacted by storms," it said.

Puerto Rico Governor Ricardo Rossello addresses the nation in a televised speech, in Toa Baja, Puerto Rico February 5, 2018. REUTERS/Alvin Baez

It also wants more details on key structural reforms, notably labor. The board suggested that Rossello make Puerto Rico an at-will employer and make severance and Christmas bonuses optional, both of which are norms among U.S. states.

The board criticized Rossello's proposed reduction of capital expenditures to \$400 million a year, saying there had "been no project or agency-specific analysis" to support that figure and that the plan should provide for expenditures "necessary to maintain assets of the commonwealth."

Slideshow (7 Images)

The board also sought more detail on Rossello's vision for Puerto Rico's energy grid, which was decimated by Maria.

Rossello has announced plans to privatize Puerto Rico's bankrupt, quasi-public power utility, PREPA.

But the governor's plan must "support a transaction by providing a set of targets for a potential bidder to meet or exceed during the bidding process," the board said.

It said the plan should provide a five-year outlook for financial stability at the utility, and for the creation of an independent energy regulator with commissioners appointed by the governor, from a candidate list developed by an independent expert panel.

Reporting by Nick Brown; editing by G Crosse and Leslie Adler

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October 16, 2017

Martha E. Pollack
President
Cornell University
333 Day Hall Cornell University Ithaca, NY 14853

Dear President Martha E. Pollack,

Baupost Group, a hedge fund that the Cornell University endowment appears to invest with, was recently revealed to be one of the largest holders of Puerto Rican debt bonds. A recent investigation found that Baupost Group, under the leadership of billionaire founder and CEO Seth Klarman, owns \$911.6 million worth of Puerto Rican debt bonds, purchased through a shell company used to shield the hedge fund from public scrutiny.

Baupost Group is one of many hedge fund investors that purchased large portions of Puerto Rico's debt at a discount and are now demanding that the island enact extreme austerity measures so that it may repay its creditors in full. However, Seth Klarman is a particularly egregious actor in the Puerto Rican economic crisis due to his decision to use an elaborate network of shell companies in order to keep the public, and presumably investors, from knowing about his dealings on the island. This type of extreme secrecy is unfortunately a pattern with Klarman, who last year was revealed by the Boston Globe to be one of several wealthy donors to nonprofit education reform organizations that spent millions on a ballot campaign in Massachusetts without disclosing their donors.

In addition to an unprecedented economic crisis, Puerto Rico now faces a humanitarian crisis following the devastation of Hurricane Maria. We are deeply concerned that Cornell University, a highly regarded institution of higher education with a strong commitment to economic justice and human rights, could be facilitating these crises in Puerto Rico via its investment with Baupost Group. Furthermore, we believe that the university's continued investment with Baupost Group, a company that went to great lengths to conceal its involvement in the Puerto Rican debt crisis, aids Seth Klarman in avoiding accountability for his actions.

Given the serious concerns detailed here and in the attached documents, we are requesting a meeting with you to discuss the university's investment with Baupost Group and to hear from you how Cornell University plans to address this matter. Additionally, we ask that you request a due diligence investigation into this matter by your endowment staff and your investment consultants.

The disturbing profit-driven tactics of Baupost Group in Puerto Rico threaten the lives and livelihoods of millions of Puerto Ricans, and the company's extreme opacity with respect to these investments is unacceptable. Cornell University, as both an investor in Baupost Group and a world-renowned institution of higher education, should be alarmed by Baupost's actions and should demand accountability from Seth Klarman. We look forward to your response.

Sincerely,

Courage Campaign

Connecticut Puerto Rican Agenda

Massachusetts Jobs with Justice

Public Higher Education Network of Massachusetts

American family Voices

Alliance for Quality Education

Delaware Alliance for Community Advancement

Alliance of Californians for Community Empowerment (ACCE)

OLÉ -Organizers in the Land of Enchantment

Pineros y Campesinos Unidos del Noroeste

Center for Popular Democracy
Missourians Organizing for Reform and Empowerment (M.O.R.E)
Texas Organizing Project
CASA de Maryland
Action North Carolina
Arkansas Community Organizations
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Hedge Clippers
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Strong Economy For All
Make the Road Connecticut
Make the Road New York
Organize Florida
United Students Against Sweatshops
Make the Road Pennsylvania
Action Center on Race and the Economy (ACRE)
ReFund America Project
Responsible Endowments Coalition

October 16, 2017

G. Gabrielle Starr
President
Pomona College
333 N. College Way Claremont, CA 91711

Dear President G. Gabrielle Starr,

Baupost Group, a hedge fund that the Pomona College endowment appears to invest with, was recently revealed to be one of the largest holders of Puerto Rican debt bonds. A recent investigation found that Baupost Group, under the leadership of billionaire founder and CEO Seth Klarman, owns \$911.6 million worth of Puerto Rican debt

- Address change
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- Amended return
- Application pending

% CONTROLLER/OFFICE OF FIN&TRE
Doing business as

21-0634501

E Telephone number
(609) 258-3080

G Gross receipts \$ 3,155,547,892

F Name and address of principal officer
CHRISTOPHER EISGRUBER
ONE NASSAU HALL
PRINCETON, NJ 08544

H(a) Is this a group return for subordinates? Yes No

H(b) Are all subordinates included? Yes No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status 501(c)(3) 501(c) () ◀ (insert no) 4947(a)(1) or 527

J Website: ▶ WWW.PRINCETON.EDU

K Form of organization Corporation Trust Association Other ▶

L Year of formation 1746 M State of legal domicile NJ

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Princeton University is a privately endowed non-sectarian institution of higher learning and a world-renowned research institution

2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a)	3	39
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	36
5 Total number of individuals employed in calendar year 2015 (Part V, line 2a)	5	14,331
6 Total number of volunteers (estimate if necessary)	6	15,000
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	-54,790,958
b Net unrelated business taxable income from Form 990-T, line 34	7b	-63,802,279

		Prior Year	Current Year
Revenue	8 Contributions and grants (Part VIII, line 1h)	505,260,000	554,181,000
	9 Program service revenue (Part VIII, line 2g)	418,643,372	423,025,047
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,877,051,000	1,337,423,000
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	177,608,628	180,653,953
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,978,563,000	2,495,283,000
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	318,315,220	320,078,655
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	807,378,000	920,582,000
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 24,191,000		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	677,415,780	699,383,345
	18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	1,803,109,000	1,940,044,000
19 Revenue less expenses Subtract line 18 from line 12	1,175,454,000	555,239,000	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year 27,631,907,000	End of Year 27,101,933,000
	21 Total liabilities (Part X, line 26)	4,555,440,000	4,672,965,000
	22 Net assets or fund balances Subtract line 21 from line 20	23,076,467,000	22,428,968,000

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Signature of officer _____ Date 2017-05-11

CAROLYN AINSLIE VP-FINANCE/TREASURER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name ERIC M MCNEIL Preparer's signature ERIC M MCNEIL Date

Check if self-employed PTIN P00460263

Firm's name ▶ PricewaterhouseCoopers LLP Firm's EIN ▶

Firm's address ▶ 2001 MARKET ST SUITE 1800 PHILADELPHIA, PA 19103 Phone no (267) 330-3000

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

1700 BOSTON, MA 02116 04-3425688									
VARDE FUND VI-A LP 8500 NORMANDALE LAKE BLVD SUITE 15 MINNEAPOLIS, MN 55437 41-2022693	INVESTMENT	DE	NA	EXCLUDED FROM TAX	29,518,202	412,274,617		No	
FARALLON CAP INST PARTIII ONE MARITIME PLAZA SUITE 2100 SAN FRANCISCO, CA 94111 94-3253905	INVESTMENT	DE	NA	EXCLUDED FROM TAX	9,434,770	689,433,487		No	
WHITECREST PARTNERS LP 222 BERKELEY STREET 22ND FLOOR BOSTON, MA 02116 04-3585396	INVESTMENT	DE	NA	EXCLUDED FROM TAX	29,904,096	720,481,295		No	-2,044,165
ALEXANDER STREET PARTNERS LTD 225 WEST WATER STREET STE 1987 JACKSONVILLE, FL 322025152 59-3374725	INVESTMENT	FL	NA	EXCLUDED FROM TAX	33,442,837	403,468,821		No	
LAXEY UNIVERSAL VALUE LP 1209 ORANGE STREET WILMINGTON, DE 19801 21-0634501	INVESTMENT	DE	NA	EXCLUDED FROM TAX	-113,358	4,323,822		No	
BPI LTD 103 S CHURCH ST PO BOX 1034 GT GR CAYMAN ISLANDS CJ	INVESTMENT	CJ	NA	EXCLUDED FROM TAX	38,029,724	814,849,109		No	
PETROTIGER IV LTD 1 HOUSTON CENTER- 1221 MCKINNEY 37 HOUSTON, TX 77010 76-0495639	INVESTMENT	TX	NA	EXCLUDED FROM TAX	-1,525,594	2,139,330		No	
PETROTIGER I LTD 1 HOUSTON CENTER 1221 MCKINNEY 3 HOUSTON, TX 77010 76-0230203	INVESTMENT	TX	NA	EXCLUDED FROM TAX	-1,128,432	19,713,148		No	
farallon special situation partners 1 maritime plaza suite 2100 san francisco, CA 94111 94-3244687	investment	CA	na	Unrelated	552,991	1,957,750		No	736,340
GEOLOGIC RESOURCE OPPORTUNITIES FUNDLTD c/o Goldman Sachs caymanTrustltd Gardenia court,Ste 407,45 Market st Ca KY1-1103 CJ	investment	CJ	na	EXCLUDED FROM TAX	-3,777,601	22,324,232		No	
THE ORANGE PARTNERS FUND LTD PO BOX 309GT UGLAND HOUSE GRAND CAYMAN, CA CJ	investment	CJ	NA	EXCLUDED FROM TAX	-56,272,207	399,547,590		No	

<input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	% UNIVERSITY CONTROLLER Doing business as <hr/> Number and street (or P O box if mail is not delivered to street address) Room/suite 341 PINE TREE ROAD <hr/> City or town, state or province, country, and ZIP or foreign postal code ITHACA, NY 14850	15-0532082 <hr/> E Telephone number (607) 255-6243 <hr/> G Gross receipts \$ 14,087,558,909
F Name and address of principal officer HUNTER R RAWLINGS III PRES 341 PINE TREE ROAD ITHACA, NY 14850		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		L Year of formation 1865 M State of legal domicile NY
J Website: ▶ WWW.CORNELL.EDU		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities EDUCATION, RESEARCH, MEDICAL SERVICES AND OTHER PUBLIC SERVICES			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
		3 Number of voting members of the governing body (Part VI, line 1a)	3	65
		4 Number of independent voting members of the governing body (Part VI, line 1b)	4	60
		5 Total number of individuals employed in calendar year 2015 (Part V, line 2a)	5	40,148
		6 Total number of volunteers (estimate if necessary)	6	6,869
		7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	8,333,630
	b Net unrelated business taxable income from Form 990-T, line 34	7b		
Revenue			Prior Year	Current Year
	8	Contributions and grants (Part VIII, line 1h)	584,510,026	510,356,488
	9	Program service revenue (Part VIII, line 2g)	3,339,680,440	3,529,227,273
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	420,205,412	301,976,723
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	6,972,137	27,682,064
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	4,351,368,015	4,369,242,548
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	462,661,107	482,908,698
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	2,319,435,787	2,473,442,317
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	358,791	1,409,407
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 46,882,228		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	1,169,479,188	1,244,419,777
	18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	3,951,934,873	4,202,180,199
19	Revenue less expenses Subtract line 18 from line 12	399,433,142	167,062,349	
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	12,669,538,763	12,369,905,113
	21	Total liabilities (Part X, line 26)	3,278,677,385	3,450,816,266
22	Net assets or fund balances Subtract line 21 from line 20	9,390,861,378	8,919,088,847	

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here			2017-05-10	
	Signature of officer		Date	
Paid Preparer Use Only	JOANNE M DESTEFANO EVP & CFO			
	Type or print name and title			
	Print/Type preparer's name barbara e hunt	Preparer's signature barbara e hunt	Date	Check <input type="checkbox"/> if self-employed
Firm's name ▶ ERNST & YOUNG US LLP			Firm's EIN ▶	
Firm's address ▶ 200 CLARENDON STREET BOSTON, MA 021165072			Phone no (617) 266-2000	

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

	INVESTMENTS	JE	CORNELL UNIV	Related	-11,175,520	31,299,592	No	No	100 000 %
(1) ITHACA LP 35 THORNWOOD DR ITHACA, NY 14850									
(2) Hudson Cornell Residential JV LLC 826 Broadway New York, NY 10003	Real Estate	NY	Cornell Univ	Related	1				
(3) Cayuga 1993 LP 555 Main St Racine, WI 53403	Investments	WI	Cornell Univ	Related	1,084,906	13,137,881			

Part IV Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership		(i) Section 512 (b)(13) controlled entity?
							Yes	No	
(1) TOWER INNOVATIVE LEARNING SOLUTIONS INC 950 DANBY ROAD ITHACA, NY 14850 16-1593492	DIST LEARNING	NY	CORNELL UNIV	C Corp	1	1			Yes
(2) LENROC CORPORATION 15 THORNWOOD DR ITHACA, NY 14850 16-1450466	REAL ESTATE	NY	CORNELL UNIV	C Corp	1	1			Yes
(3) SPECIALISTS INC UNIVERSITY VETERINARY 800 CANAL ST STAMFORD, CT 06902 27-2461725	VET SERVICES	CT	CORNELL UNIV	C Corp	663,325	8,517,706			Yes
(4) TRUSTS (39) CHARITABLE REMAINDER	INVESTMENT	NY	CORNELL UNIV						Yes
(5) CHARITABLE LEAD TRUSTS (6)	INVESTMENT	NY	CORNELL UNIV						Yes

Form **990-T**

Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))

OMB No 1545-0087

For calendar year 2015 or other tax year beginning 07/01, 2015, and ending 06/30, 2016

2015

Department of the Treasury
Internal Revenue Service

► Information about Form 990-T and its instructions is available at www.irs.gov/form990t.
► Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3)

Open to Public Inspection for
501(c)(3) Organizations Only

A <input type="checkbox"/> Check box if address changed		Name of organization (<input type="checkbox"/> Check box if name changed and see instructions) CORNELL UNIVERSITY		D Employer identification number (Employees' trust see instructions) 15-0532082	
B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)		Print or Type	Number, street, and room or suite no. If a P O box, see instructions 341 PINE TREE ROAD		E Unrelated business activity codes (See instructions) 525990 453000
C Book value of all assets at end of year 12369905113.			City or town, state or province, country, and ZIP or foreign postal code ITHACA, NY 14850		
F Group exemption number (See instructions) ► 12369905113.			G Check organization type ► <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust		

H Describe the organization's primary unrelated business activity ► **ATTACHMENT 1**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-sub subsidiary controlled group? Yes No
If "Yes," enter the name and identifying number of the parent corporation ►

J The books are in care of ► **UNIVERSITY CONTROLLER** Telephone number ► **607-255-3581**

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1 a	Gross receipts or sales			
b	Less returns and allowances			
c Balance ►		1c		
2	Cost of goods sold (Schedule A, line 7)	2		
3	Gross profit Subtract line 2 from line 1c	3		
4a	Capital gain net income (attach Schedule D)	4a	4,911,148.	4,911,148.
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b	3,238,904.	3,238,904.
c	Capital loss deduction for trusts	4c		
5	Income (loss) from partnerships and S corporations (attach statement)	5	-4,913,302.	ATCH 2
6	Rent income (Schedule C)	6	118,326.	2,957.
7	Unrelated debt-financed income (Schedule E)	7		
8	Interest, annuities, royalties, and rents from controlled organizations (Schedule F)	8	369,164.	369,164.
9	Investment income of a section 501(c)(7), (9) or (17) organization (Schedule G)	9		
10	Exploited exempt activity income (Schedule I)	10	317,888.	120,123.
11	Advertising income (Schedule J)	11	152,634.	73,363.
12	Other income (See instructions, attach schedule)	12	1,449,556.	ATCH 3
13	Total. Combine lines 3 through 12	13	5,644,318.	196,443.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions) (Except for contributions, deductions must be directly connected with the unrelated business income)			
14	Compensation of officers, directors, and trustees (Schedule K)	14	
15	Salaries and wages	15	373,785.
16	Repairs and maintenance	16	376,880.
17	Bad debts	17	
18	Interest (attach schedule)	18	
19	Taxes and licenses	19	32,470.
20	Charitable contributions (See instructions for limitation rules)	20	306,246.
21	Depreciation (attach Form 4562)	21	7,848.
22	Less depreciation claimed on Schedule A and elsewhere on return	22a	22b
23	Depletion	23	7,848.
24	Contributions to deferred compensation plans	24	
25	Employee benefit programs	25	
26	Excess exempt expenses (Schedule I)	26	197,765.
27	Excess readership costs (Schedule J)	27	79,271.
28	Other deductions (attach schedule) ATTACHMENT 4	28	1,317,400.
29	Total deductions. Add lines 14 through 28	29	2,691,665.
30	Unrelated business taxable income before net operating loss deduction Subtract line 29 from line 13	30	2,756,210.
31	Net operating loss deduction (limited to the amount on line 30)	31	2,756,210.
32	Unrelated business taxable income before specific deduction Subtract line 31 from line 30	32	0.
33	Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)	33	
34	Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32	34	0.

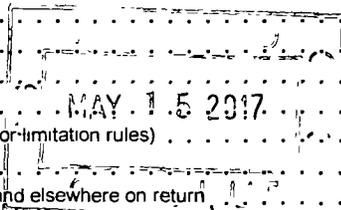
For Paperwork Reduction Act Notice, see instructions.

Form **990-T** (2015)

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ORGANIZATION'S PRIMARY UNRELATED BUSINESS ACTIVITY.UBTI FROM PARTNERSHIP INVESTMENTS

CORNELL UNIVERSITY INVESTS IN PASS-THROUGH ENTITIES THAT GENERATE UNRELATED BUSINESS TAXABLE INCOME BOTH DURING THE PERIOD WHEN THE INVESTMENT IS HELD AND UPON SALE. FOR DISPOSITION OF INVESTMENT UNITS IN VARIOUS PUBLICLY TRADED PARTNERSHIPS, CORNELL HAS INCLUDED REPORTABLE ORDINARY INCOME AMOUNTS DETERMINED IN ACCORDANCE WITH IRC SECTION 751.

OPERATIONAL UBTI

CORNELL UNIVERSITY ALSO HAS UNRELATED BUSINESS TAXABLE INCOME FROM THE FOLLOWING: CAMPUS TO CAMPUS BUS, CELL TOWER, EXPLOITED ACTIVITIES, ATHLETIC EVENT PARKING, LOBBY & MALL STORE SALES, ADVERTISING INCOME, & INTEREST INCOME RECEIVED FROM A CONTROLLED ORGANIZATION.

ATTACHMENT 2FORM 990T - LINE 5 -INCOME (LOSS) FROM PARTNERSHIPS

PARTNERSHIP 2	-8,519.
PARTNERSHIP 4	2,310,155.
PARTNERSHIP 5	-1,314,845.
PARTNERSHIP 6	645,254.
PARTNERSHIP 8	280,625.
PARTNERSHIP 11	-4,600.
PARTNERSHIP 12	-25,072.
PARTNERSHIP 13	-163,350.
PARTNERSHIP 14	-172,129.
PARTNERSHIP 15	9,957.
PARTNERSHIP 16	-76,671.
PARTNERSHIP 17	61,630.
PARTNERSHIP 18	1,967.
PARTNERSHIP 19	1,749.
PARTNERSHIP 20	-23,635.
PARTNERSHIP 21	111,592.
PARTNERSHIP 22	261,288.
PARTNERSHIP 23	-47,881.
PARTNERSHIP 24	-5,366.
PARTNERSHIP 25	-126,173.
PARTNERSHIP 26	-27,770.
PARTNERSHIP 27	197,912.
PARTNERSHIP 30	-15,056.
PARTNERSHIP 32	-12,452.
PARTNERSHIP 33	-28,405.
PARTNERSHIP 34	1,320.
PARTNERSHIP 35	176,593.
PARTNERSHIP 38	884,665.
PARTNERSHIP 39	-158,179.
PARTNERSHIP 40	-238,638.
PARTNERSHIP 42	-163,371.
PARTNERSHIP 45	-721,903.
PARTNERSHIP 46	89,285.
PARTNERSHIP 47	-34,196.
PARTNERSHIP 49	-19,916.
PARTNERSHIP 50	-1,443.
PARTNERSHIP 52	-29,638.
PARTNERSHIP 53	776.
PARTNERSHIP 54	241,520.
PARTNERSHIP 55	-1,192.
PARTNERSHIP 57	-29,588.
PARTNERSHIP 58	-160,966.
PARTNERSHIP 59	-13,775.
PARTNERSHIP 60	50,997.
PARTNERSHIP 61	-11,684.
PARTNERSHIP 62	1,418,283.

ATTACHMENT 2 (CONT'D)

PARTNERSHIP 63	-48,514.
PARTNERSHIP 64	83,542.
PARTNERSHIP 65	290,067.
PARTNERSHIP 68	762.
PARTNERSHIP 69	-7,414.
PARTNERSHIP 71	3.
PARTNERSHIP 72	-262,596.
PARTNERSHIP 73	-3,815.
PARTNERSHIP 75	-46,277.
PARTNERSHIP 76	-129,316.
PARTNERSHIP 78	-45,438.
PARTNERSHIP 79	-2,600,200.
PARTNERSHIP 80	-78.
PARTNERSHIP 81	-7,404.
PARTNERSHIP 85	-15,553.
PARTNERSHIP 86	1,506.
PARTNERSHIP 88	18,116.
PARTNERSHIP 89	-317,376.
PARTNERSHIP 90	-62,716.
PARTNERSHIP 91	-4,385.
PARTNERSHIP 94	-25,488.
PARTNERSHIP 97	-5,876.
PARTNERSHIP 98	-8,110.
PARTNERSHIP 99	-22,696.
PARTNERSHIP 100	-34,115.
PARTNERSHIP 101	1,182,204.
PARTNERSHIP 102	-28,342.
PARTNERSHIP 103	-19,999.
PARTNERSHIP 104	-5.
PARTNERSHIP 105	-99,714.
PARTNERSHIP 107	-64.
PARTNERSHIP 108	5,181.
PARTNERSHIP 109	40,399.
PARTNERSHIP 110	-26.
PARTNERSHIP 111	-83,020.
PARTNERSHIP 112	-19,486.
PARTNERSHIP 113	-203,605.
PARTNERSHIP 114	-30,982.
PARTNERSHIP 115	-337,614.
PARTNERSHIP 116	-188,922.
PARTNERSHIP 117	66,976.
PARTNERSHIP 118	-12,220.
PARTNERSHIP 119	132,276.
PARTNERSHIP 120	-1,620.
PARTNERSHIP 121	2,254.
PARTNERSHIP 122	5,424.

ATTACHMENT 2 (CONT'D)

PARTNERSHIP 123	-39,016.
PARTNERSHIP 125	-133,373.
PARTNERSHIP 127	-28,712.
PARTNERSHIP 129	-2,572.
PARTNERSHIP 130	-2,084.
PARTNERSHIP 131	-60,810.
PARTNERSHIP 132	-1,356,764.
PARTNERSHIP 134	-155,334.
PARTNERSHIP 135	635,520.
PARTNERSHIP 136	-442,491.
PARTNERSHIP 137	-625.
PARTNERSHIP 138	928.
PARTNERSHIP 139	-782,900.
PARTNERSHIP 140	-134,931.
PARTNERSHIP 143	-1,394,264.
PARTNERSHIP 144	-374,739.
PARTNERSHIP 146	6,962.
PARTNERSHIP 148	-56,250.
PARTNERSHIP 150	-52,779.
PARTNERSHIP 151	178.
PARTNERSHIP 152	-7,694.
PARTNERSHIP 154	-3,625.
PARTNERSHIP 155	-1,266.
PARTNERSHIP 156	-15,449.
PARTNERSHIP 157	-7,641.
PARTNERSHIP 158	-1,330.
PARTNERSHIP 159	-9,688.
PARTNERSHIP 160	-64.
PARTNERSHIP 163	-93.
PARTNERSHIP 167	-4,908.
PARTNERSHIP 168	387,659.
PARTNERSHIP 169	199,367.
PARTNERSHIP 170	-261,058.
PARTNERSHIP 173	-4,862.
PARTNERSHIP 174	-8.
PARTNERSHIP 176	-146,236.
PARTNERSHIP 177	-130,560.
PARTNERSHIP 179	60.
PARTNERSHIP 180	-4,781.
PARTNERSHIP 181	-20,217.
PARTNERSHIP 182	-1.
PARTNERSHIP 183	-11,122.
PARTNERSHIP 184	-157.
PARTNERSHIP 186	-626.
PARTNERSHIP 187	43.
PARTNERSHIP 188	-77,222.

ATTACHMENT 2 (CONT'D)

PARTNERSHIP 189	-35,742.
PARTNERSHIP 190	-7,849.
PARTNERSHIP 191	-1,910.
PARTNERSHIP 192	-4,343.
PARTNERSHIP 193	49,732.
PARTNERSHIP 194	73,357.
PARTNERSHIP 195	-13,916.
PARTNERSHIP 196	-26,486.
PARTNERSHIP 197	-198,416.
PARTNERSHIP 198	4,353.
PARTNERSHIP 199	59,729.
PARTNERSHIP 200	24,124.
PARTNERSHIP 201	-244.
PARTNERSHIP 202	-457,271.
PARTNERSHIP 204	-171,409.
PARTNERSHIP 205	-1,802.
PARTNERSHIP 206	25,447.
INCOME (LOSS) FROM PARTNERSHIPS	<u>-4,913,302.</u>

Citations:

The first page comes out of Cornell's 2017 annual report. <https://www.dfa.cornell.edu/sites/default/files/cornell-financial-report-fy2017.pdf>

The data on hedge funds Cornell is invested in comes from a data base called Prequin. <https://www.preqin.com/> It is public to anybody who subscribes and the research team at Hedge Clippers used their subscription to obtain this.

The next few are public news articles.

The tax statements at the end are publicly available as Cornell is a non-profit. All the form 990s and form 990ts can be found here <https://www.guidestar.org/profile/15-0532082> and then just click the button show forms 990.

Princeton 2015 Form

990 <http://www.guidestar.org/FinDocuments/2015/210/634/2015-210634501-0cc672f5-9.pdf>

Cornell 2015 Form 990 <http://www.guidestar.org/FinDocuments/2015/150/532/2015-150532082-0cc4828a-9.pdf>

Cornell Form

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