The Dormitory Authority of the State of New York met in a Regular Meeting at DASNY's Albany Office, 515 Broadway, Albany, New York at 9:30 a.m. on Wednesday, January 8, 2020.

The Meeting was called to order by the Chair. Roll call was taken and a quorum was present. Those Members present for and absent from the Meeting were as follows:

Members Present

Alfonso L. Carney, Jr., Chair, Member
John B. Johnson, Jr., Vice Chair, Member
Jonathan H. Gardner, Esq., Member
Wellington Z. Chen, Member
Beryl L. Snyder, Esq., Member
Joan M. Sullivan, Member
Gerard Romski, Esq., Member
Brian Cechnicki, Designated Representative of the Commissioner of Education, Member (ex officio)
Tracy Raleigh, Designated Representative of the Commissioner of Health, Member (ex officio)

Members Absent

Adrian Swierczewski, Designated Representative of the Director of the Budget, Member (ex officio)

Also Present - Dormitory Authority Staff

Reuben R. McDaniel, III, Acting Executive Director
Paul G. Koopman, Vice President
Michael E. Cusack, Esq., General Counsel
Kimberly J. Nadeau, Chief Financial Officer
Portia Lee, Managing Director of Public Finance and Portfolio Monitoring
Stephen D. Curro, Managing Director of Construction
Frances Brooks, Esq., Managing General Counsel
Ricardo Salaman, Esq., Managing General Counsel
Kathy Ebert, Director, Internal Audit
Deborah K. Fasser, Director, Communications & Marketing
Sara P. Richards, Esq., Associate General Counsel
Karen E. Ehlinger, Manager, Internal Controls Analysis
Michael L. Johnson, Esq. Assistant General Counsel
Brendan R. Wolf, Esq., Assistant General Counsel
David P. Ostrander, Assistant Director, Public Finance and Portfolio Monitoring
Stephen J. Kosier, Senior Financial Analyst
Gerard E. Klauser, Senior Financial Analyst
Craig Schreivogl, Assistant Director, Public Finance and Portfolio Monitoring
Michael T. Corrigan

<u>Other Attendees:</u>

Matthew Potter	New York State Department of Health
Lawrence Bauer, Esq.	Norton Rose Fulbright, US LLP
Douglas Seaton, Esq.	D. Seaton and Associates
Doron Bar-Levav, Esq.	Harris Beach, PLLC
Michelle Brown, Esq.	Brown Hutchinson, LLP
Neil Kaplan, Esq.	Hawkins Delafield & Wood, LLP
B. Seth Bryant, Esq. Sani Williams, Esq.	Bryant Rabbino, LLP

PUBLIC SESSION

The Chair welcomed the Members and called the Meeting to order. The Chair expressed sympathy for the people of Puerto Rico in light of recent natural disasters. He then directed the Members' attention to the revised 2020 Board Meeting Schedule and pointed out that in accordance with discussions at the last Regular meeting, the November 2020 Meeting date was changed to accommodate the Veterans Day holiday. He noted that the next Regular Meeting will be February 5, 2020 in the New York City Office.

The Minutes of the December 11, 2019 Regular Meeting were then reviewed. Ms. Sullivan pointed out a typographical error on page 7 and the Minutes were then approved as corrected.

<u>Finance Committee Report</u>

Committee Chair Romski reported that the Finance Committee had met the previous afternoon and, after discussion, decided unanimously to recommend the following transactions to the full Board for approval: Montefiore Obligated Group; InterAgency Council of Developmental Disabilities Agencies, Inc; Columbia University; NYSARC, Inc. and St. Joseph's College.

<u>Master BOCES Program Lease Revenue Bonds (Onondaga-Cortland-Madison Issue)</u>

The Acting Executive Director introduced B. Seth Bryant, Esq., and Sani Williams, Esq. of Bryant Rabbino, LLP, bond counsel on the Onondaga-Cortland-Madison ("OCM") Board of Cooperative Educational Services ("BOCES") transaction, and Mr. Kosier.

Mr. Kosier stated that the Members are being asked to authorize the issuance of bonds in an amount not to exceed $12,850,000 on behalf of OCM BOCES. He further stated that the proceeds of the Bonds will be used for the purchase of the Crown Road campus in Liverpool, which the BOCES is currently leasing. Mr. Kosier summarized that the Resolution to Proceed was adopted at the December 11, 2019 DASNY Board Meeting; PACB approved the transaction at its December 18, 2019 Meeting; and the SEQR was completed on January 6, 2020. He reported that SED has completed the necessary reviews in connection with the acquisition of the building.

Mr. Bryant further described the transaction and presented the financing documents. He introduced Sani Williams, Esq., as a new partner at his firm. The Chair congratulated Mr. Williams on his new position. Mr. Bryant stated that before the Members for consideration is a Series Resolution authorizing the issuance of up to $12,850,000 of DASNY's Master BOCES Program Lease Revenue Bonds (Onondaga, Cortland and Madison Issue), Series 2020. He further stated that the Bonds will be issued on behalf of the Board of Cooperative Educational Services of the Sole Supervisory District of Onondaga, Cortland and Madison Counties under DASNY's Master BOCES Program Lease Revenue Bond Resolution adopted on August 15, 2001, as supplemented by a "First Supplemental Resolution" on February 25, 2004, and a "Second Supplemental Resolution" adopted March 11, 2015.

Mr. Bryant indicated that in addition to the purposes described by Mr. Kosier, the proceeds of the Series 2020 Bonds are expected to be used to: fund the Debt Service Reserve Fund and/or pay the cost of acquiring a reserve fund facility with respect to the Bonds; pay the costs of a policy of municipal bond insurance, if any, with respect to such Series 2020 Bonds; and pay all or a portion of the costs of issuance of the Bonds. He informed the Members that the Series 2020 Bonds are proposed to be sold in a negotiated sale to Roosevelt & Cross, Inc. pursuant to a Bond Purchase Agreement that contains terms and conditions which are customary in connection with the sale of DASNY bonds.

Mr. Bryant stated that pursuant to Section 1689 of the Dormitory Authority Act, DASNY is permitted to issue bonds to finance or refinance the cost of constructing BOCES school facilities and that under the Act, DASNY is authorized to become lessee of such facilities and to lease back such facilities to the BOCES. He further stated that the Act provides that DASNY shall file a certificate annually with the Commissioner of Education stating all amounts due from the BOCES to DASNY under the Lease and Agreement, and that upon receipt of a certification from the Commissioner of Education, the State Comptroller is required to deduct the amount certified by the Commissioner as due to DASNY from the State aid otherwise payable to the BOCES and pay that amount directly to DASNY or the Trustee. He noted that if the State aid is insufficient, the BOCES will remain obligated to pay such rent.

Mr. Bryant informed the Members that the Series 2020 Bonds will be "special obligations" of DASNY payable solely out of the Revenues and the moneys and investments held in the funds and accounts established by the Series 2020 Resolution, other than any moneys and investments held in a fund established under the General Resolution for the purpose of making arbitrage rebate payments, if any, to the United States Department of the Treasury. He stated that with respect to the Series 2020 Bonds, Revenues consist generally of (i) the "Basic Rent" to be paid by the OCM BOCES under the Lease and Agreement on account of debt service on the Series 2020 Bonds out of State aid payable to the OCM BOCES and (ii) payments to be made by the State Comptroller to DASNY out of State aid otherwise payable to the OCM BOCES.

Mr. Bryant stated that payment of the Series 2020 Bonds is secured by the pledge and assignment made by the General Resolution of the Revenues, certain moneys and investments, including a Debt Service Reserve Fund held under the General Resolution and DASNY's right thereto. He further stated that such pledge and assignment shall be subordinate to the pledge and assignment made by the BOCES in order to secure DASNY's Master BOCES Program Lease Revenue Bonds (Onondaga, Cortland and Madison Issue), Series 2015, if any shall remain outstanding.

Mr. Bryant informed the Members that the General Resolution constitutes the basic agreement between DASNY and the holders of the bonds issued under the General Resolution and that the General Resolution provides for the issuance from time to time of multiple series of Bonds in an unlimited principal amount. He stated that each series of Bonds issued under the General Resolution is to be secured separately from the other series, so that the General Resolution may be utilized to provide financing or refinancing for any BOCES in the State of New York. He further stated that the General Resolution sets forth the general terms for any series of Bonds, conditions for issuance of any series of Bonds, security for the Bonds, funds and accounts and the flow of monies through such funds and accounts, events of default and remedies, provisions regarding amendments to the General Resolution, provisions regarding the fiduciaries, covenants of DASNY and defeasance provisions.

Mr. Bryant stated that the General Resolution and each Series Resolution establish all of the funds and accounts for the Bonds, including a Debt Service Reserve Fund. He explained that the Debt Service Reserve Fund must, as a condition to the issuance of each series of Bonds, be at its requirement upon issuance and that the General Resolution provides that the requirement is equal to the lesser of (i) one-half of the amount equal to the greatest amount required during the year in which it is calculated or any future year to pay the sum of the principal and Sinking Fund Installments of and interest on such series of outstanding Bonds and (ii) the maximum amount permitted to be deposited therein from the proceeds of Bonds under the Internal Revenue Code of 1986. Mr. Bryant stated that the General Resolution permits the use of letters of credit, surety bonds or insurance policies to meet all or a portion of the Debt Service Reserve Fund requirement.

Mr. Bryant informed the Members that the Series 2020 Resolution authorizes the issuance of Series 2020 Bonds in amounts that do not exceed the limits set forth above. He stated that the Series 2020 Resolution delegates to various officers of DASNY the power, among others, to determine: (i) the date or dates on which any Series 2020 Bonds will mature; (ii) the principal amount of Series 2020 Bonds to be issued, provided that the principal amount may not exceed $12,850,000; (iii) the date or dates on which principal and interest on the Series 2020 Bonds are to be paid, provided that principal of a Series of Bonds may be payable on any February 15 and August 15 through the final maturity date thereof; (iv) the rate or rates at which the Series 2020 Bonds will bear interest, provided that the true interest cost on the Series 2020 Bonds may not exceed seven and one-half percent (7.5%) per annum; (v) the purchase prices for the Series 2020 Bonds to be paid upon their initial sale to the underwriters, provided that the Series 2020 Bonds are not sold at a price that is less than ninety percent (90%) of the principal amount of Series 2020 Bonds sold; (vi) the redemption dates and prices, provided that the redemption price does not exceed one hundred and three percent (103%) of the principal amount of Series 2020 Bonds to be redeemed, plus accrued interest to the redemption date; (vii) whether the Series 2020 Bonds will be book-entry bonds and the depository therefor; (viii) whether the Series 2020 Bonds will be insured, and the power to procure a policy of municipal bond insurance for the payment of principal and Sinking Fund Installments of and interest on the Series 2020 Bonds and to negotiate the terms and conditions of such insurance; and (ix) whether a letter of credit, surety bond or insurance policy will be used to meet all or a portion of the Debt Service Reserve Fund requirement.

Mr. Bryant stated that the Series 2020 Resolution also authorizes various officers of DASNY to: (i) prepare and distribute a Preliminary Official Statement; (ii) prepare, execute, and deliver a final Official Statement; (iii) execute a Bond Purchase Agreement; (iv) execute the Agreement of Lease between OCM BOCES and DASNY; (v) execute the Lease and Agreement between DASNY and OCM BOCES; (vi) execute all other documents and do all things necessary or advisable in connection with the sale and issuance of the Series 2020 Bonds and (vii) execute a Memorandum of Understanding in connection with the Series 2020 Bonds.

Mr. Bryant indicated that under the Agreement of Lease, DASNY will lease the Facility from OCM BOCES for a nominal amount for a term that will end when the Series 2020 Bonds have matured or when no Series 2020 Bonds are outstanding. He stated that under the Lease and Agreement, OCM BOCES will lease the Facility from DASNY for a term that will end when the Series 2020 Bonds have matured or when no Series 2020 Bonds are outstanding. He further stated that under the Lease and Agreement, the Basic Rent will be an amount equal to scheduled payments of principal and interest or sinking fund payments due on the Series 2020 Bonds. Mr. Bryant noted that additional rent amounts due under the Lease and Agreement shall include fees due to DASNY, administrative expenses of DASNY, Trustee and Paying Agent, and amounts due related to arbitrage rebate fund requirements. He further noted that under the Lease and Agreement, OCM BOCES pledges a sufficient portion of its public funds to cover amounts due under the Lease and Agreement.

Mr. Bryant stated that DASNY, the New York State Education Department and the Office of the State Comptroller will enter into a Memorandum of Understanding pursuant to which (i) DASNY will certify to the Commissioner of SED the amounts due under the Lease and Agreement, (ii) the SED will certify such amount to the OSC, and (iii) OSC shall deduct such certified amounts from the amounts otherwise payable as state aid to OCM BOCES and pay such amounts to the Trustee of the Series 2020 Bonds. He further stated that the Trustee shall use such amounts to make payments of principal and interest related to the Series 2020 Bonds and payments due under the Lease and Agreement.

Ms. Snyder moved the adoption of the following entitled Resolution:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES RESOLUTION AUTHORIZING UP TO $12,850,000 MASTER BOCES PROGRAM LEASE REVENUE BONDS (ONONDAGA, CORTLAND AND MADISON ISSUE) SERIES 2020

Mr. Romski seconded the motion and the Resolution was unanimously adopted.

Trevor Day School

The Acting Executive Director introduced Lawrence Bauer, Esq., of Norton Rose Fulbright, US LLP and Doug Seaton, Esq. of D. Seaton and Associates, co-bond counsel on the Trevor Day School transaction, and Mr. Kosier.

Mr. Kosier stated that the Members are being asked to authorize the issuance of bonds in an amount not to exceed $66,000,000 on behalf of Trevor Day School. He further stated that the Bond proceeds will be used to refund and restructure DASNY's Series 2011 Bonds and to terminate the two interest rate swap agreements integrated with these Bonds. Mr. Kosier summarized that DASNY adopted a Resolution to Proceed with the issuance at its November 13, 2019 Regular meeting and that PACB approved the transaction on November 20, 2019. He informed the Members that the School has selected First Republic Bank, a Qualified Institutional Buyer, to purchase the Bonds in this private placement transaction. Mr. Kosier stated that the bonds will have a maturity of up to 30 years from the date of issuance.

Mr. Kosier informed the Members that the School will make interest-only payments for the first three years from the date of the closing and the principal will then amortize over 27 years beginning in year four. He indicated that the Bonds will have a 20-year fixed rate of 2.65% which will reset in twenty years at the ten-year treasury rate plus 135 basis points. Mr. Kosier stated that the purchaser is expected to require security features including a mortgage and an all asset lien, as well as financial covenants. Mr. Kosier reported that the SEQR review was completed on December 11, 2019; the TEFRA Hearing was held on December 20, 2019; and the Governor's approval of the TEFRA was obtained on December 31, 2019.

Mr. Seaton and Mr. Bauer further described the transaction and presented the financing documents. Mr. Seaton stated that before the Members for consideration is the adoption of a Series Resolution authorizing the issuance of up to $66 million of Series 2020 Bonds under DASNY's Trevor Day School Revenue Bond General Resolution, adopted on April 27, 2011. Mr. Seaton stated that the Series 2020 Bonds will be sold to First Republic Bank in a privately placed sale and purchase. He indicated that the Series 2020 Bonds will have a 30-year maturity, consisting of interest-only payments for the first 3 years, followed by a 27-year mortgage style amortization. Mr. Seaton informed the Members that the Bonds will bear interest at a fixed rate for the first 20 years, after which it will be reset based on the 10-year US Treasury yield plus a spread. Mr. Seaton stated that the Series 2020 Bonds will be subject to optional redemption at a declining premium during the first 5 years and thereafter, at par.

Mr. Seaton informed the Members that the Series Resolution delegates to various officers of DASNY the power to make certain determinations as further described in the Bond Counsel letter and to do all things necessary or convenient in connection with the sale and issuance of the Series 2020 Bonds.

Mr. Seaton explained that the General Resolution constitutes the agreement between DASNY and the holders of the bonds and contains the basic terms of that agreement. He noted that after the closing, the Series 2020 Bonds will be the only bonds outstanding under the General Resolution.

Mr. Seaton stated that the bonds issued under the General Resolution, including the Series 2020 Bonds, will be special obligations of DASNY payable solely out of and secured by the Revenues, which consist of certain payments to be made by the School under the Loan Agreement with DASNY relating to the Series 2020 Bonds.

Mr. Bauer informed the Members that the issuance of the Series 2020 Bonds will be the second financing for Trevor Day School. He stated that the Loan Agreement obligates the School to make payments in amounts and at times sufficient to enable DASNY to make timely payment of the principal and interest on the Bonds together with any redemption premiums. He indicated that substantially all of DASNY's rights under the Loan Agreement will be assigned to The Bank of New York Mellon, trustee under the General Resolution, at the time of closing.

Mr. Bauer stated that the School and the First Republic will enter into a continuing covenants agreement, which will contain certain financial and other covenants, including a Debt Service Coverage Ratio covenant of 1.15, a liquidity covenant of $12 million and a covenant relating to the incurrence of additional indebtedness. He noted that First Republic has veto power over the incurrence of additional debt by the School. Mr. Bauer stated that DASNY will not be a party to the continuing covenants agreement, but a default by the School under that agreement would constitute a cross default under the Loan Agreement that would entitle DASNY to certain remedies to the extent that those rights have not been assigned over to the trustee.

Mr. Bauer stated that to secure its obligations under the Loan Agreement, the School will grant a security interest in its Pledged Revenues, which consist, generally, of the School's unrestricted revenues, and other non-real estate assets of the School. He further stated that the School will execute a mortgage on the real property located on East 95th Street in Manhattan, which is the location of the Project that was financed with the Series 2011 Bonds and which the Series 2020 Bonds are refunding. Mr. Bauer noted that in addition to the loan agreement, both the security agreement and the mortgage will be assigned to the Trustee as additional security for the repayment of the Series 2020 Bonds.

Ms. Snyder informed the Members that she has previously been a Member of the Board of Trevor Day School, prior to the 2011 financing. She stated that her children attended Trevor Day School. Ms. Snyder indicated that she did not believe this presents a conflict of interest. Mr. Cusack concurred, and thanked Ms. Snyder for the disclosure.

Ms. Sullivan moved the adoption of the following entitled Resolution:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2020 RESOLUTION AUTHORIZING UP TO $66,000,000 TREVOR DAY SCHOOL REVENUE BONDS, SERIES 2020

Mr. Johnson seconded the motion and the Resolution was unanimously adopted.

The Chair welcomed Mr. Bauer to the table representing Norton Fulbright. Mr. Bauer thanked the Chair and expressed his pleasure in working with DASNY.

The Jewish Theological Seminary of America

The Acting Executive Director introduced Doron Bar-Levav, Esq., of Harris Beach, PLLC and Michelle Hutchinson, Esq. of Brown Hutchinson, LLP, co-bond counsel on The Jewish Theological Seminary of America transaction, and Mr. Klauser.

Mr. Klauser stated that the Members are being asked to authorize the issuance of tax-exempt and/or taxable, fixed and/or variable rate bonds in one or more series at one or more times in an amount not to exceed $41 million on behalf of the Jewish Theological Seminary for a term not to exceed 31 years. He noted that the Bonds will be sold through a private placement transaction.

Mr. Klauser informed the Members that the proceeds of the Bonds will be used to reimburse prior capital expenditures incurred in connection with the construction of a building used for student housing and a library. He stated that since the adoption of the Resolution to Proceed on December 11, 2019, Peoples United Muni Finance Corporation has been added as a purchaser in addition to TD Bank. Mr. Klauser informed the Members that Peoples United is a Qualified Institutional Buyer (QIB) as required for private placement transactions. He noted that it is currently expected that a Series 2020A and a Series 2020B bond will be issued.

Mr. Klauser reported that PACB Approval was obtained on December 18, 2019; the TEFRA Hearing was held on December 18, 2019; and the SEQR review was completed on December 30, 2019. He noted that the Bonds are not rated as they are being privately placed. Mr. Klauser stated that the Bonds will be secured by a pledge of receipts acceptable to the Purchasers and a mortgage on the Seminary's Morningside Heights campus located at 3080 Broadway.

Mr. Bar-Levav and Ms. Hutchinson further described the transaction and presented the financing documents. Mr. Bar-Levav stated that before the Members for their consideration is the adoption of two Series Resolutions, each authorizing the issuance of Bonds in a principal amount not to exceed $41,000,000 on behalf of the Jewish Theological Seminary. He further stated that the Series Resolutions will be adopted pursuant to The Jewish Theological Seminary of America Revenue Bond Resolution adopted by DASNY on June 21, 2017, which authorizes the issuance of one or more Series of tax exempt or taxable Bonds to finance or refinance facilities for The Jewish Theological Seminary of America. Mr. Bar-Levav explained that two Series Resolutions are necessary since there are two institutional purchasers. He noted that the Series 2020A and Series 2020B Bonds will be the second and third series of bonds to be issued under the General Resolution.

Mr. Bar-Levav informed the Members that on June 28, 2017, DASNY issued $51,000,000 of The Jewish Theological Seminary of America Revenue Bonds, Series 2017 to finance a portion of the cost of construction of a new library and a student dormitory at a cost of approximately $85 million. He stated that at that time, the Institution chose to pay the balance of the construction costs from other resources. Mr. Bar-Levav further stated that the Institution is now completing the construction and has decided that it would prefer to refinance that portion on a tax-exempt basis.

Mr. Bar-Levav informed the Members that the Bonds will be privately placed with two QIBs: TD Bank, N.A. or an affiliate, and Peoples United Muni Finance Corp. or an affiliate. He further indicated that it is anticipated that both Series will have a 30-year maturity. Mr. Bar-Levav explained that the Bonds will be issued as two Series of tax-exempt bonds at a fixed rate for an initial fifteen-year period agreed to by the Purchasers. Mr. Bar-Levav stated that each Purchaser will have the option to cause a mandatory tender of its Series 2020 Bonds at the end of the fifteen-year period, whereupon the Institution will have to pay the tender price, refinance or negotiate a renewal with each such Purchaser.

Mr. Bar-Levav stated that no debt service reserve fund is being established for either of the issuances. He further stated that since this is a private placement transaction, there will be no Official Statement, Private Placement Memorandum, or Bond Purchase Agreement. Mr. Bar-Levav explained that the purchase will be undertaken pursuant to Bond Purchase and Continuing Covenants Agreements between the bond purchasers and the Institution.

Mr. Bar-Levav indicated that the Series Resolutions delegate to authorized officers of DASNY various responsibilities, including determining: the principal amount of Series 2020 Bonds to be issued, up to an aggregate maximum amount of $41,000,000; the date or dates on which the Series 2020 Bonds will mature, provided that no Series 2020 Bond may mature later than 31 years from the July 1 next succeeding their date of issuance; the rate or rates at which the Series 2020 Bonds will bear interest, provided that the true interest cost or initial interest rate on the Series 2020 Bonds shall not exceed 7.5% if issued as tax-exempt bonds or10.0% if issued as taxable bonds; whether the Series 2020 Bonds are to be issued as Variable Interest Rate Bonds; and various other matters, so long as such actions are not inconsistent with the terms of the General Resolution or the Series Resolutions. He noted that it is currently expected that the Bonds will be issued as 15-year, fixed rate Bonds.

Ms. Hutchinson informed the Members that DASNY and the Institution will execute a Loan Agreement in connection with the issuance of the Series 2020 Bonds. She stated that the Loan Agreement will require the Institution to make payments in amounts and at times sufficient to make timely payment of the principal, Sinking Fund Installments, if any, and interest on the Series 2020 Bonds. Ms. Hutchinson noted that amounts required to be paid for the fees, costs and expenses of DASNY and the Trustee are to be paid directly to DASNY. She stated that the obligation of the Institution to make payments under the Loan Agreement is a general obligation of the Institution, payable out of any legally available moneys, and that such obligation is neither subject to being decreased, abated or postponed for any reason nor any defense, setoff, recoupment or counterclaim by the Institution against DASNY, the Trustee or any Bondholder.

Ms. Hutchinson stated that the Institution's obligations under the Loan Agreement are expected to be secured by a security interest in its gross receipts, subject to any Prior Pledges, one or more mortgages on the property constituting the premises on which the Project is located, all of which is to be assigned or granted to the Trustee. She stated that it is anticipated that an intercreditor agreement will be executed that will cause the Series 2020 Bonds to be on a parity with the Series 2017 Bonds with respect to the pledged revenues and the mortgages.

Ms. Hutchinson stated that consistent with DASNY's Financing Guidelines, specific security for the Institution's obligations under the Loan Agreement will be determined by the Purchaser and the Institution. She further stated that the Loan Agreement may also contain certain financial covenants required by the Purchaser and that the private sale of the Series 2020A Bonds and the Series 20202B Bonds to the respective Purchasers will be effectuated through the execution of a Bond Purchase and Continuing Covenants Agreement or similar agreement between the Purchaser and the Institution, a default under which will constitute a default under the Loan Agreement.

Ms. Sullivan moved the adoption of the following entitled Resolutions:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2020A RESOLUTION THE JEWISH THEOLOGICAL SEMINARY OF AMERICA REVENUE BONDS, SERIES 2020A NOT TO EXCEED $41,000,000; AND

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2020B RESOLUTION THE JEWISH THEOLOGICAL SEMINARY OF AMERICA REVENUE BONDS, SERIES 2020B NOT TO EXCEED $41,000,000

Ms. Snyder seconded the motion and the Resolutions were unanimously adopted.

Montefiore Obligated Group

The Acting Executive Director introduced Neil Kaplan, Esq., of Hawkins Delafield & Wood, LLP and Michelle Brown, Esq. of Brown Hutchinson, LLP, co-bond counsel on the Montefiore Obligated Group transaction, and Mr. Klauser.

Ms. Lee informed the Members that Staff is requesting a Single Approval for the Montefiore transaction. She stated that DASNY has worked with the Department of Health ("DOH") in connection with the transaction, and that DOH is supportive of the bond issuance. Ms. Lee further stated that Staff originally intended to seek a Resolution to Proceed for the Montefiore transaction at the December 2019 Board meeting in order to meet the Medical Center's desire to be in the market in January. She explained that the deal was not ready to be presented to the Board at that time and in order to meet Montefiore's timeframe, Staff is now seeking an exception to the Financing Guidelines to enable the transaction to proceed as a Single Approval financing.

Ms. Lee explained that DASNY's Financing Guidelines authorize a Single Approval process for higher education and health care institutions rated in the A category or better, and Montefiore is rated BBB. She reminded the Members that DASNY issued bonds for Montefiore last year. Ms. Lee stated that DASNY Staff has worked hard to bring private healthcare clients back into the DASNY portfolio and while mindful of the provisions in the Financing Guidelines, DASNY wanted to provide DOH with sufficient time to review the transaction while still accommodating Montefiore's requested timeframe.

Ms. Lee noted that the transaction does not require a DOH approval memo, since the bonds will be issued under the DASNY statute and not the MCCFFA statute. She emphasized that DOH is supportive of the transaction and in an effort to balance the needs of all parties, DASNY is now seeking single approval of the Montefiore transaction as an exception to the Financing Guidelines.

Mr. Klauser stated that before the Members for their consideration is a single approval to authorize the issuance of tax-exempt and/or taxable, fixed and/or variable rate bonds in an amount not to exceed $420 million on behalf of the Montefiore Obligated Group for a term not to exceed 30 years. He noted that Montefiore Medical Center is currently the sole Member of the Montefiore Obligated Group and that the Bonds may be publicly offered or privately placed.

Mr. Klauser stated that the Medical Center's primary service area is the Bronx and Southern Westchester County where the Medical Center holds a 35% market share. He further stated that the Medical Center's occupancy rate has been consistently high and was 89.17% in 2018, above the regional and DASNY Medians.

Mr. Klauser informed the Members that the proceeds of the Bonds will be used to finance the construction of the White Plains Hospital and various other capital projects at Montefiore Medical Center, including cardiology, imaging, pharmacy and information technology equipment. He indicated that Bond proceeds will also be used to refund the Build NYC Resource Corporation Revenue Bonds, Series 2013A and 2013B, Montefiore Medical Center Project in the amount of $57.6 million. Mr. Klauser stated that the refunding is expected to produce $3.3 million of Net Present Value Savings with level debt service.

Mr. Klauser stated that an obligation issued under the Master Trust Indenture (MTI) will be secured by a pledge of the Medical Center's Gross Receipts. He further stated that a debt service reserve fund will be established if required by investors, as well as a mortgage on certain real property of the Medical Center, if required.

Mr. Klauser reported that the Medical Center has been profitable in each of the past five years, with an average operating gain of $31.5 million and its highest gain of $56.5 million in 2017. He further reported that the Medical Center has 149 days cash on hand, a current ratio of 2.59, and a debt service coverage ratio of 3.84. Mr. Klauser noted that these numbers are above the regional median and consistent with DASNY medians.

Mr. Klauser informed the Members that the Medical Center is expected to concurrently issue taxable debt away from DASNY. He explained that the Medical Center would like to take advantage of the currently favorable rates in order to finance certain upcoming projects. Mr. Klauser stated that currently, the Medical Center is rated BBB flat and that the Medical Center expects to maintain a rating in the BBB category.

Mr. Klauser reported that PACB approval is anticipated on January 15, 2020. He stated that the TEFRA Notice was posted on January 3, 2020 and approval is expected on January 17, 2020. Mr. Klauser further stated that the SEQR review was completed on January 8, 2020.

Ms. Hutchinson and Mr. Kaplan further described the transaction and presented the financing documents. Ms. Hutchinson stated that before the Members for their consideration is the adoption of two Series Resolutions, each authorizing a series of Montefiore Obligated Group Revenue Bonds under the General Resolution that was adopted on June 20, 2018. She further stated that each Series Resolution authorizes the issuance of up to $420 million of Revenue Bonds, provided that the aggregate principal amount of Bonds to be issued does not exceed $420 million.

Ms. Hutchinson informed the Members that although the Bonds are expected to be issued as a single series of tax-exempt bonds, a second Series Resolution is proposed to be adopted in the event it is determined that issuance of the Series 2020 Bonds in more than one series is desirable. She stated that the bonds are expected to be issued in a fixed rate mode, but will be subject to mandatory tender at any time that such bonds are subject to optional redemption. Ms. Hutchinson further stated that bonds purchased pursuant to a mandatory tender may be converted to another fixed rate mode or a variable interest rate mode. She indicated that the proceeds of the Bonds will be loaned to Montefiore Medical Center pursuant to a Loan Agreement to pay or reimburse the hospital for the cost of capital projects undertaken for the benefit of the Medical Center. Ms. Hutchinson stated that a portion of the Bond proceeds will be used to refund bonds issued by Build NYC Resource Corporation to finance improvements to the Medical Center's Hutchinson Tower Facility.

Mr. Kaplan stated that proceeds of the Bonds will be loaned to Montefiore Medical Center pursuant to a Loan Agreement between DASNY and Medical Center, which will provide for the Medical Center to make payments in an amount sufficient to pay principal and interest and the redemption and purchase price of the bonds when due. He further stated that the obligations of Montefiore under the Loan Agreement, together with the payment obligations of all other bonds issued pursuant to the General Resolution, will be secured by an obligation to be issued by the Montefiore Obligated Group pursuant to a Master Trust Indenture (MTI) to be entered into between the Master Trustee, Montefiore Medical Center and, solely in its capacity as the Obligated Group representative, Montefiore Health System, Inc. Mr. Kaplan noted that Montefiore Health System Inc. is the sole Member of Montefiore Medical Center and other affiliates.

Mr. Kaplan informed the Members that although the Resolutions authorize the issuance of fixed and variable rate bonds, it is anticipated that the Series 2020 Bonds will be issued as variable rate bonds that will initially be offered in a fixed rate mode. He explained that on any of the dates where the Bonds are subject to optional redemption, DASNY may, at the direction of Montefiore, require bondholders to tender their bonds. Mr. Kaplan stated that DASNY may then remarket the Bonds either at a fixed rate through maturity or as an additional loan. He explained that this structure allows DASNY to current refund the bonds without issuing new bonds. Mr. Kaplan stated that the bonds will be sold in a negotiated sale to a syndicate of underwriters, the lead manager of which is Bank of America Merrill Lynch. Mr. Kaplan further stated that Montefiore is also expected to issue its own corporate debt at about the same time as the issuance of the Bonds, and that the payments will be secured by an Obligation issued under the MTI on a parity with the Bonds and other obligations issued by Montefiore under the MTI, including obligations securing DASNY's Series 2018 Bonds.

Mr. Kaplan stated that the proceeds of the Bonds will be utilized to pay or reimburse Montefiore Medical Center for the costs of capital projects for the Medical Center and its affiliates, including the construction of a new outpatient building on the campus of White Plains Hospital Medical Center, an affiliate of the Medical Center. He noted that since White Plains Hospital is not the borrower, but is operating the Bond-financed facilities, the Bonds will be issued under the DASNY Act and not the MCCFFA Act.

Ms. Hutchinson stated that the General Resolution authorizes DASNY to establish a debt service reserve fund for any series of bonds, however, it is not currently anticipated that one will be established for the Series 2020 Bonds. Ms. Hutchinson stated that the two Series Resolutions are identical in all respects but for the Series designation, and each Series authorizes the issuance of up to $420 million principal amount of bonds, provided that the aggregate amount of bonds authorized by both Resolutions shall not exceed $420 million.

Ms. Hutchinson stated that each Series Resolution delegates to an authorized officer of DASNY the authority to make certain determinations with respect to such Series, which are to be evidenced by one or more Bond Series Certificates executed by such authorized officer, including, subject to the aggregate principal cap of $420 million, the principal amount of such series; the maturity date or dates of the bonds of such Series, provided that no bonds will mature later than 30 years following the February 1st next succeeding the issue date; whether the bonds are issued as fixed rate bonds or variable rate bonds; the interest rates on the bonds and the method for determining such interest rates; the purchase price of the bonds; the redemption provisions relating to the bonds; provisions for the sale, conversion or exchange of the bonds; the authorized bonds to be issued as tax-exempt bonds and the authorized bonds to be issued as federally taxable bonds, if any; the projects to be funded with bond proceeds; the bonds and other obligations to be refunded with proceeds of the bonds; whether the bonds are to be secured by a debt service reserve fund; and whether to obtain credit enhancement for the bonds and the terms of such credit enhancement.

Ms. Hutchinson stated that each Series Resolution also establishes the funds and accounts for such Series and authorizes authorized officers of DASNY to execute a Loan Agreement and Bond Purchase Agreement with respect to the Series 2020 Bonds. Mr. Kaplan informed the Members that each of the Obligated Group members, which at this point consists only of Montefiore Medical Center, will pledge and grant a security interest in its gross receivables in order to secure its obligations issued under the MTI, and may grant a lien or mortgage on such other property as may be set forth at the time of sale.

Mr. Kaplan stated that the MTI sets forth the principal operating covenants of the members of the Obligated Group. He explained that each Obligated Group Member will agree to maintain a debt service coverage ratio of not less than 1.10 to 1.0 and agree to limitations on its rights to issue additional debt, encumber property, merge or consolidate with other entities and dispose of its assets. Mr. Kaplan stated that each member of the obligated group will covenant to maintain cash on hand of at least 45 days at the end of the fiscal year. Mr. Gardner asked for more information regarding the mechanism by which the Bonds would be remarketed after the initial fixed rate year period. Mr. Kaplan explained that although the Bonds would not technically be redeemed at the end of the fixed rate period, DASNY would have the option, on any date that the bonds are subject to optional redemption, to require the owners to tender their bonds. He further explained that after the Bonds are tendered, the Bonds could be remarketed in a different interest rate mode, which could include a fixed rate to maturity. Mr. Kaplan informed the Members that this structure is becoming more and more common as Institutions contemplate the possible effects of potential income tax changes in the future which may limit refunding options. Mr. Gardner asked whether the Board would need to approve new documents or terms at that point in time, and Mr. Kaplan replied in the negative.

Ms. Raleigh asked whether DASNY would make the determination to require bondholders to tender their Bonds. Mr. Kaplan responded that DASNY would do so only upon request of the Institution in consultation with DASNY staff. In response to a question from the Chair, Mr. Kaplan stated that he does not currently foresee a scenario where DASNY would not request the tender of Bonds upon the request of the Institution. Mr. Kaplan further stated that financial situations items such as the credit conditions or other matters would be taken into account at that time. Ms. Lee concurred with Mr. Kaplan.

Mr. Gardner inquired whether the terms of the bond documents authorize DASNY to adjust the interest rate or other provisions in order to make the Bonds more attractive for marketing purposes. Mr. Kaplan explained that the Bonds are subject to optional redemption after 10 years or such other term determined at the time of pricing, and rather than redeeming the Bonds at that time, DASNY could instead require the bondholders to tender their bonds so that the bonds remain outstanding and can then be remarketed to other bondholders. He further explained that this provision does not change the rights of the bondholders, since the bonds are subject to optional redemption.

Ms. Raleigh asked if a 10- year optional redemption period is common. Mr. Kaplan replied in the affirmative and noted that the redemption provisions are determined at time the bonds are sold. He noted that redemption provisions may be for a shorter period of time, but the details are worked out based on market conditions in consultation with the underwriters.

Mr. Romski stated that the Finance Committee discussed this transaction extensively during yesterday’s meeting. He noted that Ms. Raleigh spoke about the transaction from the DOH perspective. Mr. Romski asked why the mortgage is on the Medical Center only and not the White Plains Hospital, given the amount of funds that will be spent on the Hospital. Ms. Lee explained that the determination regarding which property is subject to the mortgage is a business decision made by the borrower. She noted that bond proceeds will be expended at both the Hospital and the Medical Center.

The Chair informed the Members that at the Finance Committee Meeting yesterday, Ms. Raleigh’s summary was very clear that DOH approval was not needed, to which Ms. Raleigh concurred. She informed the Members that DOH is not required to provide a formal written recommendation with respect to the financing. Ms. Raleigh stated that DOH has a vested interest in Montefiore Medical Center, as it is an essential safety net provider in the Bronx, southern Westchester and Hudson Valley markets. She further stated that Montefiore has a significant number of patients who are covered by Medicaid and Medicare and has a long-standing relationship with DOH.

Ms. Raleigh stated that DOH appreciates the extra time that was provided in order for DOH to fully evaluate the transaction and verify the Medical Center’s financing plan. She informed the Members that this financing was contemplated at the time of the 2018 transaction and the Institution’s favorable BBB rating took this issuance into account. She noted that the 2018 financing was viewed positively by DOH, as the obligated group structure and BBB rating positioned Montefiore to access the market in a more efficient way. Ms. Raleigh stated that previously, Montefiore obtained financing via privately insured financing.

Ms. Raleigh pointed out that the transaction includes a refunding component which provides net present value savings, which was viewed favorably by DOH. Ms. Raleigh stated that DOH also considered the Medical Center's concurrent taxable issuance and observed that the Institution's leverage ratios are currently very favorable with respect to liquidity and profitability. Ms. Raleigh reported that the Medical Center is in discussions with the rating agencies and that the amount of taxable issuance will be limited so as not to jeopardize an investment grade rating. She explained that the Institution views the taxable issuance as a way to access capital markets when interest rates are low. Ms. Raleigh informed the Members that the Institution plans to put the capital on its balance sheet in the short term in order to maintain liquidity and to have the funds available for strategic capital purposes. She noted that the funds will not be used for working capital. Ms. Raleigh stated that DOH has confirmed that the Institution does not contemplate any future borrowing at this time.

Mr. Gardner stated he felt this was a very well thought out financing.

Mr. Gardner moved the adoption of the following entitled Resolutions:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2020A RESOLUTION AUTHORIZING UP TO $420,000,000 MONTEFIORE OBLIGATED GROUP REVENUE BONDS, SERIES 2020A; AND

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2020B RESOLUTION AUTHORIZING UP TO $420,000,000 MONTEFIORE OBLIGATED GROUP REVENUE BONDS, SERIES 2020B

Ms. Raleigh seconded the motion and the Resolutions were unanimously adopted.

<u>InterAgency Council of Developmental Disabilities Agencies, Inc.</u>

Mr. Klauser stated that before the Members for their consideration is the adoption of a Resolution to Proceed with the issuance of tax-exempt and/or taxable, fixed and/or variable rate bonds in one or more series at one or more times through a negotiated sale and/or private placement on behalf of the InterAgency Council of Developmental Disabilities, Inc. ("IAC") in an amount not to exceed $22,000,000 for a term not to exceed 26 years.

Mr. Klauser stated that the proceeds of the Bonds will refinance existing bank loans and reimburse certain institutions for cash expenditures which were used to renovate or acquire certain properties utilized to provide services for the developmentally disabled. Mr. Klauser informed the Members that although the transaction summary identifies the Young Adult Institute as a DOH Medicaid project, the project includes eight OPWDD PPA-approved projects in the amount of $8.6 million. He informed the Members that this is the 14th transaction DASNY has undertaken on behalf of IAC. Mr. Klauser stated that there are five participants in the pooled financing.

Mr. Klauser stated that each borrower will have its own loan agreement. He further stated that security features include a pledge of all public funds attributable to each financed project, a standby intercept of the public funds attributable to each project, a six-month debt service reserve fund and mortgages on real property acceptable to DASNY, where available.

Mr. Klauser explained that Prior Property Approvals (PPAs) are the mechanism to initiate the development of a project to serve individuals with developmental disabilities. He stated that a not-for-profit provider is required to complete a Certificate of Need (CON) for each project, which is reviewed by OPWDD for compliance and need. Mr. Klauser further stated that the projects are supported through contract and reimbursement arrangements with OPWDD. He informed the Members that the State commits to support the development and operation of the project if it is completed and in conformance with the PPA. Mr. Klauser noted that project funding is subject to annual appropriation by the State Legislature. He indicated that the PPA's are in place for all 17 proposed projects, and that there are also some de minimis non-PPA components of some of the projects.

Mr. Klauser stated that a replacement operator provision will be a component of the financing. He informed the Members that the transaction is expected to receive an Aa2 rating from Moody's. Mr. Klauser stated that these programs help further the New York State policy of providing quality community-based programs and services for the developmentally disabled, and that the five borrowers in connection with this transaction have experience with this population.

Mr. Romski moved the adoption of the following entitled Resolution:

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) AUTHORIZING STAFF AND BOND COUNSEL TO PROCEED TO TAKE THE NECESSARY ACTION TO PREPARE THE APPROPRIATE DOCUMENTS TO PROVIDE FOR THE FINANCING OF FACILITIES FOR INTERAGENCY COUNCIL OF DEVELOPMENTAL DISABILITIES AGENCIES, INC.

Ms. Snyder seconded the motion and the Resolution was unanimously adopted.

Columbia University

Mr. Ostrander stated that Members are being asked to adopt a Resolution to Proceed with the issuance of one or more series of tax-exempt and/or taxable, fixed and/or variable rate bonds with terms not to exceed 40 years in an amount not to exceed $150 million on behalf of Columbia University.

Mr. Ostrander stated that the proceeds of the Bonds will finance numerous projects located throughout the Columbia University system. He indicated that a major portion of the Project includes the work associated with the ongoing construction of Columbia's new Business School to be located on the Manhattanville Campus. Mr. Ostrander informed the Members that the Business School's new home will span approximately 492,000 square feet across two buildings, incorporating flexible classroom space with the latest technology, dedicated spaces for recruiting, events and networking and an alumni welcome center. He stated that the business school project will include the creation of a 40,000 square feet public square to be located between the two new buildings. Mr. Ostrander further stated that construction is ongoing and is expected to be completed in 2021. He indicated that the remaining projects to be financed include various renovations at the Morningside Heights and Medical Center campuses.

Mr. Ostrander stated that DASNY expects to issue tax-exempt, fixed rate bonds on behalf of Columbia. He further stated that Columbia is rated AAA by Moody's and Standard & Poor's, with both rating agencies assigning a Stable Outlook to the University.

Mr. Ostrander reported that the University continues to experience positive demand and enrollment trends and remains among the most selective universities in the country. He stated that of the 40,203 applicants for fall 2018, just 2,260 were accepted, indicating an acceptance rate of 5.6%. Mr. Ostrander further stated that Columbia has consistently reported positive operating margins, averaging 5.1% annually over the last five years. He informed the Members that the University's overall revenue mix is diverse and that for fiscal year 2019, 24% of the University's total operating revenues came from net tuition and fees. Mr. Ostrander indicated that total net assets have increased by 17.2% over five years, reaching $16.0 billion at fiscal year-end 2019.

Ms. Snyder moved the adoption of the following entitled Resolution:

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) AUTHORIZING STAFF AND BOND COUNSEL TO PROCEED TO TAKE THE NECESSARY ACTION TO PREPARE THE APPROPRIATE DOCUMENTS TO PROVIDE FOR THE FINANCING OF FACILITIES FOR COLUMBIA UNIVERSITY

Ms. Sullivan seconded the motion and the Resolution was unanimously adopted.

NYSARC, Inc.

Mr. Kosier stated that the Members are being asked to adopt a Resolution to Proceed with the issuance of tax-exempt and/or taxable fixed rate bonds in an amount not to exceed $40,000,000 with a term no to exceed 25 years on behalf of NYSARC, Inc.

Mr. Kosier informed the Members that NYSARC, Inc. is a leading advocate and service provider for the developmentally disabled. He stated that NYSARC was chartered in 1949 and is a not-for-profit corporation that currently serves over 60,000 people through its 51 chapters. Mr. Kosier reported that the programs and services provided by NYSARC are State-mandated and supported and that DASNY's experience with NYSARC goes back to 1988. He noted that NYSARC has always paid its debt service on time and in full. Mr. Kosier reported that as of September 30, 2019, approximately $78 million in DASNY bonds issued on behalf of NYSARC remain outstanding.

Mr. Kosier stated that the Projects to be funded with the proceeds of the Series 2020 Bonds consist of approximately 15 new money projects including Individualized Residential Alternatives and Day Habilitation Facilities for six participating Chapters; the refinancing of taxable indebtedness for approximately 27 projects of seven participating Chapters; and the refunding of NYSARC's DASNY Series 2010A bonds. He noted that the net present value savings are estimated to be approximately $1.8 million, or 11.4% of the bonds being refunded. Mr. Kosier stated that the Bonds are expected to be rated Aa2.

Mr. Kosier stated that security for the Bonds will include a pledge and assignment of certain public funds allocable to participating NYSARC Chapters; the statutory authority to intercept this aid in the event NYSARC defaults in the payment of debt service under the Loan Agreement or fails to replenish the Debt Service Reserve Fund after a withdrawal; mortgages on certain real property and a debt service reserve fund.

Mr. Johnson moved the adoption of the following entitled Resolution:

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) AUTHORIZING STAFF AND BOND COUNSEL TO PROCEED TO TAKE THE NECESSARY ACTION TO PREPARE THE APPROPRIATE DOCUMENTS TO PROVIDE FOR THE FINANCING OF FACILITIES FOR NYSARC, INC.

Ms. Raleigh seconded the motion and the Resolution was unanimously adopted.

St. Joseph's College

Mr. Kosier stated that the Members are being asked to adopt a Resolution to Proceed for the issuance of a fixed and/or variable rate, tax-exempt and/or taxable bonds, to be issued through either a negotiated sale or private placement with a not-to-exceed amount of $32,000,000 on behalf of St. Joseph's College. Mr. Kosier informed the Members that the Series 2020 Bonds are expected to be issued as fixed-rate bonds in a negotiated sale.

Mr. Kosier informed the Members that the College has two non-residential campuses. He stated that the Brooklyn Campus is located in the Clinton Hill neighborhood and includes seven buildings across three blocks, and the Long Island campus is set on 32 acres in Patchogue. Mr. Kosier indicated that the College offers more than 50 undergraduate majors, pre-professional and certificate programs, and graduate degrees in management, business, health care management, human services, nursing, accounting and education.

Mr. Kosier reported that the College has limited debt obligations, and a single series of DASNY Bonds is the College's only outstanding long-term debt. He explained that in 2010, DASNY issued $27.8 million on behalf of the College, of which approximately $21.2 million is currently outstanding. Mr. Kosier stated that the College plans to refund these bonds with no principal deferral and no extension of the final maturity. He further stated that the refunding is estimated to result in net present value savings of approximately $3.8 million, or 18% of the bonds being refunded. Mr. Kosier noted that the gross annual debt service savings is approximately $465,000.

Mr. Kosier stated that the College also plans to issue new money bonds to finance a portion of the costs of constructing a new 38,000 square foot student center on its Long Island campus. He explained that the student center will provide more appropriate instruction space; serve as a gathering place for students between classes; and offer opportunities for auxiliary income. Mr.

Kosier further explained that the student center is expected help maintain and increase student enrollment and be a focal point for student and community activities on campus. He indicated that the total project is expected to cost approximately $13 million, with approximately $8.6 million being financed through the proposed bond issue and the balance coming from gifts, fundraising, and cash reserves. Mr. Kosier reported that the new money bonds are expected to be amortized over 30 years. He stated that the gross annual debt service on the new money portion is expected to be approximately $465,000, which is also the estimated gross annual savings on the refunding. Mr. Kosier noted that as a result, total annual debt service following the proposed financing will remain at approximately $2 million per year until 2035, and would then decrease to approximately $465,000 for the years 2036 through 2050.

Mr. Kosier stated that the bonds are expected to have a Fitch rating in the BBB category and that security is expected to include a mortgage, pledge of revenues, and financial covenants. He informed the Members that the College is highly vulnerable to enrollment fluctuations, with approximately 89% of total operating revenues coming from net tuition and fees. Mr. Kosier stated that the College's annual net tuition and fees per student are among the lowest of all private colleges on Long Island and in the tri-state area but the College's full-time enrollment declined from approximately 5,000 students in the Fall of 2010 to approximately 4,100 students in the Fall of 2015. He noted that the College's operating results reflected the decrease in enrollment and the College reported negative operating margins each year from 2011 until 2016. Mr. Kosier reported that as a result, the College failed to meet its debt service coverage covenant requirement from the years 2011 to 2016, as well as its unrestricted resources to debt ratio covenant requirement for the years 2015-2017. He noted that the failure to meet the required covenant levels is not considered a default under the Loan Agreement. Mr. Kosier reported that in 2016, DASNY exercised its right to require the College to engage a management consultant. He stated that a management consultant was retained by the College. Mr. Kosier reported that the College increased and stabilized enrollment beginning in 2016 by adding certain graduate courses, providing flexibility with online and weekend programs, and providing additional financial support.

Mr. Kosier reported that full time enrollment increased from 4,105 students in Fall 2015 to 4,529 students in Fall 2019. He stated that as a result of the improved enrollment, St. Joseph's has reported positive operating margins in each of the past three years and has been in compliance with all financial covenants the past two years. He further stated that debt service coverage has improved from 0.1:1 in 2015 to 5.3:1 in 2019. Mr. Kosier noted that over the past five years, net tuition per student has increased from approximately $15,800 to approximately $18,100 and that total net assets have increased from approximately $65 million in 2016 to approximately $91 million in 2019. He summarized that enrollment dropped from 2010 to 2015 and has since increased and stabilized at a level that has produced positive operating results and that the gross annual debt service savings from the refunding is expected to be approximately the same as the annual debt service on the new money issuance.

Mr. Checnicki moved the adoption of the following entitled Resolution:

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) AUTHORIZING STAFF AND BOND COUNSEL TO PROCEED TO TAKE THE NECESSARY ACTION TO PREPARE THE APPROPRIATE DOCUMENTS TO PROVIDE FOR THE FINANCING OF FACILITIES FOR ST. JOSEPH'S COLLEGE

Mr. Johnson seconded the motion and the Resolution was unanimously adopted.

Ms. Sullivan moved that the Members go into Executive Session to discuss the financial and credit history of particular corporations; proposed, pending or current litigation; and the employment history of persons or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of particular persons.

Mr. Gardner seconded the motion, and the Meeting went into Executive Session.

EXECUTIVE SESSION

Mr. Chen arrived at the Meeting at this time.

No action was taken in Executive Session other than to return to Public Session.

PUBLIC SESSION

Audit Committee Report

Audit Committee Chair Gardner reported that the Audit Committee met the previous afternoon. He stated that the Committee Members received an update on the Internal Audit, and that the KPMG audit team, including the local managing partner, presented the Audit Plan for Fiscal Year ending March 31, 2020.

President's Report

The Acting Executive Director informed the Members that there are two resolutions before them for consideration.

Project Labor Agreement

The Acting Executive Director stated that the Wicks Law requires four separate bid processes for construction projects over $3,000,000 in the five boroughs of NYC. He explained that Project Labor Agreements were developed as an alternative to the Wicks Law, allowing for a single prime contractor, rather than four separate prime contractors, to hold the construction contract. The Acting Executive Director stated that the PLA package includes a Memorandum of Understanding and a template of the Project Labor Agreement that is renewable every three years, and that DASNY has used the template PLA for the past seven years. He noted that DASNY has recently concluded negotiations for a three-year extension of the PLA with the NYC Building and Construction Trades Council of Greater New York and Vicinity (the “NYC BCTC”). He informed the Members that Staff analyzed the Agreement carefully to determine which provisions should be modified and were well-prepared for the negotiation process.

The Acting Executive Director thanked Steve Curro, Managing Director of Construction; Erin Butler, Chief of Procurement; Michael Clay, Senior Director of Opportunity Programs; Fran Brooks, Managing General Counsel; and Brendan Wolf, Assistant General Counsel for their efforts. He stated that DASNY was able to negotiate a favorable agreement as a result of their hard work. The Acting Executive Director summarized that the new PLA preserves the MWBE issues that are important to DASNY, addresses certain matters pertaining to CUNY, and raises the dollar thresholds for use of the PLA. The Acting Executive Director informed the Members that NYC BCTC is working on obtaining the necessary approvals as well.

Mr. Johnson moved the adoption of the following entitled Resolution:

RESOLUTION OF THE MEMBERS OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK APPROVING A CERTAIN PROJECT LABOR AGREEMENT MEMORANDUM OF UNDERSTANDING

Ms. Sullivan seconded the motion and the Resolution was unanimously adopted.

<u>Recognition of Service</u>

The Acting Executive Director stated that the Members are being asked to approve a Resolution of appreciation to honor the service of 24 employees who retired from DASNY in 2019. He further stated that each Retiree will receive a copy of the Resolution and that a Retiree and Employee Milestone Service recognition breakfast will be held in their honor. He invited the Members to attend the breakfasts, which will be held from 9:30-11:00 a.m. on Tuesday, February 11 for the New York City employees, and on Wednesday, February 12 in the Albany office.

The Chair thanked DASNY for its efforts to honor its retirees. He stated that he has attended a number of these breakfasts over the years and encouraged the Members to attend and express their appreciation for the employees who have worked hard to make DASNY the place that it is. The Chair further stated that he feels it is important to let the employees know that their work is appreciated. He asked that Staff provide the details regarding the breakfasts to each of the Members.

Mr. Sullivan moved the adoption of the following entitled Resolution:

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) RECOGNIZING WITH APPRECIATION THE SERVICE OF THE 2019 RETIREES

Mr. Chen seconded the motion and the Resolution was unanimously adopted.

The Acting Executive Director reiterated his commitment to making DASNY a superior place to work and stated that he has asked Deborah Fasser, Director of Communications and Marketing, to spearhead this effort. He informed the Members that this effort will take into account best practices in private and public workplaces; evaluating the work space and environment; employee surveys; and meeting with Managing Directors to discuss the issue. He noted that Human Resources and Counsel's Office will be engaged in order to effectuate changes. He stated that the team will determine ways to measure success in this initiative. The Acting Executive Director explained that the workplace improvement effort serves two purposes. He stated that the first is that employees who feel good about coming to work will give their best efforts; and that second, focusing on workplace improvement will better position DASNY to recruit new employees and succeed in succession planning.

The Acting Executive Director informed the Members that these factors are being considered in connection with DASNY's move to new office space at 28 Liberty Street in New York City. He stated that Jeanine Tefft, Senior Interior Designer, is incorporating employee-friendly elements into the design, including more casual workspaces, common work areas with better technology, more natural lighting and other improvements. He thanked Ms. Tefft for her efforts in this regard. The Acting Executive Director stated that he has made adjustments in other areas as well, including the implementation of providing employees with a half-day off on Christmas Eve and New Year's Eve. He noted that he will continue to evaluate these issues and will keep the Members updated during the process.

In addition to creating the best workplace for employees, the Acting Executive Director stated that he wants DASNY to be best place to be a Board member. He stated that he will be evaluating the Board meeting preparation process to create efficiencies. He recognized that staff spends a great deal of time and effort in connection with the meetings and indicated that he would like to make the process less stressful and more efficient for Members and staff. He noted that he wants DASNY to be best in class in terms of the Board process and will therefore examine ways to create opportunities for efficiencies in this regard, including maximizing the use of electronic transmittal of Board materials and other improvements. He stated that Ms. Fasser or other staff members will be reaching out to the Members to obtain their feedback. He indicated that process improvements will begin during preparation for the February Meeting. Mr. Romski expressed that he would still like to receive a hard copy book for the February Meeting. The Acting President agreed and stated that changes will be implemented gradually during a transition process.

The Acting President stated that he would be attending Governor Andrew M. Cuomo's 2020 State of the State Address later this afternoon. He informed the Members that the Governor will announce approximately 30 initiatives. He stated that the Governor is seeking to make the "New York Buy American" Act permanent. He explained that this Act would require DASNY, the Department of Transportation, Thruway Authority, Metropolitan Transportation Authority, Office of General Services, and the SUNY Construction Fund to include a contract provision requiring the use of American-made structural iron and structural steel for all surface road and bridge projects with contracts worth more than $1 million.

In response to a question from Mr. Johnson, Mr. Curro confirmed that the Act applies to horizontal steel only.

The Acting President reported that DASNY successfully priced the $3.4 billion PIT transaction at the end of December. He stated that this was a large deal in the market the week before the holidays. He further stated that in addition to timing concerns, there was some instability in the market due to trade issues with China and other matters. The Acting President informed the Members the Ms. Lee and her team priced the very large transaction over a three-day period. He indicated that he listened in on the pricing calls and that the pricing went extremely well. He noted that there was strong demand on both the taxable and tax-exempt side, and that the Underwriter took down approximately $250 million in Bonds. He complimented Ms. Lee and her team for their efforts in the successful marketing of the Bonds despite the various challenges. He informed the Members that Mr. Bergin played an integral role in the process and worked well with DOB, the Underwriters, and others in the working group. He thanked Ms. Lee and Mr. Bergin, as well as Counsel, DASNY's financial advisors, and others who participated in the process and congratulated them for successfully marketing the transaction.

Public Finance and Portfolio Monitoring Report

Ms. Lee reported that since the last Board meeting, DASNY priced and closed the $3.4 billion PIT financing. She stated that the final pricing was comprised of $2 billion of tax-exempt bonds and $1.4 billion of taxable bonds. Ms. Lee further stated that the Bonds were priced just prior to the Christmas holiday and were well received by investors, particularly the taxable bonds. She echoed the comments with respect to Mr. Bergin's efforts in successfully working with the various parties and marketing the transaction and thanked him for his hard work.

Ms. Lee reported that DASNY issued approximately $5.5 billion in 19 financings during calendar year 2019 excluding the $3.4 billion PIT transaction that priced in December and closed on January 3, 2020. She stated that DASNY has issued $4.6 billion in 17 financings for the fiscal year to date.

Ms. Lee then provided a brief Market Update. She stated that total new issue supply for 2019 was approximately $421 billion, which is nearly 22 % higher than total supply seen in 2018. Ms. Lee reported that taxable municipal supply was about $70.5 billion in 2019, an increase of approximately 115% from the previous year, which is reflective of changing market conditions, particularly with respect to taxable advance refundings. Ms. Lee indicated that given the low interest rates, more taxable transactions are expected in the future. She reported that total supply for this week is expected to be about $8.1 billion, and that U.S. government bonds were modestly weaker. Ms. Lee reported that the 10-year treasury rate increased by 1 basis point while the 30-year increased by 2 basis points. She stated that top rated municipal bonds improved across most of the curve with the 10-year and 30-year AAA MMD both decreasing by 2 basis points. She noted that municipal bond funds reported inflows for the week ending January 2, 2020, marking the 52nd consecutive week of inflows, Ms. Lee reported that the one-year, ten-year and 30-year MMD have decreased by 8, 11 and 8 basis points, respectively, since the December Board Meeting.

Ms. Lee stated that Staff continues to explore ways to streamline and make processes more efficient. She indicated that she would continue to keep the Board updated in this regard, as they continue to meet with clients and financing partners. Ms. Lee informed the Members that Bond Sale Summary Reports with performance metrics are included with the Board materials.

Construction Projects Report

Mr. Curro directed the Members' attention to the photograph on the cover of the Construction Projects Report and stated that it depicts the Whitman Ramps and Blackbox Theater Renovation project. Mr. Curro stated that the project included the demolition of the existing reinforced concrete ramps around the Whitman building, installation of waterproofing measures and radiant heat, masonry restoration, drainage and landscaping improvements, installation of new air handling units and building controls, and basement renovations. He further stated that additional work added to the project scope included above-basement ceiling work, additional abatement in above-ceiling areas, renovation of the Blackbox Theater, and additional plaza work adjacent to the building. Mr. Curro informed the Members that project design commenced in August 2016 and construction was completed in May 2019. He stated that existing building conditions discovered during the construction phase created a number of challenges and led to additional scopes of work.

Mr. Curro stated that 6 new projects have been added to DASNY's portfolio including the Mid-Hudson Forensic Hospital; a kitchen project at the New York State Veterans Home at St. Albans; two GOSR projects; the DOH Life Science Laboratory; and a bathroom renovation project at SUNY Plattsburgh. He noted that the total value of the new projects is approximately $54 million without the Life Science Laboratory and $804 million if the Life Science Lab is included. Mr. Curro stated that the report reflects that a $225 million project for the Mid-Hudson Psychiatric Center has been dropped. He explained that the project was created to undertake a feasibility study, which has now been completed. Mr. Curro further explained that a new project has been created for the design and construction phases of the project.

Mr. Curro reported that current year to date construction expenditures through November 2019 are $485 million and prior year to date through November 2018 was $481 million—an increase of $4 million.

Mr. Curro provided an update on certain programs and projects. He reported that with respect to NYCHA, the security work portfolio consisting of 78 projects valued at approximately $47 million has been completed and the appliances purchase and installation work is nearing completion with only two out of 40 developments remaining in the portfolio. Mr. Curro noted that the anticipated completion date for the appliance project is February 2020. He reported that the quality of life projects portfolio has now moved completely out of design with 10 projects in procurement, 16 projects in construction and 21 projects substantially complete.

With regard to the GOSR projects, Mr. Curro reported that the Program continues to advance with 10 projects in design, 21 projects in procurement, seven projects in construction and three projects complete. He noted that we are pushing these 41 projects for a September 2022 program completion date.

Mr. Curro reported that in late 2019, OPWDD reached out to DASNY to discuss the Community Minor Maintenance program. He stated that OPWDD has requested that DASNY provide design and construction services for 85 projects totaling just over $10 million. Mr. Curro informed the Members that DASNY is developing project management strategies and has assigned DASNY Project Management staff, scheduled on-site meetings with OPWDD staff at various sites and named design consultants who may be able to help support the Program.

Mr. Curro stated that work continues on the Javits/Moynihan Station projects for which DASNY is providing permitting services. He reported that he visited the Moynihan Station project last week and a very heavy workforce is engaged. Mr. Curro informed the Members that the project's train hall is in the finishing stages and that flooring is being installed in the train hall, as well as finish wall panels and glazing. He reported that the Post Office space is nearly complete and turnover to the United States Postal Service for tenant fit-up will take place in the near future. Mr. Curro stated that the Long Island Rail Road space and the Phase III-Annex work are also moving into the tenant fit-out phase. He further stated that construction is proceeding quickly and a December 2020 completion date is anticipated. Mr. Curro informed the Members that he will be visiting the Javits Center project next Monday, which is also moving forward from a construction perspective. Mr. Curro indicated that DASNY's Code Administration Department continues to support both projects with on-site oversight.

Mr. Curro reported that the South Beach Psychiatric Center project continues to move toward substantial completion with finish work progressing on the first floor and punch list items advancing on floors two through five. He stated that fire-life-safety pre-testing has commenced throughout the building for many of the building systems. Mr. Curro reported that the project missed the projected 2019 substantial completion date and a first quarter 2020 substantial completion date is now anticipated. He noted that the next executive meeting is scheduled for tomorrow, January 9, 2020.

In connection with Fashion Institute of Technology New Academic Building project, Mr. Curro reported that Bid Package I for Foundations was advertised for bid in mid-December with a bid opening date of March 12, 2020. He further reported that Bid Package II for the balance of the project will be advertised for bid on January 29, 2020 with a bid opening date of March 27, 2020. Mr. Curro stated that the second package of construction documents are in-house and are undergoing design review by DASNY architects and engineers.

Mr. Curro stated that DASNY is currently reviewing five architect proposals for the Mid-Hudson Forensic Hospital project, and interviews will be held in late January or early February. He indicated that site surveys are currently underway as well. Mr. Curro stated that a design professional is expected to be selected in February or March and that design will begin thereafter. He noted that DASNY is also in the procurement phase for construction management services for the project.

On the Administrative side, Mr. Curro reported that Gayle Katzman, Director of Project Controls, resigned from DASNY in December 2019. He explained that this area included the estimating, scheduling and cost control functions in support of DASNY projects. Mr. Curro stated that he is reviewing the Department and will move forward with a plan once he has completed his analysis. He noted that in the short term, the Department's managers will report directly to him.

Mr. Curro informed the Members that DASNY is working with the vendor to implement the PM Webb software solution to replace Contract Manager.

General Counsel's Report

Mr. Cusack reported that the activities of Counsel's Office are represented in the materials and information presented to the Board and that he had nothing additional to report.

Financial Report

Ms. Nadeau provided an overview of next year's proposed Operating Budget and directed the Members' attention to her written presentation. She stated that operating expenditures for next fiscal year are proposed to be approximately $116 million, which is a 1.7% increase over the projected 2019-20 year-end results. Ms. Nadeau noted that as in past years, the budget has been prepared without insight into the State's budget and DASNY has assumed a continuation of historic levels of support. She further noted that Staff will review the State budget when it is released and will advise the Members of any impacts to the proposed budget.

Ms. Nadeau informed the Members that the primary drivers of the increase in operating expenditures are related to salaries and benefits. She explained that salaries are expected to increase by approximately $1.6 million, which reflects contractual obligations for cost-of-living and step/longevity increases. Ms. Nadeau further explained that the numbers assume an FTE level of 515 employees, which is consistent with the current fiscal year average and is 14 employees less than the 529 employees reflected in the current year's adopted budget. She stated that employee benefits are projected to increase by just under $1 million, reflecting a 3% increase in health insurance premiums due to higher rates and participation; higher social security taxes; and contributions for retirements and changes in rates and salaries based on the estimate received from the Employee Retirement System.

Ms. Nadeau outlined several key assumptions underlying the proposed budget, including 14 fewer FTEs than what was approved in the 2019-20 budget. She indicated that in terms of lines of business, the financing fees reflect one additional private financing closing over the current year projection, which is consistent with the adopted budget level of 17. Ms. Nadeau stated that projected construction expenditures for 2019-20 reflect a 7% increase over the prior year, while maintaining a steady number of projects in excess of 1,000. She summarized that when these assumptions are taken into account, the 2020-21 operating results are expected to result in a slight surplus of approximately $1.3 million, or 1% of operating expenses. She noted that this is consistent with projected results for the current fiscal year. Ms. Nadeau reminded the Members that the Board will be asked to approve the Operating Budget at the March meeting and that any updates will be provided at that time. She encouraged the Members to contact her with any questions in meantime.

The Acting Executive Director stated that Governor Andrew M. Cuomo will present the proposed State Budget on January 21, 2020. He informed the Members that at yesterday's Audit Committee meeting, there was a robust conversation about cyber security, and stated that he will work with Ms. Nadeau to accommodate any additional costs that might be incurred by DASNY to address cyber security concerns. He noted that his February Report will include a discussion of cyber security.

Ms. Sullivan moved that the Meeting adjourn, Mr. Johnson seconded the motion and the Meeting was adjourned at approximately 12:10 p.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary