

Alfonso Carney, Chair: I want to welcome all the Members, staff and of course any guests who may be with us today for the October Meeting of the Dormitory Authority. It is a beautiful day in New York City. I don't know about all the various locations where other people are, but it's just glorious here today, it's a great day to be outside actually. There are any number of matters to be discussed today, but before we do that, the General Counsel is on the line, because this is a teleconference and an exception to the public meetings rule, it is necessary that we read legal notifications into the records. Mike?

Michael Cusack, General Counsel: Thank you, Mr. Chairman. On March 7, 2020, Governor Cuomo declared a disaster emergency in the State of New York due to the outbreak of the novel coronavirus, or COVID-19. Pursuant to Governor Cuomo's subsequent Executive Order 202.1 dated March 12, 2020, as extended most recently by Executive Order 202.67, today's regular meeting of the Board of Directors of the Dormitory Authority of the State of New York, or DASNY, is being conducted telephonically and by video conference.

Executive Order 202.1, as extended, provides in relevant part, that Article 7 of the Public Officers Law, known as the Open Meetings Law, is suspended through November 4, 2020 to the extent necessary to permit any public body to meet and take such actions authorized by the law without permitting in public in-person access to meetings, and authorizing such meetings to be held remotely by conference call or similar service, provided that the public has the ability to view or listen to such proceeding and that such meetings are recorded and later transcribed.

The location of today's Conference Call and Video Conference Board Meeting is designated as the DASNY Headquarters, 515 Broadway, Albany, New York, where I am located. Notice of this meeting has been posted in the standard locations that are publicly accessible. Notice has also been posted prominently on the DASNY.org public website. In accordance with EO 202.1 (as extended) and the DASNY Bylaws, an audio and video recording of today's Meeting will be accessible from DASNY's website (www.dasny.org) not later than two business days after the close of the meeting, and today's proceedings will also be transcribed and posted as soon thereafter as is reasonable and practicable under the circumstances. I will now turn the meeting over to my colleague, Kim Ellis, who will conduct a roll call. Thank you, Mr. Chairman.

Chairman Carney: Thank you, Michael. Kimberly please?

Ms. Ellis: Thank you Mr. Chair. For the record, we have the following Board Members present at today's Meeting.

Board Members:

Alfonso L. Carney, Jr., Esq., Chair -- Present
John B. Johnson, Jr., Vice Chair -- Present
Beryl L. Snyder, J.D., Secretary of the Board – Present
Jonathan H. Gardner, Esq., Board Member – Present
Wellington Chen, Board Member – Present
Joan M. Sullivan, Board Member – Present

Wellington Chen, Board Member, Present

Gerard Ronski, Esq., Board Member – Present

Janice McKinnie, Board Member – Present

Brian Cechnicki, Designated Representative of the Interim Commissioner of Education, Board Member (*ex officio*) – Present

Tracy Raleigh, Designated Representative of the Commissioner of Health, Board Member (*ex officio*) – Present

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

Chairman Carney: Outstanding, we have a full house today. Thank you all very much for being with us and Kimberly, thank you very much. We'll start with the first matter of business. You all had a chance to read the transcript of the September 9th meeting. Is everybody comfortable that the transcript reflects what we did on the 9th of September? Hearing no objections, then, may I ask for a motion to approve the transcript?

John B. Johnson, Jr., Vice Chair, Member: So moved.

Chairman Carney: John. Thank you. Is there a second?

Beryl Snyder, Secretary, Member: I'll second this, this is Beryl.

Chairman Carney: Beryl, thank you very much. I assume there are no objections? Hearing no objections, the transcript is approved. Thank you very much. We will then move to the adoption of financing documents, there is a Resolution to be approved. Mr. President, would you take us through that?

GREENBURGH ELEVEN UNION FREE SCHOOL DISTRICT

Reuben McDaniel, President: Thank you Mr. Chairman. Behind Tab 2 we have the Greenburgh Eleven Union Free School District adoption of financing documents, we brought this to the Board a couple of Board meetings ago. We have Gerard Klauser of DASNY who's leading this transaction for us, Chris Reitzel of Nixon Peabody and Vivian Drohan of Drohan Lee as co-bond counsel on the transaction. Gerard do you want to start?

Gerard Klauser, Senior Financial Analyst: Good morning. I'm presenting the Greenburgh Eleven Union Free School District. The Transaction Summary Report submitted to the Board notes that the Board approved the Resolution to Proceed at the September 9th meeting. A few updates are involved. The transaction is going quite well. We had a PACB approval on September 16, 2020. There is no TEFRA involved as this is a governmental issue. Our SEQR review was completed on September 1, 2020. This is a private placement with Nuveen Investments and Victory Capital Management as the purchasers, and co-bond counsel are Chris Reitzel and Vivian Drohan will be presenting the transaction.

Chairman Carney: Thank you Gerard. Chris, Vivian, please.

Vivian Rivera Drohan, Esq. of Drohan Lee, LLP: Chris you go first. Oh, you're on mute.

Christopher Reitzel, Esq., Nixon Peabody: Before you for consideration is the adoption of the Authority's Greenburgh Eleven Union Free School District Revenue Bond Resolution authorizing the issuance of one or more series of bonds for Greenburgh Eleven Union Free School District, and a Series Resolution authorizing the issuance of up to \$8,685,000 of bonds.

The proceeds of the Bonds will be used to finance costs of repairs and renovations to the School's facilities. The Institution will continue to operate its facilities pursuant to the Agency Lease with Children's Village Inc. DASNY is required by State law to retain a real property interest in the Project while the Series 2020 Bonds are outstanding.

Pursuant to an Assignment and Sublease Agreement, Greenburgh Eleven will assign to DASNY all of its rights (but not its obligations) under that Agency Lease. DASNY will then sublease the property back to the Institution pursuant to the Sublease Agreement that Vivian will describe in more detail shortly.

As Gerard mentioned, the Series 2020 Bonds will be privately placed by Roosevelt & Cross with Victory Capital Management and Nuveen Investments.

The General Resolution is a new resolution providing for the issuance from time to time of multiple Series of separately secured bonds.

The Bonds will be "special obligations" of DASNY payable solely out of the Annual Rentals made by the Institution under the Sublease Agreement. Payment of the Bonds is secured by the pledge and assignment made by the General Resolution of those Annual Rentals, DASNY's security interest in the Pledged Revenues and the moneys and investments held in the funds and accounts established by the Resolutions.

The Series Resolution before you authorizes various officers to make the determinations described in our Board Letter, as well as execute all documents, and to do all other things necessary to complete the transaction. In accordance with DASNY's guidelines, the Series Resolution also contains restrictions on the ownership and transfer of the Bonds to Qualified Institutional Buyers. And now I will turn it over to Vivian.

Ms. Drohan: I will speak concerning the Sublease Agreement. Greenburgh Eleven Union Free School District is one of several special schools that provide education and related services to children, for which DASNY has been authorized to provide financing. The Institution operates its campus pursuant to the Agency Lease, which lease is assigned to DASNY. DASNY will lease the campus back to the Institution pursuant to the Sublease Agreement, which is a general obligation of the Institution requiring it to make payments in amounts sufficient to pay debt service and related fees.

The Sublease Agreement will be assigned to the Trustee except for certain rights retained by DASNY and the State. The Institution's payment obligations are secured by State Building Aid and Part 1 Tuition from local school districts and social services districts that refer students to the Institution. Building Aid and Part 1 Tuition will be paid into a special account within a State Comptroller-held fund.

Annual Rentals are payable upon certification by DASNY and are subject to appropriation. If a local school district or social services district fails to pay Part 1 Tuition that is due to the Institution, the State aid or State reimbursements due to such district may be intercepted by the State Education Department and paid to DASNY or the Trustee.

The Sublease Agreement also provides that the Institution must continue to operate its program. If it does not, the State may take such real property interest upon the payment of the aggregate amount of Annual Payments due under the Sublease Agreement.

Chairman Carney: Thank you Vivian. Are there comments from the members, are there any questions from the members: Hearing none, may I have a motion please to approve the transaction?

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK OF ITS GREENBURGH ELEVEN UNION FREE SCHOOL DISTRICT REVENUE BONDS; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF; AND

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2020 RESOLUTION AUTHORIZING GREENBURGH ELEVEN UNION FREE SCHOOL DISTRICT REVENUE BONDS, SERIES 2020

Gerard Romski, Member: You go it.

Chairman Carney: Thank you very much Gerry. Is there a second? I'm sorry, who seconded?

Joan Sullivan, Member: Joan Sullivan, second.

Chairman Carney: Joan, thank you very much. Are there any objections to the approval?

Chairman Carney: Hearing none, Hearing none, are there any abstentions? Hearing none, then the transaction as presented is approved. Thank you all very much. Christopher, Vivian thank you for being with us.

Ms. Drohan: Thank you.

Chairman Carney: Gerard, thank you. Take care. We are going to move to Tab three the Corporate Governance Committee report. Mr. Johnson?

GOVERNANCE COMMITTEE REPORT

Mr. Johnson: Good morning. The Governance Committee met yesterday and the most momentous thing we did, I think, was to adopt minutes from the last in-person meeting that existed.

Chairman Carney: I think that's right. Actually, the last day was the last meeting that we had in a group around a table.

Mr. Johnson: At this point, given the nature of where we are in the year and the fiscal year-end rush of approving all the required items such as the Mission Statements and Charters, Governance Principles and Procurement and everything else to make them current, we decided to break it into two groups. We discussed several items and had a presentation by staff. But first, I think that Reuben would like to make a management update about where we are on governance, given the circumstances involving at-home work, COVID and pandemics and all the challenges.

Mr. McDaniel: Yes, thank you Mr. Johnson. I appreciate that. And in my President's Report I'll give a full update on DASNY. But as that relates to governance, one of the things we wanted to do was make sure that in this time we're all working remotely, that we maintain our guidance that was given by the Governance Committee several years ago around Construction, Finance and other operations to make sure we're meeting our metrics. So we're maintaining those metrics, we're doing a good job there, and I'm very pleased with the staff work. From a Governance Committee perspective, I think we have met all the requirements necessary to meet the outlines that you all have as a Board. The staff has worked very hard on this. Again, it's been distracting working from home with other things, but I'll tell you the staff's done a great job to make sure we keep our eye on the ball. Thank you, Mr. Chairman.

Mr. Johnson: Thank you Reuben. The Committee did review the Governance Charter, the Principles, the Mission Statement and the By-Laws and Guidelines Pertaining to the Disposition of Property. We will bring those to the Board either in November or December, so we don't have it cluttered up. That's where we finished. Is there anything else I need to mention, Michael?

Mr. Cusack: Mr. Johnson, I think that's correct. We did defer action on the recommended changes from staff to the Guidelines for Real and Personal Property Dispositions to a future Board meeting, but I believe that completes the activities of the Governance Committee yesterday. Thank you.

Mr. Johnson: Thank you Al, it's all yours.

Chairman Carney: Thank you John for all the work that you've done. As I said yesterday in the Governance Committee meeting, these matters are sometimes difficult to address, but I think that staff has done a terrific job with your guidance and with your leadership, of making it clear that these Governance matters are getting the proper attention. And I want to thank you on behalf of the Board for all the work you do to make it work. I appreciate it, and I think the Board does as well.

Mr. Johnson: Thank you.

Chairman Carney: Alright. We will then move on to Tab 4 and the President's Report – Mr. McDaniel?

Mr. McDaniel: Thank you Mr. Chairman. What I want to do first, just do a quick run of show so everyone knows where we're going with this. We have three business items that we need to take care of fairly quickly. We'll do that first. Then I will give an overview of a six month update. I thought it was important, given as John Johnson so rightly mentioned, we haven't been in person at all this fiscal year. So I wanted to give a six month update. I will do kind of a broad update, then Steve Curro, Kim Ellis and Portia Lee will give us some updates on their various departments. And we have a special guest, Matt Bergin, who's going to give us an update on the last PIT transaction, the \$2.5 billion transaction that came to market last week. We will also go into the Executive Session after that, Mr. Chairman, to go over financial, legal and personnel matters on an update basis.

PROJECT LABOR AGREEMENT – CENTRAL NEW YORK PSYCHIATRIC CENTER

So what I'd like to do first is turn to the Project Labor Agreement (“PLA”). Most of you on the Board are familiar with these, but when we do New York City projects, we typically enter into a PLA. We have several people on the phone who can be helpful with this, but this is for the Central New York Psychiatric Center Resolution to enter into a PLA for that project which will commence here shortly. The project is approximately \$130 million. Brendan, do you have anything you want to add to that before we turn it over to the Board?

Brendan Wolf, Esq., Managing General Counsel: Thank you. Not really, the only distinction I want to draw for those who are unfamiliar with Project Labor Agreements, is that the PLA that went before the Board and was approved by the Board late last year covered the entire New York City region, the five boroughs of New York City, and really almost any project that had an aggregate value \$3 million or above. This particular PLA is specific to one project up in Central New York, it's the Central New York Psychiatric Center that is located in Marcy, right outside Utica New York. It's a big project, as Reuben said it's approximately \$130 - 140 million. This PLA is specific to that project. And certainly, if anyone has any specific questions, I'd be happy to answer them.

Chairman Carney: Brendan, thank you. Are there questions?

Mr. Romski: Just one. On the PLA, there was an interesting article in today's Post on PLAs. I'm sure it doesn't relate to our PLA, but it's certainly something to take note of.

Chairman Carney: Gerry, is it just a general article on what a Project Labor Agreement is, or was there a specific focus?

Mr. Romski: No, it was the related to the recent indictment of the chair of the New York State Building and Construction Trades Council. Is it relevant to this one? No, clearly not.

Chairman Carney: . No, I get it, but still worthy of attention. Thank you.

Mr. McDaniel: Mr. Chairman, before we take action on this, I failed to recognize who Brendan is. Brendan Wolf works in our General Counsel's Office and heads up our legal work on the Construction Division. And so all the PLAs and such fall in his category. I apologize to the Board Members who might not know who Brendan is. Brendan Wolf, thanks for your presentation.

Chairman Carney: I should have taken care of that Ruben. I know who Brendan is. Brendan thank you very much for your report. I should have said something about it, and I apologize for that.

Mr. Wolf: Thank you.

Chairman Carney: There is a Resolution that requires the Board attention, you all have had a chance then to see it. Are there any questions for Brendan or for Reuben about the Resolution? Hearing none, may I have a motion please to approve the Resolution?

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) AUTHORIZING DASNY TO INCLUDE COMPLIANCE WITH A PROJECT LABOR AGREEMENT AS A REQUIREMENT IN THE PROJECT BIDDING DOCUMENTS IN CONNECTION WITH THE CENTRAL NEW YORK PSYCHIATRIC CENTER

Mr. Chen: So moved.

Chairman Carney: Thank you very much. Is there a second?

Ms. Sullivan: Second.

Chairman Carney: Thank you very much. Are there any objections to the approval of the Resolution, and are there any abstentions? Hearing none, the motion carries unanimously, it is approved.

UNDERWRITER'S COUNSEL PANEL – ADDITION OF PRE-APPROVED LAW FIRM

Mr. McDaniel: Thank you, Mr. Chairman. The second item is on our Underwriters Counsel list, most of you know this is an open procurement. We've got a new firm, Parker Poe, who's asked to be part of our Underwriters Counsel team. We have an approved Underwriters Counsel team, of course, we don't hire Underwriters Counsel, but we do have an approved list. I'm very familiar with the senior partner at Parker Poe, and they do good work and they're trying to do more business with the State of New York. They do a lot of work with our underwriters in other parts of the country. Mike Cusack, do you want to add anything to this acknowledgement?

Mr. Cusack: Reuben, I think you've covered it very thoroughly. The only other thing I'll add for the Board is that the Underwriter's Counsel -- because they do not represent us, but they represent

the underwriters -- are not reviewed in accordance with the same standards that we review our own counsel. But having said that, we do require a submission and we look at the three C's of cost, competence and conflicts. This firm received a review, and had an opportunity to present to the folks in DASNY who do public finance work. I participated in that meeting, and there were no objections to adding them to the panel. So, this would be purely an administrative matter. It does not require Board approval under the terms of our procurement. Thank you.

Mr. McDaniel: Thank you Mike. I appreciate that.

Chairman Carney: Thank you both.

28 LIBERTY UPDATE

Mr. McDaniel: Before we get into my six-month presentation is just a quick update on 28 Liberty. Steve Curro and Gerry Romski had a chance to go to the office a couple weeks ago. Glad to report, we continue to be on time and under budget. I'd like to turn it over to Steve first, and then Gerry, if you don't mind, I'd like you to make a couple of comments on what you are physically seeing.

Mr. Romski: Sure. Steve is going first?

Stephen Curro, Managing Director, Construction: Thanks Reuben. Our project manager Peter Jackson had a chance to tour me and Gerry around a couple weeks ago. The progress is certainly noticeable from my last trip down there, there is a fair amount of above ceiling work that's completed. In fact, the ceiling grid is in which means a lot of the work above is pretty much done. We also observed the fact that the men's and women's bathrooms are pretty much complete.

As far as the layout, the floor plan wall framing is complete, a lot of sheet rocking is done. There are some priming and painting complete as well. The site was generally clean, which means the contractor's doing a good job from a safety standpoint, and overall, you know, from our perspective, it looked like it would land sometime in late November early December. We're going to be heading down there again in a week or so and can give another update. But at this point, it looks like things are going along pretty well. Gerry?

Mr. Romski: I spent an hour or so over there the other day. Steve was very kind and we went up, and I know that when we get back to the work actually in an office setting, that everyone will be very, very pleased and happy with the with the new location. A lot of work is done, I think they made great progress. Steve, I think the next time we get out there, they'll be basically done. I'm sure the Board will be very, very happy with its views of the harbor. I think everybody's doing a great job, and we look forward to it. And for Mr. Johnson, I checked on the additional work that was being done, and it's all being done. So it was a good job. Thank you very much.

Chairman Carney: Steve, Gerry, thank you both very much.

Beryl Snyder: Hi this is Beryl. The next time you are down there, at some point, I would love to see the building. I am local and next time it's convenient for you, obviously, I would love to see the building.

Chairman Carney: Beryl, I'm in the same place. I was just going say that the next time Steve or Gerry are down there, it would be great to know that so that I could join you all. I'd like to come down.

Mr. Curro: We are planning a trip next week, Al and Beryl, so I will let you know once we nail down the date and time, and if you're available, you're more than welcome.

Chairman Carney: Terrific, and our schedules are not as important as yours. Let us know when you're going to be there, if we can be there, we will be, but don't worry about whether or not you need to adjust your schedule to ours, we're fine.

Ms. Snyder: And I plan on taking the subway there.

Chairman Carney: So you will take the train down Beryl?

Ms. Snyder: I will. I've already taken the trains to other places, upon occasion rarely, so I will get the full DASNY experience and report back.

Mr. Curro: Its quite lonely on the train, I have to let you know. I was all over Queens last week at four CUNY sites, and many times I was the only one on the train.

Ms. Snyder: I know, I thought the same. I'm in Manhattan, so I haven't had quite that loneliness experience, but it's empty.

Mr. McDaniel: Steve and Gerry, thanks for that update. We'll continue to receive updates on 28 Liberty, we all do look forward to getting back on site, because that will mean a lot of things for us as New Yorkers. So look forward to that.

PRESIDENT'S REPORT – SIX MONTH UPDATE

Now I want to turn my focus to what I'm calling a six-month President's Report. We will retrace some ground we've talked about over the last six months, but I want to make sure that as a Board you all have a good update on where we are, particularly given the fact that we have been working remotely and the current circumstances, I thought it was very important to do this. So, I will kind of start off big and then we will let the heads of the departments give you some more detail about what's going on in that group.

So the first thing I'll report is, as I mentioned earlier, everyone's done a great job working remotely. It has been very, very impressive on how much work we are getting done. Kim Ellis will let us know that we aren't quite where we would have been last year at this time, from a direct billable hours, but much better than we might have expected given the current situation. We've also been

trying very hard to do some things that I think are somewhat unique to keep people engaged. A couple weeks ago, we had a President's virtual lunch where over 300 of our employees joined me and some of the construction staff to go over one of our exciting projects up at the SUNY Poly campus. It's the first net-zero dorm in the State of New York, and we did a 10 minute video presentation and 20 minutes of Q&A. There were four sessions, back-to-back, over 300 people participated. It really was great to connect.

I'm also doing each Friday a video update for folks. What we do typically is have a couple minutes of an interview of someone on the staff about different topics, and then I'll just give a quick update on various items. So we're keeping in touch there. I've also been encouraging all of our supervisors to not only host meetings, but also have some casual meetings as well. And in that vein, after this Board meeting, we will keep the Zoom meeting open for those Board members who want to interact with staff on a more social level. So hopefully, some of you will be able to stay for that. Again, at this time it's very important to me and I think the organization that we find ways to stay connected. I've been really pleased with how the staff has done that.

On the Headquarters, over the past three or four months we've maintained the ability to have 25% density in the Headquarters. On any given day, we probably have 10 - 15% of people coming and going. Everyone has their own assign day. We have safety protocols in place. The building staff has done a great job of making sure that it's clean. As we move into the fall and winter, we are increasing the capacity allowance to 50%, and making the physical adjustments. We are still waiting for additional guidance from the State as they talk about what's going on with COVID spikes and cases as we've opened the schools back up. But our hope is that by early November, we'll have another round of updates for our staff. While we will not be anywhere near 100% in the office on every given day, we will start seeing more people coming and going through the office. That's good to see.

The building staff has done a tremendous job of keeping things clean and safe, and all of our employees have done a good job from protocol perspective. We didn't have a voting line yesterday, but we did have a flu shot line yesterday outside the building. You know annually, we make sure our staff has access to flu shots, and a lot of people have taken good advantage of that. So that was great. So just not business as usual, but certainly business as good as it can be, from our perspective.

Chairman Carney: Reuben, it's Al. A question. When you say you have people assigned to come in, or there are people who have assign days to come in -- how do you do that? How does that work if you're doing 25% and people can come or not come, work from home as they see fit? How do you decide who is assigned to be in, and who isn't?

Mr. McDaniel: We make sure Paul Koopman is there every day, but other than him, everyone is assigned an "A" day and a "B" day. We have closed the building on Wednesdays for additional cleaning, and each person -- on their "A" day or "B" day -- has to notify their supervisor via an email system that they are coming in, so that we have someone monitoring if that's getting close to 25%. We also have some employees who are working remotely exclusively, and need what I would call special permission to come in. So we're both monitoring it, and with the "A" day / "B"

day, keeping the maximum density down. And as I mentioned, we do have people coming and going, but as far as people working there seven and a half hours a day, it probably never gets above 10% at this point.

Chairman Carney: Okay.

Mr. McDaniel: So we are monitoring it, and we have a good system in place. IT did a great job of putting a system in so that we can do our temperature checks at home, let people know we're going to be in, that goes directly to their direct supervisor as well as to the central staff. And to the extent that gets close to 25%, we will raise our hand. But at this point, we've not been in that situation.

Chairman Carney: That sounds terrific, and it's very meticulous. You've actually put together a plan that makes it clear that there can be people there or not, as they deem important and necessary, but the system itself - the protocols are in place. Thank you. I had no idea we were doing that.

Mr. McDaniel: And one thing I didn't mention is the "A" and "B" days were assigned based on where people physically sit. So that if you think about a cube cluster with four people, you would never have all four in the same cube cluster at one time. Several of the staff members did a great job of going floor by floor making sure that people, particularly those who are in cubes, but also just the density of people walking past and going to the bathrooms and such, to make sure that we spread people out pretty well. So we did a great job of that.

We have another survey that went out a couple days ago -- that's due back tomorrow, actually -- where people are giving us their school / health issues, so we can continue the "A" day / "B" day assignments and make sure we're making accommodations as we try to get more people in the office. So great team effort by everyone, it's gone really well.

Chairman Carney: It sounds fabulous Reuben. Congratulations on putting it all together.

Mr. McDaniel: Well thanks. Again, the staff did a great job, really appreciate all the good work. Just to go over construction and finance, I think it's important because these are obviously our biggest areas. For our construction work, the good news is that construction has been deemed essential, so a lot of our projects have been slowly but surely opening back up again. We had a reasonable summer at SUNY. Steve will talk a little bit more about that. CUNY is beginning to do more work and getting more openings there. I talked to the head of OPWDD the other day, that's where we go into people's homes and smaller facilities and do work. So clearly, safety is an issue there. But they've announced all their protocols and we're beginning to get that work going again. So from a construction perspective, we certainly have had a productive summer.

Clearly, a lot of that is projects that were being designed last year and implemented this summer. But we feel very good about what the construction folks have done. Our field sites have been cleaned -- and again I hate to be all COVID all the time, but that's how it feels some days -- but our field sites have been cleaned and have their own safety protocols. The Rochester and Buffalo offices have their safety protocols in place.

We're pleased to report that while we've had one or two COVID situations at construction sites, for the most part, we've been safe and been able to keep things moving along well on the construction side. We are very pleased with the staff there. Steve Curro, as always, has done a great job of juggling and pushing and pulling resources around the State. Clearly, that was much more difficult in this environment, but great work there on the construction side.

On the public finance side, we've done quite a few transactions for the State, as you all know. Our private client financings have been down a bit. So our overall volume has been higher than normal, but that's really been driven primarily by the State financings. But that group has been very, very busy trying to keep all those balls in the air. From a market perspective, and Portia will talk a little more in detail about this, but interest rates have remained low over the past six months. And while we've had some fluctuations in what we call spreads -- and that is, from an issuer's perspective, how much they pay over the base rate -- on a pure interest rate perspective, we've been getting very, very low rates for the State and have been able to execute those financings well. There's been tremendous demand for municipal bonds in the marketplace, and we've also benefited from that as well. So I feel very good about where we are from a finance perspective.

We'll be working with our private clients to see where they'll be coming out. We also did several specific financings for folks like SUNY Dorms that will help them monitor and manage their cash flow issues going into this situation, going to the unknown. And I think those transactions have been very, very successful in their planning and organization. Staff did a fantastic job in coming up with solutions for our clients. I think the State has been very pleased with how we've executed on their behalf, and so we're feeling very good about that. And from a working remotely perspective, that team has been very cohesive and has done a great job.

On the grants side, we have continued to process grants. As I mentioned earlier, I've done a lot of work talking to State legislators. As you can imagine, if I had the conversation with them four years ago, grants would have been a big issue. But the work that was done prior to me getting on board -- and certainly the work that is being done now as far as grants your outreach -- has paid dividends. And a lot of the feedback I'm getting is that their things are being processed more quickly from a process perspective, and that the outreach the Grants staff has done proactively -- to reach out to grantees that are not being responsive or haven't got things in -- to make sure that if they need help or assistance, that has been well received. And so I'm just pleased report that as I talk with legislators about their specific grants, this overarching "grants are too slow" narrative is really diminished. I'm pleased with Grants, and certainly Sara Richards.

Chairman Carney: I was just going to say congratulations to Sara Richards and her staff for working through that, literally bringing down the time, reducing the time necessary from A to Z, to get the grants done. I know, and the Members know, that oftentimes the grants are delayed because the prospective grantees do not respond quickly to our requests for additional information. But Sara and her staff have clearly made that a priority, and it is working. I've actually paid attention to that, and it's working. Congratulations, it's fabulous.

Mr. McDaniel: She's done a great job, the team has done a great job. I'll take all the credit I can, because I get all the blame, but it really is the work that was done before I came on board. But it really has made a big difference. And you while we are continuing to process all the grants, of course, until we get Budget Bulletins and such, some of those grants are not being funded, but that's to be expected and has been well communicated to the grantees and others.

Which moves me just to a general kind of finance conversation. You know, overall, this year talking to Kim Ellis, and prior to that, Kim Nadeau and others -- Geoff Arnold has been great for budget perspective -- we feel good about where we are in this fiscal year. Our concern has been what's going to happen next fiscal year, anybody who's reading the papers knows that the State's facing some significant shortfalls, and we're waiting for federal stimulus. What we have done at DASNY is taking just a conservative approach on spending, so that as we look at next year we don't find ourselves having spent money on things that were nice that have but not necessary to have this year, in preparation for what could be -- even though we have a lot of unknowns about next year.

We have been very fortunate in things like our rent in New York, of course, which has been down probably say \$500,000 - \$600,000 already this year; our travel has been down; we've had several retirees at relatively high salary levels and we've not backfilled those positions. So that has helped save money and we're just trying to not nickel and dime folks, but certainly not spending money on things like I said, that are nice to have but not necessarily to have, and the staff has done a great job of understanding that. The State and DASNY have both suspended the 2% cost of living increase that would normally have gone into place. We have communicated with our employees and with our unions and are working with them on this issue.

You know, again, this is all prospectively making sure we don't find ourselves next fiscal year in the trough of having hangover, if you will, from a slower financial situation this year. But I think we are managing that well, and I appreciate the staff working on that.

So what I want to do now is, again, in order, allow Kim Ellis, then turn it over to Steve Curro then to Portia Lee and finally Matt Bergin, to get more detail and each of their respective areas on how the last six months have been. Both Steve and Portia in there, and Kim for that matter, will also give normal monthly highlights along the way. So with that, Kim Ellis, will you start us off?

Finance Division Update

Ms. Ellis: Thank you Reuben. I'm pleased to report that I've had a smooth transition into my new role. I worked closely with many of the staff over the course of my career, so they've welcomed me with a warm reception, and I look forward to the work we can do together. I had the opportunity to meet several times with my direct reports and sit on departmental meetings prior to Kim Nadeau's departure, and I have continued with such meetings in the weeks since.

In recent months, we've seen retirements of staff in senior roles within the Accounting and Accounts Payable units. Succession plans have been in place with staff and roles that will ensure a smooth transition. Several key staff within the Information Services Unit have either already

retired or are expected to retire within the next few months. We're currently reviewing the structure of the subunits, and transitioning workload to others in preparation for the departures.

On the financial side, as highlighted in the standing financial report, we've received \$1.3 million in financing fees through August against the budget amount of \$2.5 million for the year. The percentage of direct hours charged to public client programs is slightly up at 93.8% against a budget of 92.2%. Our operating expenses are approximately \$1.8 million below budget, and we continue to monitor expenses closely. We're seeing savings from travel due to the current restrictions on non-essential travel, and in the rent and utilities with the closure of the Penn Plaza office. We're continuing efforts to keep expenses down as Reuben mentioned, as we won't know the full impact of the pandemic to our clients and DASNY until well into next fiscal year.

A few procurement updates. As you may recall, last November we issued an RFP for Banking and Custodial Services. In addition to general banking services, the RFP requested that the proposers offer optional functionality that would support DASNY's desire to streamline our processes, enhance security and fraud prevention, and leverage technology. The winning proposer was the incumbent bank, Bank of America. We have completed final contract negotiations and are in the process of executing documents. Board approval is not required at this time as the current services are expected to be covered by earnings credit from the bank. However, we are exploring several new services outlined within the RFP, such as cash flow forecasting, account verification, which provides protection from fraudulent payments, and a vendor portal to assist in the migration to ACH payment. Additional work needs to be done to determine the scope and cost of these additional services, and if any amendments to the contract or services bring the total contract value within the \$300,000 threshold, we will seek authorization from the Board at that time.

We also recently issued an RFP for an Investments Management System, since our current vendor FIS Global (formerly known as SunGuard) is sunsetting its APS 2 application at the end of next year, December 2021. We will need to look for a system that can handle our investment portfolio and provide the proper valuations in connection with our annual financial statement audit. Proposals are due back November 5th.

Lastly, an update on the KPMG audit contract. If you recall, the December 11, 2019 Board Resolution approving the retention of independent auditors states at Paragraph 2 that DASNY reserves the right to approve subcontractors selected by KPMG for annual auditing purposes, and that such decision shall be made by DASNY Procurement and Finance Divisions in consultation with the DASNY Board. KPMG has requested that Valles Vendiola LLP, a certified MBE firm, be approved to work alongside KPMG and Long Island Financial Management Services on next year's audit. DASNY's Procurement Division has completed its review of the proposed firm and advised that there are no responsibility issues to report. The DASNY Finance Division is agreeable to KPMG's proposal, and I've had the opportunity to discuss this with Audit Committee Chair Jon Gardner, who concurs. Absent any concerns by the Board, we will proceed to add this firm to the team for the Audit Plan presentation during next month's Audit Committee Meeting.

Chairman Carney: Kim, it's Al, before you go on, have you had a chance to talk to the MWBE firm? It's a minority firm that is run by a woman, as I recall, am I correct about that?

Ms. Ellis: It's a minority firm as well.

Chairman Carney: Thank you. Have you had a chance to speak with them?

Ms. Ellis: I have not spoken with the firm directly.

Chairman Carney: Okay, alright. But that is that's on your list of things to try to get done?

Ms. Ellis: Yes, I am setting up a call with KPMG actually to hear more about how they plan to structure the arrangement, because they plan on using both the "W" firm that they used in last year's audit, which was a financial management services firm out of Long Island. They're going to go with both of those firms in connection with the procurement.

Chairman Carney: Thank you for staying on top of that. Kimberly, this is a different topic, actually. We're losing a lot of institutional history in Finance, and I'm curious to know, as people retire with a lot of years in, are you comfortable that we're able, so the overarching view, that we're able to handle that, that we're doing what needs to get done to be sure that even with the loss of years, that we were doing what we need to do to make sure the DASNY is actually up to snuff?

Ms. Ellis: Yes. In connection with the Accounting Department and the Accounts Payable Department, it's been known that the two unit heads would be retiring in the near future. So we've actually had succession plans in place to contemplate those retirements.

Chairman Carney: Okay, terrific. Jon, I'm sorry -- please.

Mr. Gardner: No, no, I wanted to mention kudos to KPMG for listening to us and bringing this this new firm into the picture.

Chairman Carney: Absolutely. And thank you, Jon, for your leadership and making sure that they heard us. I know what you've had to do. Thank you.

Ms. Ellis: That concludes my report.

Mr. McDaniel: Thank you Kim, we appreciate that. And we will now move on to Steve Curro. Steve?

Construction Division Update

Mr. Curro: Thank you. I wanted to just give a very high level overview of what the past six months was for the Construction Division. But along the way, as Reuben suggested, I'll sprinkle in some updates from the past month. I think you know the past six months for me were really about two things Executive Order 202 -- I don't think I've ever used the word guidance as much as I have in the past six months -- and seeking guidance. But what really happened was the

relationship with our customer agencies really solidified. We had to work extremely close with them on almost a project-by-project approval level to move these projects forward. Of course, there are a lot of outside forces: we have the Budget Bulletin 1223; we have New York City OMB; but the sense of the working relationship with the customer agencies on the construction side for me, looking back over 20 years, has really never been as strong as it has been over the past six months. So, there's always something good that comes out of a situation like this and I've never felt closer to the customers.

That being said, the past six months was just a litany of project starts and stops, and pauses and resumes, and stop work orders and resume work directives, and everything that goes along with that. It was very confusing at times, quite frustrating at times, but I think everyone kept their cool and did the best that they could.

Obviously, the pressures to deliver for SUNY as you start to erode schedule due to project pauses, was quite challenging. But our staff, and our contracting staff, and our consultant staff were certainly up for the task. And as I have reported in the past, we were able to finish five capital projects, one new build and a slew of summer projects across the campuses statewide.

With that, I'll add that we were recently informed that the FIT project can move ahead. So we had New York State approval, we gained New York City OMB approval, and since that time we quickly arranged for LOIs to go out to our two low bidders. There were two packages that we bid. Those low bid contractors were good enough to hold their bids for close to six months, and we issued those LOIs and we're in the middle right now of getting contracts executed, to at least get the foundation work done and off the ground. So very good news on the SUNY front.

Mr. McDaniel: Steve, before you go on, I just want to compliment you and the staff on the FIT piece. For Board Members who are fairly new, this has been an ongoing project that has had some difficulty in bidding, and then we have the pandemic. Steve and his crew did a great job of maintaining communications with FIT, looking at different alternatives, and I think we're all relieved that this project is going forward. Sometimes when you're in a project for two or three years, the win doesn't feel as big as it actually is. So I just don't want to shortchange that FIT project, and Steve, you and your team have done a great job on that.

Chairman Carney: Congratulations Steve, a lot of work. I don't know how hard you worked on it, but I've heard a great deal about the volume of work that went into it. Terrific job.

Mr. Curro: It's really our staff and I could mention three or four names, our staff has done a great job. Incidentally, the project's been around for over 15 years. We designed it back in 2004. It was over budget back then, and it kind of lived up to that over budget situation.

Chairman Carney: I didn't know it been around that long. I didn't know that you have worked on this for 15 years.

Mr. Curro: Yes. It was around 2004 - 2005 we went into 30% design, had it estimated, and the project budget back then was \$50 million. And we exceeded that, and now it's \$189 million

project. So we're really excited. No one's more excited than FIT -- there's a couple of folks down there we've worked closely with, they've been pushing this boulder uphill for a good long time.

Chairman Carney: With their noses. Thank you, Steve, thanks very much.

Mr. Curro: Just quickly on CUNY. Again, Budget Bulletin 1223 impacted CUNY. Not only that, but the New York City OMB put a halt on spending city funds, and that impacted our CUNY Community College projects as well. The good news is we've gotten a couple of large tranches of projects approved by New York State DOB on the senior college level, and we are actively progressing those projects. And New York City OMB came through as well with a number of Community College projects that are up and running. I mentioned earlier that I was at three or four of those community colleges over in Queens last week and am just happy to see staff back after it, trying to push projects along. We are meeting with CUNY today actually, to discuss an issue that has come up with regard to DASNY. We are trying to contain our fees associated with really all the programs, but we do have a cap on the CUNY fee and we have been approaching that for a number of years, we will be meeting with them to look at alternatives to deliver their projects.

As far as Mental Hygiene, we got some great news with regard to some very large capital projects. You already heard about the Central New York PC project. We have that PLA in place now. Thank you. That project will bid early in the first quarter 2021. It is a very large project, it'll keep a number of consultants, contractors and a few DASNY staffers going for a good long time.

We also received word that the Mid-Hudson Forensic Psychiatric Center new campus is approved to move into design. We quickly brought on our designer, who we had procured many, many months ago, but weren't able to contract with until we received that approval from New York State DOB. And that is now in place, so we're moving that project along. That will be quite a large project down in the Mid-Hudson, estimates are somewhere around \$300 million. So again, this will keep a lot of contractors, consultants and DASNY staffers going.

We also have a Western New York Children's Hospital project, around \$40 million, that we will be bringing to the Board in probably a couple months for another PLA approval. That project should bid probably mid-2021. And there's a lot of smaller OMH projects sprinkled in there as well.

For OPWDD, we're trying to move those projects ahead -- obviously, occupied facilities, lots of challenges there on the community residence side of the world. We continue to do work at their larger developmental centers, and we do continue to do a fair amount of work on the exteriors of the community residences -- driveways, windows, roofs, things like that. But it has been a challenge to get back in there and really make progress on the interior of the community residence projects.

Mr. McDaniel: Steve, I just want to mention that as I said earlier, I did have a chance to talk to the head of the OPWDD. He also expressed, one, he's just pleased with the work we do in our relationship, but they also have difficulty from a hiring perspective. And so our staff and their staff are working more closely to see how we can use some of our resources in this interim time to be

helpful to support what they're doing. So Tim McGrath and others do a great job on that side, making sure that not only are we keeping busy and productive, but also, we help our clients. So just want to give a quick update on that.

Mr. Curro: Thanks, and Reuben also had a chance to speak with the Commissioner of OASAS. The good news for DASNY there is that they're allocated spending for the coming fiscal year is actually double what it was last year. So there should be a fair amount of new OASAS work coming our way. Many of those projects are what we refer to as a modified service, meaning DASNY doesn't necessarily hold the contracts for design and construction, but we do a whole lot of work for them with regard to construction administration and really design, review of concepts and approval, so that that's some very good news for us.

Just quickly on the NYCHA front. We finished the security portfolio. We've got one project left with regards to procuring and installing appliances.

On the quality of life side, there were 47 projects, and 25 of those are now complete, 21 are in construction, and there's just one left a procurement. So we're winding down that NYCHA \$100 million appropriation that DASNY received a few years back.

And similarly, on the GOSR side, of 40 projects, we have 5 still in design and 8 in procurement, 19 in construction and five substantially complete, with 3 on hold. So a lot of those projects are moving forward. Kate Seeley-Kirk has done a great job for DASNY advancing that portfolio, and Caroline certainly pitches in when we get into any kind of political trouble.

Chairman Carney: Caroline, if you're on the line, thank you very much.

Mr. Curro: Yes, thank you very much. Just quickly on Moynihan and Javits, those two projects are beginning to wind down. There's an extremely heavy push to get Moynihan finished by this December. We are the permitting entity for that project. I visited it last week, there is still a very heavy labor force, and our code guys have done a tremendous job trying to push that across the finish line. And similarly with Javits, that'll land sometime in 2021, probably in the first quarter or second quarter.

Chairman Carney: Steve might there be an opportunity for some of us to visit Moynihan with you sometime between now and the end of the year?

Mr. Curro: Absolutely.

Chairman Carney: I would love to do that. And I invite all the Members, particularly the Members in New York City, to join that group if we can do it.

Ms. Snyder: Yes, good, thank you.

Mr. Curro: I need to ask you though, if you're able to keep up with us. We can hit three or four sites, and get to 28 Liberty, Javits and Moynihan and have it all in one day?

Mr. Romski: An active day.

Chairman Carney: I can do it. I think. It's a busy day. Absolutely.

Mr. Curro: Okay, so that's a high-level construction update. Just a couple of other real quick things. We are out there beating the bushes trying to bring in some new work. You've heard me speak a little bit about West Point and DCAS. We have two projects at West Point now in design. West Point has asked us to advance four additional projects through design for them. It's a little tricky navigating West Point with regard to their contracting demands, but we're doing the best we can. Our Legal Group has certainly pitched in and helped with those discussions with West Point, and a lot of credit goes to Kay Edwards who's been on the front lines for DASNY on that.

Chairman Carney: Steve, Its AI again. I don't know anything about the West Point project and forgive me, I probably should. I just don't. Might we talk briefly after this meeting or sometime soon about what we're doing there?

Mr. Curro: Absolutely.

Chairman Carney: Thank you.

Mr. Johnson: This is John Johnson. I don't know anything about it either. I don't need a special discussion, but I am curious. Is this military construction or academic construction?

Chairman Carney: Well, are they different at West Point?

Mr. Johnson: I don't know how the federal government works. I guess I'm wondering, and really don't care about that as much as I'm curious if there's an opportunity for the Authority at Fort Drum, where they still do an enormous amount of construction?

Mr. Curro: I don't know if I can answer that.

Mr. Johnson: I don't expect an answer to that. It's just an observation.

Paul Koopman, Vice President: My recollection is that the authorizing legislation only spoke to West Point.

Mr. Curro: And just at a very high level at West Point, they asked us to come down and take a look at two bridge projects out at one of their training areas. So we are renovating one and replacing a second. As far as the four additional projects, those are projects that include building facade and roof work. They have a lot of work. They had a \$30 million barracks renovation project. They're redoing parts of their football stadium. They typically use the Army Corps of Engineers, or they procure themselves. But they are very interested in DASNY coming down there and making an impact and helping them to spend their dollars. It is all federal money.

Chairman Carney: Outstanding. Steve, keep us posted.

Mr. Curro: Will do. One last marketing update. Mike's Stabulas and I had a chance to speak to the New York City Health and Hospitals group on September 21st. We've done, in the past, a whole lot of HHC work. Now, they are known as H+H. They've replaced a bunch of their facility staff that we've worked with in the past, we do know a couple of folks in their group, one of which is an ex-DASNY project manager. So we're trying to work our way back in there and make an impact for them.

The only other thing I'll update you on is just our project management system. We are back at bringing that system up from an implementation standpoint. We're currently working both internally and with our outside consultant on a number of different areas of that system. We continue to anticipate a first quarter 2021 live processing date. So with that, Reuben, I think I'm all set.

Mr. McDaniel: Thanks, Steve. I appreciate that great update and I think it is very helpful to give the Board that context.

Public Finance Update

Mr. McDaniel: Next, we'll move on to Portia Lee and Matt Bergen. Before we do that, most people know that my background is public finance, and so I have quite candidly kibitzed more in the public finance group than any other. But I can tell you that over the past six months, they have been challenged to come up with solutions for clients and to pay close attention to the market. And they've done a fantastic job, I'm very, very impressed. Most of you may remember that Matt Bergen was promoted not too long ago, and he's just really taken over that role of being our market guy -- we call him the bad guy in the pricing world. He's done a great job of keeping up to date on the markets. He and I communicate fairly regularly about what's going on, and I just very pleased with Portia and her staff, the work they have done in this environment, particularly with the State financings and the uncertainty with ratings and other things. It's really been a difficult period and I just want to highlight that. And so with that Portia, don't let me down with your presentation.

Ms. Lee: Thank you, Reuben, I appreciate that. And I do want to say, I think the staff has just done a tremendous job over this past six months in terms of moving the deals along and really just not missing a beat. So during the first six months of this fiscal year we closed 16 financings for total par amount of \$5.9 billion.

Chairman Carney: Congratulations Portia. That's terrific.

Ms. Lee: Thank you. Just by way of comparison, in the previous fiscal year, DASNY completed 25 financings totaling \$9.8 billion. And as you know, that was a banner year. So the current fiscal year activity reflects both public and private issuance. We did six financings on behalf of private higher education clients. We did two financings on behalf of private healthcare clients, and five financings on behalf of BOCES, School Districts, IAC and NYSARC. We had one SUNY Dorms transaction, and then the two PIT Note transactions. One thing I would note is that the dollar

amount of financings in the first half of the year is exceptionally large, really as a result of the \$4.4 billion in the two PIT Note transactions.

Mr. McDaniel: Portia, I do want to mention that the SUNY Dorms transaction was nominated for “Deal of the Year” for *The Bond Buyer*. There were a lot of great deals done this year, so I'm not sure we'll actually win it. But it's certainly great to be nominated. I just want to highlight that for the Board.

Chairman Carney: I'm sorry, Reuben, help me to understand what that means., the “Deal of the Year” I don't know about that, what the significance is?

Mr. McDaniel: So for those Board Members not as involved in the bond business, The Bond Buyer is our industry rag, if you will. They cover the municipal bond market, and every year they pick several transactions to be what they call “Deal of the Year” in different categories. And so you have to be nominated by either an issuer or an investment bank. Whoever nominates has to submit a pretty extensive review of the transaction. Then at the end of the year, The Bond Buyer will award a “Deal of the Year”. So you can imagine how many deals are done throughout this country in any given year. Being even nominated puts you an exclusive category. It's a big deal. Portia ran past that deal fairly quickly, but I just wanted to let people know that it was nominated.

Chairman Carney: Yes, fingers crossed. And as you say, being nominated sounds like a huge deal. Congratulations on that, no matter what happens.

Ms. Lee: For the first six months of the fiscal year on the TELP side, we closed one TELP transaction totally \$3.9 million, as compared to the previous fiscal year where we completed three transactions totaling a little bit more than \$46 million dollars.

You know, just going back just highlighting some of the work that that we've done and following up on Reuben's comment, some of the most gratifying work that we did in this last six months was assisting our clients during COVID both on the public and private side. So as you know, we did the two PIT note transactions to assist the State. We also did a line of credit financing to assist the State, the SUNY Dorms restructuring and then the NY Institute of Technology restructuring. All of that work really occurred in the spring and in the early summer, it took a lot of effort on behalf of the staff, and again, I think was really tremendously gratifying. And maybe it's something that Steve said, it helped to cement our relationships and really demonstrate the partnership that we have with our clients.

Just a couple of things as far as market trends are concerned, with rates that are remaining at historically low levels, many of the financings that we did in the six month period included a refunding component to provide savings or to restructure existing bonds. Seven of the 16 of the financings that we did in the fiscal year had a refunding component. That compares to the previous year where 16 out of the 25 financings had a refunding component. One other trend that I would like to note is taxable bonds. Muni taxable bonds have become more common, with some clients choosing to issue taxable municipal bonds through DASNY to advance refund outstanding bonds, or to provide more flexibility when issuing new money bonds.

Overall, I would say as far as our issuance activity is concerned, that over the last really year and a half, we've seen good feedback regarding DASNY's policy changes and initiatives to better serve our private clients, and to undertake process improvements and efficiencies. So that includes our market-based approach to security, streamlined requisition documents, model documents, including our bond purchase agreements. And this has really been, you know, an effort by all of the Staff within DASNY, including Public Finance / Portfolio Monitoring, Finance, as well as Legal, really working hand-in-hand to try to make our process quicker and more efficient, and more customer friendly.

Having said that, our future issuances I want to say is expected to be limited in the second half of the fiscal year for our private clients. Given all that's going on with COVID-19, the impact that that's having, and the importance of our clients keeping their attention front and center on COVID-19, and their ability to deal with that from an operational perspective. And also there are a limited amount of current refundings that are in the pipeline. So I think we're expecting that the issuance going forward will be a bit muted on the private client side.

Having gone through all of the activity that we've seen in the six month period, I will say that the PIT financing that we just brought to market last week fell outside of the reporting period. So what I'm going to do is just turn it over to Matt to talk about that transaction, since we took the bids on that last week. Thank you, Matt.

Chairman Carney: Portia, thank you.

Matthew Bergin, Director, Public Finance: Thank you Portia, and good morning everyone. I do hope everyone's doing well, and I do look forward to meeting and seeing everyone in person. It seems like it's been a while since we had in-person meetings.

To give an update on the authorization, at the September 9th meeting we did receive an approval to issue for up to \$3 billion under either the PIT or Sales Tax program. We ultimately issued \$2.48 billion under the PIT program and it was done on a competitive basis. Of the \$2.48 billion in bonds, \$2.43 billion was tax-exempt, and only about \$49 million or so was taxable. So the bulk of the loan was on a tax-exempt basis. And it was a very successful pricing. We did achieve a TIC of 2.759% -- the true interest cost -- and that is just on the tax-exempt side. Again, that was the bulk of the loan. I do want to discuss some of the factors that were going on in the market, as well as the ratings. On the ratings front, Moody's did downgrade the issuance. It had an Aa1 rating with a negative outlook, and now it has an Aa2 rating with a stable outlook. This did not cause what I would say any knee-jerk reaction from the market, because again it went from an Aa1, with the negative outlook, to the Aa2, with a stable outlook.

Chairman Carney: Matt, before you go on, would you tell us why, why do you think that there was a downgrade?

Mr. Bergin: The downgrade is really due to all the pressures from COVID.

Chairman Carney: We're talking COVID? That could easily be the answer, I just would like to hear you say it.

Mr. Bergin: It is, the impact on the economy, the impact on the collection of revenues. It's certainly something that the market had baked in. So again, going from ultimately a negative outlook at a higher rating to a stable outlook at a lower rating, doesn't cause investors to take pause because of the fact that it had a negative outlook. So in essence, that is telegraphing the investor community about what, in this case, Moody's thought about the credit

Mr. McDaniel: And I think, Al, it is also important to note that Moody's also took action on the City of New York on several transactions, and all this really is COVID related. I do think that Matt emphasizing the stable is saying to the market that while this is a difficult period, the rating agencies don't see a downward spiral like you might have seen in, not to pick on another state, Illinois. So the market felt good about that.

Chairman Carney: Well here's the thing, Reuben, and maybe we need to have a primer here. A downgrade, a negative outlook downgraded and then a stable outlook with the downgrade, that confuses me. Maybe everybody on the phone gets it, I don't. But Matt, you and I are going to have this conversation at some point in the not too distant future, I'm looking forward to it.

Mr. Bergin: Al, I would think about it as, if you're at a higher category with a negative outlook, I think what the telegraph is that, that higher echelon, you are slowly starting to erode from that. Once you get into the next lower echelon, then you're stable. Look at it like that.

Chairman Carney: It suggests to me that the next step is, first, a negative outlook on the lower category. Let's not do this now, forgive me, this is not for the Board, this is with you and me, I will look forward to it.

Mr. Gardner: Actually, Matt, that that last explanation was very helpful, because that was exactly what I was going to ask -- what is the signal? And that was good. Thank you.

Chairman Carney: I agree. I absolutely agree, Jon, but I think that also merits a conversation. There are things about that, that I'd like to hear more about.

Mr. Bergin: One of the larger factors, though, was the supply in the market for this month. The calendar for the month of October of this year was heavy, to the tune of \$60 billion in munis. And basic economics, supply and demand, tells a story there. But having said that, the market was still very receptive to the PIT credit. So again, even with the heavy calendar, even with the downgrade from Moody's, investors still stepped up for what ultimately was the PIT transaction on a competitive basis. I do want to walk through some of the highlights of a competitive sale, because I think it's important to think about going to market with a loan the size of \$2.48 billion and how best to execute that. In concert with the Division of Budget and their financial advisors, the way the loan gets executed is that on the tax-exempt side, it's divided up into five tranches of approximately \$480 million, and each tranche is broken out into specific parts of the yield curve.

So on average, it would be six years -- again, just taking the 30 divided by the five -- and on an average the loan amount for each tranche would be approximately \$480 million. And we think about that, why would that be the best way to execute it? The reason is, is that firms don't have to commit as much capital, as well as firms may be seeking certain specific portions of the yield curve for their investors. So again, on the tax-exempt side this \$2.43 billion of bonds is broken up into specific tranches capturing specific maturities, and again, although the tranches varied in size, on average, it was \$480 million.

What I think was important to know is that over the course of the bidding, because these tranche bids occur in half an hour increments -- 9:30, 10:00, 10:30, etc. -- over the course of the bidding on the tax-exempts, the spreads from top to bottom got tighter, which to me is an indication that folks are sharpening their pencils and they do want to win that bid. I speak to the tranches on the tax-exempt side, we also had a tranche for the taxables. On the tax-exempts, we had an average of eight bidders for each of the tax-exempt tranches. and six bidders for the one taxable tranche. So the reception from the market was very positive. Again, an average of eight bidders for each of the tax-exempt tranches and six bidders for the one taxable tranche, ultimately yielding a TIC of approximately 2.759%.

So again, that is the way we work with the Division of Budget and the financial advisors. This is all set up on an electronic platform. Where the investment banks bid, the winning TIC is the lowest TIC. And again, I think it's important to note that over the course of the bidding, that the bids got tighter from top to bottom. So again, people were sharpening their pencils. There was a demand for the PIT bonds, again, even in a calendar that had \$60 billion for the month of October.

Chairman Carney: Well congratulations.

Mr. McDaniel: And Matt, thanks for that. As I mentioned, in my kibitzing I actually sat through every bid. It was very interesting, and everyone did a great job. And sort of seeing the progression of the bids and the market demand was excellent. With that, Mr. Chairman, I apologize for having a longer President's Report than normal. Since we had a fairly short Board agenda and it's a six month period, I thought it was important to go over these items. I do want an executive session to let Mike Cusack brief the Board on litigation matters over the past six months.

Chairman Carney: Why don't we just go there. We've heard we've heard from staff -- Kimberly, Steve, Portia and Matt. Are there questions for any of the staff who have just presented? Hearing none, then, may I have a motion to go into executive session to discuss the financial or credit history of particular corporations, proposed, pending or threatened of litigation, and the employment history of particular persons or matters, leading to the appointment, employment promotion, demotion, discipline, suspension, dismissal or removal of particular persons? May I have a motion, please.

Ms. Sullivan: This is Joan Sullivan -- I make the motion.

Chairman Carney: Thank you very much Joan. Is that a second?

Wellington Chen, Board Member: Seconded by Wellington.

Chairman Carney: Thank you Wellington. I won't ask for the ayes or the nays. If there is no objection, we will go directly into Executive Session.

EXECUTIVE SESSION

Return to Public Session

Chairman Carney: The record should reflect that we've just left the Executive Session, during which no decisions were made, other than to return to the public session.

Is or any of the business to come before the Board?

Hearing none, may I have a motion please to adjourn the meeting?

Mr. Chen: So moved, this is Wellington.

Chairman Carney: Thank you Wellington. Is there a second?

Ms. Snyder: I'll second, it's Beryl.

Chairman Carney: Thank you Beryl. Hearing no objection, the meeting is adjourned unanimously.

The meeting adjourned at 11:45 a.m.

Respectfully submitted,



Michael E. Cusack
Assistant Secretary