A Telephonic Meeting of the Finance Committee of the Dormitory Authority of the State of New York ("DASNY") was held on September 8, 2020 with proceedings commencing at 4:10 p.m.:

Gerard Romski, Esq. – Finance Committee Chair: We will call this meeting to order and I will request the reading of the special notice for the record. Mike?

Michael E. Cusack, Esq. – 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 Orders 202.60, today's meeting of the Finance Committee 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 October 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.

In the President's August 28, 2020 transmittal memorandum, it is noted that Staff anticipated an extension of Executive Order 202.1 to encompass today's Finance Committee Meeting. For the record, I'd like to confirm that Governor Cuomo signed Executive Order 202.60, dated September 4, 2020, continuing the suspension of the Open Meetings Law for an additional 30-day period through and including October 4, 2020.

The location of today's Conference Call and Video Conference Meeting of the DASNY Finance Committee is designated as the DASNY Headquarters, 515 Broadway, Albany, New York, where I and several other members of DASNY are located. Notice of this meeting has been posted in the standard locations that are publicly accessible. Notice has also been prominently posted on the DASNY.org public website. In accordance with EO 202.1 (as extended) and the DASNY Bylaws, an audio and video recording of this meeting will be accessible from DASNY's website (www.dasny.org) not later than two business days after the close of this 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.

Mr. Romski: Thank you, Mike.

Kimberly A. Ellis – Acting Chief Financial Officer and Managing Senior Director, Administration: Thank you Mike. With us today we have the following Finance Committee Members:

Finance Committee Members

Gerard Romski, Esq., Finance Committee Chair, Board Member – Present
Alfonso L. Carney, Jr., Esq., Committee Member, Chair of the DASNY Board – Present
Tracy Raleigh, Committee Member, Designated Representative of the Commissioner of Health, Board Member (*ex officio*) – Present

We also have the following Members of the DASNY Board in attendance for today's Finance Committee meeting:

John B. Johnson, Vice-Chair of the Board
Joan Sullivan, Board Member
Patrick Ryan, Board Member (Designated Representative of the Director of the Budget – *ex officio*)

Alfonso L. Carney, Jr., Esq. – Board Chair: Thank you, Kimberly.

Mr. Romski: Good afternoon and welcome to the DASNY Finance Committee Meeting for the month of September 2020. Our first step on the Agenda is the adoption of the transcript from the July Meeting of the Finance Committee. Can I please get a motion to approve the Meeting transcript?

Tracy Raleigh, Committee Member: So moved.

Mr. Romski: Thank you, Tracy. Al, can I get a second?

Mr. Carney: Second.

Mr. Romski: All in favor, Aye.

Members: Aye.

Mr. Romski: Any opposed? [Pause] I have not heard any opposed, so that motion carries. We will be reviewing two resolutions today. First up, Matt is going to present the PIT/Sales Tax Revenue Bond Program offering. Take it away, Matt.

Matthew T. Bergin – Director, Public Finance: Thank you and good afternoon everyone. The Finance Committee is being asked to recommend to the full Board an authorization for the issuance of multiple series of tax-exempt and/or taxable, fixed and/or variable rate bonds issued at one or more times with a term of 30 years in an amount not to exceed $3.0 billion under either the Sales Tax Revenue Bond Program and/or the Personal Income Tax Revenue Bond Program -- although at this time, the current plan is to issue under the Personal Income Tax Revenue Bond Program.

The Bonds are being issued for new money and refunding purposes and the new money portion includes projects that have been vetted by the Division of the Budget ("DOB") with a priority on health and safety, and will be for the following authorized purposes: capital projects for City University of New York ("CUNY"); capital projects for the Office of Mental Health ("OMH"), the Office for People with Developmental Disabilities ("OPWDD") and the Office of Addiction Services and Supports ("OASAS").

In addition, bonds will be issued for transportation initiatives for the New York Works Transportation Infrastructure Projects Program; Dedicated Highway and Bridge Trust Fund projects; capital projects for State University of New York ("SUNY") educational facilities; capital projects for the Upstate Community Colleges; projects for Metropolitan Transportation Authority ("MTA") transportation facilities; funding for various environmental initiatives; funding for State and Municipal ("SAM") Facilities Grants; funding for various Economic Development projects and/or grants; funding for Health Care Grants; and funding for both Education Programs as well as Library Facilities.

At this time, Mr. Chair, I just want to reflect on projects for SUNY, CUNY, what we call the "O" Agencies (which includes OPWDD, OMH and OASAS), MTA, and the transportation initiatives for the New York Works infrastructure projects as well as the Dedicated Highway and Bridge Trust Fund. Together, these six buckets comprise over 80% of the new money project list. And when you look at the projects, especially for CUNY, SUNY and the "O" Agencies, these are made up of various upgrades and building repairs including masonry, windows, doors, interior and exterior upgrades, asbestos abatement, roofs, as well as a lot of focus on mechanical, electrical, plumbing, air handling units, various upgrades to fire suppression systems, sprinklers, fire alarms, HVAC, boilers and telecommunication systems.

On the MTA side, this is part of a larger preapproved plan. The State does have appropriations in place for the MTA's expenditures. In addition, on the transportation initiatives for New York Works infrastructure projects as well as the Dedicated Highway and Bridge Trust Fund, these are certainly important projects for roads, highways and bridges. I just want to stress the importance of these projects which have been fully vetted by DOB with a priority on health and safety. In addition to those new money projects, this authorization also looks to cover the refunding of certain bonds issued under various State-supported debt programs of approximately $170 million. The refunding component is relatively small compared to the new money side of things.

With respect to security provisions, under the Personal Income Tax Revenue Bond Program the bonds will be paid by the semi-annual payments made pursuant to the Financing Agreement between the DASNY and the State. The bonds are secured by a set aside of 50% of personal income tax revenues collected pursuant to statue, and 50% of the receipts of the employer compensation expense tax, with both taxes deposited in the Revenue Bond Tax Fund. The current debt service coverage on all outstanding State Personal Income Tax bonds is 6.8 times, and the proposed bonds are expected to be rated Aa1/AA+/Aa+. Mr. Chairman.

Mr. Romski: Thank you very much Matt. Any questions or concerns? I think, Matt, that it's fairly common knowledge about the budget issues that the State is facing. Maybe you can just take us through that?

Mr. Bergin: There have been, obviously, recent reports of the decrease in revenues, this has been noted in both reports that that the Division of Budget has put out as well as the Comptroller's

Office. Revenues are down, but once again, these projects are certainly important to the State. The State has vetted these again with a priority on health and safety.

Mr. Carney: You probably put this on the record already, and I had a chance to talk to you briefly and with Portia. I understand that it is Staff's view that the while the not-to-exceed number is $3 billion, we probably don't expect to get far beyond $2.6 billion. Is that still the case? It's been a week since I talked about it with anybody.

Mr. Bergin: Yes. Based on current information in the Staff Report, we have estimated the new money sizing at $2.765 billion. That is on the high side. Recent reports indicate the size of the new money will be closer to $2.4 billion, and then adding in the refunding and costs of issuance would get to approximately $2.6 billion.

Mr. Carney: And the Sandra question, I'm sure it's in the in the summary somewhere, but she would ask for confirmation that the maturity of the refunding bonds will not exceed the final maturity of the bonds that are being refunded -- and then that little phrase at the end – considered in the aggregate.

Mr. Bergin: Right. It says the refunding bonds will not exceed the fiscal year of the final maturity of the bonds being refunded, considered in the aggregate.

Mr. Carney: It's that "considered in the aggregate" - Matt you've explained it to me before I just can't seem to hold on to it.

Mr. Bergin: It's a way of being able to take savings, and use the 30 years from when the bonds were initially issued, to the extent possible allowed under tax law. What happens with the savings analysis, basically the savings are taken in the first couple of years. And there are slight dissavings in the later years. But it is a way of especially taking prior payments that were made, January, February, or even before and now the new debt service payments will be March 15. So it's just a way that the State works with their advisors to maximize the savings from the State's perspective.

Portia Lee – Managing Director, Public Finance and Portfolio Monitoring: So Al, just take into consideration that, to the extent that there are more than one series of bonds being refunded, the "considered in the aggregate" speaks to that -- in terms of being able to go to the final maturity of the bonds being refunded, considered in the aggregate.

Mr. Carney: I see, Portia. Thank you, you have probably told me that 15 or 16 times, and I need to hear it. You have also talked about the absolute necessity of these services. We're balancing equities here. We're looking at budget gaps and State budget issues, but we're also looking at the absolute necessity of the services that would be offered to thousands and thousands and thousands of people in the State of New York.

There are 13 projects and the one refunding. These are essential services. And we have certainly provided funding for most of these projects from these agencies. I just want to make sure the record reflects that Staff's view is, as it has always been -- and appropriately so -- that these are essential services, and this debt, whatever it turns out to be, Matt - $2.4 – 2.6 billion with the refunding -- that these are essential, and that Staff strongly recommends.

Mr. Bergin: Yes, Al. What I was speaking to is that the projects have been vetted by the Division of Budget. The priority is on health and safety. These are viewed as very important projects, especially the projects for CUNY, SUNY and what we call the "O" Agencies: OPWDD, OASAS and OMH. These include things like fire suppression systems, fire alarms, HVACs, boilers, air handling units, asbestos abatement, as well as just keeping these buildings up to the condition needed to serve the populations that they serve.

Mr. Carney: Thank you very much, Matt. My final comment, Joan picked this up, and so did I. And I've talked to Mike Cusack about it. I'll walk through that quickly. In the Bond Counsel Letter -- which is excellent, it's a terrific piece of work -- the first paragraph could be misread to suggest that there's a $6 billion opportunity out there. I think you'd have to read it in a void to reach that conclusion, but I think it's possible to reach that conclusion.

The second page of the Bond Counsel Letter, however, makes it absolutely clear in my view -- and I hope in Mike's view -- that this is a $3 billion dollar in the aggregate proposed financing. And Mike, you and I have talked about it, and I won't speak for you, but I'm comfortable that we don't have to have Bond Counsel revise the letter in order to go forward with the letter as it is written.

Mr. Cusack: That's correct Al. I'm very comfortable with the letter in its current form. I think it's very clear that there's a limitation overall of $3 billion on this authorization. Thank you.

Mr. Carney: So, Mr. Chairman, I'm sorry, I don't know that I had any questions in there, but I certainly had a few comments. Thank you for letting me talk. I don't have any further questions.

Mr. Romski: And Tracy, anything?

Ms. Raleigh: I would just comment that I think I heard that while the flexibility is there for both Personal Income Tax and Sales Tax, the intent is for Personal Income Tax?

Mr. Bergin: That's correct.

Ms. Raleigh: And the debt service coverage on that, if I heard correctly, was 6.8?

Mr. Bergin: Yes, 6.8.

Mr. Carney: 6.8.

Ms. Raleigh: And that's based on current projections?

Mr. Bergin: No, that's the snapshot as of 3/31/2020, that's the last time they officially calculated that.

John B. Johnson – Vice Chair of the Board: Following up on that, has anybody done an informal calculation as to what the snapshot would show if the Personal Income Tax revenues are falling at the level that they appear to be according to the Comptroller?

Mr. Bergin: The projection for 3/31/21 is a coverage ratio of 5.5, and that is included in the first quarterly update that's provided by the Division of the Budget.

Ms. Lee: And John, one thing that I would note is that, the Comptroller's number that he was citing in terms of reductions in PIT revenues is aligned with what was in the Division of Budget's first quarterly update. So we're tracking the same numbers in terms of reductions in PIT revenues, and Matt just spoke to the projected coverage. So the credit is very robust.

Mr. Carney: Thank you Portia.

Ms. Lee: You're welcome.

Mr. Romski: Portia, when do you think these bonds will go to market?

Ms. Lee: Early October.

Mr. Romski: Thank you. I don't know who else is on the line, but feel free to join in and ask any questions or comments or concerns that you might have. Are any other Board Members on the line?

Reuben McDaniel – President: Gerry, there are the other Board Members on the line. To make it easier for you - Joan Sullivan, do you have any questions?

Joan Sullivan – Board Member: I don't. That was a very thorough explanation. Thank you very much.

Mr. McDaniel: And John Johnson. I think that's it for Board Members.

Mr. Romski: Okay. Thank you very much. Okay, any other questions, concerns? If not, I'm going to ask for a motion to recommend approval at tomorrow's full Board Meeting. May I have a motion to recommend approval?

Mr. Carney: It's Al, I'll recommend approval.

Ms. Raleigh: Seconded.

Mr. Romski: So all in favor, Aye.

Mr. Carney: Aye.

Ms. Raleigh: Aye.

Mr. Romski: Any opposed? [Pause] Hearing none, that motion carries. Thank you very much to all for a thorough presentation.

That leads us on to the next matter, which is Greenburgh Eleven Union Free School District, and Gerard is going to present that one. Please proceed, Gerard.

Gerard Klauser – Senior Financial Analyst: Good afternoon everyone. The staff report provided to the Members for the Resolution to Proceed presents a 20 year bond issue in an amount not to exceed $8,685,000 on behalf of the Greenburgh Eleven Union Free School District.

The District is located in Dobbs Ferry, NY. The District resides on the grounds of the Children's Village, a renowned residential treatment center, and services approximately 140 emotionally disabled students. The District was established in 1928.

The proposed bond issue will be a fixed and/or variable rate, tax-exempt and/or taxable, Series 2020 bonds, with a term not to exceed 20 years, and is expected to be sold through a private placement to Nuveen Investments and Victory Capital Management, both of whom are QIBs.

The bonds will not be rated and the Institution does not have an underlying rating. The security package includes: a standby intercept of State operating aid; an assignment of Part 1 Tuition and Building Aid; and a leasehold interest and other real property interests required by the purchasers.

The project consists of repairs and replacement, construction -- which includes wall systems, windows and roof replacement -- a new fire alarm system, renovation of existing space, drainage repair, HVAC, plumbing repairs and building security renovations.

This will be the eight issuance for the Special Act School Districts. Seven series of bonds have been issued under this program, and three series of bonds remain outstanding. Greenburgh Eleven was a participant in the 1998 issuance, and these bonds have been fully redeemed and retired. Greenburg Eleven currently has no bonds outstanding with DASNY.

The State Education Department and the Division of Budget have approved a financing in an amount not to exceed $8,685,000. Accordingly, Staff recommends the Board adopt a Resolution to Proceed with a 20-year bond issue in an amount not to exceed $8,685,000 on behalf of The Greenburgh Eleven Union Free School District. Mr. Chairman?

Mr. Romski: Thank you very much Gerard. Any questions or concerns from anyone?

Mr. Carney: None here sir.

Ms. Raleigh: I just had a question. I just wondered, out of curiosity --it doesn't affect the credit -- just how often are these done as private placements?

Mr. Klauser: Our last transaction was done as a private placement. It was in 2016 – four years ago. So our initial issuance was 1990, and it seems like every few years they've happened, but 2016 was the most recent transaction.

Ms. Raleigh: Great, thank you.

Mr. Romski: Thank you. Anybody else?

Mr. Carney: No, sir. I'm fine, thank you.

Mr. Romski: Okay, thank you. Can I please get a motion to recommend approval at tomorrow's full Board Meeting?

Ms. Raleigh: So Moved.

Mr. Carney: Seconded.

Mr. Romski: Thank you Tracy, and thank you Al for a second. Thank you. All in favor state Aye.

Members: Aye.

Mr. Romski: Any opposed? [Pause] Hearing none opposed, that motion carries. Thank you very much.

Unless I'm missing something, I think that concludes today's Finance Committee meeting. May I have a motion to adjourn?

Mr. Carney: So moved.

Ms. Raleigh: Seconded.

Mr. Romski: Thank you very much. All in favor state Aye.

Members: Aye.

Mr. Romski: Any opposed? [Pause] Hearing none, the motion carries.

The Finance Committee Meeting adjourned at 4:37 p.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary