

The Dormitory Authority of the State of New York Finance Committee Meeting was held at DASNY's Albany Office, 515 Broadway, Albany, New York at 4:30 p.m. on Tuesday, October 10, 2017.

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

Finance Committee Members Present

Gerard Ronski, Esq., Finance Committee Chair
Alfonso L. Carney, Jr., Board Chair, Committee Member
John Valitutto, Designated Representative of the Commissioner of Health, Member (ex officio), Committee Member

Other Board Members Present

Jonathan H. Gardner, Esq.

Dormitory Authority Staff Present

Gerrard P. Bushell, President
Michael T. Corrigan, Vice President
Michael E. Cusack, Esq., General Counsel
Kimberly J. Nadeau, Chief Financial Officer
Portia Lee, Managing Director of Public Finance and Portfolio Monitoring
Debra Pulenskey Drescher, Esq., Managing General Counsel
Larry N. Volk, Senior Director, Portfolio Monitoring
Dena T. Amodio, Esq., Associate Counsel
Gerard E. Klauser, Senior Financial Analyst

PUBLIC SESSION

Finance Committee Chair Ronski called the Finance Committee Meeting to order. The Minutes of the September 13, 2017 Finance Committee Meeting were reviewed and approved.

Board Chair Carney moved that the Committee Members go into Executive Session to discuss the financial and credit history of a particular corporation. Mr. Valitutto seconded the motion and the Committee Members went into Executive Session.

EXECUTIVE SESSION

During Executive Session, no action was taken other than a motion to return to Public Session.

PUBLIC SESSION

Bronx Lebanon Hospital

Mr. Klauser presented the Credit Summary and Staff Report recommending the issuance on behalf of Bronx-Lebanon Hospital Center of 15-year fixed and/or variable rate, tax-exempt and/or taxable bonds in an amount not to exceed \$36,000,000 to be sold through a private placement to TD Bank, N.A. He stated that Bronx-Lebanon Hospital Center serves the economically disadvantaged and medically needy residents of the South and Central Bronx.

Mr. Klauser stated that the proposed bonds are expected to advance refund the fixed rate, TD Bank letter-of-credit-backed Bronx-Lebanon Hospital Center Revenue Bonds, Series 2009, of which there are \$31,305,000 of bonds outstanding. Mr. Klauser explained that the proposed 15-year amortization would shorten the debt by over two years, while yielding net present value savings of \$8.1 million with 25.8% savings on the refunded bonds. Mr. Klauser stated that Series 2009 Bonds were issued to finance the construction of the Ambulatory Care Facility near the Concourse Division which has contributed to the financial health of the Hospital.

Mr. Klauser reported that it is expected that the bonds will be privately placed with TD Bank, which will hold the bonds for ten years, at which point the bonds will be subject to mandatory tender. Mr. Klauser explained that the Hospital will have the right to request that TD Bank extend the hold period. He informed the Committee Members that, subject to the agreement with TD Bank, the proposed bonds are expected to be secured by a pledge of gross receipts and mortgages on certain real property.

Mr. Klauser stated that the Hospital experienced an operating gain of \$9.2 million in 2016, for a 1.29% operating margin. Mr. Klauser reported that the Hospital has 71 days cash on hand, which is far above the regional median and nearly meets the DASNY median. He noted that, with respect to utilization, occupancy has been consistent and is in excess of regional and DASNY medians, while the average length of stay is favorably below the regional and DASNY medians. Finally, Mr. Klauser noted that after the refunding, the bonds will be held privately by TD Bank, rather than be held publicly, which is currently the case.

The Board Chair asked about the Hospital's days cash on hand, and Mr. Klauser confirmed that the Hospital has 71 days cash on hand. The Finance Committee Chair noted that the Department of Health had issued its support for the transaction. He stated that the Committee took note of the fact that certain individuals unrelated to the Hospital were indicted on a number of federal charges this past summer, one of which reportedly involved construction of the Ambulatory Care Facility. He noted that these charges appear to be unrelated to the operation of the Hospital.

The Finance Committee Members decided unanimously to recommend the financing to DASNY's full Board for approval.

The Finance Committee meeting adjourned at approximately 4:57 p.m.

Respectfully submitted,

Debra Pulenskey Drescher
Assistant Secretary to the
Board of the Dormitory Authority