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 4:00 p.m. on Tuesday, April 11, 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 were as follows:

Finance Committee Members Present

Gerard Romski, Esq., Finance Committee Chair
Alfonso L. Carney, Jr., Board Chair, Committee Member
Russell Biggs, 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
Debbie Paden, Esq., Managing General Counsel
Andrew T. Purcell, Assistant Director, Public Finance and Portfolio Monitoring
Matthew T. Bergin, Assistant Director, Public Finance and Portfolio Monitoring
David P. Ostrander, Senior Financial Analyst
Joshua Isaacson, Senior System Specialist

PUBLIC SESSION

Finance Committee Chair Romski called the Finance Committee Meeting to order. The Minutes of the March 7, 2017 Finance Committee Meeting were reviewed and approved.

New York University

Mr. Ostrander presented the Single Approval Credit Summary and Staff Report to the Committee Members recommending the issuance of one or more series of tax-exempt and/or taxable, fixed and/or variable rate bonds in an amount not to exceed $805,000,000 for terms not to exceed to 40 years on behalf of New York University (the “University” or “NYU”).

Mr. Ostrander stated that the Bonds are expected to be used to refund all or a portion of the New York City Industrial Development Agency, Series 2007 Bonds issued on behalf of Polytechnic University ($92.8 million); to refund all or a portion of the DASNY Series 2009A and Series 2009B Bonds ($496.5 million); and to refinance a portion of amounts drawn on the University’s lines of credit for various capital projects located throughout the University system ($195.0 million).

Mr. Ostrander noted that Moody’s Investors Service has assigned a rating of “Aa3” to the outstanding obligations of the University with a “Positive Outlook” and Standard & Poor’s has rated the University’s obligations “AA-” with a “Stable Outlook”. He further noted that, accordingly, the University qualifies for an unsecured borrowing under DASNY’s Financing Guidelines for Independent Institutions.

Mr. Ostrander indicated that the University has experienced strong demand and stable enrollment in recent years and noted that for the Fall of 2016, the University received 60,724 applications for first-time full-time freshman, marking the ninth year in a row of record applications. He stated that University management reports total applications exceeded that number for Fall 2017. Mr. Ostrander noted that the University has remained selective with an acceptance ratio averaging 33% over five years and that the total headcount enrollment increased to 50,550 in Fall 2016. He further noted that the University has a large global presence, with degree-granting campuses in Abu Dhabi and Shanghai, as well as various other global academic sites. Mr. Ostrander reported that international students comprise approximately 20% of total enrollment. He stated that for Fiscal Year Ended 2016, NYU generated over $5.3 billion in operating revenue. He further stated that the overall revenue mix is diverse, with only 31% of total operating revenue coming from net tuition and fees.

Mr. Ostrander stated that the University reports total net assets in excess of $5 billion, unrestricted net assets of over $2.0 billion and expendable resources (net assets adjusted for investment in plant) of $1.5 billion as of Fiscal Year Ended 2016. He stated that the University’s balance sheet reflects moderate liquidity, mainly due to the accumulation of debt obligations and the upward climb of operating expenses associated with the University’s expansive capital plans. He further stated that this financing will not add any additional debt to the balance sheet and, assuming current market conditions, a total net present value savings in the range of $45.6 million, or 9.23% of the refunded bonds, is expected.

In response to an inquiry from Board Chair Carney as to whether variable rate debt would be issued, Mr. Ostrander stated that it is currently anticipated that only fixed rate debt will be issued. Finance Committee Chair Romski noted that, while the transaction is sizable, much of the transaction is refunding, so he is comfortable proceeding.

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

State Sales Tax Revenue Bonds / Personal Income Tax Revenue Bonds

Mr. Purcell presented the Single Approval Credit Summary and Staff Report to the Committee Members recommending the approval and authorization of two alternate structures: one under the Sales Tax Revenue Bond Program and the other under the Personal Income Tax Revenue Bond Program ("PIT"). He further stated that the mechanics of the two programs are very similar. Mr. Purcell noted that the major difference is the stream of revenues that secures the bonds, which is either sales tax revenue or personal income tax revenue. He noted that the Finance Committee Members are being asked to authorize the issuance of multiple series of tax-exempt and taxable, fixed and/or variable rate bonds issued at one or more times in an amount not to exceed $2 billion for terms of 30-years to be sold on either a competitive or negotiated basis or a combination of both and to be issued under the PIT and/or Sales Tax Program.

Mr. Purcell stated that this transaction qualifies as a Single Approval because it is a new money transaction for one of the DASNY's public programs which is already in DASNY's portfolio, and for which bonds are to be issued pursuant to a Supplemental Resolution under a previously adopted General Resolution.

Mr. Purcell noted that the bonds are being issued to fund a variety of capital projects under various programs including: State University of New York ("SUNY") Educational Facilities ($990 million); CUNY facilities for both senior college and community colleges ($275 million); Upstate Community Colleges ($40 million); various environmental projects which may be administered by the Department of Environmental Conservation, the New York State Department of Agriculture and Markets, the Department of State, the Department of Health and the Office of Parks, Recreation and Historic Preservation ($330 million); and various grant programs, including State and Municipal Facilities Grants and other economic development grants ($254 million).

Mr. Purcell stated that the payment and security provisions for the bonds under the Sales Tax Revenue Bond Program are as follows: the bonds will be paid from the semi-annual payments made pursuant to a Financing Agreement between DASNY and the State; the bonds are secured by a set aside of one cent, or approximately 25% of the State's four percent sales tax to be collected pursuant to statue and deposited in the Sales Tax Revenue Bond Fund; current debt service coverage for all Sales Tax debt across all issuers is 5.0 times.

Mr. Purcell noted that if the bonds are issued under the Personal Income Tax Revenue Bond Program, the payment and security provisions would be as follows: the bonds will be paid from the semi-annual payments made pursuant to the Financing Agreement between DASNY and the State; the bonds are also secured by a set aside of 25% of personal income tax revenues collected pursuant to statute and deposited in the Revenue Bond Tax Fund; and current debt service coverage for all outstanding PIT debt across all issuers is 3.5 times.

Mr. Purcell further noted that bonds issued under both Programs are expected to be rated Aa1/AAA/AA+.

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

Mr. Gardner arrived at the Committee Meeting.

InterAgency Council of Developmental Disabilities Agencies, Inc. ("IAC")

Mr. Bergin presented the Credit Summary and Staff Report to the Committee Members recommending the issuance of tax-exempt and/or taxable, fixed and/or variable rate bonds in an amount not to exceed $27,000,000 for a term not to exceed 26 years to be sold through a negotiated sale and/or a private placement for members of the InterAgency Council of Developmental Disabilities Agencies, Inc. ("IAC"). He stated that this is a pooled financing for seven members of IAC. Mr. Bergin further stated that the proceeds of the bonds are expected to be used to refinance existing bank loans and reimburse certain of the participating institutions for their cash expenditures. He noted that these refinancings and cash expenditures were used to renovate or acquire certain properties that are used to provide services for the developmentally disabled.

Mr. Bergin noted that the security features are expected to include: a pledge of all Office for People with Developmental Disabilities ("OPWDD"), Office of Alcohol and Substance Abuse Services ("OASAS") and the Office of Mental Health ("OMH") revenues attributable to each financed project; a standby intercept of these OPWDD, OASAS and OMH revenues attributable to each financed project; a debt service reserve fund; and mortgages on certain real property acceptable to DASNY, where available.

He further stated that Prior Property Approvals ("PPAs") have been received for ten of the twelve projects. He stated that one of the projects is partially PPA funded and one project is non-PPA funded. Mr. Bergin noted that the sources that fund debt service for the non-PPA components is under review. Mr. Bergin explained that prior to initiating the development of a project to serve individuals with developmental disabilities, a not-for-profit provider is required, by regulation, to complete a Certificate of Need ("CON"). He stated that the CON is reviewed by OPWDD for compliance and need, and that ultimately these projects are supported through contract and reimbursement arrangements with OPWDD. Mr. Bergin noted that the State commits to support the development and operation of the project if it is completed in conformance with the PPA, subject to annual appropriation of sufficient moneys by the State Legislature. He further noted that, currently, there are no projects with PPAs that are pending approval.

Mr. Bergin reported that this transaction will be the eleventh financing for IAC and that it will be similar to prior IAC transactions with each borrower having its own individual loan obligation.

In response to an inquiry from the Board Chair, Mr. Bergin stated that a debt service reserve fund in an amount representing one half of the maximum amount of annual debt service on the bonds would be established. Finance Committee Chair Romski asked whether there was anything in the recent State Budget that would affect funds flowing to the borrowers. Mr. Bergin responded that he had spoken with the Deputy Executive Director of IAC and confirmed that IAC did not expect any significant impact resulting from changes in the State Budget.

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

The Jewish Theological Seminary of America

Mr. Bergin presented the Credit Summary and Staff Report recommending the issuance of tax-exempt and/or taxable, fixed and/or variable rate, bonds in an amount not to exceed $51,000,000 for terms not to exceed 31 years to be sold through a private placement for The Jewish Theological Seminary of America. He stated that The Jewish Theological Seminary of America, located in Manhattan, is an accredited member of the Middle States Association of Colleges and Schools and is chartered by the Regents of the State of New York. He noted that it was founded in 1886 and grants undergraduate, graduate and professional degrees through its five schools. He stated that these include the Albert A. List College of Jewish Studies, the H.L. Miller Cantorial School and College of Jewish Music, the William Davidson Graduate School of Jewish Education, The Rabbinical School, and the Gershon Kekst Graduate School**.** Mr. Bergin further noted that the Seminary also offers joint degree programs affiliated with Columbia University and Barnard College. He reported that the Seminary is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code.

Mr. Bergin stated that the Seminary is undertaking a major modernization project for its campus, including the demolition of its old library, improvements and upgrades to existing buildings and the construction of a new 71,700 square foot building comprising a library and a student dormitory. He noted that the new building will include approximately 135 dormitory beds and two residence director apartments, as well study lounges, kitchens and dining areas. He further noted that, in addition, there will be an exterior courtyard, an auditorium and a large open public atrium. He stated that it will also house the Seminary's collection of rare manuscripts. Mr. Bergin explained that this new space is being designed in a way that will make the Seminary's unique collection of manuscripts more accessible, not just to scholars, but to the broader public.

Mr. Bergin stated that the proposed bond issue is anticipated to be a tax-exempt private placement with TD Bank, and as such, the bonds will not be rated. He stated that the Seminary does not have an underlying rating. He noted that the security for the bonds is expected to be a mortgage on certain real property and a pledge of gross receipts acceptable to the Bank. He reported that the operations of the Seminary have not changed. He stated that a large percentage of the Seminary's revenue is comprised of assets which are donor restricted and private gifts and grants. He further stated that this revenue is projected to continue, as the Seminary is beginning a $200 million capital campaign. Mr. Bergin noted that in 2016, the Seminary completed the sale of two dormitories, a portion of a real estate lot and unused air rights on its campus. He stated that the impact the of the sale of these properties is evident through the positive changes in the most recent financial ratios. Mr. Bergin noted that non-operating revenue typically accounts for a minimal amount of additional revenue, except for 2016 which is when the sale of the two properties occurred. Mr. Bergin stated that the gain on the sale of the properties accounted for most of the $100 million plus in non-operating revenue recorded for 2016, and that the gain on the sale of these properties of over $100 million is the intended source of the equity for the Project. He noted that, in connection with the sale, the Seminary leased back one of the dormitories under an operating lease. He further noted that the lease contains an optional renewal that may be exercised if the construction of the new dormitory building is not completed on time.

Finance Committee Chair Romski congratulated staff with respect to obtaining The Jewish Theological Seminary of America as a new DASNY client. The Board Chair commented that, while the Seminary does not seem to have sizable total operating revenue as compared to total expenses, the Seminary derives over 55% of its revenue from gifts and grants and shows an ability to raise an extraordinary sum of money.

Finance Committee Chair Romski noted that Mr. Bergin had referred in his presentation to the Seminary selling certain air rights. He asked whether the Seminary retained ownership of improvements on the land below those air rights, to which Mr. Bergin responded affirmatively.

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

United Health Services Hospitals, Inc. - TELP

Ms. Lee presented a Memorandum recommending a lease of equipment pursuant to DASNY's Tax Exempt Leasing Program I ("TELP I") in a total amount not to exceed $10,240,000 for United Health Services Hospitals, Inc. She reminded the Members that the current policy of the Public Authorities Control Board ("PACB") requires that TELP I leases which exceed $10 million in a calendar year be presented to both the DASNY Board and the PACB for approval. Ms. Lee stated that the lease proceeds will be used for IT, imaging, and other equipment.

In response to an inquiry from Finance Committee Chair Romski regarding review of the transaction by the Department of Health ("DOH"), Mr. Biggs stated that DOH has undertaken its CON review and made sure that all other required approvals are in place.

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

New York Society for the Relief of the Ruptured and Crippled, Maintaining the Hospital for Special Surgery - TELP

Ms. Lee presented a Memorandum recommending a lease of equipment pursuant to DASNY's Tax Exempt Leasing Program I ("TELP I") in a total amount not to exceed $15,000,000 for the New York Society for the Relief of the Ruptured and Crippled, Maintaining the Hospital for Special Surgery. She reminded the Members that the current policy of the Public Authorities Control Board ("PACB") requires that TELP I leases which exceed $10 million in a calendar year be presented to both the DASNY Board and the PACB for approval. Ms. Lee stated that the lease proceeds will be used for IT and operating room equipment.

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

The Finance Committee meeting adjourned at 4:26 p.m.

Respectfully submitted,

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