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, June 20, 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 Romski, Esq., Finance Committee Chair
Alfonso L. Carney, Jr., Board Chair, Committee Member
Charles Abel, Designated Representative of the Commissioner of Health, Member (ex officio), Committee Member

Other Board Members Present

Jonathan H. Gardner, Esq., Board Member

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
Caroline V. Griffin, Chief of Staff
Debra Pulenskey Drescher, Esq., Managing General Counsel
Debbie Paden, Esq., Managing General Counsel
Larry N. Volk, Senior Director, Portfolio Monitoring
Freeman M. Klopott, Director, Communications and Marketing
David P. Ostrander, Senior Financial Analyst
Stephen J. Kosier, Senior Financial Analyst

PUBLIC SESSION

Finance Committee Chair Romski called the Finance Committee Meeting to order. The Minutes of the May 9, 2017 Finance Committee Meeting were reviewed and approved.

Master BOCES Lease Refunding Revenue Bonds – Nassau County

Mr. Kosier presented the Single Approval Credit Summary and Staff Report recommending the issuance of a series of a tax-exempt, fixed rate bonds in an amount not to exceed $14,000,000 to advance refund all or a portion of the Series 2009 Bonds issued by DASNY on behalf of The Board of Cooperative Educational Services for the Sole Supervisory District of Nassau County ("Nassau County BOCES"). He stated that Nassau County BOCES also has outstanding Series 2011 Bonds issued by DASNY.

Mr. Kosier stated that the bonds are expected to be rated Aa2 by Moody's and that the bonds will be secured by annual rental payments to be made pursuant to a Lease Agreement between DASNY and Nassau County BOCES. He noted that there is a direct intercept, through the State Comptroller, of any State Aid due to Nassau County BOCES for rental payments on the DASNY Lease Agreement. He further noted that the security will include a pledge of public funds apportioned by the State due to Nassau County BOCES in an amount sufficient to pay such rental payments, subordinate to pledges granted in connection with other outstanding Nassau County BOCES DASNY bonds. Mr. Kosier stated that there will be a one-half year Debt Service Reserve Fund or Reserve Fund Facility and that bond insurance may be considered depending on its availability and economic efficiency.

Mr. Kosier noted that the refunding bonds will have a final maturity which will not exceed the final maturity of the bonds being refunded. He further noted that the refunding is expected to result in net present value savings of approximately $826,000 or 6.9% of the bonds being refunded.

In response to an inquiry from Board Chair Carney, Mr. Kosier stated that bond insurance was not expected to be utilized.

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

The Rockefeller University

Mr. Ostrander presented the Single Approval Credit Summary and Staff Report 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 $102,000,000 to be issued through a negotiated offering and/or private placement on behalf of The Rockefeller University ("Rockefeller") for a term not to exceed 35 years.

Mr. Ostrander stated that the Members were being asked to authorize the issuance of bonds to refund all or a portion of The Rockefeller University Revenue Bonds, Series 2009B with a par amount outstanding of $100,000,000. He noted that they are variable rate demand bonds, currently bearing interest in the weekly rate mode and that the interest rate is determined based on the results of a weekly remarketing of the bonds by a remarketing agent. Mr. Ostrander stated that the bonds have a liquidity facility provided by U.S. Bank N.A. in the form of a standby bond purchase agreement. Mr. Ostrander further stated that the 2009B Bonds were structured with a bullet maturity on July 1, 2040.

Mr. Ostrander stated that the Series 2017 Bonds, which will be issued to refund the Series 2009B Bonds, are expected to be sold through a private placement with TD Bank. He further stated that the bonds are expected to be issued as variable rate bonds with an interest rate reset monthly based on the tax-exempt equivalent of 30-day LIBOR plus a spread.

Mr. Ostrander noted that TD Bank has agreed to hold the bonds for a period of ten years from the date of closing, at which point there will be a mandatory tender if Rockefeller does not refinance or negotiate a renewal with the Bank. He stated that the final maturity is expected to be extended to match the useful life of the assets originally financed with the 2009B Bonds, up to a maximum of 35 years, and that it is expected that there will be no principal amortization during the hold period.

Mr. Ostrander stated that the proposed refunding will reduce Rockefeller's exposure to variable rate demand bonds. He noted that Rockefeller has a total of three series of variable rate demand bonds outstanding totaling $250 million, including the 2009B Bonds, and that this refunding would reduce that exposure by $100,000,000. Mr. Ostrander further noted that the rate on the 2017 Bonds will be based on an index instead of weekly remarketing, which better matches the existing swap. Mr. Ostrander noted that the liquidity facility would be terminated eliminating downgrade risk and the risk that Rockefeller could not obtain a suitable liquidity facility at an acceptable price.

Mr. Ostrander noted that over the last 40 years, Rockefeller has issued over $1.1 billion through DASNY to fund a variety of projects including, most recently, the 2015 financing for the "River Campus" which is currently under construction and will extend Rockefeller's campus over the FDR Drive. He stated that Rockefeller is rated Aa1 by Moody's and AA+ by S&P, and that the bonds sold in the private placement will not be rated.

Mr. Ostrander stated that Rockefeller's reputation in the field of biomedical research enables it to draw on diverse revenue sources, including government grants, philanthropy and investment income. He further stated that Rockefeller has a very large financial resource base, reflecting both strong philanthropic support and a history of sizeable investment returns. He stated that as of June 30, 2016, Rockefeller had total net assets of over $2.3 billion and Expendable Resources totaling over $1.9 billion. Mr. Ostrander noted that the Rockefeller's Viability Ratio indicated sufficient resources to cover outstanding debt 2.6 times at the end of FY 2016. He reported that Rockefeller's Primary Reserve Ratio, at 5.4:1 for FY 2016 was well in excess of the 0.8:1 DASNY median for 2015. He stated that due to additional borrowing in recent years, Rockefeller has become more highly leveraged. He noted that Rockefeller's Capital Expense (Debt Burden) Ratio, which measures annual debt service as a percentage of total expenses, was 9.8% for FY 2016 compared to the 2015 DASNY median of 4.5%. Mr. Ostrander noted that despite this level of debt, Rockefeller's debt coverage ratio over the last five years has averaged 1.7 times. He stated that no additional debt will be incurred through this transaction.

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

Maimonides Medical Center - 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 $25,000,000 for Maimonides Medical Center. She reminded the Members that the current policy of the Public Authorities Control Board ("PACB") requires that TELP I leases which exceed $10 million be presented to both the DASNY Board and the PACB for approval. Ms. Lee stated that the lease proceeds will be used for various types of equipment including diagnostic equipment, IT infrastructure networking and other equipment.

Finance Committee Chair Romski verified with Mr. Abel that the Department of Health ("DOH") had approved the transaction. Mr. Abel responded that DOH had given its approval.

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

State University of New York University Hospital at Syracuse - 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 $23,200,000 for the State University of New York University Hospital at Syracuse. She reminded the Members that the current policy of the Public Authorities Control Board ("PACB") requires that TELP I leases which exceed $10 million be presented to both the DASNY Board and the PACB for approval. Ms. Lee stated that the lease proceeds will be used for various types of equipment including IT, nursing, radiology equipment and other equipment.

In response to an inquiry from Finance Committee Chair Romski, Mr. Abel stated that DOH recommends approval of the transaction.

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

The Finance Committee meeting adjourned at 4:44 p.m.

Respectfully submitted,

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