

Mr. Kosier noted that under the Public Authorities Law, DASNY is authorized to issue bonds on behalf of Cerebral Palsy Associations of New York State and its 24 affiliates (collectively, "UCP"). He further noted that the enabling statute also provides DASNY with the authority to intercept funds from any State or local agency or social service district. Mr. Kosier stated that, to date, DASNY has issued bonds for 12 UCP affiliates in eight separate bond issues. Mr. Kosier informed the Finance Committee Members that United Cerebral Palsy Association of Putnam and Southern Dutchess Counties, Inc. will be the only UCP affiliate to participate in the proposed financing. Mr. Kosier stated that the borrower operates under the name, "Hudson Valley Cerebral Palsy Association," ("HVCPA") and participated in the 2002 and 2014 DASNY bond issues for UCP. He further reported that HVCPA currently has approximately \$800,000 of DASNY Series 2014 Bonds outstanding.

Mr. Kosier reported that HVCPA is headquartered at 15 Mt. Ebo Road South in Brewster and that this site serves as the primary location for its day programs and clinic space. He noted that approximately \$8.4 million of bond proceeds from the proposed issuance is expected to be used to refund the HVCPA's Series 2005 Putnam County Industrial Development Agency variable rate bonds which were issued for the site acquisition and construction of the Mt. Ebo Road South facility in Brewster. He further noted that this project is partially funded with a Prior Property Approval ("PPA") from the Office for People with Developmental Disabilities ("OPWDD"). Mr. Kosier stated that the HVCPA receives additional funds from OPWDD to pay for administrative and replacement reserve costs, as well as fees for services from the Department of Health ("DOH") and the State Education Department ("SED"), all of which are available to pay debt service. He noted that under the UCP statute, non-PPA revenues are also subject to intercept and are included in the pledged revenues. Mr. Kosier stated that HVCPA anticipates a final maturity for the refunding bonds to be beyond the final maturity of the refunded bonds, but within the limit imposed by tax law. He noted that if the PPA is not amended, the amortization of the bonds associated with this project may not be coterminous with the reimbursement provided for by the PPA.

Mr. Kosier noted that other expected uses of bond proceeds include approximately \$1.1 million to refinance two taxable mortgage loans. He explained that one of the mortgage loans was used for a residential facility in Carmel and the other for an Intermediate Care Facility in Garrison. He noted that, in addition, approximately \$330,000 is expected to refinance a line of credit used at the HVCPA's residential facility in Wappinger Falls.

Mr. Kosier stated that there is a relatively small amount of bond proceeds expected to be used for new money projects. He stated that approximately \$350,000 is expected to fund certain capital improvements spread across approximately eight residential facilities and two Intermediate Care Facilities. He noted that the proposed bond issue is similar to the DASNY issuance earlier this year for Cerebral Palsy Associations of New York State in that it is expected to be a fixed rate, private placement with one or more Oppenheimer Funds, a Qualified Institutional Buyer. Mr. Kosier reported that security, as required by Oppenheimer, is expected to include a revenue pledge, the intercept of certain funds payable to the HVCPA by State and local entities, a mortgage on certain real properties, and a debt service reserve fund. He further

stated that certain financial covenants would be contained in the Loan Agreement between DASNY and HVCPA.

Board Chair Carney inquired as to whether the proposed bond issuance included a Debt Service Reserve Fund, to which Mr. Kosier responded that a one-year Debt Service Reserve Fund would be established.

Finance Committee Chair Ronski inquired as to the identity of the properties to be mortgaged. Mr. Kosier responded that there would be a mortgage on the main facility at Mt. Ebo Road South and at the residential facility in Carmel and the Intermediate Care Facility in Garrison.

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

The Finance Committee meeting adjourned at 9:07 a.m.

Respectfully submitted,

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