

The Dormitory Authority of the State of New York met in its Annual Meeting at DASNY's Albany Office, 515 Broadway, Albany, New York at 9:30 a.m. on Wednesday, April 11, 2018.

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

Members Present

Alfonso L. Carney, Jr., Chair, Member
John B. Johnson, Jr., Vice Chair, Member
Jonathan H. Gardner, Esq., Member
Gerard Ronski, Esq., Member
Paul S. Ellis, Esq., Member
Charles Abel, Designated Representative of the Commissioner of Health, Member (ex officio)
Adrian Swierczewski, Designated Representative of the Director of the Budget, Member (ex officio)
Elizabeth Berlin, Designated Representative of the Commissioner of Education, Member (ex officio)

Members Absent:

Sandra M. Shapard, Secretary, Member
Beryl L. Snyder, Esq., Member

Also Present - Dormitory Authority Staff:

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
Stephen D. Curro, Managing Director of Construction
Caroline V. Griffin, Chief of Staff
Debra Pulenskey Drescher, Esq., Managing General Counsel
Larry N. Volk, Senior Director, Portfolio Monitoring
Paul G. Koopman, Managing Senior Director, Construction
Louis R. Cirelli, Director, Procurement
Sara Richards, Esq., Associate Counsel
Kathy D. Ebert, Director, Internal Audit
Gayle M. Katzman, Director, Construction Administration
Nicola B. Zarelli, Deputy Chief Financial Officer
Daniel W. Petroff, Chief of Strategic and Business Development
Deborah K. Fasser, Director, Communications & Marketing
Dena Amodio, Esq., Associate Counsel
Robert S. Derico, Senior Environmental Manager

Karen Ehlinger, Internal Control Officer
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
Gerard E. Klauser, Senior Financial Analyst
Chad M. Pirro, Assistant Director, Grants Administration
David F. Perritano, Public Information Officer
John Savona, Architect
Joanna M. Yackel, Project Manager

Others Present

Russell Biggs	NYS Department of Health
Abigail Olsen, Esq.	Nixon Peabody, LLP
Vivian Drohan, Esq.	Drohan Lee, LLP
Laurie Hall, Esq.	Hawkins Delafield & Wood, LLP
Patrick McGlashan, Esq.	McGlashan Law Firm, P.C.

PUBLIC SESSION

The Chair called the Meeting to order. He noted that the Board had been fortunate to have George Westervelt from the Division of the Budget brief the Members at the last Board Meeting, and that Mr. Westervelt's presentation had been informative.

Election of Officers

The Chair directed the Members' attention to the proposed slate of officers for DASNY for the next twelve-month period.

Ms. Berlin moved the adoption of the following entitled Resolution:

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(DASNY) ELECTING OFFICERS OF THE AUTHORITY

Mr. Swierczewski seconded the motion and the Resolution was adopted unanimously.

The Minutes of the March 7, 2018 Regular Meeting were reviewed and approved.

Finance Committee Report

Finance Committee Chair Ronski reported that the Finance Committee met the prior day, and after discussion, decided unanimously to recommend the following transactions to the full Board for approval: New York University and School Districts Revenue Bond Financing Program.

Mr. Ronski moved that the Members go into Executive Session, Mr. Abel seconded the motion and the Meeting went into Executive Session.

EXECUTIVE SESSION

No action was taken in Executive Session other than that to return to Public Session.

PUBLIC SESSION

Columbia University

The President introduced Abbie Olsen, Esq. of Nixon Peabody, LLP and Vivian Drohan, Esq. of Drohan Lee, LLP, co-bond counsel on the transaction and Mr. Ostrander. Mr. Ostrander provided a brief update on the transaction. Ms. Drohan stated that before the Members for their consideration are two Series Resolutions each authorizing up to \$350 million of bonds to be issued pursuant to DASNY's Columbia University Revenue Bond Resolution, adopted in September 2000, and amended and restated in 2008. She stated that each Series Resolution authorizes bonds to be issued: (i) to finance new capital expenditures in connection with the design, construction and renovation of projects throughout the University system, including at the Manhattanville, Morningside Heights and medical campuses; (ii) to refund certain Columbia University Revenue Bonds, Series 2008A, previously issued by DASNY in order to finance the cost of the construction and renovation of various University facilities; and (iii) to pay costs of issuance of the 2018 Bonds. Ms. Drohan stated that in no event can the principal amount of both series of bonds authorized under the two Series Resolutions exceed \$350 million in the aggregate. She further stated that each Series Resolution delegates to various officers of DASNY certain terms of the 2018 Bonds including: (i) the principal amount thereof, subject to the \$350 million limitation; (ii) the final maturity date, which shall not be more than 35 years from the October 1 next succeeding the date of issuance; (iii) the interest rates to be borne by the 2018 Bonds, provided that that true interest cost does not exceed 7½% and (iv) the terms of redemption or purchase in lieu of redemption for the 2018 Bonds.

Ms. Drohan stated that no debt service reserve fund is expected to be established and no credit enhancement is expected to be procured for the 2018 Bonds, although the Series Resolutions do authorize credit enhancement if DASNY decides that market conditions dictate it. She noted that the Series Resolutions also authorize various officers to execute and deliver (i) a preliminary and final Official Statement; (ii) a Bond Purchase Agreement; and (iii) all other documents necessary and convenient for the sale and issuance of the 2018 Bonds and the refunding of the Series 2008A Bonds. Ms. Drohan stated that the 2008A Bonds to be refunded will be determined at the time of pricing and will satisfy the refunding criteria applied by the State and DASNY in determining eligible refunding candidates.

Ms. Olsen stated that the General Resolution permits the issuance from time to time of multiple series of bonds. She stated that all series of bonds issued under the General Resolution are special obligations of DASNY, payable solely out of the payments made by the University under a Loan Agreement and are secured by the funds and accounts established under the applicable series resolution.

Ms. Olsen stated that the University obligations under the Loan Agreement, which was executed by DASNY and the University in September 2000 in connection with the issuance of the first series of bonds under the General Resolution, and amended and restated in 2011, are general obligations of the University. She noted that the Loan Agreement requires the University to make payments in amounts and at times sufficient to make timely payment of the principal and sinking fund installments of and interest on all bonds outstanding under the General Resolution, including the Series 2018 Bonds. She further noted that the University's obligations under the Loan Agreement are not secured by any pledge of revenues or mortgages on or security interests in any property of the University.

Ms. Olsen stated that the Loan Agreement contains a covenant by the University to engage a management consultant, and abide by its recommendations, if the University's ratings fall below certain thresholds. She stated that the covenant permits DASNY to require the University to engage a management consultant if its Fitch or Standard & Poor's rating falls to "A+" or its Moody's rating falls to "A1" and that it also requires the University to engage a management consultant if its Fitch, Moody's or Standard & Poor's rating falls below these ratings. She stated that in lieu of engaging a management consultant or implementing its recommendations, the Loan Agreement permits the University to elect to provide security for its indebtedness under the Loan Agreement in form and substance satisfactory to DASNY, in its sole discretion.

Ms. Olsen stated that the 2018 Bonds are proposed to be sold in a negotiated sale to Goldman Sachs & Co. LLC pursuant to a Bond Purchase Agreement. She also stated that the Bond Purchase Agreement contains terms and conditions that are customary in connection with DASNY's bonds.

The President noted that he teaches a class at Columbia University and that he had recused himself from matters relating to this transaction.

Mr. Gardner moved the adoption of the following entitled Resolutions:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2018A RESOLUTION
AUTHORIZING THE ISSUANCE OF A SERIES OF COLUMBIA UNIVERSITY REVENUE
BONDS; and

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2018B RESOLUTION
AUTHORIZING THE ISSUANCE OF A SERIES OF COLUMBIA UNIVERSITY REVENUE
BONDS.

Mr. Ellis seconded the motion and the Resolutions were adopted unanimously.

New York University

The President introduced Lauri Hall, Esq. of Hawkins Delafield & Wood, LLP and Patrick McGlashan, Esq. of the McGlashan Law Firm, P.C., co-bond counsel on the transaction and Mr. Ostrander. 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 with a term not to exceed 40 years in an amount not to exceed \$790,000,000 on behalf of New York University. He stated that the proceeds of the bonds are expected to be used to finance numerous construction and renovation projects located throughout the New York University system totaling approximately \$393 million and to refinance a portion of amounts drawn on the University's lines of credit for various capital projects. He stated that some of the larger projects to be financed or refinanced include: construction of a mixed use building at 181 Mercer Street which will include a modern athletic facility, new classrooms, performing arts space, and student and faculty housing; construction and equipping of a new approximately 350,000 square foot building at 435 East 30th Street to house advanced medical research facilities for the School of Medicine; and improvements to facilities located at the University's Brooklyn campus including 370 Jay Street.

Mr. Ostrander reported that Moody's Investors Service has assigned a rating of "Aa2" to the outstanding obligations of the University with a "Stable Outlook". He stated that Standard & Poor's has rated the University's obligations "AA-" with a "Stable Outlook". He noted that the University qualifies for an unsecured borrowing under DASNY's Financing Guidelines for Independent Institutions.

Mr. Ostrander further reported that New York University is one of the largest private higher education institutions in the nation, measured by enrollment. He stated that for Fall 2017, the University received 64,007 applications for first-time full-time freshman, marking the tenth year in a row of record applications. He reported that the total headcount enrollment increased to 51,123 in Fall 2017. He stated that the University's overall revenue mix is diverse. He explained that for fiscal year 2017, only 30% of the University's total operating revenues came from net tuition and fees. He noted that the University reported total net assets in excess of \$5.69 billion for fiscal year 2017, which is a 26% increase over five years.

Ms. Hall stated that before the Members for their consideration are four Series Resolutions, each of which authorizes a separate series of bonds under the DASNY New York University Revenue Bond Resolution adopted in 2008. She stated that the proceeds of the bonds authorized will be loaned to the University pursuant to a Loan Agreement executed by DASNY and the University in 2008. She further stated that all four Series Resolutions are identical to one another except for the series designations. She stated that each authorizes the issuance of a series of bonds up to a maximum principal amount of \$790 million. Ms. Hall further stated that the combined principal amount of all bonds that may be issued pursuant to the four Series Resolutions is also limited to \$790 million, such that the issuance of bonds under one of the Series Resolutions effectively reduces the remaining principal amount authorized to be issued under the others. Ms. Hall explained that the reason for the adoption of four Series Resolutions is to provide the University with maximum flexibility. She stated that it will allow DASNY to issue the bonds at

one or more times, both taxable and tax-exempt, and that a portion of the bonds may be issued through a direct purchase private placement. She further stated that if a direct purchase structure is selected, it would be in accordance with the DASNY's guidelines for direct purchases/private placements.

Ms. Hall stated that the purposes for which the bonds will be issued are to either finance or repay lines of credit used to pay the costs of various construction, renovation and improvement projects throughout the University's campuses in New York City. She stated that the four primary projects include: a new mixed-use building at 181 Mercer Street; a new science building for the School of Medicine, portions of which were financed with prior DASNY bond issues; improvements to the University's co-generation facility which serves the Washington Square Campus, also financed in part with proceeds from prior DASNY bond issues; and upgrades to laboratories at the Tandon School of Engineering, which was also financed, in part, by the DASNY Bonds issued in 2017. Ms. Hall explained that the taxable bonds are being issued to finance certain projects including satellite medical clinics for use by NYU physicians. She stated that each Series Resolution authorizes an Authorized Officer of DASNY to modify the components of the Project for which a Series of Bonds are issued and reallocate proceeds of a Series of Bonds to costs of the various components of the Project.

Ms. Hall explained that this is the ninth time the Board has been asked to authorize the issuance of bonds under the 2008 Resolution. She stated that these bonds, like all other bonds previously issued under the General Resolution, will be special obligations of DASNY, payable solely from payments made by the University pursuant to the Loan Agreement and from amounts in the funds and accounts held by the Trustee under the General Resolution. Ms. Hall noted that all of the bonds issued pursuant to the Series Resolutions will be on a parity with each other and all other bonds issued under the General Resolution. She further stated that the University's obligation to make payments under the Loan Agreement is a general obligation of the University and the bonds are not secured by any mortgage, pledge of any University revenues or a debt service reserve fund. She stated that the bonds issued prior to the adoption of the 2008 Resolution are secured by a pledge of tuition and fee revenues.

Mr. McGlashan stated that, as described earlier, the Series 2018 Resolutions are identical in all respects, other than with respect to series designations. He stated that each Series 2018 Resolution delegates to various officers of DASNY the power to make certain determinations for each Series, and that the aggregate principal may not exceed \$790,000,000. He noted that if the bonds are sold to a purchaser in a direct placement, the minimum authorized denomination shall be no less than \$100,000 and integral multiples of \$5,000 above that amount.

Mr. McGlashan stated that each Series 2018 Resolution further authorizes various officers to prepare and deliver a preliminary official statement, to prepare, execute and deliver a final Official Statement in connection with any public offering of the bonds and to execute a Bond Purchase Agreement with the respective underwriters of the bonds. He noted that in a direct private placement of the bonds, each Series 2018 Resolution also authorizes the execution of a Bond Purchase Agreement or Bond Placement Agreement with any such purchaser and, if applicable, the placement agent. He stated that each Series 2018 Resolution authorizes various

officers of DASNY to execute all other documents and do all things necessary or convenient in connection with the sale and issuance of the bonds.

Mr. Abel moved the adoption of the following entitled Resolutions:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2018A RESOLUTION AUTHORIZING THE ISSUANCE OF A SERIES OF NEW YORK UNIVERSITY REVENUE BONDS; and

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2018B RESOLUTION AUTHORIZING THE ISSUANCE OF A SERIES OF NEW YORK UNIVERSITY REVENUE BONDS; and

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2018C RESOLUTION AUTHORIZING THE ISSUANCE OF A SERIES OF NEW YORK UNIVERSITY REVENUE BONDS; and

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2018D RESOLUTION AUTHORIZING THE ISSUANCE OF A SERIES OF NEW YORK UNIVERSITY REVENUE BONDS.

Mr. Swierczewski seconded the motion and the Resolutions were unanimously.

School Districts Revenue Bond Financing Program

Mr. Ostrander stated that at the February 7, 2018 DASNY Board Meeting, the Members adopted Supplemental Resolution 2018-1 authorizing the issuance of fixed-rate School Districts Revenue Bonds pursuant to the Amended and Restated Master Resolution in an aggregate amount not to exceed \$500,000,000. Mr. Ostrander explained that at that time, staff anticipated that the \$500,000,000 authorization would be sufficient to accommodate all of the school districts that would be interested in participating in the June issuance to finance projects or refinance bond anticipation notes. He further explained, however, that it now appears that authority for \$500,000,000 may be insufficient to accommodate all of the school districts that have expressed an interest in participating. Mr. Ostrander noted that, therefore, the Board was being asked to adopt an Amended and Restated Supplemental Resolution 2018-1 with a not to exceed amount of \$750,000,000.

In response to an inquiry from Mr. Johnson with respect to who is DASNY's major competitor with respect to this type of transaction, Ms. Lee stated that the transaction is really rate driven, noting that as rates increase, the demand among the school districts to issue through DASNY tends to increase since school districts receive building aid computed using the DASNY rate rather than the statewide average interest rate, which is currently a lower interest rate. Mr. Ostrander agreed, explaining that as interest rates decline, it can be more favorable for the school districts to issue on their own behalf.

Ms. Berlin moved the adoption of the following entitled Resolution:

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK AMENDED AND RESTATED
SUPPLEMENTAL RESOLUTION 2018-1 AUTHORIZING UP TO \$750,000,000 SCHOOL
DISTRICT REVENUE BOND FINANCING PROGRAM REVENUE BONDS.**

Mr. Johnson seconded the motion and the Resolution was unanimously adopted.

Audit Committee Report

Audit Committee Chair Gardner reported that the Audit Committee met the prior day. He stated that the Minutes of the October 17, 2017 Audit Committee Meeting were reviewed and approved. Mr. Gardner further stated that the Audit Committee had undertaken its annual review of the Audit Committee Charter and was recommending no changes at this time.

Audit Committee Chair Gardner further reported that Ms. Ebert had given a report on the status of the Internal Audit Plan and Ms. Ehlinger had provided the Internal Controls Report, as well as recommendations for updated Internal Control Guidelines, with which the Audit Committee concurred.

The Chair complimented Ms. Ehlinger and Ms. Ebert for their very comprehensive reports to the Audit Committee, and Mr. Gardner for his work with the Audit Committee.

Mr. Ellis moved the adoption of the following entitled Resolution:

**A RESOLUTION OF THE DORMITORY AUTHORITY RESCINDING THE INTERNAL
CONTROL GUIDELINES ADOPTED DECEMBER 10, 2014 AND ADOPTING NEW
DORMITORY AUTHORITY INTERNAL CONTROL GUIDELINES**

Mr. Gardner seconded the motion and the Resolution was unanimously adopted.

President's Report

The President stated that there were several items to discuss today, including a resolution seeking the Board's approval to enter into a contract with Fluxx Labs, Inc. to develop a grants management system for DASNY.

The President reported that at present, DASNY's existing grants administration program is paper-based. He noted that the Fluxx system will provide a self-contained grant module that will enable the Grantees to complete and submit forms electronically. He stated that it was DASNY's determination that entering into this contract will better serve its partners, improve the grant administration process, maintain internal controls and increase efficiency and management of programmatic risk. The President further stated that in accordance with Section 4.4 of the DASNY By-Laws, the Board must approve any contract for general corporate purposes in excess of \$300,000, so staff is requesting Board consideration of the proposed contract with Fluxx Labs, Inc.

Mr. Ronski inquired as to how Fluxx was selected and whether it was through an RFP process. The President responded that Ms. Richards and her team went through a competitive RFP process to select Fluxx. Mr. Cusack indicated that Arent Fox LLP, outside counsel, drafted the contract with particular emphasis on provisions relating to licensing and software agreements. In response to a further inquiry from Mr. Ronski, Ms. Richards stated that there are termination and transfer of data provisions in the contract in the event that the contract with Fluxx is terminated at any time. She noted that pursuant to the contract, Fluxx is obligated to support DASNY and the use of system through any transition. In response to an inquiry from Mr. Gardner, Ms. Richards indicated that Fluxx system is configurable and that Fluxx is able to customize their existing software to meet DASNY's criteria.

Mr. Ronski noted that it sounded as though the new system is definitely needed. He asked what DASNY is currently using to track the various grants. Ms. Richards noted that DASNY is using a paper-based system for grant files and a grant database that was created by DASNY Information Services in 2002. She noted that this houses activity dates and is used to generate reports. She indicated, however, that it is not a one-stop-shopping database. She stated that, in addition, staff utilizes a call center application created by Information Services that tracks calls and outreach. She further stated that the systems currently being used are not integrated systems, whereas the Fluxx system offers all information in one location.

Ms. Richards informed the Members that it is expected that the new program will be fully up and running in six months. In response to a question from Mr. Johnson, Mr. Pirro indicated that staff would be pulling in past data and would try to absorb the paper-based system into the new system. Ms. Richards stated that grants would be included on a current and forward going basis, however, and that past grants would not be included in the new system.

The Chair noted that it appears that a great deal of good work has been undertaken leading to the selection of Fluxx. In response to an inquiry from Mr. Ronski, Ms. Richards indicated that nine firms responded to the RFP, that five were interviewed and that Fluxx distinguished themselves from the five and therefore was chosen. She noted that the system will not only be easier for DASNY to track the grants, but it will provide the grantees access so that they can view where they are in process.

The President noted that this initiative was undertaken under the OneDASNY process.

Mr. Ronski moved the adoption of the following entitled Resolution:

RESOLUTION OF THE MEMBERS OF THE BOARD OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK ("DASNY") AUTHORIZING THE EXECUTION OF A CONTRACT WITH FLUXX LABS, INC. FOR A GRANTS MANAGEMENT SYSTEM

Mr. Gardner seconded the motion and the Resolution was unanimously adopted.

The Chair commented that it would be helpful for Ms. Richards and her staff to, at a later date, give the Board a presentation on the new system and how it works and its efficiencies.

The President then reported that the State Legislature passed Governor Cuomo's FY 2019 State Budget on March 31, 2018. He noted that many Budget items will have an impact on DASNY's work. He reported that the Budget included provisions to address the negative fiscal implications of the recently enacted Federal tax law by creating two new state-operated Charitable Contribution Funds to accept donations to improve health care and education in the State, as well as forming an optional alternative Employer Compensation Expense Program (ECEP) and making corresponding changes to the tax law to maintain the credit quality of State PIT Revenue Bonds. He stated that the legislation increases the percentage of personal income tax revenues deposited into the Revenue Bond Trust Fund (RBTF) and broadens the revenue pledge to include a portion of the new employer based tax. He stated that the FY 2018-2019 Executive Budget adds approximately \$370 million to the existing \$2.41 billion for CUNY Senior and Community College campuses to provide ongoing support for current and future planned projects.

The President stated that the Budget also authorizes DASNY to provide capital construction services to the NYS Office of Children and Family Services ("OCFS") and authorizes DASNY to provide construction and financing services for detention facilities certified by OCFS, as well as residential facilities licensed by OCFS. He stated that these facilities are intended to house juveniles convicted of non-violent crimes pursuant to the "Raise the Age" legislation enacted in last year's State Budget.

The President reported that the FY 2018-19 Budget also authorizes DASNY to finance projects on behalf of the members and not-for-profit affiliates of Cerebral Palsy Associations of New York State. He stated that currently, DASNY is authorized to provide financing for the 25 individual Cerebral Palsy affiliates across the State, noting that this new approval enables current affiliates, along with future members and affiliates, to work with DASNY without having to seek stand-alone legislation.

The President reported that the Budget also: (i) extends DASNY's authorization to form subsidiaries for taking title to real property consisting of health care facilities acquired by DASNY acting as a secured creditor; (ii) adds \$600 million to last year's appropriation of \$150 million to fully fund the Life Sciences Laboratory project that DASNY would undertake for the Department of Health; (iii) transfers \$19.6 million dollars to DASNY for the State Health Facility Restructuring Program; and (iv) provides \$20 million in capital funding to the Fashion Institute of Technology ("FIT") in Manhattan. He stated that this funding is intended to support the construction of a new academic building with a total project budget of nearly \$190 million.

Mr. Johnson inquired about the charitable giving initiative, specifically as to whether local school districts have to create their own charitable trust. In response to Mr. Johnson, Mr. Swierczewski indicated that was the case for local governments and school districts.

Mr. Johnson inquired if there was more authorization for DASNY to provide financing and construction for small rural libraries. Mr. Cusack indicated there was a bill that would provide financing and construction for libraries, but not included in Budget. Mr. Johnson stated that it was his understanding that this bill would create blanket authorization for all libraries, rather than each having to have individual authorization. Mr. Gardner asked if this bill was sponsored by Senator Ritchie. Ms. Berlin noted that there is a provision in the Budget for \$10 million for libraries. Mr.

Johnson noted that the bill he was referencing would allow small rural libraries to pool together to finance. Mr. Cusack indicated that he would look into the matter and report back to the Board with respect to their inquiries.

The President reported that on March 13, DASNY was cited by *The Bond Buyer* as having taken the municipal market by storm, selling about \$1.3 billion of Sales Tax Bonds in five competitive tranches. He noted that *The Bond Buyer* recognized DASNY as one of the largest municipal bond issuers in the country, highlighting the more than \$60 billion in bonds sold since 2008.

Next, the President stated that on March 14, he sat down with Andrew Coen of *The Bond Buyer* for a podcast interview. He stated that in addition to discussing DASNY being cited by the publication as the nation's second most prolific issuer in 2017, he highlighted how DASNY prepared its clients during a period of uncertainty regarding the future of tax-exempt private activity bonds, noting that this "pre-emptive volley", as *The Bond Buyer* put it, exemplifies how DASNY continues to place the needs of its clients first. He also discussed how DASNY's focus now remains on supporting its partners and helping build a resilient, sustainable, and inclusive New York.

The President reported that DASNY has selected two investment bank partners for its new Public Finance Diversity Fellowships - Barclays Capital and RBC Capital Markets. He reported that they were chosen by lottery under the supervision of DASNY's independent auditor, KPMG. He stated that DASNY's Public Finance Diversity Fellowship creates an extraordinary opportunity to increase diversity within the financial services industry and build a more inclusive workforce and that the two positions are for a full-year, beginning July 1, 2018 and running through June 30, 2019.

Public Finance Report

Ms. Lee stated that bond issues which priced since the last Board Meeting included a \$1.3 billion Sales Tax competitive sale in four tax-exempt tranches and one taxable tranche. She reported that bids were very competitive; Group 1: \$171 million was won by Goldman; Group 2 \$365 million was won by Bank of American Merrill Lynch; Group 3 \$349 million was won by Bank of American Merrill Lynch and Group 4 \$378 million was won by Bank of American Merrill Lynch. She stated that the \$66 million taxable issue went to Wells.

Ms. Lee further reported that DASNY closed out the fiscal year with 21 bond issues totaling \$8.5 billion. She stated that as the President had mentioned earlier, the Budget did contain the changes to the PIT statute and that the amount of PIT revenues dedicated to the bonds was increased from 25% to 50%. She noted that the pledge has been broadened to include 50% of the new employer compensation expense tax.

Ms. Lee gave the market update, noting that the total new issue supply is currently about \$72.5 billion year-to-date, or down 27% from the supply levels seen this time last year. She indicated that the total supply for the week ahead is expected to be lower than recent averages at about \$5 billion. She stated that the fear of trade wars continues to create volatility in the market.

Ms. Lee further reported that municipal bond funds have reported outflows for the week ending April 4, 2018, and despite the recent outflow, bond funds have netted over approximately \$4.1 billion of inflows into the market this year.

Ms. Lee reported that the one year MMD has increased 24 basis points since the last Board Meeting, while the 10 and 30 year MMD rates have decreased 4 and 9 basis points over the same period. She stated that the MMD curve continues to flatten.

Ms. Lee stated that the Board materials include the Bond Sale Summary Reports, which include performance metrics.

President's Report (continued)

The President reported that on Thursday, April 5, 2018, the ribbon was cut and an open house was held at the Binghamton Evaluation Center, a new addiction treatment facility operated by Syracuse Behavioral Health. He stated that this is a project sponsored by the NYS Office of Alcoholism and Substance Abuse Services for which DASNY provided construction, design and purchasing services. He stated that the work included interior renovations, as well as purchasing and coordination of kitchen equipment and furniture.

He reported that on Friday, April 6, 2018, a ribbon cutting was also held at Alfred State College's MacKenzie Complex, for which DASNY recently completed the \$17.8 million Phase One renovation. He reported that students have moved into the 132-bed residence hall. He noted that an existing two-story dining hall on the accompanying quad was completely renovated to create food service, student laundry, a fitness room, and seating areas.

The President reported that on April 7, 2018, Dewberry, a private professional services firm, received the Engineering Excellence Award from the American Council of Engineering Companies of New York. He noted that DASNY collaborated with Dewberry and the Governor's Office of Storm Recovery on the installation of five emergency stand-by generators in the greater Amsterdam area following Hurricane Irene. The President stated that in a corresponding press release, he had mentioned that under Governor Cuomo's leadership DASNY is helping ensure that the City and Town of Amsterdam are building back stronger and smarter than ever before, and will be able to meet future emergency needs. He noted that Dewberry was also recognized for its energy performance upgrades at Hunter Colleges, where it provided services for heating, ventilation, and air conditioning improvements at the College's East and West Buildings. He informed the Members that DASNY held the contract and managed the design and construction for that project, which is expected to translate into more than \$50,000 in yearly energy savings or a nearly one-third reduction in electrical costs.

Construction Report

Mr. Curro directed the Members' attention to the photograph on the cover of the Construction Projects Monthly Report. He stated that it depicts the recently completed Helen Hayes Hospital – Mechanical Upgrades project. Mr. Curro reported that the project had a budget of \$4.7 million. He stated that the scope of the mechanical upgrades project included the

replacement of patient room fan coil units, installation of a new chilled water loop for Summer 2018 cooling, and the installation of a new boiler which will be utilized for hot water during summer months, as well. Mr. Curro further noted that the design consultant was O'Brien and Gere and that the design start date was November 2015, with the design completion in June 2016. He stated that the general contractor was All State Construction, with a start date of February 2017 and a completion date of January 2018.

Mr. Curro explained that the project was originally envisioned as three separate projects, but that the delivery strategy was changed to realize administrative efficiencies and increase attractiveness to the bidding community. He noted that some of the challenges included the coordination associated with installation of systems in an occupied hospital facility, particularly as related to the fan coil unit installation. He stated that patient health and safety were critical concerns and that the contractor, hospital staff and DASNY representatives met weekly to coordinate patient moves and room closures based on work required and the hospital's current and expected census in the upcoming weeks. He reported that all fan coil units were installed in six weeks in the occupied hospital facility.

Mr. Curro next reported with respect to new construction projects. He stated that there were two new projects added during the reporting period: Queensborough Community College – Center for Allied Health with a budget of \$10 million and Buffalo State University – Tower 2 Renovation with a budget of \$14.5 million. He further reported that not listed in the report included in the Member's materials is a new project, the NYS OPRHP Purple Heart Museum, with a budget of \$10 million.

Mr. Curro stated that construction expenditures for the prior year to date through February 2017 was \$647 million and the current expenditures year to date through February 2018 are \$799 million, an increase of \$152 million.

Mr. Curro gave an update on various programs and projects. He stated that with respect to the NYCHA Program, there were 42 security projects that have been completed; 13 security projects are under construction and there are 15 lighting projects in progress (one complete, four under construction, three with contractor proposals and seven at 100% construction documents). Mr. Curro reported that with respect to the appliance installation effort, there were 28 development installations completed; one had been added; two were currently in delivery; and four were out to bid. He then reported on the quality of life projects, stating that the outdoor projects were moving to Spring/Summer/Fall 2018 construction and that the indoor cc projects were in design with a target design completion in late summer.

Mr. Curro then reported on the GOSR projects, stating that 32 projects were with DASNY for full service design and construction management. He stated that six projects are either in, or entering, the construction phase and all others are in design with many approaching the construction documents phase. He noted that DASNY continues with regular meetings with its GOSR counterparts, discussing project issues, administrative matters and overall Program requirements.

He then reported on the Court Officers Training Academy (“COTA”) project, stating that work continues for the project including finish work, installation of the Building 2 gymnasium floor, continued commissioning and testing of the systems and exterior sitework.

With respect to the South Beach Psychiatric Center project, Mr. Curro reported that this project is DASNY’s largest current construction project and it continues to advance under the DASNY-TDX team for the Office of Mental Health (“OMH”). He noted that DASNY is well into Building Package 5 activities, including placement of the first-floor slab-on-grade, interior and exterior wall framing, mechanical/electrical/plumbing roughing and exterior site work activities. He stated that DASNY-OMH-TDX conducted their monthly executive meeting this past Monday, with team executives next scheduled to be on site in June.

Mr. Curro reported on the SUNY Brockport project, stating that he had been on-site last Tuesday for a walk through of the 250-bed new design-build residence hall. He noted that the building is enclosed with the exception of the entry curtain wall where temporary enclosures were being utilized this past winter. He further reported that mechanical/electrical/plumbing systems installation is being finalized with testing and commissioning activities upcoming. Mr. Curro stated that the wall board installation is ongoing on floors one through three, with the priming underway. He stated that the project continues to drive to a summer completion and fall occupancy. In addition, Mr. Curro reported that DASNY was recently notified by SUNY Polytechnic Institute in Utica of the College’s desire to construct a 250-bed residence hall utilizing the design-build delivery method.

Mr. Curro stated that with respect to the various SUNY projects, DASNY continued to prepare for the upcoming Summer 2018 project load consisting of over 40 projects with an approximate value of \$33 million. He noted that in addition, DASNY is completing large renovation projects at Plattsburgh, Canton, Buffalo State, and as previously noted, Brockport. He stated that, in total, \$90 million in SUNY projects will be completed by August 2018. He stated that new large renovation projects will begin in May following the students’ departure at Albany, Alfred, Buffalo State and Plattsburgh – totaling \$70 million.

Next, Mr. Curro stated that activities associated with the DOH Life Sciences Laboratory are moving forward updating the project’s Basis of Design while sites are being analyzed for the project. He also noted that the FIT C² project architects are completing construction documents for the project with an anticipated May/June bid advertisement date. In addition, he reported that DASNY is in discussions with the OCFS with respect to two possible upcoming projects for OCFS.

Mr. Curro reported on various other construction activities, stating that efforts continue on the project management system replacement project and the recruiting efforts for positions across the Construction Division. He reported that staff continues to reach out to SUNY Community Colleges marketing for Construction Division services with North Country and Ulster Community Colleges being targeted. He indicated that the Construction Division is gearing up for the rollout of DASNY’s updated construction contract’s general conditions in early May, and that three internal training sessions over the next few weeks would be conducted. He noted that Construction

staff continue to implement EY recommendations across many working groups, some of which the Board will hear about today.

The Chair inquired as to the schedule for the SUNY summer construction projects. Mr. Curro noted it is always an aggressive schedule for completion, with a maximum of 90 days allowed for construction activities before students return in August for the Fall 2018 semester.

President's Report (continued)

The President reported that DASNY commenced a process of change almost three years ago. He stated that DASNY set out to reimagine how it does business in 21st Century New York. He stated that DASNY knew that its public and private clients that are the foundation of the State's economy would face challenges and Management determined that DASNY would be ready to serve them by delivering financing and construction services swiftly, efficiently, and expertly. He noted that under the Board's leadership, a number of key initiatives have been advanced that are positioning DASNY as an essential partner to its clients. Specifically, he referenced last year, when building on the work DASNY had already done to create efficiencies and integrate its resources, the Board approved a huge commitment to further build DASNY's capacity to serve its clients and all New Yorkers. He noted that DASNY retained EY to conduct evidence-based analysis of its two main businesses - construction and private client financing, and to help develop a strategic plan that would carry DASNY forward. He stated that EY had discussed its observations with the Board in September 2017. He reported that EY recommended a number of specific, actionable items to address certain perceived shortcomings and improve DASNY's competitive position with respect to private client financings. He indicated that staff would update the Members today with respect to these initiatives.

Mr. Ronski moved that the Member go into Executive Session, Mr. Ellis seconded the motion and the Meeting went into Executive Session.

EXECUTIVE SESSION

No Action was taken in Executive Session other than that to return to Public Session.

PUBLIC SESSION

Financial Report

Ms. Nadeau gave the Financial Report. She stated that, as noted in the Financial Report, given the acceleration of deals in December 2017, no private financings closed during February 2018. She reported that 94% of DASNY's direct charges were in support of its public clients, which is higher than the 88% level DASNY budgeted. She stated that through February 2018, operating expenses are essentially on budget.

Ms. Nadeau reported that with respect to the reserve funds the Board established in July 2016, the only activity in the funds for February 2018 was a \$70,000 expenditure from the 21st Century Technology Fund. She noted that this was a payment to the consultant assisting DASNY with the replacement of the Contract Manager software. She further reported that this was part of the committed funds, resulting in no change to the uncommitted funds.

Ms. Nadeau directed the Members' attention to the resolution before them for their consideration updating the authorization for certain named employees to approve and execute investment transactions.

Mr. Swierczewski moved the adoption of the following entitled Resolution:

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(DASNY) AUTHORIZING NAMED EMPLOYEES TO APPROVE AND EXECUTE
INVESTMENT TRANSACTIONS

Mr. Abel seconded the motion and the Resolution was unanimously adopted.

Mr. Swierczewski moved that the Meeting adjourn, Mr. Abel seconded the motion and the Meeting was adjourned at approximately 12:20 p.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary