The Dormitory Authority of the State of New York met in a Special Video Conference Meeting between DASNY's Albany Office, 515 Broadway, Albany, New York; New York City Office, One Penn Plaza, 52nd Floor, New York, New York and Buffalo Office, 539 Franklin Street, Buffalo, New York at 10:45 a.m. on Wednesday, December 6, 2017.

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- Albany

John B. Johnson, Jr., Vice Chair, Member
Sandra M. Shapard, Secretary, Member
Elizabeth Berlin, Designated Representative of the Commissioner of Education, Member (ex officio)
Adrian Swierczewski, Designated Representative of the Director of the Budget, Member (ex officio)
Charles Abel, Designated Representative of the Commissioner of Health, Member (ex officio)

Members Present – New York City

Alfonso L. Carney, Jr., Chair, Member
Beryl L. Snyder, Esq., Member
Gerard Romski, Esq., Member
Paul S. Ellis, Esq., Member

Members Present - Buffalo

Jonathan H. Gardner, Esq., Member

Also Present – Dormitory Authority Staff – New York City

Gerrard P. Bushell, President
Portia Lee, Managing Director of Public Finance and Portfolio Monitoring

Also Present - Dormitory Authority Staff - Albany

Michael T. Corrigan, Vice President
Michael E. Cusack, Esq., General Counsel
Kimberly J. Nadeau, Chief Financial Officer
Debra Pulenskey Drescher, Esq., Managing General Counsel
Larry N. Volk, Senior Director, Portfolio Monitoring
Karen Ehlinger, Internal Control Officer
Matthew T Bergin**,** Assistant Director Public Finance & Portfolio Monitoring
Stephen J. Kosier, Senior Financial Analyst

Gerard Klauser, Senior Financial Analyst
Craig Schrovogl, Senior Financial Analyst

Others Present

Tracy Fay Raleigh	NYS Department of Health (by telephone)
Harrie C. Patrick, Esq.	Harris Beach, PLLC
Gerard Farrell, Esq.	Ahmad Zaffarese, LLC
Robert James, Esq.	Golden Holley James, LLP
Howard I. Berkman, Esq.	Hawkins Delafield & Wood, LLP
Jennifer Capasso Mendonca, Esq.	Locke Lord, LLP
Gopal Burgher, Esq.	Burgher Gray Jaffe, LLP

PUBLIC SESSION

The Chair called the Meeting to order. He thanked the Members for their gracious willingness to recognize the need of DASNY's clients and to change their schedules in order to have three Special Meetings in the last four weeks. The Chair stated that he speaks for himself and for the President in noting that DASNY recognizes the competitive environment in which it now operates. The Chair stated that he believes that the Board Members' actions demonstrate DASNY's willingness to adapt to changing circumstances.

The President concurred. He thanked the Board, as well as his leadership team at DASNY, for their efforts in recent weeks. He stated that those efforts have made DASNY a leading institution and that DASNY is telegraphing to the world that it is open, accessible, inclusive, and ready for sustainable growth. The President noted that these are challenging times. He further indicated that if DASNY finds itself on the opposite side of those challenges next year, it will adapt. The President thanked DASNY's governmental partners – the State Education Department, the Department of Health, the Division of the Budget, and the Governor's Office – for their support, including resources and time.

Ms. Snyder stated that she felt that the work that staff has done in recent weeks is extraordinary. She recognized staff for working incredibly long hours and congratulated staff for a job well done.

The Chair thanked Ms. Raleigh for the presentation that she had made during the Finance Committee Meeting. He noted that the Finance Committee Chair had stepped out of the room momentarily, so the Finance Committee Report would be given later in the Meeting.

Ms. Snyder moved that the Members go into Executive Session to discuss the financial and credit history of particular corporations, Mr. Ellis seconded the motion, and the Meeting went into Executive Session.

EXECUTIVE SESSION

While in Executive Session, no action was taken other than to return to Public Session.

PUBLIC SESSON

Bronx-Lebanon Hospital Center

The President introduced Mr. Klauser and Jennifer Capasso Mendonca, Esq. of Locke Lord LLP and Gopal Burgher, Esq. of Burgher Gray Jaffe LLP, co-bond counsel on the transaction. Mr. Klauser reminded the Members that before them for consideration is the issuance of tax-exempt and/or taxable, fixed and/or variable rate, Series 2017 Bonds in an amount not to exceed $36 million, with a final maturity of 15 years, to be sold through a private placement to TD Bank. Mr. Klauser noted that since the October 11, 2017 Resolution to Proceed, the following has occurred: the SEQRA filing was completed on November 3, 2017; PACB approval was secured on November 15, 2017; the TEFRA hearing was held on November 22, 2017; and TD Bank has issued a commitment to purchase the bonds.

Mr. Cusack referenced page 4 of the October 5, 2017 Staff Report, which under the heading of “Other Information” noted that in early June, 2017, certain individuals unrelated to the Hospital were indicted on a number of federal charges including in connection with a $25 million expansion of an unnamed New York City hospital. He stated that although Bronx Lebanon was not named in the indictment, it was later reported that the hospital project referred to in the indictment was the Bronx Lebanon ambulatory care center financed with the proceeds of DASNY’s Series 2009 Bonds. Mr. Cusack stated that, based on this available public information, bond counsel included in the scope of their legal review, an evaluation of the requisition process used with respect to the Series 2009 bonds. He asked Ms. Mendonca to review with the Members the results of that additional due diligence.

Ms. Mendonca then described the transaction and presented the financing documents. She stated that in light of the federal indictment that came out in June, as part of the normal tax diligence process Locke Lord did engage in a heightened level of review, including engaging a third-party expert to assist in reviewing the project that is the subject of the current refinancings. She further reported that as a result of that independent review, both Locke Lord and its expert were comfortable that the proceeds of the 2009 Bonds were used for permissible purposes, and that Locke Lord would be able to issue its standard tax opinion in this case.

Ms. Mendonca stated that to that end, before the Members for their consideration is the adoption of two resolutions: (i) DASNY’s The Bronx-Lebanon Hospital Center Revenue Bond Resolution authorizing the issuance of one or more series of bonds to finance or refinance facilities for The Bronx-Lebanon Hospital Center; and (ii) a Series Resolution authorizing the issuance of up to $36,000,000 of DASNY’s The Bronx-Lebanon Hospital Center Revenue Bonds, Series

2017. She stated that the Institution is a not-for-profit corporation that operates a 593-bed hospital in Bronx, New York.

Ms. Mendonca stated that the proceeds of the Series 2017 Bonds are expected be used to refinance DASNY's The Bronx-Lebanon Hospital Center Revenue Bonds, Series 2009 and to pay costs of issuance. She stated that, at this time, it is anticipated that the Series 2017 Bonds will be issued pursuant to a private placement to TD Bank, N.A., which is the provider of the direct-pay letter of credit currently supporting the Series 2009 Bonds. Ms. Mendonca stated that the Series 2017 Bonds are expected to be issued at a fixed rate of interest for a period of approximately ten (10) years whereupon the Series 2017 Bonds will be subject to tender by the private purchaser. She further stated that the Series 2017 Bonds have a nominal maturity of 15 years. She informed the Members that Roosevelt & Cross Incorporated is serving as placement agent to the Institution.

Ms. Mendonca stated that the General Resolution is a new resolution and the Series 2017 Bonds will be the first bonds issued under it. She further stated that the General Resolution provides for the issuance from time to time of multiple series of bonds in an unlimited principal amount. She stated that except as otherwise provided for by applicable Series Resolutions, each series of bonds is separately secured from each other series of bonds. She further stated that the Series 2017 Bonds are "special obligations" of DASNY payable out of the applicable Revenues, which consist of the payments made by the Institution under the Loan Agreement.

Ms. Mendonca stated that payment of the Series 2017 Bonds is secured by the pledge and assignment made by the General Resolution of the applicable Revenues, DASNY's right to receive such Revenues, DASNY's security interest in the Pledged Revenues, subject to Prior Pledges, if any, and the moneys and investments held in the funds and accounts established by the General Resolution and the Series 2017 Resolution, other than the Arbitrage Rebate Fund and any fund or account established for the payment of the purchase price or redemption price of option bonds.

Mr. Burgher stated that the Series 2017 Resolution delegates to Authorized Officers of DASNY the power to determine a number of terms related to the Series 2017 Bonds, including, among other things, the following: (i) the principal amount of Series 2017 Bonds to be issued and the principal amount of each maturity, so long as the aggregate principal amount of Series 2017 Bonds issued does not exceed $36,000,000; (ii) the date or dates on which the Bonds will mature; provided that no such Bonds may mature later than 15 years from July 1 following the date of issuance; (iii) the rate or rates, including any related rate-setting mechanics, at which the Bonds will bear interest, so long as the true interest cost or the initial interest rate of tax-exempt Bonds does not exceed 7.5% and the true interest cost or the initial interest rate of taxable Bonds does not exceed 10.0%; (iv) the purchase price to be paid by the private purchaser for the Bonds, so long as it is not less than 95% of the principal amount of the Bonds to be issued; (v) the dates of redemption, or any purchase in lieu of redemption, and the prices of the Bonds, provided that the Redemption Price of any Bonds subject to redemption at the election or direction of DASNY may be equal to a percentage of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, and may alternatively be determined by a formula required by the private purchaser; (vi) whether any parity indebtedness is permitted; (vii) whether or not any of the Bonds will be book-entry Bonds, and if so, the applicable depository; and (viii) whether the Series 2017 Bonds to be issued thereunder will be issued in one or more subseries at one or more times and the number of subseries and the principal amount and designations of each subseries.

Mr. Burgher noted that, although it is currently anticipated that the Series 2017 Bonds will bear interest at a fixed rate of interest for a period of approximately ten (10) years, the Series 2017 Resolution does not limit the discretion of DASNY's officers to determine to issue the Series 2017 Bonds in a different configuration than is currently contemplated.

Mr. Burgher stated that in accordance with DASNY's Financing Guidelines for Independent Institutions, the Series 2017 Resolution contains restrictions on the ownership and transfer of the Series 2017 Bonds; specifically restricting ownership to "Qualified Institutional Buyers" or "QIBs".

Mr. Burgher noted that the Series Resolution also authorizes various officers of DASNY to (i) execute a Loan Agreement by and between the Institution and DASNY, and (ii) execute a Bond Purchase Agreement for purchase and sale of the Series 2017 Bonds. He stated that, in addition, the Series Resolution provides for general authority to execute and/or approve any agreements necessary to effectuate, and do all things necessary or convenient in connection with, the sale and issuance of the Series 2017 Bonds.

Mr. Burgher stated that DASNY and the Institution will execute a Loan Agreement in connection with the issuance of the Series 2017 Bonds, which will require the Institution to make payments in amounts and at times sufficient to make timely payment of the principal and sinking fund installments, if any, of and interest on the Series 2017 Bonds. He noted that the Institution's obligation to make payments under the Loan Agreement will be a general obligation of the Institution. He noted that the Institution's obligation to make payments under the Loan Agreement is complete and unconditional, and the amount, manner, and time of making such payments will not be decreased, abated, postponed, or delayed for any cause or reason or by reason of the happening or non-happening of any event, irrespective of any defense or of any set-off, recoupment, or counterclaim that the Institution may otherwise have against DASNY, the Trustee, or any Bondholder for any cause whatsoever.

Mr. Burgher stated that the Loan Agreement will be secured by a pledge of revenues acceptable to the private purchaser, subject to any Prior Pledges, and may permit the Institution to incur additional indebtedness secured by a parity lien on the Pledged Revenues under certain circumstances if acceptable to the private purchaser. He further stated that the private purchaser is also expected to require a mortgage securing the payment obligations under the Loan Agreement, which mortgage is expected to encumber the Institution's main facilities in the Bronx. Mr. Burgher stated that it is expected that DASNY's rights under the Loan Agreement and the mortgage, with the exception of certain reserved rights, will be assigned to the Trustee, who will exercise remedies under the Loan Agreement and the mortgage at the direction of the private purchaser. He stated that the transaction documents may also contain certain financial covenants required by the private purchaser.

Mr. Burgher stated that the Series 2017 Bonds are proposed to be sold pursuant to a Bond Purchase Agreement by and among DASNY, the Institution and the private purchaser, which is expected to be consistent with customary terms for similar transactions.

Ms. Snyder moved the adoption of the following entitled Resolutions:

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK OF ITS BRONX-LEBANON HOSPITAL CENTER REVENUE BONDS; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF; and

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES RESOLUTION AUTHORIZING UP TO $36,000,000 THE BRONX-LEBANON HOSPITAL CENTER REVENUE BONDS, SERIES 2017

Ms. Shapard seconded the motion and the Resolutions were unanimously adopted.

Cerebral Palsy Affiliates (Jawonio, Inc.)

The President introduced Mr. Kosier and Harrie C. ("Hal") Patrick, Esq. of Harris, Beach PLLC and Gerard Farrell, Esq. of Ahmad Zaffarese LLC, co-bond counsel on the transaction. Mr. Kosier stated that at the November 8, 2017 Regular Meeting, staff informed the Members that approximately $650,000 of the bond proceeds were expected to be used to refinance a TD Bank loan. Mr. Kosier reported that the refinancing of the TD Bank loan is no longer expected to be part of the proposed transaction.

Mr. Patrick described the transaction and presented the financing documents. He stated that before the Members for their consideration is the adoption of two Series Resolutions authorizing the issuance in the aggregate of up to $23,000,000 of tax-exempt or taxable bonds under DASNY's Cerebral Palsy Affiliates Program Revenue Bond Resolution, adopted October 9, 2013, which provides for issuance of multiple series of bonds to fund loans to affiliates of United Cerebral Palsy Associations of New York State. Mr. Patrick further stated that the financing would benefit only one UCP affiliate, Jawonio Inc., which had undertaken a prior financing with DASNY in 2014.

Mr. Patrick explained that the proceeds of the Series 2017 Bonds are expected to be used to finance the construction of a new three-story, approximately 69,000 square foot facility on the Jawonio campus to replace its existing headquarters. He stated that the facility is expected to house health services, day habilitation, administrative and other related activities. He stated that the proceeds of the bonds are also expected to fund a debt service reserve fund and to pay costs of issuance of the bonds.

Mr. Patrick stated that Gates Capital has obtained a commitment from Oppenheimer Funds to purchase the Bonds, and that although two series of bonds are being authorized, it is currently expected that the Bonds will be issued as one series of tax-exempt bonds, and that authorization for the second series would merely add flexibility. Mr. Patrick stated that other configurations are possible under the Series Resolution, including separating Series of Bonds into Sub-series.

Mr. Farrell then discussed DASNY’s Cerebral Palsy Affiliates Program Revenue Bond Resolution, adopted by DASNY on October 9, 2013, noting that it authorized the issuance of revenue bonds in one or more series to finance projects for one or more affiliates of the United Cerebral Palsy Association of New York State, Inc. He stated that the Series 2017 Bonds will be issued pursuant to the General Resolution for the benefit of Jawonio Inc. Mr. Farrell stated that the General Resolution constitutes the agreement between DASNY and the holders of the bonds issued under it and contains the basic terms of that agreement. Mr. Farrell further indicated the General Resolution provides for the issuance from time to time of multiple series of bonds, each of which must be separately secured from each other series of bonds by the Revenues pledged to such series and by the funds and accounts established for such series of bonds. Mr. Farrell noted that the proposed Series 2017 Bonds will be “special obligations” of DASNY payable out of (i) the applicable Revenues pledged for such series of bonds consisting of payments to be made by the Institution under the related Loan Agreement and (ii) the moneys and investments held in the funds and accounts established for the series of bonds. Payment of each series of bonds is also secured by a pledge and assignment made by DASNY of the security interest granted by the Pledged Revenues.

Concerning the two Series 2017 Resolutions, Mr. Farrell reiterated that the desired plan is for the Board to adopt both Series Resolutions, while it is expected that only one series of tax-exempt bonds will be issued. He noted, however, that if a taxable series becomes necessary, the adoption of two Series Resolutions will provide the flexibility to issue both tax-exempt and taxable Bonds.

Mr. Farrell stated each of the Series 2017 Resolutions delegates to various officers of DASNY the power, among others, to determine: (i) the principal amount of the Series 2017 Bonds, and subseries, if applicable), issued thereunder not in excess of $23,000,000 in the aggregate; (ii) the date or dates on which any Series 2017 Bonds issued thereunder will mature, provided that no Series 2017 Bond shall mature later than thirty (30) years from the July 1 following its date of issuance; (iii) the rate or rates at which the Series 2017 Bonds to be issued thereunder will bear interest, provided that the true interest cost or the initial interest rate of the Series 2017 Bonds shall not exceed seven and one-half percent (7½%) per annum if issued as tax-exempt Bonds and ten percent (10.0%) per annum if issued as taxable Bonds; (iv) the sale price for the Series 2017 Bonds to be issued thereunder provided that it may not be less than 95% of the principal amount of such Series 2017 Bonds sold; (v) whether the Series 2017 Bonds, or any subseries thereof, will be issued on a Federally tax-exempt or taxable basis; and (vi) the existence and scope of any mortgaged property and pledged revenues and whether parity indebtedness is permitted.

Mr. Farrell stated that pursuant to the authority granted by the General Resolution, the Series 2017 Resolutions also establish the funds and accounts to be held and maintained by the Trustee with respect to the Series 2017 Bonds. He stated that in addition to the funds required by the General Resolution, the Series 2017 Resolutions also establish a Debt Service Reserve Fund and that the Debt Service Reserve Fund will be funded at its Requirement upon issuance. He explained that the Debt Service Reserve Fund Requirement for the Series 2017 Bonds is expected to be established consistent with the requirements of the private purchaser(s) and it is currently expected to be equal to the maximum annual debt service on the Series 2017 Bonds.

Mr. Farrell further noted that, in accordance with DASNY's guidelines, each Series 2017 Resolution restricts ownership of the Series 2017 Bonds to "Qualified Institutional Buyers" or "QIBs". He stated that each QIB which purchases the Bonds agrees to restrictions on the transfer of the Series 2017 Bonds.

Mr. Farrell stated that each Series 2017 Resolution authorizes Authority officers to: (i) enter into a Loan Agreement, (ii) enter into a Bond Placement Agreement with Gates Capital Corporation as placement agent for the Series 2017 Bonds and Jawonio Inc, (iii) enter into intercreditor agreements in relation to Parity Indebtedness, (iv) prepare and deliver a bond issuance circular summarizing the terms and security for the Series 2017 Bonds, and (v) execute all other necessary instruments and documents for the proposed financing.

Mr. Patrick informed the Members that DASNY and the Institution will enter into a Loan Agreement, which will obligate the Institution to make debt service payments to the Trustee. He stated that Institution's obligations under the Loan Agreement are general obligations payable out of any moneys of the Institution legally available to it for such payments. He stated that the Institution's obligation to make payments under the Loan Agreement will be absolute and unconditional. Mr. Patrick further stated that the Series 2017 Bonds will be secured by a pledge of revenues, subject to prior pledges, and by a pledge of certain public funds. He explained that the public funds are subject to a standby intercept agreement providing that upon an event of default, DASNY can intercept state and local government funds otherwise payable to the Institution which funds can be applied to pay debt service on the Bonds. He also stated that DASNY would take a mortgage on three Institution facilities, which would be assigned to the Trustee.

Mr. Patrick informed the Members that the Series 2017 Bonds are proposed to be sold in a private placement to Oppenheimer Funds, which is a QIB. He further stated that only QIBs will be permitted to purchase the Series 2017 Bonds. He stated that the private sale of the Series 2017 Bonds to the purchaser will be effectuated through the execution of a Bond Placement Agreement among DASNY, the Placement Agent and/or the Institution. He explained that the purchaser will purchase the Series 2017 Bonds on the date of issuance for the par amount of the Series 2017 Bonds, and the proceeds will be deposited with the Trustee to be applied to pay Costs of the Project, to fund the debt service reserve fund, and to pay costs of issuance.

In response to an inquiry from Ms. Shapard as to why the refinancing of the TD Bank loan dropped out and whether the transaction amount changed, Mr. Patrick stated that the refinancing of the bank loan dropped out due to the tax diligence. Mr. Kosier responded that although the not to exceed amount is not changing, the bond sizing is anticipated to be reduced from $21.3 million to $20.4 million.

Ms. Snyder moved the adoption of the following entitled Resolutions:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2017A RESOLUTION AUTHORIZING UP TO $23,000,000 CEREBRAL PALSY AFFILIATES PROGRAM (JAWONIO INC) REVENUE BONDS, SERIES 2017A; and

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2017B RESOLUTION AUTHORIZING UP TO $23,000,000 CEREBRAL PALSY AFFILIATES PROGRAM (JAWONIO INC) REVENUE BONDS, SERIES 2017B

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

Touro College Obligated Group

The President introduced Howard I. Berkman, Esq. of Hawkins Delafield & Wood, LLP and Robert James, Esq. of Golden Holley James, LLP, co-bond counsel on the transaction and Mr. Bergin. Mr. Bergin stated that the Touro College Obligated Group had originally contemplated financing $10 million in renovations and equipment purchases at the New York Medical College campus. He reported that Touro is no longer pursuing this aspect of the financing, but expects to increase the financed amount from $50 million to $57.5 million for the student housing project.

Mr. Bergin further reported that, at the November 8, 2017 Regular Meeting, staff provided the Board with a verbal update regarding the recently released audited financial statements that were not available at the time that the Staff Report was written. Mr. Bergin stated that staff had indicated that the changes from the unaudited financial statements to the audited financial statements were minimal and that staff would provide the update in written form at the Adoption of Documents stage of the transaction. He directed the Members' attention to the two page attachment to the Credit Summary Update that set forth the Income Statement and Balance Sheet.

Mr. Berkman stated that before the Members for their consideration is a Series Resolution authorizing up to $75,000,000 Touro College and University System Obligated Group Revenue Bonds, Series 2017. Mr. Berkman stated that the proceeds of the bonds are expected to be used to: (i) finance the costs of the acquisition and renovation of a facility located in Manhattan to be used as student housing for Lander College for Women, a division of Touro, (ii) fund a debt service reserve fund, (iii) pay capitalized interest on the Series 2017 Bonds, and (iv) pay costs of issuance.

Mr. Berkman noted that payment of the Series 2017 Bonds is secured by (i) the pledge and assignment made by the General Resolution of the applicable Revenues, (ii) the Obligation issued under the Master Trust Indenture to secure the obligations of Touro with respect to the Series 2017 Bonds under the Loan Agreement, and (iii) the moneys and investments held in the funds and accounts under 2017 Resolution (other than the Arbitrage Rebate Fund), including a Debt Service Reserve Fund.

Mr. Berkman stated that in 2014, in connection with the issuance by DASNY of its Touro College and University System Obligated Group Revenue Bonds, Series 2014A and Series 2014B, Touro College, New York Medical College, Touro University (California) and Touro University of Nevada entered into the Master Trust Indenture by and between the Members of Obligated Group and the Master Trustee. He noted that under the Master Indenture, the Members of Obligated Group are obligated to pay any obligation issued under such Master Indenture and a related Supplemental Master Indenture. He further stated that in connection with the issuance of the Series 2017 Bonds, an Obligation will be issued pursuant to the Master Indenture and the related Supplemental Indenture to evidence and secure the obligations of Touro incurred in connection with the issuance of the Series 2017 Bonds.

Mr. Berkman stated that the payment obligations under the Loan Agreement will be secured by the Series 2017 Obligation issued by the Obligated Group, which Series 2017 Obligation, in turn, will be secured by a pledge to the Master Trustee of certain revenues of the Members of Obligated Group and by one or more mortgages on the facility being financed with proceeds of the Bonds, the mortgages previously granted to DASNY and assigned to the Master Trustee on designated educational facilities of the New York Members, as well as other mortgages and deeds of trust granted to the Master Trustee relating to certain properties of other Members of the Obligated Group outside New York State.

Mr. Berkman indicated that while the property comprising the facility is subject to a purchase contract, it is expected that the acquisition of such property and the delivery and assignment of the Series 2017 Mortgage to the Master Trustee will not occur until after the issuance of the Series 2017 Bonds. He noted that the Loan Agreement will provide that, in the event that such acquisition and delivery of the Series 2017 Mortgage does not occur by a date to be determined by an Authorized Officer of DASNY, no proceeds of the Series 2017 Bonds will be disbursed to Touro and the Series 2017 Bonds will be redeemed.

Mr. Berkman stated that the Series 2017 Obligation is expected to constitute the sixth Obligation issued pursuant to the Master Indenture. It is expected that concurrently with the issuance of the Series 2017 Bonds, the Obligated Group will issue additional Obligations securing bonds to be issued in Nevada for the benefit of another Member of Obligated Group identified in the Master Indenture. He stated that every Obligation issued pursuant to the Master Indenture, including the Series 2017 Obligation, will be secured on a parity with all other Obligations issued thereunder by a pledge of certain revenues of the Members of Obligated Group and the Mortgages.

Mr. Berkman noted that the Master Indenture permits the Members of Obligated Group to incur additional indebtedness, including pledging or otherwise encumbering a portion of its accounts receivable and granting additional liens on the mortgaged property to secure such indebtedness within certain prescribed limitations set forth in the Master Indenture. He stated that the Master Indenture provides, however, that any additional indebtedness which is to be secured by an Obligation, including the Series 2017 Obligation, may be incurred only if the additional tests in such Master Indenture are satisfied. Mr. Berkman noted that the Master Indenture also requires the Obligated Group and Touro College and its affiliates to maintain a specified level of unencumbered liquid assets, debt service coverage ratios, a leverage ratio, and liquidity ratios.

Mr. Berkman noted that the Series 2017 Bonds are subject to redemption at the election or direction of DASNY at a redemption price that may be equal to a percentage of the principal amount of the Series 2017 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, and/or may alternatively be determined by a formula which is intended (A) to “make whole” the holders of such Series 2017 Bonds by setting a redemption price based on the expected rate of return to such holders or (B) to “reimburse” the holders by setting a redemption price based on the price at which the Series 2017 Bonds were purchased by such holders.

Mr. James stated that the Series 2017 Resolution authorizes the issuance of the Series 2017 Bonds and delegates to officers of DASNY the powers, among others, to determine: (i) the principal amount of the Series 2017 Bonds to be issued and the principal amount of each maturity provided that the principal amount does not exceed $75,000,000; (ii) the maturity dates on the Bonds, provided that no maturity date of any Bond shall exceed thirty (30) years from July 1 2018; (iii) whether all or a portion of the Bonds will be issued as fixed rate bonds or variable interest rate bonds; (iv) the rate or rates at which the Bonds will bear interest and, in the case of variable interest rate bonds, the manner in which subsequent interest rates will be determined. He stated that the Resolution further provides that the true interest cost of the Bonds, or, in the case of variable interest rate bonds, the initial interest rate of the Bonds, shall not exceed seven and one-half percent (7½%) per annum if tax-exempt Bonds and ten percent (10.0%) per annum if issued as federally taxable; (v) the purchase price for the Bonds, provided that it is not less than 95% of the principal amount of Bonds sold; (vi) the redemption dates and prices, which redemption price of any Bonds subject to redemption at the election or direction of DASNY may be equal to a percentage of the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, and/or may alternatively be determined by a formula which is intended (A) to "make whole" the holders of such Bonds by setting a redemption price based on the expected rate of return to such holders or (B) to "reimburse" the holders by setting a redemption price based on the price at which the Bonds were purchased by such holders; (vii) whether any of the Bonds will be book-entry bonds and, if so, the depository for such Bonds; (viii) the form of the Bonds; (ix) whether the Bonds will be issued as tax-exempt Bonds or federally taxable Bonds; (xi) whether to obtain municipal bond insurance or other form of credit support for the payment of the principal of and interest on all or a portion of the Series 2017 Bonds and the terms and conditions for such insurance or credit support; and (x) the Debt Service Reserve Fund Requirement for the Bonds.

Mr. James noted that the proposed issuance will include a Debt Service Reserve Fund. He stated that the Debt Service Reserve Fund must, as a condition to the issuance of the Series 2017 Bonds, be at the Debt Service Reserve Fund Requirement for the Bonds upon issuance. Mr. James stated that it is expected that the Debt Service Reserve Fund Requirement with respect to the Series 2017 Bonds will be set at an amount equal to the maximum annual debt service in the then-current or any future year, subject, however, to any federal tax law constraints. He stated that the Series 2017 Resolution further authorizes officers to: (i) execute the Loan Agreement, a Bond Purchase Agreement and an Agreement to Provide Continuing Disclosure, (ii) distribute a Preliminary Official Statement, (iii) execute, deliver and distribute the final Official Statement and (iv) execute all other instruments and documents, and to do other things necessary in connection with the proposed financing for the College.

Mr. James stated that the Loan Agreement obligates the College to make payments to the Bond Trustee in amounts and at times sufficient to pay the principal and sinking fund installments of and interest on the Series 2017 Bonds as payments become due. He further stated that the obligations of the College to make payments under the Loan Agreement will be a general obligation of the College. Mr. James noted that the obligation to make payments under the Loan Agreement will be complete and unconditional. He stated that the payment obligations under the Loan Agreement will be secured as previously discussed by Mr. Berkman.

Mr. James stated that the Series 2017 Obligations issued by the Obligated Group are secured by a pledge to the Master Trustee of certain revenues of the Members of the Obligated Group and by one or more mortgages on the facility being financed with proceeds of the Bonds, including the mortgages previously granted to DASNY and assigned to the Master Trustee on designated educational facilities of the New York Members, as well as other mortgages and deeds of trust granted to the Master Trustee relating to certain properties of other Members of the Obligated Group outside New York.

The Chair reminded the Members that, after substantial discussion, the Finance Committee had voted unanimously on October 8, 2017 to recommend approval of the transaction by the full Board.

Mr. Johnson stated that he remained somewhat uncertain about the transaction and the structure of the Master Trust Indenture (“MTI”), and asked bond counsel to more completely explain the relationship with the bondholders. Mr. Berkman directed the Members’ attention to the Appendix to the Staff Report which sets for the organizational structure of Touro College and its related entities. He explained that the MTI establishes various financial tests – some for the Obligated Group only and some for the whole Touro Enterprise. He discussed the various financial tests in great detail, including the debt service coverage ratio and the liquidity ratio.

In response to an inquiry from the Chair as to whether his concerns had been addressed, Mr. Johnson replied that he was comfortable with Mr. Berkman’s explanation, in that all of the financial tests must be met on a regular basis. Ms. Shapard stated that she had previously expressed some concerns as well, and that she had spoken with Mr. Johnson and with staff and that she was satisfied with the responses that she received.

Ms. Lee disclosed that her father holds the title of Professor of Surgery at New York Medical College, a Member of the Obligated Group, but that she did not believe that she had a conflict or needed to recuse herself. General Counsel Cusack agreed.

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

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2017 RESOLUTION AUTHORIZING UP TO $75,000,000 TOURO COLLEGE AND UNIVERSITY SYSTEM OBLIGATED GROUP REVENUE BONDS, SERIES 2017

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

St. Joseph’s Hospital, Yonkers Obligated Group

Mr. Bergin presented the Staff Report recommending the issuance of 30-year fixed and /or variable rate, tax-exempt and/or taxable bonds for a term not to exceed 30 years in an amount not to exceed $27,000,000 on behalf of St. Joseph’s Hospital, Yonkers Obligated Group, to be sold through a private placement. He noted that as part of this financing, the Obligated Group will be formed. Mr. Bergin explained that the Obligated Group will be governed by a Master Trust Indenture ("MTI") and the Institution's obligations to make payments related to the proposed Series 2017 Bonds will be secured by one or more obligations issued pursuant to the MTI, which obligation(s) are expected to be secured by a pledge of gross receipts and a mortgage on the core Hospital facilities.

Mr. Bergin noted that the issuance would finance a Capital Restructuring Financing Program ("CRFP") matching commitment for the creation of an outpatient related "medical village" ($9.0 million). He further noted that it would also provide for the refinancing of a bank mortgage loan ($11.2 million), the refinancing of the Yonkers Industrial Development Agency Series 1998 bond issue ($2.3 million) and the refinancing of capital leases ($0.9 million). Mr. Bergin informed the Members that this bond issue is expected to be a private placement. He stated that there will be no ratings for this private placement, and that the proposed purchaser is Rosemawr Management LLC or an affiliate thereof (Qualified Institutional Buyer (QIB)).

Mr. Bergin reported that the Institution is a New York not-for-profit located in Westchester County that has been providing healthcare services for nearly 130 years. He stated that the main 194-bed Hospital campus provides both inpatient and outpatient services to the residents of the greater Yonkers area. Mr. Bergin also noted that the 138-bed St. Vincent's Psychiatric Hospital of Westchester, which is located in Harrison, New York, was acquired in 2010 and offers a comprehensive range of mental health, addiction and residential programs serving Westchester and New York City, making the Institution one of the largest behavioral health providers in New York State. Mr. Bergin stated that the two campuses are approximately 15 miles apart. He noted that the Hospital serves a diverse population in an urban area of New York State with a large number of low income patients and, as such, the Hospital serves a disproportionate percentage of uninsured, Medicaid and Medicare patients. Mr. Bergin stated that in recognition of the Hospital's serving a vital need in its community and its negative operating results, the Hospital has been receiving payments from the Value Based Purchasing Quality Improvement Program while it seeks to both improve the quality of those services and become financially self-sufficient.

Mr. Bergin did note, however, that as the proposed purchaser has done its credit analysis and that these bonds may not be publicly offered and will not be sold in the secondary market unless they are sold to another QIB.

The Chair noted that the Finance Committee met just before the Board Meeting, and that this transaction had been discussed in great detail with all of the Members present. Ms. Shapard agreed that the transaction had been covered thoroughly, but questioned whether Mr. Bergin could discuss further whether actual savings would be achieved through the refinancing of the other debt. Mr. Bergin stated that there would not be savings and that the goal was to join all security under the MTI. Ms. Shapard asked whether there was any financial impact, to which Mr. Bergin responded that there would be an additional interest rate cost because of the extension of debt. Mr. Bergin then reviewed the particular components of the transactions in which the refinancings were extending the maturity of the debt, subject to tax analysis by bond counsel as to what is allowable. Ms. Shapard stated that it would be helpful to have projections on the effect of these extensions. She indicated that she could not support the transaction based on information provided to date. Mr.

Cusack stated that the analysis has just begun, and that staff will provide additional information to the Board.

Mr. Johnson stated that the information provided to date is helpful, but agreed that additional information is needed. He indicated that he understands that the goal of the proposed transaction is to postpone a potential disaster. He commented that this situation reminds all of the challenges faced in New York with the need to bailout long term debt. He indicated that he, too, cannot support the transaction based on information provided to date.

Ms. Raleigh stated that from a Department of Health policy perspective, St Joseph's Hospital provides essential health care services to the Yonkers community, in particular since it is a significant provider of behavioral health services in Westchester County and New York City. She further stated that while the Department recognizes that there are risks with the financing associated with allowing an extension of the maturity date of the existing debt, DOH has evaluated these risks and believes that, on balance, there is greater risk should this debt restructuring not be allowed to proceed, since this could result in St Joseph's having to curtail or close services or close entirely. Ms. Raleigh stated that the Department is currently supporting St. Joseph's Hospital with extraordinary operational assistance, and the Department's analysis supports the debt restructuring, as it is an opportunity for the Hospital to achieve overall aggregate level debt service. Ms. Raleigh further explained that this, coupled with the Hospital's sale of its nursing home, is expected to improve the Hospital's liquidity and working capital position in the nearer term and provide the Hospital a greater chance of successful transformation for long-term sustainability.

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

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) AUTHORIZING STAFF AND BOND COUNSEL TO PROCEED TO TAKE THE NECESSARY ACTION TO PREPARE THE APPROPRIATE DOCUMENTS TO PROVIDE FOR THE FINANCING OF FACILITIES FOR ST. JOSEPH'S HOSPITAL, YONKERS OBLIGATED GROUP

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

Ms. Shapard moved that the Meeting adjourn, Mr. Romski seconded the motion and the Meeting was adjourned at approximately 11:57 a.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary