

The Dormitory Authority of the State of New York Finance Committee Video Conference Meeting was held between DASNY's Albany Office, 515 Broadway, Albany, New York and New York City Office, One Penn Plaza, 52nd Floor, New York, New York at 4:30 p.m. on Tuesday, February 6, 2018.

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

Members Present - NYCO

Gerard Ronski, Esq., Finance Committee Chair
Alfonso L. Carney, Jr., Board Chair, Committee Member

Members Present - Albany

John Valitutto, Designated Representative of the Commissioner of Health, Member (ex officio), Committee Member

Dormitory Authority Staff Present - NYCO

Larry N. Volk, Senior Director, Portfolio Monitoring

Dormitory Authority Staff Present - Albany

Michael T. Corrigan, Vice President
Michael E. Cusack, Esq., General Counsel
Kimberly J. Nadeau, Chief Financial Officer
Portia Lee, Managing Director of Public Finance and Portfolio Monitoring
Debra Pulenskey Drescher, Esq., Managing General Counsel
Dena Amodio, Esq., Associate Counsel
David P. Ostrander, Senior Financial Analyst

PUBLIC SESSION

The Committee Chair called the Meeting to order. The Minutes of the January 9, 2018 Finance Committee Meeting were reviewed and approved.

School District Revenue Bond Program

Mr. Ostrander presented the Single Approval Credit Summary and Staff Report recommending the issuance of multiple series of tax-exempt and/or taxable bonds for terms of varying maturities not to exceed 31 years, in an aggregate amount not to exceed \$500,000,000, to be sold on behalf of various New York State School Districts under DASNY's School District Revenue Bond Program. Mr. Ostrander stated that the proceeds of the bonds are expected to be used to: (i) refinance the Bond Anticipation Notes ("BANs") of various New York State School Districts; and (ii) finance new money projects on behalf of these Districts. He stated that while bond proceeds could also be used to refund bonds previously issued by DASNY through the School Districts Revenue Bond Financing Program, it is not currently expected that refunding bonds will be issued. He explained that in the past, there have been a number of pools whereby DASNY bonds were advance refunded, but that the new tax law prohibits such advance refundings, and there are presently no current refunding candidates.

Mr. Ostrander stated that the intent of this authorization is to accommodate timing for a new money and BAN refinancing pool to close in June 2018. He stated that an earlier start which allows staff to distribute documents to Districts timely will be helpful, especially in light of the large pool that is anticipated. He explained that participation is expected to be high as interest rates rise in relation to the Statewide average interest rate. Mr. Ostrander stated that School Districts that issue on their own behalf receive building aid based on the Statewide average, but that School Districts that issue through DASNY receive building aid based on their actual cost of borrowing. He noted that, as rates increase, it becomes less likely that Districts can issue bonds at or below the Statewide average, making it beneficial to issue through DASNY. He further noted that short term rates were rising, resulting in less incentive to renew BANs.

Mr. Ostrander stated that the structure and security features of the transaction are the same as those for previous School District pools. He further stated that security for the bonds includes semi-annual payments to be made pursuant to Financing Agreements backed by the full faith and credit general obligation bonds of the participating School Districts, as well as the statutory intercept, through the State Comptroller, of any State aid due to participating School Districts for debt service on the DASNY Bonds. He further noted that bond insurance may be procured, if available and economically advantageous. Mr. Ostrander stated that to ensure that DASNY has sufficient authorization to meet demand, staff proposes that the Board adopt the necessary documents authorizing the issuance of DASNY bonds in an aggregate amount not to exceed \$500,000,000.

Mr. Ostrander noted that the Board Members should have received a revised letter from bond counsel which explains that originally a new Master Resolution was proposed to be adopted, but that, instead, the approach would be to amend and restate the existing Master Resolution from 2002 in order to retain certain provisions in the existing Master Resolution related to the allocation of intercepted State aid in the event of non-payment by a School District. He indicated that Ms. Amodio would provide more details concerning the change.

Ms. Amodio explained that when bond counsel and staff first started working on the transaction, it was anticipated that a new Master Resolution would be adopted, but that it became apparent that the better approach would be to amend and restate the 2002 Master Resolution because of the provisions related to the allocation of intercepted State aid in the event of a deficiency in payments by a School District. Ms. Amodio informed the Committee Members that under the existing General Resolution, if a School District has borrowed proceeds of multiple series of DASNY bonds and there is a default by the School District, State aid intercepted by DASNY is to be shared ratably by the holders of the bonds of each of those series. She indicated that bond counsel and staff did not want to create a situation where the bonds issued under a new Master Resolution might be viewed as subordinate with respect to such ratable sharing of the intercepted funds.

Ms. Amodio also informed the Committee Members that instead of issuing each series of bonds pursuant to a separate Series Resolution as has been done in the past under the existing Master Resolution, the Amended and Restated Master Resolution will provide for the adoption of Supplemental Resolutions authorizing the issuance of multiple series of bonds. She noted that this structure would be less cumbersome.

In response to an inquiry from Finance Committee Chair Ronski as to whether each School District has to go through its own separate approval process, Mr. Ostrander stated that each School District has to obtain the same approvals as if it was issuing on its own behalf. Ms. Amodio further explained that the Districts issue their full faith and credit bonds to DASNY, so the approvals are the same.

The Board Chair noted that the Marous Law Group, P.C. was not involved in document revisions associated with the School Districts Revenue Bond Financing Program, but that the firm would be co-bond counsel as the transaction proceeds. Ms. Amodio agreed, noting that bond counsel work to date had been focused on amending the Master Resolution, but that the Marous Law Group, P.C. would be participating in the transaction on a forward-going basis.

Mr. Valitutto asked how the not-to-exceed amount of \$500,000,000 was determined. Mr. Ostrander responded that this is the standard amount requested and noted that last year approximately \$300,000,000 School Districts Revenue Bonds were issued. He stated that staff believes that there may be more volume this year.

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

Mary Imogene Bassett Hospital - TELP

Ms. Lee presented a Memorandum recommending a lease of equipment pursuant to DASNY's Tax Exempt Leasing Program I ("TELP I") in a total amount not to exceed \$12,700,000 for Mary Imogene Bassett Hospital. She reminded the Members that the current policy of the Public Authorities Control Board ("PACB") requires that TELP I leases which exceed \$10 million be presented to both the DASNY Board and the PACB for approval. Ms. Lee stated that the lease proceeds are expected to be used for various types of cardiac, nursing, and other equipment.

In response to an inquiry from the Board Chair as to what firm is acting as bond counsel for this TELP transaction, Ms. Amodio stated that co-bond counsel for the transaction are Hodgson Russ LLP and Golden Holley James LLP.

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

Mr. Valitutto moved that the Meeting adjourn, Board Chair Carney seconded the motion and the Meeting was adjourned at approximately 4:53 p.m.

Respectfully submitted,

Debra Pulenskey Drescher
Assistant Secretary