The Dormitory Authority of the State of New York met in a Regular Video Conference Meeting between DASNY's Albany Office, 515 Broadway, Albany, New York; Buffalo Office, 539 Franklin Street, Buffalo, New York and New York City Office, One Penn Plaza, 52nd Floor, New York, New York at 9:30 a.m. on Wednesday, February 7, 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 - NYCO

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

Members Present – Albany

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

Members Present - Buffalo

Jonathan H. Gardner, Esq., Member

Members Participating by Phone (non-voting)

Sandra M. Shapard, Secretary, Member

Also Present - Dormitory Authority Staff - NYCO

Michael T. Corrigan, Vice President
Michael E. Cusack, Esq., General Counsel
Portia Lee, Managing Director of Public Finance and Portfolio Monitoring
Larry N. Volk, Senior Director, Portfolio Monitoring
Daniel W. Petroff, Chief of Strategic and Business Development
Deborah K. Fasser, Director, Communications and Marketing
David P. Ostrander, Senior Financial Analyst

Also Present - Dormitory Authority Staff - Albany

Kimberly J. Nadeau, Chief Financial Officer
Stephen D. Curro, Managing Director of Construction
Caroline V. Griffin, Chief of Staff
Debra Pulenskey Drescher, Esq., Managing General Counsel
Dena T. Amodio, Esq., Associate Counsel
David F. Perritano, Public Information Officer

Other Attendees - NYCO

Eileen B. Heitzler, Esq.	Orrick Herrington & Sutcliffe, LLP

PUBLIC SESSION

The Chair called the Meeting to order. He noted that Gerrard P. Bushell, President and CEO, was ill and would not be attending the Meeting. He also noted that the Meeting had been changed to the video format because of inclement weather at the various locations. The Minutes of the January 10, 2018 Regular Board Meeting were reviewed and approved.

Mr. Ellis moved that the Members go into Executive Session to discuss the credit history of particular corporations. Ms. Snyder 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 SESSION

The Chair asked Mr. Swierczewski to update the Members with respect to the Governor's Executive Budget and how it relates to prior discussions at the January Regular Meeting. Mr. Swierczewski stated that he would provide a broad overview of the Governor's Executive Budget, and then address a few items from the January Board Meeting that relate to Federal tax law changes and potential impacts to New York State.

Mr. Swierczewski stated that the Executive Budget closes a $4.4 billion gap in FY2019 and adheres to a 2% spending growth benchmark. He stated that the major gap closing components include: $2.7 billion in spending changes (including $1.3 billion in Local Assistance, $446 million in State Agency Operations, $569 million in Debt Management/Capital Projects, and $340 million in payment of FY2019 expenses in FY2018), $736 million in "Resource Changes" and $1billion in Revenue Actions

Mr. Swierczewski reported that Executive Budget actions also substantially reduce projected gaps beyond FY2019. He stated that DOB estimates that if future budgets are similarly held to 2% year over year growth that the gaps would essentially be eliminated and potentially result in minor surpluses. He noted that the timing of the enactment of Federal tax law changes in late December and release of the Executive Budget three weeks later presented an obvious time-constrained challenge in evaluating the impacts and considering options in response. Mr. Swierczewski explained that to guide the evaluation and consideration of options by State policymakers, the Department of Tax and Finance issued a report subsequent to the release of the Executive Budget, which essentially explores options in four parts: (1) additional opportunities for charitable contributions to benefit New Yorkers; (2) policy options for reducing income taxes and shifting to statewide employer compensation expense tax; (3) options for new statewide unincorporated business tax, offset by personal income tax credits for business owners; and (4) options that address Federal conformity issues for New York State, including impacts on New York's tax system. Mr. Swierczewski indicated that staff had made copies available for the Members to review at their convenience.

Mr. Swierczewski indicated that, as the Members are aware, the Governor's Budget is not considered complete and final for the Legislature's consideration until what is known as the 30-day amendment period has expired, essentially as the name implies, occurring 30 days after the Executive Budget is initially introduced. He reported that State policymakers are actively considering the framework of options and all their permutations as outlined in the Tax Department's report and it is anticipated that within the 30-day amendment period, but no later than February 15, the Budget will be amended to include a specific proposal or proposals in response to Federal tax law changes.

Mr. Swierczewski stated that as soon as practicable after the 30-day amendment period, DOB would be happy to provide a detailed presentation to the Board on the policy choices included in the 30-day budget amendments.

Mr. Swierczewski referenced the materials provided to the Members and stated that relevant to the Board's discussions at the January Board Meeting with respect to the State PIT/Sales Tax issuance, page 12 of the document describes the PIT security structure that bond counsel reviewed at the January Meeting, and emphasizes the State's commitment to maintaining the credit quality of the State PIT Revenue Bonds. He noted that to the extent any changes are made in the 30-day budget amendments that affect personal income tax receipts, it is expected that any legislative changes necessary to protect the PIT dedicated revenue stream and hold bondholders harmless would also be considered. He noted that, for example, the amount of dedicated PIT receipts could be increased, as the remaining 75% are currently undedicated.

The Chair thanked Mr. Swierczewski for updating the Members and indicated that he looked forward to an expanded presentation at a later date.

Finance Committee Report

Finance Committee Chair Romski reported that the Finance Committee met the prior day, and after discussion, decided unanimously to recommend the following transactions to the Board for approval: School Districts Revenue Bond Financing Program and Mary Imogene Bassett Hospital - TELP.

School Districts Revenue Bond Financing Program

The President introduced Eileen B. Heitzler, Esq. of Orrick Herrington & Sutcliffe, LLP, co-bond counsel on the transaction and Mr. Ostrander. 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 Districts Revenue Bond Program. Mr. Ostrander stated that the proceeds of the bonds are expected to be used to: (i) refinance 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 than in prior years 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 interest rate, 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 interest rate, 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. Mr. Ostrander further 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.

Ms. Heitzler stated that DASNY adopted a Master Resolution for School Districts transactions in 2002. She noted that pursuant to the 2002 Master Resolution, DASNY has adopted multiple series resolutions, each of which authorized a single series of bonds. She stated that the proposed revision provides for the adoption of Supplemental Resolutions authorizing multiple series of bonds, instead of Series Resolutions authorizing single series of bonds.

Ms. Heitzler stated that when the first bond counsel letter was sent, the thought was to begin to use a new Master Resolution; however, after re-examining provisions regarding the security and State aid intercept mechanics for a School District with multiple series of bonds, it was decided that amending and restating the 2002 Master Resolution was a better option. Ms. Heitzler informed the Members that under the existing General Resolution, if 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. Heitzler explained that the Amended and Restated Master Resolution includes the same changes as were described in the first bond counsel letter for the new Master Resolution. She further explained that the Amended and Restated Master Resolution authorizes multiple series of bonds under one Supplemental Resolution instead of many series resolutions. She indicated that the investment provisions were updated and that the changes will be effective for series of bonds issued after today.

Ms. Heitzler concluded that before the Board for consideration is the Supplemental Resolution 2018-1, which authorizes the issuance of bonds under the Amended and Restated Master Resolution in one or more series, taxable or tax-exempt, up to $500 million in aggregate principal amount, up to 7½% interest rate, up to 31 years from date of issuance to final maturity, and subject to other parameters described in the Board letter. She stated that the Supplemental Resolution also authorizes execution of a Bond Purchase Agreement, Financing Agreement with the School Districts, Continuing Disclosure Agreements, and preparation of a Preliminary and a Final Official Statement, all of which would be substantially similar to what has been done in prior transactions. She further stated that the Supplemental Resolution allows for the issuance of series over time, and there may be opportunities for refundings along the way. She stated that the proposed use of the proceeds is to finance or refinance projects, and to refinance BANs, with the potential for refunding bonds as well

Ms. Heitzler reported that the Marous Law Group P.C. will be co-bond counsel for the upcoming transaction.

In response to an inquiry from Mr. Gardner, Ms. Heitzler explained that if a School District does not pay, the intercept applies only to that School District. She further explained that no School District is responsible for the obligations of another School District. Mr. Gardner summarized, noting that the School Districts are not jointly and severally liable. Ms. Heitzler agreed, further explaining that the timing is such that the time required to requisition intercepted funds from the Office of the State Comptroller works with the bond payment dates.

In response to a further question from Mr. Gardner as to whether financially weaker School Districts are better off being part of the pool, Mr. Ostrander responded that the School Districts are actually divided into series by ratings. Ms. Heitzler agreed, noting the prime divider is ratings. She explained that often there is bond insurance for a particular series. She indicated that bond insurance homogenizes the credit from a bondholder perspective.

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 SERIES OF SCHOOL DISTRICTS REVENUE BOND FINANCING PROGRAM 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 SUPPLEMENTAL RESOLUTION 2018-1 AUTHORIZING UP TO $500,000,000 SCHOOL DISTRICTS REVENUE BOND FINANCING PROGRAM REVENUE BONDS

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

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.

Mr. Ellis 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, AND THE DORMITORY AUTHORITY TO EXECUTE ONE OR MORE MASTER LEASE AND SUBLEASE AGREEMENTS AND ANY OTHER APPROPRIATE DOCUMENTS TO MAKE EQUIPMENT HAVING A VALUE IN EXCESS OF $10,000,000 AVAILABLE TO MARY IMOGENE BASSETT HOSPITAL UNDER THE TAX-EXEMPT LEASING PROGRAM

Ms. Snyder seconded the motion and the Resolution was unanimously adopted.

President's Report

In the President's absence, the Chair noted that DASNY launched its new website on January 27, 2018. He indicated that it was his understanding that the implementation is expected to have a revolutionary impact on the services DASNY provides its clients.

The Chair then introduced to the Members, Deborah K. Fasser, DASNY's new Director, Marketing and Communications. Ms. Fasser detailed for the Members her professional background and experience. In response to an inquiry from Mr. Johnson, Ms. Fasser stated that one of her prior employers, Corning Place Communications, was the communications arm of

Hinman Straub P.C. and that her previous employer did lobbying. Mr. Johnson asked whether the firm had lobbied DASNY and whether she was prohibited from undertaking certain actions because of that. Ms. Fasser replied that she had not, personally, and that her activities were focused on the communications side. In response to a further inquiry from Mr. Johnson, Ms. Fasser indicated that she would be taking DASNY's ethics training soon and would pay close attention to instruction in this area. Mr. Cusack reminded the Members that ethics training for Board Members was to be completed by March 31, 2018, and that staff was making an effort to conclude the training cycle by February 28, 2018.

The Chair concluded the President's Report by informing the Members that he had recently attended DASNY's Service and Retiree Recognition Awards. He expressed his appreciation for the efforts involved in bringing the events held in NYC and Albany to fruition, noting what a wonderful thing the Service Awards represent.

Ms. Berlin arrived at the Meeting.

Public Finance and Portfolio Monitoring Report

Ms. Lee provided the Members with a market update, noting that total new issue supply is currently about $21 billion year-to-date, down over 45% from the supply levels seen this time last year and that total supply for the week is expected to be light at about $4.1 billion, comprised of $2.9 billion in negotiated deals and $1.2 billion in competitive sales. Ms. Lee reported that the headlines last week demonstrated concern about rising rates, the FOMC meeting which left the feds funds target unchanged, and a stronger than expected employment report. She stated that the Fed set the stage for a March rate hike. She further stated that the ten and 30-year MMD rates have increased 32 and 28 basis points, while the 1-year MMD has decreased 9 basis points since the January Board Meeting.

In response to an inquiry from Ms. Snyder regarding how the spreads between Treasuries and MMD compare, Ms. Lee stated that the current 10-year Treasury is 2.79% and the 30-year Treasury is 3.06%, while the 10-year MMD is 2.37% and the 30-year MMD is 2.92%. Ms. Snyder asked whether Ms. Lee sees municipal bonds as more stable than the 10-year treasury as it fluctuates throughout day, week, month or whether the spread is more constant between the two. Ms. Lee responded that she was not certain and would follow up.

Ms. Lee reported that the current AAA MMD – 1-Yr 1.33%, 10-yr 2.37% and 30-Yr 2.92% and that the current Treasury rates for 10-years and 30-years are 2.79% and 3.06%. She noted that at the January Board Meeting the current AAA MMD was 1-Yr 1.42%, 10-yr 2.05% and 30-Yr 2.64% and that the current Treasury rates for 10-years and 30-years were 2.55% and 2.88%.

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

EXECUTIVE SESSON

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

PUBLIC SESSION

Financial Report

Ms. Nadeau stated that, as noted in the Financial Report, DASNY had seven private client financing transactions close during December 2017, bringing the year-to-date total to 13 closings, generating fees of $1.8 million vs. the budget of $2.2 million. She further noted that 94% of DASNY's direct charges are in support of public clients, which is higher than the 88% level budgeted. Ms. Nadeau explained that the increase in workload for the Grants Administration Unit continues to drive the higher level. Ms. Nadeau stated that through December 2017, operating expenses were approximately $300,000 or approximately .5% above budget.

Ms. Nadeau reported with respect to the reserve funds the Board established in July 2016. She stated that there was no activity in the Healthcare Transformation Fund, which was established at $5.5M. She reported that, to date, $300,000 has been expended from the fund. She indicated that there are no commitments, leaving an uncommitted balance of $5.2 million. Ms. Nadeau reported that the Evolutionary Fund was established at $4 million, and that to date, $1 million has been expended. She further reported that there were outstanding commitments of $600,000 at the end of December 2017, leaving an uncommitted balance of $2.4 million. Ms. Nadeau noted that the 21st Century Technology Fund was established at $3 million. She reported that to date, $200,000 has been spent. She further reported that there are outstanding commitments of $2.2 million, leaving an uncommitted balance of $500,000.

The Chair asked whether the rate of expenditures from the reserve funds is what was expected when they were established. Ms. Nadeau stated that the expenditure from the Healthcare Transformation Fund is calculated annually at the close of the fiscal year. She explained that the timing of expenditures from the Evolutionary Fund is linked to the use of external consultants. She noted that spending from the 21st Century Technology Fund has been slow because much planning is involved.

Mr. Ellis noted the rush of activity that took place in December 2017 with respect to DASNY's financing transactions. He asked whether this activity had any impact on spending. Ms. Nadeau replied that it had no impact on expenses.

Construction Report

Mr. Curro directed the Members' attention to the photograph on the cover of the Construction Projects Monthly Report. He noted that it depicts the Kingsboro Community College Cooling Tower and Chilled Water Systems Replacement. He stated that the cooling tower is a mechanical system used to cool warm water fed into it by passing air over the warm water and extracting the resulting heat to the atmosphere. He stated that the cool water is then used for air conditioning systems.

Mr. Curro reported that the project scope included replacing the existing 1974 and 2002 cooling towers and associated chilled water piping and water pump systems, and replacement of existing dunnage steel supporting the cooling towers. He stated that the project budget was $10 million and the design consultant was The Fulcrum Group. Mr. Curro reported that the design start date was June 2013 and the design completion was November 2016. Mr. Curro reported that Fulcrum was also the construction manager on the project and the general contractor was Sierra Mechanical Contracting. He noted that the construction started in March 2017 and was completed December 2017.

Mr. Curro further reported that there were some challenges with the project. He explained that due to the condition of the aged existing cooling towers, temporary towers were installed prior to the cooling season. He stated that the transition from existing to temporary was complicated and required temporary piping and electrical work. He further stated that the chemical treatment of existing water and systems also presented challenges.

Mr. Curro then reported on new projects. He stated that new projects include: CCNY Fire House renovations with a project cost of $7.3 million; the York Track and Field upgrade with a cost of $5.2 million; the Queens College Lab Renovation at a cost of $5.1 million; the Queens College Hub (student services) at a cost of $8.5 million; and the HTF Howard Beach and Rockaway East NY Rising Community Center at a cost of $9.3 million. He noted that all, in total, represent new project costs of $35.4 million.

Mr. Curro then reported that construction expenditures for the prior year to date through December 2016 were $517 million, and that current year expenditures year to date through December 2017 are $666 million, an increase of $149 million.

Mr. Curro reported that with respect to the Court Officers Training Academy project, progress continues with systems, commissioning, site and finish work continuing. He noted that the project team has commenced TCO pre-inspection activity including a fire alarm pre-test conducted in late January. He stated that the current project schedule targets February 2018 for substantial completion, but that it is anticipated that the next schedule update will indicate the TCO date moving forward to a March/April 2018 timeframe. He stated that the DASNY team will be on-site on Thursday for the next bi-weekly project status meeting.

Mr. Curro reported that with respect to the MacKenzie project at SUNY Alfred, a TAO was received in late December and students have occupied the space which includes a small cafeteria, workout room, laundry facilities and floor plan that includes suite style living space.

Mr. Curro then reported that with respect to the SUNY Brockport project, the project continues to progress toward a July 2018 TAO completion date. He noted that mechanical, electrical and plumbing systems, sheet rock and exterior finish/façade work continues.

Mr. Curro reported that the CUNY School of Medicine renovation of Harris Hall for the addition of program space for the CUNY Sophie Davis Biomedical Education Program has reached substantial completion as of early January 2018, with much of the space now occupied. He noted that the project was extremely challenging form a schedule and existing unknown conditions discovered standpoint.

He then reported on the South Beach PC project that continues to advance with multiple building package 5 activities on-going, including light gage metal framing installation, steal fireproofing and mechanical, electrical and plumbing roughing. Mr. Curro noted that the corrective work associated with the utilities exiting the CSB and entering the project continues with soil backfill being removed in favor of a light weight styrofoam material. He noted that the project remains on track to achieve a June 2019 Temporary Certificate of Occupancy.

Mr. Curro reported on the LaGuardia Community College Façade Project. He noted that the projects stop work order issues have been addressed by DASNY's general contractor and project activities are anticipated to renew in mid to late February.

Mr. Curro reported on the Construction Division Operations. He informed the Members that multiple Construction Division teams have been established to review recommendations from EY including: small project processing; job order contracting process; work authorization process; term consultant management; and DPM-CPM coordination. He noted that the teams are moving forward with a review of the EY recommendations and are undertaking a more in-depth review of DASNY projects and procedures for efficiency gains opportunities.

He then reviewed the Construction Division training series that includes: Construction Technology and Systems Update on January 12; Updated General Conditions on January 19; DASNY University Introduction on February 2; and NYC PLA on February 23.

Mr. Curro reported that the following are recent and upcoming DASNY Presentations: NY/NJ CMAA held on January 25, 2018 addressing approximately 100 members on DASNY's Project Delivery Methods and Pipeline; SUNY PP/AA on January 30, 2018 that addressed approximately 200 members on SUNY Residence Hall Project activity; ACES NYC on January 29, 2018 where Director, Sustainability, Jodi Smits-Anderson addressed the NYS Chapter on sustainable opportunities on DASNY projects; and BOMA scheduled for February 21, 2018 where the membership on MWBE Programs will be presented.

General Counsel's Report

Mr. Cusack stated that the activities of Counsel's Office are respresented in the materials which the Board has reviewed, and that he had nothing further to report.

Mr. Romski moved that the Meeting adjourn, Mr. Johnson seconded the motion and the Meeting was adjourned at approximately 10:48 a.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary