

The Dormitory Authority of the State of New York met in a Regular Meeting at DASNY's Albany Office, 515 Broadway, Albany, New York at 9:30 a.m. on Wednesday, January 10, 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
Sandra M. Shapard, Secretary, Member
Jonathan H. Gardner, Esq., Member
Gerard Ronski, Esq., Member
Paul S. Ellis, Esq., Member
Adrian Swierczewski, Designated Representative of the Director of the Budget, Member (ex officio)
John Valitutto, Designated Representative of the Commissioner of Health, Member (ex officio)

Members Absent:

Beryl L. Snyder, Esq., Member
Elizabeth Berlin, Designated Representative of the Commissioner of Education, Member (ex officio)

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
Debra Pulenskey Drescher, Esq., Managing General Counsel
Larry N. Volk, Senior Director, Portfolio Monitoring
Paul Koopman, Managing Senior Director, Construction
Daniel W. Petroff, Chief of Strategic and Business Development
Nicola B. Zarrelli, Deputy Chief Financial Officer
Andrew T. Purcell, Assistant Director Public Finance and Portfolio Monitoring
Dena T. Amodio, Esq., Associate Counsel

Other Attendees:

Kam Wong, Esq.

Hawkins Delafield & Wood, LLP

Robert James, Esq.

Golden Holley James, LLP

PUBLIC SESSION

The Chair called the Meeting to order. He thanked the Members and staff for the extraordinary work that they undertook in 2017, especially in the months leading to year end. He noted that he was looking forward to the work to be done in 2018. The Minutes of the November 15, 2017 Special Video Conference Board Meeting, November 29, 2017 Special Video Conference Board Meeting, December 6, 2017 Special Video Conference Board Meeting and December 13, 2017 Regular Board 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 Personal Income Tax / Sales Tax Revenue Bond transaction to the full Board for approval.

Personal Income Tax Revenue Bonds / Sales Tax Revenue Bonds

The President introduced Kam Wong, Esq. of Hawkins Delafield & Wood, LLP, and Robert James, Esq. of Golden Holley James, LLP, co-bond counsel on the transaction and Andy Purcell.

Mr. Purcell presented the Single Approval Credit Summary and Staff Report recommending the issuance of Sales Tax Revenue Bonds and/or Personal Income Tax Revenue Bonds, or a combination of both, in multiple series of tax-exempt and/or taxable, fixed and/or variable rate bonds, at one or more times in an amount not to exceed \$1.7 billion with a term not to exceed 30 years, to be sold on either a competitive or a negotiated basis or a combination of both. He stated that the mechanics of the two programs are very similar and that the major difference is the stream of revenues that secure the bonds - sales tax revenue verses personal income tax revenue.

Mr. Purcell stated that the proposed transaction qualifies as a single approval transaction, because it is a new money transaction for one of DASNY's public programs which is already in DASNY's portfolio and for which bonds are issued pursuant to a Supplemental Resolution under a previously adopted General Resolution. He noted that the Bonds are being issued for new money purposes and are expected to fund a variety of capital projects under various programs including: State University of New York ("SUNY") educational facilities (\$650 million); capital transportation facilities projects for the Metropolitan Transportation Authority (\$250 million); Economic Development Grants (\$100 million); transportation initiatives (\$300 million); various environmental projects which may be administered by the Department of Environmental

Conservation, the New York State Department of Agriculture and Markets, the Department of State and the Office of Parks, Recreation and Historic Preservation (\$230 million); and various Health Care Grants which could include Essential Healthcare Program Grants and CRFP grants (\$70 million).

Mr. Purcell reported that if the Bonds are issued under the Sales Tax Revenue Bond Program, the Bonds will be paid by the semi-annual payments made pursuant to a Financing Agreement between DASNY and the State. He stated that the Bonds are secured by a set aside of one cent, or approximately 25% of the State's four percent sales tax collected pursuant to statute and deposited in the Sales Tax Revenue Bond Tax Fund. Mr. Purcell reported that the current debt service coverage for all sales tax debt is 4.9 times.

Mr. Purcell stated that if the Bonds are issued under the Personal Income Tax Revenue Bond Program, the bonds will be paid by the semi-annual payments made pursuant to the corresponding Financing Agreement between DASNY and the State. He noted that the bonds are secured by a set aside of 25% of personal income tax revenues collected pursuant to statute and deposited in the Revenue Bond Tax Fund and that the current debt service coverage for all outstanding PIT debt across all issuers is 3.3 times. Mr. Purcell noted that both Programs are expected to be rated Aa1/AAA\AA+.

Ms. Lee reported that Governor Cuomo had noted in his recent State of the State address that the Executive is exploring potential tax law changes in light of the recent Federal tax law changes, and to the extent that a proposal comes out in the Executive Budget that would affect personal income taxes, the issuance would be effectuated through the Sales Tax Program. Mr. Gardner asked if the decision would be made by the Division of the Budget ("DOB") and DASNY staff, and Ms. Lee responded that the decision would be made by DOB.

In response to an inquiry from Ms. Shapard regarding current capacity under the Sales Tax Program, Mr. Purcell stated that the current debt service coverage for all sales tax debt is 4.9 times. He noted that there is quite a bit of Sales Tax cap left. Ms. Shapard asked if there was even more room under the PIT cap because of the larger revenue source. Mr. Purcell replied that PIT does have a larger revenue stream.

Mr. Johnson noted State sales tax receipts had been below projections in this area of the State. Mr. Johnson asked if staff had calculations which show how the Federal tax law changes might impact the State personal income tax revenue. He stated that for the majority of people, their taxes should be decreased. Ms. Lee stated that staff does not yet have that information. She acknowledged that the changes may affect the credit. Mr. Johnson stated that he believed that DASNY should be issuing under the Sale Tax Program then. The Chair stated that if there is an impact on New York State's personal income tax, then the bonds would be issued under the Sale Tax Program. Mr. Johnson indicated that he wanted to be certain that DASNY was being prudent in its decision to approve the transaction. Mr. Cusack noted that the alternative nature of the approval provides the State with options. Ms. Lee stated that staff would report back to the Board with respect to any legislative initiatives that might affect the issuance.

Ms. Shapard stated that the State will receive less income from personal income taxes. She asked whether, based on that fact, new or updated disclosure will be required. The Chair asked whether that disclosure would be contained in the Preliminary Official Statement (“POS”). Ms. Lee responded affirmatively to Ms. Shapard’s question and noted that such disclosure would be included in a Personal Income Tax Revenue Bond Program POS, but that if a new State tax proposal was included in the Executive Budget, then the issuance would likely occur under the Sales Tax Program.

Mr. Swierczewski stated that the Executive Budget will have an update to the State’s financial plan, which will provide clarity with respect to some of the issues being discussed. He indicated that he would be happy to arrange for a presentation at the February Board Meeting by the appropriate individuals from DOB. Ms. Shapard asked whether PIT revenue projections will be available by then. Mr. Swierczewski responded that the projections should be available next week.

Ms. Wong noted that whether the State issues under the Sales Tax Program or PIT Program, the rating agencies will rate the bonds. The Chair agreed that the market will dictate what happens. Mr. Ronski noted that the transaction does not come back before the Board for further consideration if the ratings are decreased, and Ms. Lee confirmed that an update would be provided to the Board in that event.

Mr. Gardner asked whether, as tax legislation is evolving, additional market updates will be required from a continuing disclosure perspective. Ms. Lee responded that the State provides quarterly updates to the market. Ms. Amodio stated that specific enumerated events that must be disclosed are set forth in a continuing disclosure agreement. Ms. Shapard asked whether such an event would necessitate that the Official Statement be stickered. Ms. Lee responded that she assumes that the bonds would not be issued under the PIT Program if tax legislation is proposed. She stated that further discussions would need to be had concerning Mr. Gardner’s question about ongoing disclosure for those items not specifically enumerated in the continuing disclosure agreement separate from the quarterly updates.

Mr. Gardner stated that he viewed consideration of the transaction as the first step in moving forward. He stated that if the Governor proposes something that will affect the transaction, then the transaction will move in a different direction or the risk will be disclosed. He further noted that the commitment of the Legislature to allocate the funds to pay the debt service on these bonds is an ongoing annual event, and that this Board is without power to bind the Legislature. Mr. Cusack agreed and noted that this risk is disclosed in every Official Statement. Ms. Shapard concurred and noted that the difference is if there’s a proposal that is actually made this year.

In response to an inquiry from Mr. Ronski as to whether the Board can revoke an approval, Mr. Cusack responded that it was possible and that the Board is free to evaluate any new information. Mr. Gardner noted that the comment made by Ms. Wong regarding the market is well taken. Ms. Wong stated that the effect on personal income tax revenue may not be immediate; it may be more long term.

Ms. Wong reported that this was the fourth transaction that Hawkins, Delafield & Wood LLP had done with Golden Holley James LLP as co-bond counsel. Ms. Wong stated that before the Members for their consideration are two Supplemental Resolutions - one under the Sales Tax General Bond Resolution and one under the PIT General Purpose Bond Resolution. She stated that, together, they authorize an aggregate not to exceed amount of \$1.7 billion. She explained that each Supplemental Resolution provides that, if any of the bonds are issued, the amount issued will be deducted from the authorization under both Supplemental Resolutions, and therefore, the total authorization for both Supplemental Resolutions is \$1.7 billion.

Ms. Wong stated that the two General Resolutions are similar and that the main difference between the General Resolutions is the source for payment of debt service on the bonds. She further stated that the PIT Bonds are payable from a portion of the personal income tax collected by the State and that the Sales Tax Bonds are payable from a portion of the sales tax collected by the State. Ms. Wong noted that the two Supplemental Resolutions are similar to each other in terms of authorization of the issuance of bonds thereunder.

Ms. Wong explained that under each Supplemental Resolution, the respective bonds may be issued for any authorized purpose, but are expected to be issued to finance or reimburse the costs of: capital projects for the State University of New York educational facilities; various capital transportation facilities projects for the Metropolitan Transportation Authority and certain other transportation initiatives under the NY Works Transportation Infrastructure program; health care facilities grants under the Capital Restructuring Financing Program and Essential Health Care Provider Support Program; various economic development grants administered by DASNY or otherwise funded by the State; and various environmental projects which may be administered by the New York State Department of Environmental Conservation, the New York State Department of Agriculture and Markets, the New York State Department of State and the New York State Office of Parks, Recreation and Historic Preservation.

Ms. Wong reiterated that any issuance of bonds under either the PIT Supplemental Resolution or the Sales Tax Supplemental Resolution will reduce the principal amount of bonds that may be further issued under both Supplemental Resolutions.

Ms. Wong stated that with respect to the PIT Bonds, the State Finance Law provides that 25% of personal income tax collected by the State are deposited into a statutory fund called the Revenue Bond Tax Fund. She explained that payment from such fund is provided for through the Financing Agreement with DOB. She noted that such payments are subject to legislative appropriations and that the statutory framework is the same for Sales Tax Bonds except that the portion (currently 25%) of the sales and compensating use tax are deposited in a different statutory fund called the Sales Tax Revenue Bond Tax Fund. Ms. Wong explained that, similar to PIT Bonds, debt service is provided for through a Financing Agreement with DOB. She noted that such payments are also subject to legislative appropriations.

Ms. Wong informed the Members that the bonds may be fixed or variable rate, but that they are expected to be fixed rate bonds. She stated that the bonds are expected to be sold through either a competitive or negotiated sale, and that they may be issued in one or more series and at one or more times.

Mr. James noted that as Mr. Purcell and Ms. Wong stated, the Supplemental Resolutions before the Members for their consideration each call for the total amount of bonds issued under each respective Resolution to reduce the amount of bonds that can be issued under the other Resolution. He stated that, the PIT and Sales Tax Revenue Bond Programs have very similar mechanics, and those similarities extend to the respective Supplemental Resolutions. Mr. James described various features of those Supplemental Resolutions. He stated that the bonds may be issued in one or more series or subseries, at one or more times, in an aggregate principal amount not to exceed \$1.7 billion. He noted that, although it is anticipated that all the bonds will be issued as fixed rate bonds, all or a portion of the bonds also may be issued as variable rate bonds, convertible bonds, capital appreciation bonds and deferred income bonds. Mr. James stated that the Supplemental Resolutions further provide that all or a portion of the bonds authorized thereby may be sold at public or private sale on a negotiated basis or through competitive bidding, and may be consolidated into a single series with any other bonds that are authorized under the Resolution.

Mr. James stated that the Supplemental Resolutions delegate to various officers of DASNY the power to determine specific terms of the bonds. He explained that the Supplemental Resolutions further authorize various officers of the Authority to enter into one or more agreements with the applicable State agencies, authorities or other entities in order to effectuate the transactions contemplated thereby.

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

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SUPPLEMENTAL RESOLUTION 2018-1 AUTHORIZING STATE PERSONAL INCOME TAX REVENUE BONDS (GENERAL PURPOSE); and

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SUPPLEMENTAL RESOLUTION 2018-1 AUTHORIZING STATE SALES TAX REVENUE BONDS (GENERAL PURPOSE)

Mr. Gardner seconded the motion and the Resolutions were adopted by a vote of seven to one, with Mr. Johnson voting, "No."

President's Report

The President thanked the Members and staff for the extraordinary work they did at the end of 2017 to get DASNY's clients into the market. He indicated that he expected the same degree of stability and efficiency in 2018. He stated that DASNY had set a new benchmark with its exceptional work with new support and direction for its clients.

The President stated that DASNY is also beginning the year on a high note. He informed the Members that DASNY entered 2018 as the nation's second most prolific issuer, according to *The Bond Buyer* and *Reuters*. He stated that some of the most notable highlights achieved in 2017 with respect to DASNY's municipal finance business include: a \$1.8 billion PIT financing; a \$1.7

billion PIT financing; a \$1.4 billion Sales Tax financing; and a \$344 million SUNY Dorm financing. The President further noted that DASNY had issued more than \$1 billion in low-cost, tax-exempt bonds to support the capital needs of, and refinancing for, private, not-for-profit higher education institutions in New York State, helping them attract the best and the brightest students. He stated that DASNY had provided more than \$580 million in low-cost, tax-exempt bonds to support the capital needs of, and refinancing for, private, not-for-profit health care providers in the state, helping them provide New Yorkers with the highest quality health care. He further stated that through this work, DASNY and its clients are creating a sturdy economic foundation that positions New York for success in 2018 and beyond.

Public Finance and Portfolio Monitoring Report

Ms. Lee reported that after the rush to market at the end of last year, the calendar is light. She stated that last week's calendar, with the holiday, was approximately \$760 million and that this week's calendar is between \$3 and \$4 billion.

Ms. Lee reported that the December minutes from the Federal Open Market Committee Meeting indicated support for three gradual rate hikes this year. She noted that DASNY priced and closed the Memorial Sloan-Kettering Cancer Center, Fordham University, St. John's University, Touro College Obligated Group, United Cerebral Palsy Jawonio, and Bronx-Lebanon Hospital Center transactions in December. She further noted that DASNY is still working on the St. Josephs transaction.

Ms. Lee reported that the one-year and ten-year MMD rates have increased 21 basis points and 4 basis points, respectively, while the 30-year has stayed the same since the December Board Meeting.

Ms. Shapard asked whether Ms. Lee thought that there were potential refundings that DASNY could undertake in 2018. Ms. Lee stated that it was unclear at this time. Ms. Shapard stated that she wondered whether DASNY had somewhat emptied the pipeline for the near term.

Mr. Johnson asked for a review of the new Federal tax law as it relates to refundings. Ms. Lee stated that the ability to issue private activity bonds was preserved, but that advance refundings were no longer allowed, just current refundings, defined as refundings that are within 90 days of the call date.

President's Report (continued)

The President reported that he was very focused on DASNY's change management initiative. He stated that part of the initiative was the overhaul of DASNY's website. He indicated that DASNY's new website will be unveiled very soon, after two months of intensive work on the project. The President stated that former Director, Marketing and Communications, Freeman Klopott, had spearheaded the endeavor, working principally with the Communications and Marketing team and Information Services, as well as a number of other segments of the organization. The President stated that he felt that the new website would

add value to DASNY's image. He expressed appreciation for their efforts to Ms. Nadeau, Ann Andrew, Marilyn Fountain, Jamie Hewitt, Carla Bryda, and Will Golden, who he indicated had played a sizable role in the project.

The President stated that he continues to work to break up silos at DASNY and to foster more collaboration. He indicated that everyone from DASNY needs to work together. He reported that staff expects to present an update to the Board on the small projects initiative in March 2018 and the financing guidelines/process review in April 2018. He noted that these ongoing projects were very exciting.

The President stated that on January 3, 2018, in Albany, Governor Andrew Cuomo delivered his eighth State of the State address. He stated that the Governor built upon many progressive proposals, and instituted some new ones, including: combatting sexual harassment in the workplace by preventing public dollars from being used to settle sexual harassment claims against individuals; mandating that any companies that do business with the State disclose the number of sexual harassment adjudications and nondisclosure agreements they have executed; expanding the state's MWBE Program by requiring MWBE goals on State funds used for contracting purposes on the local level; furthering the fight against student loan debt, which presents perhaps the greatest impact on DASNY's work should there be a sizeable growth in incoming students; and a transformational \$1 billion redevelopment of Belmont Park into an internationally recognized mixed-use destination for sports, entertainment, retail, and hospitality.

The President further noted that the Governor is strengthening workforce development to prepare New Yorkers for the jobs of the future, complementing the establishment of the youth job tax credit and historic investments in SUNY and CUNY. He reported that the Governor is also creating a Transportation Improvement District that incentivizes property owners through development rights and tax incentives to redevelop their properties and reinvest in the City's transportation infrastructure. He stated that this follows the beginning of construction on the New Grand Moynihan Train Hall, for which DASNY provided permitting services. The President reported that Governor Cuomo's Executive Budget will be released no later than January 16, 2018. The President indicated that he will provide the Board with an update at the February Board Meeting.

The President informed the Members that last year 26 employees retired from DASNY. He directed the Members' attention to a Resolution before them for their consideration expressing the gratitude of the Board for the retirees' dedicated service and valuable contributions to DASNY and New York State. The President stated that these retirees are representative of the commitment of every member of the DASNY team to financing and building the institutions that provide the foundation for New York's communities. He stated that they have contributed decades of experience and expertise to DASNY and will be missed by the DASNY family. He noted that DASNY has implemented knowledge transfer initiatives to ensure that current employees have the skills and experience to continue to provide the expertise that DASNY clients need.

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

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) RECOGNIZING WITH APPRECIATION THE SERVICE OF THE 2017 RETIREES

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

The President asked Mr. Corrigan to present to the Members the highlights of the proposed collective bargaining agreement with The International Union and its Local 2110, United Auto Workers (“UAW”) before them for their consideration. Mr. Corrigan stated that the proposed collective bargaining agreement is identical to the collective bargaining agreement that the Board approved for Local 698 of the Civil Service Employees Association, Inc. last month. He stated that the contract provides for cost of living increases of 2% over five years. He further stated that UAW is a small unit at DASNY which currently has 26 employees.

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

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (“DASNY”) APPROVING AND AUTHORIZING THE EXECUTION OF A COLLECTIVE BARGAINING AGREEMENT

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

Financial Report

The President then asked Ms. Nadeau to report on DASNY’s Operating Budget and projections for improved operating results relative to the projected 2017-18 results, while continuing to implement knowledge transfer initiatives. He noted that it also reflects continued expenditures to update technology to improve efficiencies and streamline operations.

Ms. Nadeau provided the update to DASNY’s projected financial position for the current fiscal year. She stated that the projection has decreased by \$6 million from the projection discussed during the December Board Meeting, putting it back in line with the 2017-18 Budget approved by the Board last March. She further stated that the primary reason for the change is a change in how the portion of DASNY’s liabilities for post-retirement benefits other than pensions to be allocated to public clients is calculated.

Ms. Nadeau noted that previously the liability and expense allocation was calculated and adjusted based solely on distribution of employee time for each program area in each fiscal year. She stated that the revised methodology of allocation reflects the cumulative share of time DASNY employees have spent supporting public programs since the inception of the liability in 2008. Ms. Nadeau further stated that by using the cumulative calculation, the allocation aligns with the overall level of support provided to the public programs, rather than focusing on a single year’s level of support.

Ms. Nadeau stated that with respect to the proposed 2018-19 Operating Budget, the materials distributed to the Members reflect operating expenditures of approximately \$115 million, which is a 1.99% increase over the projected 2017-18 results. She pointed out that timing requirements of DASNY's budget publication necessitate that the Budget is prepared without insight into the State's Budget and have therefore assumed a continuation of the historical level of support for DASNY's client agencies. She stated that DASNY will review the State's Budget when it is issued and advise the Board of any impacts on the proposed DASNY Budget under review today. Ms. Nadeau stated that as shown on page 3 of the Budget presentation, the primary drivers of the increase are related to salaries and benefits. She noted that page 6 of the presentation provides further details behind the increases, but in summary, salaries are proposed to increase by approximately \$1.8 million. Ms. Nadeau stated that this increase reflects: the contractual obligations for cost-of-living and step/longevity increases, as well as twelve new FTEs, which is partially offset by funding from the Evolution and Health Care Transformation Reserves to facilitate knowledge transfer with some retiring employees; and benefits which are proposed to increase by approximately \$1 million. She explained that this increase reflects a 6% increase in health insurance premiums due to higher rates and participation, as well as higher contributions for retirements based on the estimate received from the Employee Retirement System increased to reflect the additional FTEs previously referenced.

Before moving on to how the proposed Operating Budget impacts DASNY's financial position, Ms. Nadeau reviewed a few of the key assumptions underlying the proposed Budget. She noted that, as described on page 6 of the presentation, the proposed Budget reflects an increase of twelve FTEs, resulting in a proposed budget level of 529 FTEs, which reflects the 13 new positions added to the Grants Administration Unit during the current fiscal year that were not included in the 2017-18 Budget. She stated that in terms of lines of business, financing fees reflect three additional private financings for higher education clients, as shown on page 7 of the presentation. She stated that, as shown on page 9, the construction workload for 2017-18 reflects a 33% increase over the prior year, while maintaining a steady number of projects, in excess of 900. She further stated that taking into account these assumptions, as shown on pages 4 and 5 of the presentation, the 2018-19 operating results are expected to be breakeven, improving from the slight projected 2017-18 deficit.

In response to an inquiry from the Chair regarding valuation of accrued sick leave with respect to benefits and retirees, Mr. Corrigan stated that the value is set by NYS Civil Service at the time that the employee retires. Ms. Shapard commented that it is set under a very complicated formula.

In response to an inquiry from the Chair as to whether retired employees can use accruals other than sick leave to cover health insurance premiums, Mr. Corrigan stated that they are only entitled to use sick leave. In response to a question from Mr. Ellis regarding expected increases in health insurance premiums, Ms. Nadeau stated that the two most popular plans, The Empire Plan and CDPHP, are expected to see rate increases of 7.5% and 2.3% respectively.

Mr. Ellis asked whether the 13 new positions in the Grants Administration Unit this past year were the result of an increase in workload. Ms. Nadeau replied that there was both an increase in workload and a large backlog. Mr. Corrigan explained that over the last twenty years that

DASNY has been doing grant administration, there has always been a fluctuation in staffing in the unit, but that it had been around 6 FTEs. He stated that it was necessary to staff up because of the very large volume associated with the SAM Program.

Ms. Shapard asked about replacing staff who will retire. Ms. Nadeau stated that Management knows who is eligible to retire and starts planning accordingly. Ms. Nadeau clarified that Management does not assume that everyone will retire when eligible, but it is helpful to be cognizant of the information. The President noted that he has been focused on succession planning since his arrival at DASNY. He stated that DASNY is on the cusp of two to three years when many employees will be able to retire. Ms. Shapard questioned whether replacement of the retiring employees will be by those currently employed by DASNY rather than new employees obtained from external sources. Mr. Corrigan stated that there are approximately twelve FTEs in the proposed Budget for succession planning purposes. He stated that they can be applied in areas where DASNY essentially needs to have two people working side by side during the transitional period. Ms. Nadeau stated that one can assume that a certain amount of this cost will be funded through reserves. In response to an inquiry from the Chair as to whether twelve FTEs have been identified for certain, Mr. Corrigan stated that it was an estimate that had been developed, not specific to individual employees.

Mr. Ellis asked about the 33% increase in the value of the construction workload. Ms. Nadeau clarified that the dollar value of the construction workload has increased, but that the number of projects has remained steady. She indicated that there has been some volatility in the size of the projects, although the dollar value of the projects has increased. Mr. Ellis inquired whether this is a significant increase. Mr. Corrigan replied that the fluctuation is typical. Mr. Curro stated that such a sizeable increase was not anticipated, however. He noted that there had been a significant increase in CUNY energy performance projects and that SUNY rehabilitation projects were plentiful. Mr. Curro stated that he does not anticipate reaching \$882 million, but that DASNY will probably reach the \$810 million to \$820 million range.

President's Report (continued)

The President stated that with respect to DASNY's Construction Division, DASNY heads into 2018 continuing to build upon successes of 2017. He stated that this past year, DASNY highlighted the wide breadth of its services with projects like the \$16 million conversion of Bishop Hall at Buffalo State College, the deployment of design-build for the new \$21 million residence hall at SUNY Brockport and the \$380 million worth of energy-efficiency work at CUNY's campuses. The President noted that DASNY ended the calendar year with a pipeline of 927 projects valued at nearly \$6.5 billion.

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 NYS Office of Parks, Recreation and Historic Preservation Letchworth State Park – Nature Trail Rehabilitation. Mr. Curro reported that the rehabilitation and reconstruction was to sections of the stone trail, masonry stairs, pylons and railing that had deteriorated. He stated that DASNY had performed rock slope

scaling, rock nailing, shotcrete and drainage repairs which maintain the rugged features and historic nature within the landscape.

Mr. Curro stated that the budget for the project was approximately \$1.4 million and that the design started in June 2015 and finished in February 2016. He stated that the design consultant was Bergmann Associates. He stated that construction started in March 2017 and was completed in November 2017. He reported that the general contractor was Edward Hulme, LLC and the construction manager was LiRo.

Mr. Curro noted that DASNY faced challenges with respect to mobilization and delivery of construction materials to remote project locations. He stated that materials included tons of trail stone bedding, capstones weighing 300-400 pounds each, stone masonry mortar mix, stonework, and nearly 30 cubic yards of concrete for the new staircase foundations. He noted that shoring up the rock face of the trail included the installation of 20 feet of horizontal rock bolt anchors encased in shotcrete in a grid acting as a stabilizing cover of the rock slope.

Mr. Curro reported that construction expenditures through November had been \$450 million for the prior fiscal year to date and that the current year to date expenditures have been \$588 million – an increase of \$138 million.

Mr. Curro then gave a project / program update. He noted that with regard to the New York City Housing Authority (“NYCHA”), 37 security projects had been completed, with 16 projects in construction and 14 lighting projects advancing through design. He further reported that with respect to appliances, 25 developments were completed and 2 developments were in delivery. Mr. Curro reported that with regard to quality of life projects, 23 projects were in the construction design phase and 2 projects were in construction.

With respect to the South Beach Psychiatric Center project, Mr. Curro stated that the exterior light-gage framing is progressing under building package 5 and fireproofing of steel members is ongoing. He noted that a utility issue was discovered by the contractor related to infrastructure exiting the CSB on piles and entering the new building unsupported with 10 feet of soil material above. He reported that the contractor has now removed the soil backfill above the utilities and is placing styrofoam material in its place. He noted that the slab is a structural slab so the subsurface material is insignificant.

Mr. Curro reported on the Court Officers Training Academy. He stated that commissioning and finish work continues toward a February 2018 Temporary Approval for Occupancy (“TAO”). He reported that DASNY continues to meet bi-weekly with the general contractor. Mr. Curro noted that a fire-alarm pre-test was planned, as well as other testing and inspections for the TAO. He noted that the current schedules point to February 2018 completion date.

With respect to the SUNY Alfred Project, Mr. Curro reported that DASNY had received a TAO on January 4, 2018 for Phase 1 of the Mackenzie Hall gut rehabilitation project and that the project is proceeding to Phase 2 with a bid date scheduled for the end of the month.

Mr. Curro reported that the SUNY Brockport project remains on schedule for completion in the Summer of 2018 despite the brutal winter weather that has impacted the roof and façade materials installation. He further reported that the interior mechanical, electrical and plumbing and gypsum wall board installation is progressing.

Mr. Curro stated that the SUNY Albany G & H Building gut rehabilitation project for \$26.5 million bid date is scheduled for late January 2018, with an anticipated project completion of July 2019.

Mr. Curro then reported on the Moynihan Station Project which is a permitting only project for DASNY. He stated that DASNY provided preliminary comments to the design team for the basis of the design report received on December 8, 2017. He further stated that 100% document submission is expected in mid-February, with a construction start of July 1, 2018 anticipated. He noted that Phase II construction on the Train Hall continues and that DASNY is using Tectonic as its field inspectors for this work.

Mr. Curro stated that with respect to the Javits Expansion Project, also a permitting project for DASNY, the deep foundation work continues, including caissons and grade beams and infrastructure installation. He reported that support of excavation work is ongoing and that demolition of the North Exhibit Building continues with the removal of slab and foundations. Mr. Curro stated that the NYC Department of Buildings has issued permits for interior and egress work from existing Javits. He noted that the superstructure package submission had been received January 2, 2018 for permit review. He reported that 60% documents were anticipated by January 30, 2018 for DASNY's informational purpose.

Mr. Curro then provided an operational update. He stated that the following presentations were expected in January 2018: CHAA NY-NJ on January 25, 2018; SUNY PP/AA on January 30, 2018; and ACEC NYS on January 29, 2018. He noted that 300+/- performance evaluations for 2017 were being processed. He further noted that the Construction Division had the following training scheduled for January: Performance Evaluation – January 12; Construction Division Technology and Dashboard - January 12th and General Conditions Update on January 19th. Mr. Curro reported that there were several committees working on implementation of the EY recommendations.

In response to an inquiry from Mr. Ellis with respect to some negative press not related to DASNY that he had read regarding some of the NYCHA projects, Mr. Curro confirmed that DASNY was not involved. Mr. Curro explained that DASNY's NYCHA projects focus primarily on security projects, quality of life projects and delivery and installation of appliances. Mr. Ronski confirmed with Mr. Curro that boilers were not part of DASNY's projects. Mr. Curro reported with respect to the appliance projects left to be completed. In response to an inquiry from the Chair as to whether DASNY had to enter tenant space, Mr. Curro explained that DASNY did, but only to plug in appliances. The President noted that NYCHA had originally approached DASNY to assist with security. Mr. Curro agreed, noting that NYCHA came to DASNY with specific projects in mind.

General Counsel's Report

Mr. Cusack stated that, as has become the tradition, included in the Board materials is the Board Review/Action Chart to which the Members can refer with respect to their oversight. He noted that the March Board Meeting agenda is usually heavy, and that the April Meeting will be busy as well. Mr. Cusack informed the Members that the Annual Meetings for the two DASNY subsidiaries will also be held during one of those months.

Mr. Gardner moved that the Meeting adjourn, Ms. Shapard seconded the motion and the Meeting was adjourned at approximately 11:38 a.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary