

The Dormitory Authority of the State of New York met in a Meeting at DASNY's New York City Office, One Penn Plaza, 52nd floor, New York, New York at 9:30 a.m. on Wednesday, July 18, 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
Jonathan H. Gardner, Esq., Member
Wellington Z. Chen, Member
Beryl L. Snyder, Esq., Member
Gerard Ronski, Esq., Member
Paul S. Ellis, Esq., Member
Elizabeth Berlin, Designated Representative of the Commissioner of Education, Member (ex officio)
Tracy Fay Raleigh, Designated Representative of the Commissioner of Health, Member (ex officio)

Members Absent:

John B. Johnson, Jr., Vice Chair, Member
Sandra M. Shapard, Secretary, Member
Adrian Swierczewski, Designated Representative of the Director of the Budget, 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
Ricardo Salaman, Esq., Managing General Counsel
Larry N. Volk, Senior Director, Portfolio Monitoring
Deborah K. Fasser, Director, Communications & Marketing
Daniel W. Petroff, Chief of Strategy and Business Development
Criseidra Tait, Public Finance Diversity Fellow
Dilshoda Kurbonova, Public Finance Diversity Fellow

Others Present

Jeffrey M. Pohl, Esq.
Christopher J. Reitzel, Esq.
Robyn Helmlinger, Esq.
Sani Williams, Esq.

Squire Patton Boggs, LLP

J. El-Wise Noisette

Unique Photographic Studio

PUBLIC SESSION

The Chair welcomed Mr. Chen to the DASNY Board. He stated that with Mr. Chen's appointment, all seats have been filled. The Chair further stated that Mr. Chen brings a great deal of diverse experience to DASNY, and that he was looking forward to Mr. Chen's contributions. The President informed the Members that, together with Mr. Cusack and Ms. Drescher, he met with Mr. Chen to provide an overview of DASNY and the Board structure.

The Chair also welcomed Tracy Raleigh to the Board meeting in her capacity as a permanent designated representative of the Commissioner of Health. He recognized Ms. Raleigh's work as a prior presenter on health care policy matters, and stated that the Board is fortunate to have the benefit of Ms. Raleigh's experience. He informed the Members that Mr. Abel would be retiring from the Department of Health in the near future. The Chair stated that Mr. Abel's knowledge and insight into healthcare policy matters have been extremely valuable over the years, and he thanked Mr. Abel for his service.

The Chair called the Meeting to order. The Minutes of the April 24, 2018 Board Meeting/Workshop and the June 20, 2018 Regular Meeting were reviewed and approved, with one minor change to June 20, 2018 Regular Meeting Minutes to reflect that the Board approved the revised Montefiore Medical Center Obligated Group transaction.

Finance Committee Report

Finance Committee Chair Ronski reported that the Finance Committee the previous day and after detailed discussion, decided unanimously to recommend the revised Financing Guidelines to the full Board for approval. He also recognized and thanked Charlie Abel for his service on the Finance Committee over the years and wished him the best.

President's Report

The President reported that DASNY was recognized as one of the most prolific debt issuers in the nation over the last six months by *The Bond Buyer* and *Reuters*. He stated that DASNY had delivered issuances totaling \$3.2 billion. The President explained that amount includes a \$325 million issuance on behalf of Columbia University to fund the design, construction, and renovation of science and health care facilities, as well as the issuance of \$593 million for New York University for arts education, advanced medical research, sports and recreation, and student housing facilities. The President stated that DASNY sold \$585.2 million on behalf of 56 New York State school districts, which was the largest pooled school districts issue in DASNY history.

The President stated that each of the Members will receive a copy of DASNY's 2018 Annual Report in the near future. He further stated that the Report highlights the ways in which the OneDASNY initiative has enhanced project delivery and expanded service offerings. The President explained that the initiative has enabled DASNY to respond quickly and expertly to meet client needs. The President informed the Members that DASNY utilized the design-build delivery method to construct a new \$24 million residence hall at SUNY Brockport. He stated that the project was built within a one-year time period and will be completed next week. The President further stated that the same approach would be utilized for other upcoming projects, including a new residence hall for SUNY Polytechnic Institute in Utica and, in cooperation with the Department of Health, a new \$750 million New York Life Sciences Public Health Laboratory in the Capital Region.

The President informed the Members that DASNY set a new record for financings during the 2017-2018 fiscal year. He stated that during that time, DASNY completed 21 bond issuances totaling approximately \$8.5 billion for a variety of institutions across the State. The President further stated that these issuances were built upon a foundation of diversity and inclusion, and will help support economic growth and ensure a stronger, more vibrant New York for decades to come.

The President stated that in accordance with the New York Infrastructure Act and in partnership with the New York State Department of Health and the Empire State Development Corporation, DASNY issued a Request for Qualifications seeking qualified design-build firms or teams capable of designing and constructing a new, multi-purpose New York State Life Sciences Public Health Laboratory in the Capital Region. He further stated that the \$750 million project will foster innovation and collaboration within DOH's Wadsworth Center, as well as between the Wadsworth Center and outside partners.

The President introduced Criseidra Tait, a graduate of Medgar Evers College, and Dilshoda Kurbonova, a graduate of Baruch College's Zicklin School of Business, to the Members. He stated that Ms. Tait and Ms. Kurbonova had been selected to take part in the new Public Finance Diversity Fellowship program for graduating college students. The President explained that the fellowship is a full-year position and consists of two six-month terms. He further explained that they will work as analysts in Public Finance for the first term, and the second term will be spent working with either RBC Capital Markets or Barclay's Capital. The President noted that the investment banking partners were chosen by lottery under the supervision of DASNY's auditing partner KPMG. He reminded the Members that DASNY worked diligently with its senior underwriter team to create this extraordinary opportunity. The President stated that this fellowship is an important step in promoting diversity within the finance industry. He noted that as diversity and inclusion increase within the workforce, there will be corresponding improvements in decision-making, creativity, and innovation.

The President stated that on June 28, Governor Andrew Cuomo announced more than \$67 million in grants for capital projects at 39 private colleges and universities across New York. He explained that this funding was awarded by the Higher Education Capital Matching Grant Program Board after a competitive process. The President stated that the HECap Grants will fund capital projects that enhance programmatic offerings, improve student life, and/or provide economic

development benefits to the college or the surrounding community. The President further stated that DASNY is pleased to act as staff to the HECap Board.

The President reported that Health Care Reform Act reserves decreased by \$4.1 million this reporting period, primarily due to a large expenditure for one institution. He stated that a total of nine institutions paid fees to DASNY under this program during that time. The President reported that the personnel costs are slightly over budget at the present time, primarily due to the implementation of a NYS Budget Bulletin regard salaries for management-confidential employees, but total expenditures are slightly under budget primarily due to the timing of anticipated non-personnel expenses.

The President noted upcoming events at which he would be speaking. The President highlighted that he was honored to be the inaugural recipient of the Dr. Rosco C. Brown Leadership Award at the 100 Black Men of New York award ceremony in New York City. The Board Chair congratulated the President on this honor and stated that the President embodies the values and ideals of the group throughout the City, State, and beyond. The Chair informed the Members that Dr. Brown worked at Bronx Community College and was a Tuskegee Airman during World War II who was represented in the film "Red Tails." He stated that Dr. Brown had been a close personal friend for many years, and was pleased to see the President receive this honor.

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The Chair stated that there are no financings before the Board for consideration. He informed the Members that before them for approval are the proposed revised Financing Guidelines for DASNY transactions. The Chair stated that the revisions represent over two years of hard work by DASNY staff, Squire Patton Boggs and EY. He thanked Mr. Cusack and Counsel's Office staff, Public Finance staff, outside counsel, and others involved in the transformational revisions to the Guidelines. The Chair observed that revising the Guidelines provided an opportunity to examine the strengths of DASNY's processes and identify areas for improvement. He stated that many hours of careful work went into the final proposal, and was worth the effort.

The President stated that the proposed guidelines are the product of a comprehensive review and collaboration among the Board Members, DASNY staff, EY, Squire Patton Boggs, DASNY clients, and our partners in the financial markets. He thanked the Members for their leadership and guidance. The President stated that in addition to the blacklined and clean versions of the Guidelines, he provided a memorandum summarizing the proposed changes. He explained that the revisions represent one component of the OneDASNY initiative to improve the organization by creating efficiencies in processes and execution, building an appropriate and strong risk assessment culture, and better positioning DASNY for continued growth in the future.

The President thanked those who participated in this initiative, and stated that was a truly collaborative effort by people at all levels and across all divisions at DASNY including Counsel's Office, Public Finance, Finance, Construction, and Procurement. He stated that many employees provided valuable insight into how DASNY can improve in order to strengthen the organization's presence as major financier of various institutions throughout New York State. The President further stated that DASNY's work in the private and public higher education and healthcare sectors is critical to New York State's ability to attract and retain a talented, diverse and inclusive workforce, spur innovation, and grow the economy. He thanked the Chair and the Board Members for their leadership, guidance, insight and dedication to the OneDASNY initiative. The President specifically recognized the Chair for his support and leadership in this review. He also highlighted Ms. Lee and Mr. Cusack for their leadership and hard work in connection with the revised guidelines and stated that they were integral to management of the review process and the overall work product. He also thanked Mr. Corrigan, Ms. Nadeau, Ms. Drescher, Mr. Koopman, Mr. Purcell, Mr. Petroff, Ms. Griffin, Ms. Fasser, and over thirty (30) other people who undertook the challenging work involved in evaluating DASNY processes and proposing the changes resulting in the revised guidelines.

The President emphasized that the final product reflects the work of several committees, each of which evaluated components of the overall financing process including closing documents; staff reports; board process; financing process; key bottlenecks; credit issues; and post-issuance compliance. He emphasized that this was a bottom-up process, that the effort was collaborative at all levels, and that different viewpoints and perspectives were considered. The President reiterated his appreciation to all those involved and stated that he is excited to bring the Guidelines before the Board.

At the request of the Chair, Ms. Lee gave a presentation on the proposed revisions to the Financing Guidelines for Independent Institutions. She directed the Members to the packet of updated materials in the Board materials, including a Memorandum from President Bushell describing the changes to the Guidelines and both clean and blacklined copies of the proposed Guidelines. Ms. Lee stated that subsequent to the mailing, additional changes were made to the proposed guidelines, and copies of those changes are available to the Members today. She noted that these changes consist of minor, non-substantive revisions.

Ms. Lee stated that the current Financing Guidelines address the entire credit spectrum of borrowers, including those below investment grade and non-rated. She noted that borrowers rated below investment grade typically pursue private placement transactions. Ms. Lee stated that the changes to the Guidelines before the Board today pertain only to those in the investment grade category, and reflect an approach that is based upon market conditions and practices.

Ms. Lee explained that the current Financing Guidelines are presently established by sector such as health care, higher education and other institutions, as well as multiple borrowers and structured financings, with each sector having specific security requirements set forth by rating category. She stated that over time, changes have been made to the Guidelines based upon work by Staff in consultation with external advisors, taking into account market conditions that would inform proposed changes to the Financing Guidelines. Ms. Lee further stated that whenever

changes to the Financing Guidelines were proposed, DASNY surveyed the market to better understand the type of security package that investors were seeking for Institutions in that sector.

Ms. Lee informed the Members that the proposed amendments seek to build on this approach for transactions in the investment grade category only, and restate and make clear that the Loan Agreement is a general obligation of the Institution; the bonds are limited obligations of DASNY; and that the financing documents will contain the appropriate standard provisions for issuance. She further stated that under the proposed revisions, the financing documents may also include additional security features based upon market conditions and practices. Ms. Lee explained that the same types of security features will be utilized as in the past, such as revenue pledges, financial covenants, a mortgage, or a debt service reserve fund in some form or combination. She further explained that under the proposed revisions, the security package will be determined based upon market conditions and practices, and will not be based solely upon sector and rating category.

Ms. Lee stated that this approach is more focused on existing and current market conditions and practices, so that DASNY can be as timely, responsive and current in its approach as the market is. She explained that this market-based approach is not unlike the process DASNY undertook in the past, when the market has moved away from the requirements for the sector and rating category, and exceptions to the Guidelines were requested. She stated that in the past, when exceptions to the Guidelines were requested, DASNY relied on the underwriters' assessment of what investors looking for in the market, and that staff would provide examples of recent, similarly situated transactions for discussion with the Board. Ms. Lee further explained that the proposed guidelines step back and look at the process overall, and authorize DASNY to take this same market-based approach on each financing, thus providing greater certainty to borrowers in terms of flexibility to structure financing transactions to conform to present market conditions.

Ms. Lee informed the Members that borrowers have questioned whether a particular transaction can move forward when there is a prescriptive set of guidelines established by sector and rating category. She explained that even with staff assurances that exceptions to the Guidelines were often granted, borrowers did not have a guarantee that the Board would grant the requested exception. Ms. Lee stated that removing the prescriptive security package from the Guidelines would eliminate that element of uncertainty and would be helpful to DASNY's borrowers.

Ms. Lee emphasized that the phrase "based on market conditions and practices" refers to a process similar to the one currently utilized when deciding whether to grant an exception to the financing guidelines. She explained that where an exception was requested, examples of similar transactions would be provided where a financing moved forward with a different security package than what was prescribed by the current Guidelines. Ms. Lee noted that borrowers rated in the A category would proceed with a general obligation of the Institution, whereas a BBB rated entity would have a variety of security features.

Ms. Lee informed the Members that staff would continue to seek Board approval for a required security package based upon an assessment of the credit at that point in time. She noted that frequently, the staff report will describe the anticipated security features and indicate that there could be other features if required. Ms. Lee explained that in the event the security features change after Board approval and additional security is obtained, staff would inform the Board. She further

explained that in the event less security is required, then staff would seek Board approval for the changes.

Ms. Lee noted that this was the approach taken in connection with the recent Montefiore transaction approved by the Board, where the underwriters determined based upon market conditions that a mortgage would be required for the transaction even though a mortgage was not mandated by the current Guidelines. She reiterated that the ability to adapt security features to market requirements would provide DASNY borrowers with greater certainty and comfort moving forward with a transaction. Ms. Lee summarized that the process in the proposed amendments is similar to current practice when granting an exception, and stated the Board would be continue to be informed of any changes to the security features after initial approval.

Mr. Gardner thanked Ms. Lee for her presentation. He stated that the chart included with the materials was very helpful in explaining the changes and provides a good synopsis of the evolution of the changes. Mr. Gardner further stated that the process of amending the Guidelines provided the opportunity for an in-depth discussion by the Board Members on a variety of matters integral to DASNY as an organization. He expressed his view that the proposed revisions properly reflect where DASNY should be on this matter, and balance significant change with DASNY also maintaining its identity. Ms. Lee thanked Mr. Gardner for his feedback.

Ms. Lee informed the Members that as indicated in the draft blackline Staff Report, only minimal changes are anticipated, and will be limited to language that is either credit-related or opinion-based. She emphasized that with these discrete changes, staff will continue to provide the Board with the same robust information they are accustomed to. Ms. Lee explained that the chart describes 27 recommendations that were considered to improve the financing process, and that only some of these affected the Board. Ms. Lee stated that she wanted the Board to be aware of the overall process, even though Board action was not required in connection with all aspects of the process. Mr. Ronski thanked Ms. Lee and the rest of the team for their efforts on the proposed revised Guidelines.

The Chair acknowledged that the proposed Guidelines will give clients more certainty with respect to the outcome of a funding decision and eliminate the need for requesting an exception to the Financing Guidelines. He emphasized, however, that the Board has never denied a request to make an exception to the Financing Guidelines to accommodate a borrower's request for DASNY financing. The Chair asked Ms. Lee to summarize how, in practice, DASNY would ascertain market conditions with respect to a particular transaction.

Ms. Lee responded that DASNY would evaluate similar transactions currently in the market to determine the security features required for the proposed financing. She explained that security packages are designed so that the underwriters can sell the bonds, and the bonds will sell only if investors are comfortable with the underlying security. The President stated that the municipal bond market is very deep, with many transactions simultaneously underway. He explained that because of the volume, underwriters are able to assess the level of security required for a particular type of transaction based upon investor feedback and pricing considerations, and structure the security packages accordingly.

Ms. Snyder stated that the recent Montefiore transaction before the Board was instructive in that the market required additional security features that were not anticipated at the time of Board approval. She asked that this type of information continue to be provided to the Board as a way to gauge and react to market conditions, as well as the impact upon a particular borrower. Ms. Lee agreed, and noted that the process was instructive as it provided confirmation that transactions would be structured in a way that would enable the bonds to sell based upon market conditions.

The President stated that the proposed changes provide a way for all parties involved in a particular transaction to have more certainty and insight into pricing and marketing considerations. He informed the Members that this provides New York State with the opportunity to re-establish itself as the tax-exempt debt issuer of choice, while maintaining an appropriate risk infrastructure along with greater efficiency and transparency. The President stated that DASNY will be more visible to borrowers in the BBB market, and they will recognize that DASNY issuances can provide cost savings and value-added services. He emphasized that DASNY provides services and benefits that no other entity does, and that DASNY's intellectual capital will allow DASNY to compete and benefit its clients over time. The Chair stated that the proposed Guidelines may create increased opportunities to DASNY. The President pointed out that the first goal of the One DASNY initiative is to grow DASNY's business, and the revised Guidelines afford the opportunity to do just that.

Mr. Ellis inquired how frequently entities do not pursue DASNY financing due to the perceived uncertainty related to the financing guidelines. Ms. Lee explained that some clients do not pursue DASNY financing after initial contact, as they believe they can obtain financing with a lesser security package. Ms. Lee stated that a second category of potential clients is comprised of institutions that want to exit the FHA program and have inquired about the requirement for a mortgage. She informed the Members that one example of this would be the institutions who considered DASNY in December 2017, and were informed that staff would seek an exception to the financing guidelines, but some were not comfortable with this approach as it did not provide the level of assurance desired. Ms. Lee stated that the third category consists of entities that, after researching DASNY online, do not pursue contact because they conclude that they do not meet DASNY guidelines. Mr. Volk stated that some entities, after obtaining DASNY financing, have complained to their peers about the required mortgage security. Ms. Raleigh agreed with this assessment particularly within the health care sector, and expressed her appreciation for DASNY's work on the revised Guidelines, and stated that she believes the revisions will enable many institutions in the BBB category to seek DASNY funding.

The President stated that together with Ms. Lee, he spoke with a number of health care entities after the 2015 revisions to the Guidelines. He further stated that those entities expressed that they did not intend to pursue DASNY financing. The President informed the Members that he believes these changes will make DASNY financing more appealing to these entities, thereby creating a win-win situation for DASNY, the client, and the State of New York.

Finally, Ms. Lee noted that certain non-substantive technical changes have been made to the Guidelines as they relate to private placement transactions, to conform to the proposed revisions.

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

RESOLUTION OF THE MEMBERS OF THE BOARD OF THE DORMITORY
AUTHORITY OF THE STATE OF NEW YORK (DASNY) AMENDING THE
FINANCING GUIDELINES FOR INDEPENDENT INSTITUTIONS

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

The Chair congratulated DASNY Staff and the Members for their work on the guidelines. He stated that the work was transformational for DASNY, and thanked all involved in the process. The Chair acknowledged that it was a collaborative effort on the part of many, and highlighted the work of Mr. Johnson and Ms. Shapard, who are not present at today's meeting, but who were actively involved throughout the revisions process. He again thanked Ms. Lee and her staff, and stated that her leadership was essential to the successful completion of the revisions.

The President stated that this was truly a successful team effort, and thanked and acknowledged the following individuals for the comprehensiveness of their contributions to DASNY and the final product:

- Portia Lee, Andy Purcell, Matt Bergin, Ismete Cake, Gerard Klauser, Steve Kosier, David Ostrander, Craig Schreivogl, Kurt Schwab, Peter Ten Eyck, and Larry Volk from Public Finance and Portfolio Monitoring;
- Kim Nadeau, Maria Kristic, Karma Sees, Karen Seiter, Laura St. James, Steve Winters-Bona and Nic Zarrelli from the Finance Division;
- Mike Cusack, Dena Amodio, Fred W. Clark, Debbie Drescher, Matt Moore, Donna Rosen, Ricardo Salaman and Cheryl Sarjeant of Counsel's Office;
- Paul Koopman, Gayle Katzman, Jamie Bullock, Dawn Langenbach and Robin Martinez of the Construction Division;
- Deb Fasser and John Quinlan from Communications and Marketing; and
- Mike Corrigan, Caroline Griffin, and Dan Petroff of Executive Direction.

He stated that this was a very deep process that is unprecedented at DASNY, and commended division heads and Managing Directors for mobilizing the resources needed to make the process a success. The President also thanked every individual involved in the process for their ideas and willingness to put DASNY first and put forth innovative ideas to improve the organization and think through what is going to be in the best interests of this institution as we complete our work throughout the State of New York. He stated this has been a well thought out, comprehensively engaged and exhaustive effort by the entire team.

The Chair thanked the President for his role in the process and for being a change agent at DASNY in order to get the initiative completed.

The Chair directed the Members' attention to the Memorandum and Resolution regarding the roof replacement and repair at the DASNY headquarters in Albany.

Mr. Corrigan stated that the DASNY corporate headquarters building in Albany is now 20 years old and the roof needs to be replaced. He further stated that the DASNY By-Laws require Board approval for contracts in excess of \$300,000. Mr. Corrigan informed the Members that in addition to the roof replacement, the curtain wall joint caulking on the building is at its useful life and should be replaced. He stated that as part of the roof replacement, the existing solar panels will be removed and disposed of, and new panels will be installed after the roof replacement. Mr. Corrigan noted that the project cost is approximately \$1.26 million, excluding the new solar panels. Mr. Ronski asked if there was a maintenance contract in connection with the panels, and Mr. Corrigan replied in the affirmative. Mr. Ronski asked if the panels provided a financial benefit to DASNY, and Mr. Corrigan replied that there has been significant savings over time. Mr. Corrigan noted that the existing solar panels have exceeded their useful life and the technology is now outdated. Mr. Corrigan noted that Mr. Curro would be overseeing the projects.

In response to a question from Mr. Ronski, Mr. Corrigan informed the Members that DASNY solicited Expressions of Interest in connection with the project and the selected contractor was the low bidder at \$1.26 million.

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

RESOLUTION OF THE MEMBERS OF THE BOARD OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK ("DASNY") AUTHORIZING THE EXECUTION OF A CONTRACT WITH MID-STATE INDUSTRIES LTD. IN CONNECTION WITH THE ROOF REPLACEMENT AND CURTAIN WALL JOINT REPAIR AT 515 BROADWAY, ALBANY, NEW YORK

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

Public Financing and Portfolio Monitoring Report

Ms. Lee provided a brief market update. Ms. Lee reported that since the last Board Meeting, DASNY has priced and closed the Municipal Health Facilities transaction.

Ms. Lee reported that total new issue supply is currently about \$174 billion year-to-date, which is an 18% decrease from the supply levels at the same time last year. She stated that the total supply for the week is expected to be heavy with approximately \$9.1 billion. Ms. Lee informed the Members that despite continued fears about a global trade war, signs of strength in the U.S. economy are helping investors to remain optimistic. She stated that municipal bond funds have reported inflows of approximately \$651 million for the prior week ending July 11th and that bond funds have netted over approximately \$6.1 billion of inflows into the market this year.

Ms. Lee noted that the one, ten and 30-year MMD have decreased 3, 5 and 4 basis points, respectively, since the last Board Meeting. She stated that the current AAA MMD – 1-Yr is 1.43%; the 10-yr is 2.41%; and the 30-Yr MMD is 2.92%. Mr. Ronski and Ms. Snyder observed that the continued strength of the economy is impressive and exceeds expectations. Mr. Snyder inquired whether the yield curve had flattened with respect to MMD and the Treasury Market. Ms. Lee confirmed that the market continues to change fairly quickly. In response to a question from Mr.

Romski, Ms. Lee responded that it is likely a combination of international uncertainty and that investors feel that investment in the US is a safe investment. Ms. Snyder opined that the United States is still the safest place to invest overall, and therefore the overall yield curve may be suppressed as a result.

Ms. Lee provided an update on the InterAgency Council for Developmental Disabilities Agencies, Inc. ("IAC") transaction that the Board approved at the June meeting. She stated that the financing is currently sized at about \$14.5 million and includes both acquisition and renovation projects. Ms. Lee stated that at the time of Board approval, it was believed that all of the projects were covered by PPAs. She further stated that staff has now learned that while the acquisition costs are covered by PPAs, the renovation costs are not so covered. Ms. Lee stated that renovation costs, currently estimated to be approximately \$824,000, may be approved for inclusion in the PPAs once OPWDD concludes a final review process. She informed the Members that if these costs are included, the PPAs would be amended at that time; however, if these costs are not included, the affected not-for-profits would be responsible for paying debt service associated with these renovation costs from their revenues including public funds. Ms. Lee noted that this issue will be disclosed in the Preliminary Official Statement.

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

EXECUTIVE SESSION

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

PUBLIC SESSION

Construction Projects Report

Mr. Curro directed the Member's attention to the photograph on the cover of the Construction Projects Report. He stated that it depicts the New York State Office of Alcohol and Substance Abuse Services ("OASAS") Residential Opioid Treatment Center. He further stated that the project is located at the Broome Developmental Center in Binghamton, New York. Mr. Curro reported that the scope of the project was to establish a residential opioid addiction treatment center (ATC) in vacant portions of the Developmental Center. He explained that Phase I of the project will accommodate 50 clients in a residential chemical dependency withdrawal and stabilization program for individuals combatting opioid addiction, and that Syracuse Behavioral Healthcare is the lead tenant. Mr. Curro informed the Members that the project scope included the installation of a kitchen to serve up to 150 residents; HVAC upgrades; construction of a nurses station; exterior site work to accommodate 25 parking spaces and a new driveway to access the building; and an upgrade to finishes and hardware throughout two wings of the existing center. Mr. Curro stated that DASNY also provided FF&E services to outfit the resident rooms and kitchen.

Mr. Curro stated that design of the \$1.5 million project commenced in August 2017, and that construction was completed in April 2018. Mr. Curro reported that the project was undertaken with a compressed schedule, but was delivered in time for an April 1, 2018 opening.

Mr. Curro reported that DASNY has recently started work on a new large mechanical project at Hunter College with a \$24 million budget. He informed the Members that construction expenditures for the current fiscal year to date were \$109 million, compared to \$132 million during the same time period last year, representing a decrease of \$23 million.

Mr. Curro provided a brief update on several ongoing construction programs and projects. He informed the Members construction is nearing completion at the Court Officers Training Academy and the elevators passed inspection on July 9th. Mr. Curro stated that the NYC Fire Department issued a Letter of Defect after an inspection on June 24th, and that as a result, drawings will be refiled and a re-inspection will be scheduled in the near future. He further stated that the final cleaning for Building 1 has been completed, and that finishes and commissioning activities continue in Building 2. Mr. Curro informed the Members that site work is nearing completion, a temporary certificate of occupancy is expected in August, with occupancy to follow in September.

Mr. Curro stated that building enclosure work continues at the South Beach Psychiatric Center with light gauge metal framing and brick masonry work. He further stated that mechanical, engineering and plumbing work continues on all floors and that a second window impact test is being undertaken today at an off-site location. Mr. Curro informed the Members that the project is currently 64 days behind schedule and the team is evaluating ways to get the project back on schedule to meet the baseline target completion date of June 2019.

Mr. Curro stated that 29 of the 30 SUNY summer projects are expected to be completed on time. He explained that one project at Buffalo State is behind schedule, but the team is working to get back on track. Mr. Curro stated that the four capital projects being undertaken at Plattsburgh, Canton, Buffalo State and Brockport are expected to be completed in time for the Fall 2018 semester. He further stated that noted that DASNY is in the final third of the summer construction calendar and that with all projects are expected to have TAO's by mid-August. Mr. Curro reported that he recently completed site visits to eight campuses in the north country and western New York.

With respect to the New York City Housing Authority projects, Mr. Curro reported that 47 of the 77 security projects have been completed. He stated that 22 projects are currently in construction, with six in procurement and two in the design phase. Mr. Curro further stated that 29 of the 33 appliance projects have been completed and that 17 of the 26 exterior quality of life projects are in construction.

Mr. Curro reported that the \$189 million Fashion Institute of Technology project is moving toward bid advertisement, as final comments are being incorporated into the 100% construction documents. He stated that DASNY is currently targeting July 31 for advertisement.

Mr. Curro stated that an RFQ was released in early July in connection with the Life Sciences Lab project being undertaken for the NYS Department of Health. He informed the

Members that DASNY held an RFQ Pre-Submission Conference the prior day, and that the conference was well attended by many familiar design and construction firms. Mr. Curro stated that the response date for the RFQ is August 8th.

Mr. Curro informed the Members that DASNY is currently pursuing several SUNY and CUNY construction opportunities including the renovation of Funnelle Hall at SUNY Oswego; SUNY Cortland is considering a major renovation project to renovate and connect two residential towers; SUNY Morrisville is undertaking a renovation at Stewart Hall in accordance with their residence hall master plan; and SUNY Fredonia is retaining DASNY to undertake a residence hall master plan to guide decisions on residence hall stock in the future. He reported that CUNY has reached out to both DASNY and NYPA regarding a new boiler plant project at City College of New York. Mr. Curro stated that he met with CUNY to explain how DASNY could help them achieve their goals.

The Chair congratulated Mr. Curro on completing 29 of 30 SUNY summer projects on time. Mr. Curro stated that his focus is on completing the 1 project that is behind schedule. He explained that it involves bathrooms at Buffalo State and that he will do all he can to deliver the project as scheduled.

Financial Report

Ms. Nadeau noted that as stated in the Financial Report, 94% of DASNY's direct charges are being supported by public clients against a budget of 92%. She reported that there were no private client financings during the month of June. She noted that through June DASNY's operating expenses are slightly below budget.

Ms. Nadeau stated that with respect to the reserve funds the Board established in July 2016; there were minor disbursements from the Reserve for Replacement Fund, leaving \$5.2 million of uncommitted funds in the Healthcare Transformation Fund from the initial balance of \$5.5M. She noted that \$2.4 million of uncommitted funds in the Evolutionary Fund from the initial balance of \$4 million and that \$500,000 of uncommitted funds in the 21st Century Technology Fund from the initial balance of \$3 million.

Counsel Report

Mr. Cusack reported that the activities of Counsel's Office are represented in today's Board presentation. He thanked the Chairman and Board for recognizing the DASNY-wide team who worked very closely with DASNY's advisors over the past year on the amendments to the Financing Guidelines for Independent Institutions. The Chair noted this has been a very successful team effort.

The Chair noted he had two things to address the Board about. He noted that the first was part of a resolution in progress recognizing Debra Pulenskey Drescher who will be retiring from DASNY before the next Regular Board Meeting. After reading a portion of the draft resolution, the Chair thanked Ms. Drescher for her service to DASNY and the Board directly and recognized

the enormity of her contributions. Ms. Drescher thanked the Chair and noted that during her tenure she felt she had a wonderful career at DASNY with great talented people. She noted that her greatest privilege has been working with the Board.

The Chair congratulated the Board for all the time and effort that they put into the approval of the Financing Guidelines. He noted that it is an enormous piece of work and speaks well to where DASNY is and where we are going.

Ms. Snyder moved that the Meeting adjourn, Mr. Ronski seconded the motion and the Meeting was adjourned at approximately 11:05 a.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary