

The Dormitory Authority of the State of New York Finance Committee Meeting was held at DASNY's Albany Office, 515 Broadway, Albany, New York at 9:30 a.m. on Wednesday, June 20, 2018.

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

Members Present

Gerard Ronski, Esq., Finance Committee Chair
Alfonso L. Carney, Jr., Board Chair, Committee Member
Tracy Raleigh, Designated Representative of the Commissioner of Health, Member (ex officio), Committee Member

Dormitory Authority Staff Present

Gerrard Bushell, President
Michael T. Corrigan, Vice President
Michael E. Cusack, Esq., General Counsel
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring
Caroline V. Griffin, Chief of Staff
Debra Pulenskey Drescher, Esq., Managing General Counsel
Ricardo Salaman, Esq., Managing General Counsel
Andrew T. Purcell, Assistant Director, Public Finance and Portfolio Monitoring
Gerard E. Klauser, Senior Financial Analyst

Others Present

Charles Abel	NYS Department of Health
Neil J. Kaplan, Esq.	Hawkins, Delafield & Wood, LLP

PUBLIC SESSION

Finance Committee Chair Ronski called the Committee Meeting to order. He indicated that the Committee Meeting had been called to briefly review the Montefiore Medical Center transaction.

Montefiore Health System Obligated Group

Mr. Klauser presented the Revised Montefiore Health System Obligated Group Credit Summary Update recommending the issuance of one or more series of 30-year taxable and/or tax-exempt, fixed and/or variable rate bonds to be sold through a negotiated sale, at one or more times, in an amount not to exceed \$988 million. He stated that this is a net increase of \$348 million from the approval received December 13, 2017 at the Resolution to Proceed stage of the transaction.

Mr. Klauser explained that at that time, the Montefiore Health System Obligated Group was seeking the approval to advance refund bonds and restructure its overall debt service. Mr. Klauser stated that Montefiore expedited the planning for the upcoming financing in light of the Federal tax legislation under discussion at the end of the year and, that as the Board is aware, the tax legislation was signed into law and advance refunding of tax-exempt debt is no longer allowed.

Mr. Klauser indicated that the Montefiore Health System Obligated Group returned to DASNY later in 2018 with a more comprehensive financing plan. He stated that this plan still includes exiting the FHA Program and the restructuring of debt to create overall, system- wide level debt service. He confirmed to the Committee Members that the Health System will secure its own unenhanced rating. He further stated that the restructuring includes the extension of debt and the deferral of principal. Mr. Klauser stated that to address the useful life remaining on the assets this plan will create level debt service for the Health System as a result of the distribution of the currently front-loaded debt service over time.

Mr. Klauser explained that the substantial increase in the size of the transaction stems from a \$400 million new money component that will allow for the reimbursement of capital expenses previously incurred by Montefiore Medical Center. He further explained that this will bring additional liquidity to the Medical Center and increase the days cash on hand. Mr. Klauser stated that the proposed restructuring plan has been reviewed by bond counsel as well as the Department of Health, which has issued its approval letter.

Mr. Klauser updated the Members with respect to recent information since the Resolution to Proceed was adopted on December 13, 2017, noting the following: the SEQR notice was published and the filing was completed June 18, 2018; PACB approval is anticipated June 20, 2018 and the TEFRA hearing is to be held on June 28, 2018. The Committee Chair noted that the Department of Health had issued its Memorandum on June 19, 2018.

Board Chair Carney asked that Mr. Kaplan briefly review the new money portion of the transaction.

Mr. Kaplan stated that Montefiore would like to reimburse itself for capital expenditures or expenses that it has incurred within the last few years. He stated that over next few weeks bond counsel would be going through the list of expenditures to become comfortable that they qualify as capital expenditures that can be reimbursed under the financing.

Board Chair Carney thanked Ms. Raleigh for the Department of Health's support of the transaction. Ms. Raleigh stated that the proposed transaction will assist Montefiore in implementing its strategic plan. Committee Chair Ronski noted that Montefiore is an important client of DASNY.

The Finance Committee Members decided to recommend the financing to DASNY's full Board for approval, with Board Chair Carney recusing himself.

Board Chair Carney moved that the Meeting adjourn, Ms. Raleigh seconded the motion and the Meeting was adjourned at approximately 9:46 a.m.

Respectfully submitted,

Debra Pulenskey Drescher
Assistant Secretary