The Dormitory Authority of the State of New York met in a Meeting at DASNY's Albany Office, 515 Broadway, Albany, New York at 9:45 a.m. on Wednesday, June 20, 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
Beryl L. Snyder, Esq., Member
Gerard Romski, Esq., Member
Elizabeth Berlin, Designated Representative of the Commissioner of Education, Member (ex officio)
Adrian Swierczewski, Designated Representative of the Director of the Budget, Member (ex officio)
Tracy Fay Raleigh, Designated Representative of the Commissioner of Health, Member (ex officio)

Members Absent:

Paul S. Ellis, Esq., Member

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
Caroline V. Griffin, Chief of Staff
Debra Pulenskey Drescher, Esq., Managing General Counsel
Ricardo Salaman, Esq., Managing General Counsel
Paul G. Koopman, Managing Senior Director, Construction
Larry N. Volk, Senior Director, Portfolio Monitoring
Deborah K. Fasser, Director, Communications & Marketing
Andrew T. Purcell, Director, Public Finance
Hsueh-hui Lai, Director, Financial Management
Daniel W. Petroff, Chief of Strategy and Business Development
Matthew T. Bergin, Assistant Director, Public Finance and Portfolio Monitoring
Nicholas A. Palas, Assistant Director, Internal Audit
Michael L. Johnson, Esq., Assistant General Counsel
Karen E. Ehlinger, Manager, Internal Control Analysis

David F. Perritano, Public Information Officer
Stephen J. Kosier, Senior Financial Analyst
Gerard E. Klauser, Senior Financial Analyst

Others Present

Charles Abel	NYS Department of Health
Neil J. Kaplan, Esq. Charles Toto, Esq.	Hawkins Delafield & Wood, LLP
Patrick McGlashan, Esq.	McGlashan Law Firm, P.C.
Eileen Heitzler, Esq.	Orrick, Herrington & Sutcliffe, LLP
Robert James, Esq.	Golden Holly James, LLP
Melissa Bennett, Esq. Garrett DeGraff, Esq.	Barclay Damon, LLP
Justine Marous, Esq. Gabriel Marous, Esq.	Marous Law Group
Doran Bar-Levav, Esq. Kevin Bezio, Esq.	Harris Beach, PLLC
Miska Shaw, Esq.	Ahmad Zaffarese, LLC
Marie Zimmerman Jeffrey Koch	KPMG
Bennie Hadnott	BCA Watson Rice, LLP

PUBLIC SESSION

The Chair called the Meeting to order. Ricardo Salaman, Esq., DASNY's new Managing General Counsel, was introduced to the Members. Mr. Salaman indicated that he was very pleased to join DASNY and that he looked forward to working with everyone. The Minutes of the May 9, 2018 Regular Meeting were reviewed and approved.

Finance Committee Report

Finance Committee Chair Romski reported that the Finance Committee met earlier in the day, and after discussion, decided unanimously to recommend the revised Montefiore Medical Center Obligated Group transactions to the full Board for approval. He thanked Ms. Lee and the

Department of Health for their well-drafted memos with respect to the Montefiore Medical Center transaction.

The President noted that the Municipal Health Facilities transaction for New York City Health and Hospitals would be considered earlier in the Agenda as Ms. Heitzler needed to depart the Meeting as soon as possible.

Municipal Health Facilities - New York City Health and Hospitals Corporation

The President introduced Eileen B. Heitzler, Esq. of Orrick Herrington & Sutcliffe, LLP and Robert James, Esq. of Golden Holley James, LLP, co-bond counsel on the transaction, and Mr. Bergin.

Mr. Bergin updated the Board with respect to the anticipated PACB approval at the June 20, 2018 afternoon PACB Meeting. He also noted that the SEQRA had been completed, and that there is no TEFRA, as this is a governmental bond issue. He stated that the savings remain approximately as projected.

Ms. Heitzler stated that she would be presenting to the Board the adoption of the Amended and Restated Revenue Bond Resolution and Mr. James will present the Series Resolution and authorization for the Series 2018 Bonds, as well as the Amended Leases.

Ms. Heitzler stated that the Municipal Health financings are authorized pursuant to a special section of the MCFFA Act. She noted that the Act authorizes financing City health facilities and authorizes a DASNY lease and leaseback of City health facilities. She stated that the Act authorizes a State aid intercept of Medicaid aid to or on behalf of the City if the City fails to make a required payment under the Lease.

Ms. Heitzler stated that DASNY issued Municipal Health Facilities Bonds for NYC-owned Health Facilities in 1998 and 2001 to finance new facilities and issued refunding bonds in 2008 and 2010 and is now proposing to refund all but the Series 2010 Bonds. She stated that the facilities to be refinanced include Kings County Hospital, Queens Medical Center, Bellevue (including a DNA lab for the City Medical Examiner), Coney Island Hospital, and Jacobi Hospital. She explained that the facilities are leased by the City to DASNY for a nominal amount and then are leased back to the City for rental payments at least equal to debt service and expenses. She stated that the City's obligation under the lease is subject to appropriation.

Ms. Heitzler noted that the Bonds issued to date are supported by a debt service reserve fund that currently holds investments and a surety bond and that after the refunding, only the surety will remain in the debt service reserve fund. She reported that AGM/FSA, the surety provider, has agreed to amend the surety to refer to the 2010 Bonds in terms of the expiration date.

Ms. Heitzler stated that before the Members for their consideration is an Amended and Restated Revenue Bond Resolution. She indicated that the key change effected by the Amended and Restated Resolution is to permit the issuance of series of bonds that are not secured by a debt service reserve fund, but the existing bonds will continue to be backed by a debt service reserve fund. She noted that other amendments (1) better reflect the statutory timing for notices relating to the State aid intercept; (2) update investment and reporting provisions to reflect current DASNY and City policies; and (3) make various updating and clarifying changes. She noted that these amendments require the consent of a majority of the bondholders. She stated that the Series 2018 Bonds will refund all of the 1998, 2001 and 2008 Bonds, and the 2010 Bonds will be the only remaining Series. She further noted that the consent of the holders of the 2010 Bonds would be requested. Ms. Heitzler reported that the underwriter will consent for the 2018 Bonds. She stated that this is permitted by the Resolution, was described in the Official Statement for the 2010 Bonds, and is described in the Official Statement for the Series 2018 Bonds. She further stated that the Series 2018 Bonds are more than a majority in principal amount, so the amendments will become effective upon the issuance of the 2018 Bonds, regardless of whether or not any Series 2010 bondholders consent. She stated that AGM/FSA will also consent and therefore, the amendments become effective upon issuance of 2018 Bonds.

Ms. Heitzler indicated that certain amendments will not affect the Series 2010 Bonds. She stated that the Series 2010 Bonds will continue to be secured by the debt service reserve fund, the changes to the defeasance securities will not affect the Series 2010 Bonds and the changes to the redemption notice provisions will not affect the Series 2010 Bonds.

Mr. James stated that the Series 2018 Resolution authorizes the issuance of one or more series of Series 2018 Bonds not to exceed $395,000,000 in the aggregate. He noted that the Series 2018 Bonds are to be issued to provide moneys for the refunding of: (i) all of or a portion of the Series 1998 Bonds, (ii) all of the outstanding Series 2001 Bonds, (iii) all of the outstanding Series 2008 Bonds, and (iv) to pay the costs of issuance of the Series 2018 Bonds.

Mr. James further stated that the Series 2018 Bonds are expected to be issued as multi-modal bonds in the fixed rate mode, noting that the Bonds will bear interest at a rate set to their maturity date but they will provide that, in addition to being subject to redemption, the Bonds will be subject to mandatory tender at the direction of DASNY (at the direction of the City) and conversion to another interest rate mode at any time that the Bonds are subject to optional redemption.

Mr. James noted that the Series 2018 Resolution delegates to various officers of DASNY the power, among others, to determine: the date or dates of maturity of the Bonds, provided that no Bond shall mature later than 14 years from its date of issuance, (ii) the principal amount of Bonds of each sub-series which is to be issued, (iii) the initial rate or rates at which the Bonds will bear interest, the manner of determining subsequent interest rates and the maximum interest rate which the Bonds may bear, provided that the true interest cost or initial interest rate on the Bonds may not exceed seven and one-half percent (7.5%) per annum for tax-exempt bonds and ten percent (10.0%) per annum for taxable bonds, (iv) the Tender Agent, if any, and the Remarketing Agent, if any, (v) the purchase prices for the Bonds to be paid upon their initial sale to the underwriters, provided that the Bonds may not be sold at a price that is less than ninety percent (90%) of the principal amount of Bonds sold, (vi) tender or redemption provisions of the Bonds, provided that the redemption or purchase price does not exceed one hundred and three percent (103%) of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date, (vii) whether the Bonds will be book-entry bonds and the depository therefor, and (viii) whether the

Bonds will be secured by credit enhancement, and the power to procure credit enhancement for the payment of principal and Sinking Fund Installments of and interest on the Bonds and to negotiate the terms and conditions of such credit enhancement.

Mr. James stated that the Series 2018 Resolution also provides that DASNY has determined that the Series 2018 Bonds shall not be secured by the Debt Service Reserve Fund established pursuant to the 1998 General Resolution and shall not be taken into consideration when calculating the Debt Service Reserve Fund Requirement. He further stated that the Series 2018 Resolution also authorizes various officers of DASNY to: distribute the Preliminary Official Statement in connection with the sale of the Bonds, (ii) execute and deliver the final Official Statement, (iii) execute the Bond Purchase Agreement in connection with the sale of the Bonds, (iv) execute the Amended and Restated Agreement of Lease between the City and DASNY, (v) execute the Amended and Restated Lease and Agreement between DASNY and the City, and (vi) execute all other documents and do all things necessary or advisable in connection with the sale and issuance of the Bonds.

Mr. James stated that the Series 2018 Resolution authorizes certain officers of DASNY to execute and deliver, on behalf of DASNY, an agreement to provide continuing disclosure as required under certain circumstances under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, when and if such an agreement is necessary. He stated that the Bonds are proposed to be sold in a negotiated sale to a syndicate of underwriters, the senior manager of which is Raymond James & Associates, Inc. and that the Bond Purchase Agreement to be entered into in connection with the sale of the Series 2018 Bonds will contain terms and conditions which are customary in connection with the sale of DASNY's bonds.

Mr. James then explained the lease finance structure. He noted that The City owns the Health Facilities and leases them to New York City Health and Hospitals Corporation ("HHC"), which operates them and that HHC is a body corporate and politic constituting a public benefit corporation of the State of New York created for the purpose of assuming responsibility for the operation of the municipal hospital system of the City. He stated that for financing purposes, HHC leases the Health Facilities back to the City. He further explained that pursuant to the Amended and Restated Agreement of Lease, the City will continue to lease the Health Facilities to DASNY. He explained that DASNY will then continue to lease the Health Facilities to the City pursuant to the Amended and Restated Lease and Agreement. Mr. James stated that the City then subleases the Health Facilities to HHC pursuant to the Sublease Agreement.

Mr. James stated that the Series 2018 Bonds are not secured by a lien on the Health Facilities or any other property and may not be accelerated as a remedy for default. He noted that with respect to the Amended and Restated Agreement of Lease, DASNY has paid nominal rent to the City as consideration for the Amended and Restated Agreement of Lease (i.e., one dollar per annum during the term of the Amended and Restated Agreement of Lease) and that under the Amended and Restated Lease and Agreement, the City is obligated, subject to annual appropriation, to pay rental amounts sufficient to pay debt service on the Bonds and other related costs and expenses.

Mr. Gardner stated that the structure is interesting given the discussions at the Audit Committee Meeting the previous day with respect to proposed accounting changes where conduit debt would no longer be carried on DASNY's books. He indicated that this transaction is more of a hybrid. Ms. Heitzler stated that this transaction is conduit debt and the payments are based on the debt, not the value of the property.

In response to an inquiry from Mr. Romski as to who owns the property, Mr. James reviewed the lease structure. In response to a question from Mr. Gardner as to how the lease is carried on the books of the City, Ms. Heitzler responded that it appears as a lease, subject to appropriation. Ms. Heitzler stated that the lease structure was developed in 1998 based on old IDA structures. Mr. James stated that BOCES use a similar structure.

The Chair indicated that he would be recusing himself from the vote as he has a matter pending before the City. Ms. Lee indicated that she had previously recused herself at the staff level as her spouse is employed by the City.

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

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK OF MUNICIPAL HEALTH FACILITIES IMPROVEMENT PROGRAM LEASE REVENUE BONDS (NEW YORK CITY ISSUE); 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 MUNCIPAL HEALTH FACILITIES IMPROVEMENT PROGRAM 2018 SERIES RESOLUTION (NEW YORK CITY ISSUE) AUTHORIZING UP TO $395,000,000 2018 SERIES BONDS

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

American Academy of Dramatic Arts

The President introduced Doron Bar-Levav, Esq. of Harris Beach PLLC and Miska Shaw, Esq. of Ahmad Zaffarese, LLC, co-bond counsel on the transaction, and Mr. Kosier. Mr. Kosier stated that, as the Board recalls, DASNY will be issuing bonds on behalf of the Academy for the acquisition of a residential facility it is currently leasing. He stated that the Bonds will be sold through a private placement to TD Bank and Citizens Funding Corp. or their respective affiliates. He noted that at the March Board Meeting, the Board was informed that each purchaser was expected to purchase half of the bonds, or approximately $17 million each. He provided updated information, noting that the current expectation is that TD Bank will purchase approximately $10 million and Citizens Funding Corp will purchase approximately $24 million.

Mr. Kosier further reported that the bond issue may not close for several months as the Academy is in the process of requesting a zoning change from residential to student dormitories. He stated that once the zoning request is satisfied, the seller has the option to defer the closing up to six months. Mr. Kosier informed the Members that the Academy has requested that DASNY adopt the necessary documents in order to be able to close sooner in the event the seller does not execute its option to defer the closing.

Mr. Bar-Levav stated that before the Members for their consideration is the adoption of (i) a resolution entitled “American Academy of Dramatic Arts Revenue Bond Resolution” authorizing the issuance of one or more Series of tax-exempt or taxable bonds to finance or refinance facilities for American Academy of Dramatic Arts (the “Academy”), and (ii) two series resolutions, one for the Series 2018A Bonds and one for the Series 2018B Bonds, each authorizing the issuance of the applicable series of American Academy of Dramatic Arts Revenue Bonds in a principal amount not to exceed $34,000,000. Mr. Bar-Levav stated that the maximum aggregate amount of Series 2018 Bonds that can be issued by DASNY is limited to $34,000,000.

Mr. Bar-Levav stated that the Series 2018 Bonds to be issued are for American Academy of Dramatic Arts, a New York not-for-profit institution for higher education located in Manhattan. He stated that the Series 2018 Bonds will be issued under DASNY’s authorization to finance facilities for degree granting institutions for higher education. He noted that it is expected that the Series 2018A Bonds will be privately placed with Citizens Funding Corp. or an affiliate and the Series 2018B Bonds will be privately placed with TD Bank, N.A. or an affiliate.

Mr. Bar-Levav stated that the Series 2018 Bonds are to be issued to finance an approximately $39 million acquisition of a 13-story building at 118 Madison Avenue in New York City adjacent to its main educational building for use as student housing and that the proceeds of the Series 2018 Bonds are expected to be applied to finance substantially all of the acquisition costs of the building. He further stated that the balance of the costs is expected to be paid from the Academy equity and up to $2 million of seller-provided financing on an interest free, unsecured basis for ten years.

Ms. Shaw stated that before the Members for their consideration are the adoption of three resolutions: the General Resolution and two Series Resolutions, which authorize the financing of specific projects planned by the American Academy of Dramatic Arts. Ms. Shaw stated that the General Resolution is a new resolution which provides for the issuance of multiple series of bonds in an unlimited aggregate principal amount for the benefit of the Academy.

Ms. Shaw stated that the Academy has never participated in DASNY’s borrowing program before, so this Resolution will form the basis for their current project financing as well as any projects they may wish to pursue in the future. She noted that the General Resolution sets forth the general terms that apply to each series of Bonds. She further noted that the Bonds may be issued under the General Resolution for one several purposes including financing or refinancing the Costs of a Projects undertaken by the Academy and paying for the costs of issuing the Bonds.

Ms. Shaw stated that the General Resolution authorizes DASNY to establish and fund a Debt Service Reserve Fund in a Series Resolution that will secure payment of the debt service on only that Series of Bonds. She stated that the term sheet between the Academy and the Purchasers of the Bonds does not require a Debt Service Reserve Fund to be established for the Series 2018 Bonds; however, should additional series of bonds be issued in the future, the option for a Debt Service Reserve Fund is available for future purchasers.

Ms. Shaw indicated that each series of bonds is secured by revenues, which payments to be made by the Academy, as well as mortgages on Academy property in New York and California. Ms. Shaw noted that the Bonds authorized to be issued under the General Resolution may bear interest at fixed rates or variable rates, but at this time, the plan is to use variable rate. She further noted that The Bank of New York Mellon will be the Trustee for the Series 2018 Bonds.

Ms. Shaw stated that the Series 2018A Resolution and the Series 2018B Resolution (collectively, the "2018 Series Resolutions") each authorize the issuance of up to $34,000,000 aggregate principal amount of Series 2018A Bonds and Series 2018B Bonds, respectively; provided however, that the maximum aggregate amount of Series 2018 Bonds to be authorized by DASNY is $34,000,000. She noted that separate funds and accounts will be established for each series. She further noted that no official statement, private placement memorandum, or other disclosure document will be prepared by DASNY or the Academy in connection with the issuance sale and delivery of the Series 2018 Bonds.

In accordance with the DASNY's Financing Guidelines, Ms. Shaw noted that the 2018 Series Resolutions contain the traditional restrictions on the ownership and transfer of the Series 2018 Bonds. She noted that the current purchasers and any future owners of the Bonds must be "Qualified Institutional Buyers" or "QIBs." She stated that this restriction is because the bonds are exempt from securities registration. She stated that each purchaser or future owner must agree that it will only transfer the Bonds in the future to QIBs and other related conditions – which will be included in the Series Bonds.

Ms. Shaw stated that DASNY will assign at closing its rights under the Loan Agreement and the mortgage to the Trustee pursuant to an assignment agreement. She further stated that the 2018 Series Resolutions delegate to various officers of DASNY the power, among others, to determine the final principal amount of the bonds, the maturity schedules, the interest rates and other terms of the Bonds. Finally, she stated that the 2018 Series Resolutions also authorize various officers of DASNY to execute the Assignment Agreement and all other documents that are required.

Mr. Bar-Levav stated that DASNY and the Academy will execute a Loan Agreement in connection with the issuance of the Series 2018 Bonds. He noted that the Loan Agreement will require the Academy to make payments in amounts and at times sufficient to make timely payment of the principal, Sinking Fund Installments, if any, and interest on, the Series 2018 Bonds.

Mr. Bar-Levav noted that the Academy's obligations under the Loan Agreement are general obligations payable out of any moneys of the Academy legally available to it for such payments. He stated that under the private placement commitment term sheet, the Academy repayment obligations are required to be secured by a security interest in its gross receipts, a mortgage on the land and the building being acquired with the proceeds of the Bonds, as well as a mortgage on additional realty owned by the Academy located in the State of California, all of which is to be assigned or granted, as the case may be, to the Trustee.

Finally, Mr. Bar-Levav indicated that it is anticipated that the Series 2018 Bonds will be issued as two series of tax-exempt bonds at a variable rate of interested equal to one month LIBOR plus 1.75%. He noted that the purchasers each have the option to cause a mandatory tender of its series of the Series 2018 Bonds at the end of initial ten-year period, in which event, the Academy must pay the tender price and either refinance the indebtedness or negotiate a renewal with the applicable purchaser(s).

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

A GENERAL RESOLUTION AUTHORIZING THE ISSUANCE BY THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK OF ITS AMERICAN ACADEMY OF DRAMATIC ARTS 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 SERIES 2018A RESOLUTION AUTHORIZING AMERICAN ACADEMY OF DRAMATIC ARTS REVENUE BONDS, SERIES 2018A NOT-TO-EXCEED $34,000,000; and

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2018B RESOLUTION AUTHORIZING AMERICAN ACADEMY OF DRAMATIC ARTS REVENUE BONDS, SERIES 2018B NOT-TO-EXCEED $34,000,000

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

InterAgency Council of Developmental Disabilities Agency

The Chair introduced Melissa Bennett, Esq. of Barclay Damon, LLP and Justine Marous, Esq. of the Marous Law Group, co-bond counsel on the transaction, and Mr. Klauser. Mr. Klauser presented the Credit Summary Update, noting that this is a pooled financing for the InterAgency Council. He stated that recent information includes the deferral of two projects for the HASC Center Inc. and HASC Diagnostic and Treatment Center, Inc. and the departure of four of the members, (The Institutes of Applied Human Dynamics, Inc., On Your Mark, Inc., Unique People Services, Inc., and Wildwood Programs, Inc.) from the pooled financing. Mr. Klauser reported that, two new participants have been added to the current financing (Citizens Options Unlimited, Inc./Community Services Support Corporation/ Nassau County Association for Retarded Citizens, Inc. and Citizens Options Unlimited, Inc./MRCS V./Nassau County Association for Retarded Citizens, Inc.). He stated that as a result, this current pooled financing will now include eight (8) member groups comprised of 11 members of the InterAgency Council.

Mr. Klauser stated that the proposed bond issue will be for a term not to exceed 26 years and will be in an amount not to exceed $22 million. He stated that the remaining approval of $33 million will be applied to the deferred projects referenced above. He further noted that the security for the transaction will include: a pledge of all OPWDD revenues attributable to each financed project; standby intercept of these OPWDD revenues attributable to each financed project; a six-month debt service reserve fund and mortgages on real property acceptable to DASNY, where available.

Mr. Klauser stated that there are 46 projects and the member institutions have received a PPA or Prior Property Approval for all but one of the projects. He noted that the POS will not be released without receipt of the PPA or the removal of the project absent the PPA and that there are no non-PPA projects in this pool.

Mr. Klauser reported that the SEQR filing was completed on June 19, 2018, that a Moody's rating of Aa2 anticipated; and that this financing will be similar to the prior InterAgency Council transactions with each borrower having its own individual loan obligation.

Ms. Marous noted that before the Members for their consideration is a proposed Series Resolution authorizing up to $22 million of InterAgency Council Pooled Loan Program Revenue Bonds under the IAC Pooled Loan Program Revenue Bond Resolution adopted in 2010. She noted that the General Resolution authorizes DASNY to issue multiple series of bonds to help the non-profit members of IAC finance facilities serving people with developmental and other disabilities. She explained that DASNY loans the proceeds of each issue to one or more IAC members for their facilities, and DASNY enters into a separate loan agreement with each participant. She further noted that each series of IAC bonds is separately secured by the payments to be made by the participants under their respective loan agreements. Ms. Marous stated that IAC members receive most of their funding through State agencies, and each member in its loan agreement grants DASNY a security interest in such public funds relating to the facilities financed.

Ms. Bennett noted that as Mr. Klauser indicated, the proceeds of the proposed bonds are expected to finance approximately 46 project facilities for eleven IAC members under eight loan agreements. She stated that each project facility is run by an IAC member licensed by one or more State agencies – including in all cases OPWDD. She further stated that proceeds of the Bonds will also fund a Debt Service Reserve Fund and costs of issuance. She stated that the proposed Bonds are currently contemplated to be issued as two subseries. Ms. Bennett stated that the Bonds will be special obligations of DASNY, payable solely from the revenues pledged to the Bonds—which are primarily payments made under the applicable Loan Agreements. She noted that as Ms. Marous mentioned, these payments will be secured by a security interest in the public funds relating to each financed project. She further noted that the Bonds will also be secured by the Debt Service Reserve Fund expected to be one-half of the maximum annual debt service.

Ms. Marous indicated that as described in the letter to the Members and as Mr. Klauser had indicated, all of the projects have, or will have received prior to mailing the Preliminary Official Statement, a Prior Property Approval from OPWDD. She noted that the PPA evidences OPWDD's commitment to pay an amount approximately sufficient to amortize the project's portion of the bonds, subject to State appropriation and operation of the project to State standards. She further stated that these payments will constitute the pledged revenues.

Ms. Marous noted that as additional security, DASNY will enter into intercept agreements so that upon an event of default by a participant, OPWDD will make the payments relating to the financed facilities to DASNY or the Trustee, as DASNY directs. She stated that approximately 17 project facilities will also be secured by mortgages. She noted that approximately 27 project facilities for one participant relate to the acquisition of co-op units and will be additionally secured by security documents similar to those typically entered into in a commercial loan for a co-op unit acquisition. Ms. Marous stated that approximately two project facilities—which are the only projects of that Participant—will not have mortgages because of restrictions contained in an existing mortgage in favor of the U.S. Department of Housing and Urban Development. She explained that, that Participant's obligations under its Loan Agreement will not be additionally secured and make up approximately $2 million of the total bond issuance.

Ms. Bennett reiterated that Bonds will be separately secured from all other series by the loans to the participants and that these loans are not cross-collateralized with or cross-defaulted to any other loans. She further noted that if a Participant defaults on a loan, the default will not constitute a default under the loans made to the other Participants, and only the defaulting Participant's allocable portion of the Bonds may be accelerated. Ms. Bennett stated that if the amounts recovered through the security described above are insufficient to pay, in full, such portion of the Bonds, those Bonds shall nevertheless be deemed paid and shall be cancelled by the Trustee and, in such event, the default shall be deemed cured and the affected Bondholders shall have no further claim under those Bonds.

Ms. Bennett stated that the Series Resolution delegates to various officers the power, among others, to set the terms of the 2018A Bonds and to establish funds and accounts to be maintained by the Trustee. She further stated that the Series Resolution also authorizes the preparation, execution and delivery, as appropriate, of customary documents for a negotiated public offering of bonds. Ms. Bennett noted that the Bonds are expected to be sold on a negotiated basis to Municipal Capital Markets Group pursuant to a Bond Purchase Agreement in customary form.

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

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2018A RESOLUTION AUTHORIZING UP TO $22,000,000 INTERAGENCY COUNCIL POOLED LOAN PROGRAM REVENUE BONDS, SERIES 2018A

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

Montefiore Medical Center Obligated Group

The President introduced Neil J. Kaplan, Esq. and Charles Toto, Esq. of Hawkins Delafield & Wood, LLP and Patrick McGlashan, Esq. of McGlashan Law, co-bond counsel on the transaction, and Mr. Klauser and Mr. Purcell.

Mr. Klauser presented the 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 authorization 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 their 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 to address the useful life remaining on the assets. He stated that 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 recommendation 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 authorizing the transaction.

Mr. Purcell stated that the Medical Center is very focused on this opportunity to implement its proposed plan of finance and obtain the highest rating possible, which will have a positive impact on its financial future by lowering its cost of capital and provide a valuable tool for the Medical Center to continue to serve and change with the needs of its market place. He further stated that it should be noted that the Medical Center's plan is not designed to provide savings, but rather that it is designed to financially reposition the Medical Center for the 21st century. He noted that the Medical Center has a unique opportunity to exit the FHA Insured Mortgage Program and establish its own unenhanced rating.

Mr. Purcell stated that in December he explained how traditionally Montefiore has relied on FHA- insured debt to finance its capital plans. He noted that he had indicated that the FHA Insurance Program is not a very efficient form of credit enhancement and that the program imposes many restrictions on the Medical Center, including various reserves, strict mortgage requirements, various consent rights, accelerated amortization of the debt and other restrictive requirements that make it hard for the institution to advance its corporate mission.

Mr. Purcell noted that given the various restrictions associated with the FHA Insurance Program, Montefiore had to advance its mission using its balance sheet and various bank loans with limited terms and short amortizations at the request of the lenders. He indicated that, consequently, the Medical Center's current debt structure is uneven and very front loaded. Mr. Purcell stated that if you look at the Debt Chart in column D, the highlighted green displays its current front loaded debt structure. He stated that over the next 10 years if the Medical Center doesn't restructure its current debt profile, it will pay over $829.8 million in debt service or over 81% of existing debt service. He noted that if the Medical Center was to add debt service from a new money project, the situation only gets worse. Mr. Purcell directed the Committee Members to the chart showing what the system looked like in 2008 compared to today, noting that the system has grown tremendously. He stated that much of this growth was financed by these loans and institutional liquidity.

Mr. Purcell stated, that as Mr. Klauser had mentioned, exiting the FHA Insured Mortgage Program, and restructuring the debt, deferring principal and freeing up reserves is the tool that helps the Medical Center to create overall system-wide level debt service represented by the orange shaded area. He stated that after implementing the proposed plan of finance, annual debt service is very level at approximately $87-$90 million per year. He noted that this will allow future new money transactions to be layered on to the new debt profile, eliminating large fluctuations in annual debt service and allowing the Medical Center to better manage its operations.

Mr. Purcell further stated that the Medical Center's annual principal directly affects the hospital's capital budget. He explained that reducing annual principal requirements directly improves the Medical Center's ability to invest in capital, offsets future debt (thus avoiding future interest rate and market access risk), and improves its cash position. He noted that these are all positive effects that the Medical Center believes will increase its ability to execute its transformation goals and position the Medical Center for the best possible bond rating. He stated that the plan calls for deferring principal and extending debt on the core parts of the financing. Mr. Purcell directed the Members' attention to the blue shading in the Debt Chart which represents principal deferral. He stated that the yellow shading represents debt extension. Mr. Purcell further stated that, as can been seen, on the Tax-exempt Component Column F is a four-year deferral and an 11-year extension. Mr. Purcell noted that on the Taxable refunding component Column G principal is deferred for 8-years and the debt is extended by 22-years. He noted that there is more flexibility on the taxable component which is why the extension is longer.

Mr. Purcell stated that again, as Mr. Klauser had mentioned, the big change from the December Resolution to Proceed is the addition of $610 million of taxable new money, a portion of which (approximately $400 million) will be issued by DASNY to reimburse the Medical Center for various capital components that were funded with cash over the past several years. He stated that the DASNY new money component is represented by Column H and principal on this portion of the loan is deferred for 12 years. He stated that the balance of new money of approximately $210 million will be issued by the Medical Center on its own. He noted that this replenishment of cash will better position the Medical Center financially by improving its liquidity position.

Mr. Purcell indicated that reimbursing Montefiore for previously incurred capital expenditures and restructuring its debt to maximize the useful asset life creating system-wide overall level debt service will provide Montefiore with a more advantageous financial foundation to access the capital market in a much more economic and efficient manner.

Ms. Raleigh indicated that she would like to briefly discuss Montefiore' strategy for implementing its mission. She stated that DOH had given verbal approval for the refunding in

December. She stated that Montefiore provides critical and essential healthcare at a number of campuses. She noted that Montefiore is also affiliated with a number of other hospitals. She stated that the Medical Center is a leader in the State and the nation with a revenue base of $5.5 billion. Ms. Raleigh stated that to fulfill its mission Montefiore is looking to create aggregate level debt service. Ms. Raleigh reported that Montefiore had developed its vital plan two years ago, and that a critical aspect of the plan is the financing and IT structure.

Mr. McGlashan stated that before the Members for their consideration is the adoption of: a General Resolution authorizing the issuance of one or more series of Montefiore Obligated Group Revenue Bonds pursuant to Series Resolutions to be adopted by DASNY and two Series Resolutions, each authorizing a series of Montefiore Obligated Group Revenue Bonds under the General Resolution. He noted that each Series Resolution authorizes the issuance of up to $988 Million of revenue bonds, provided that the aggregate principal amount of bonds to be issued pursuant to the Series Resolutions proposed to be adopted will not exceed $988 million. He noted that it is expected that the bonds will consist of a series of tax-exempt bonds and a series of federally taxable bonds. Mr. McGlashan further noted that the proceeds of the bonds will be loaned to Montefiore Medical Center to effectuate a restructuring of outstanding debt and pay or reimburse Montefiore Medical Center for the costs of capital projects.

Mr. Kaplan stated that the proceeds of the bonds are expected to be loaned to Montefiore Medical Center pursuant to one or more loan agreements between DASNY and the Medical Center, which provides for Montefiore Medical Center to make payments to the Trustee sufficient to pay principal and interest and the redemption and purchase price of the bonds when due. He noted that the obligations of Montefiore Medical Center under the Loan Agreement, together with the payment obligations of all other bonds issued pursuant to the General Resolution, will be secured by, among other things, one or more obligations to be issued by the Montefiore Obligated Group pursuant to a Master Trust Indenture to be entered into between the Master Trustee, Montefiore Medical Center and, solely in its capacity as the Obligated Group representative, Montefiore Health System, Inc. Mr. Kaplan further noted that initially, Montefiore Medical Center will be the sole Member of the Obligated Group. He stated that although the Resolutions authorize the issuance of fixed rate bonds and variable rate bonds, it is anticipated that the bonds proposed to be authorized today will be issued as fixed rate bonds, and sold pursuant to a negotiated sale to a syndicate of underwriters, the Lead Manager of which is Bank of America Merrill Lynch. Mr. Kaplan stated that it is also anticipated that on or about the date of the Bonds are issued, Montefiore Medical Center will issue its own taxable corporate bonds, the payments on which will be secured by an obligation issued under the Master Trust Indenture that will be payable on a parity with the obligations securing the Bonds.

Mr. Kaplan stated that the bonds are being issued, in part, to enable Montefiore Medical Center to restructure its outstanding debt and exit the FHA insurance program, by refunding FHA-Insured Mortgage Revenue Bonds issued by DASNY, and GNMA-Secured Bonds issued by the Medical Center, which themselves were issued to refund FHA-Insured Mortgage Revenue Bonds issued by DASNY. He noted that proceeds of the Bonds may also be applied to refund bonds issued by the New York City Industrial Development Agency, Build NYC Resource Corporation and the New York City Housing Development Corporation that were issued to fund healthcare facilities used by the Medical Center and its affiliates and staff housing for the Medical Center.

Finally, Mr. Kaplan stated that the proceeds of the bonds will be applied to pay or reimburse the Medical Center for capital costs that are statutorily permitted to be funded with proceeds of DASNY Bonds.

Mr. Kaplan noted that the General Resolution provides for the issuance from time to time of multiple series of bonds on behalf of the Members of the Obligated Group. He stated that although the bonds are referred to in the Bond Counsel Letter as the Montefiore Medical Center Obligated Group Revenue Bonds, and the Obligated Group is referred to as the Montefiore Medical Center Obligated Group, it is anticipated that the Bonds will be referred to as the Montefiore Obligated Group Revenue Bonds; the Obligated Group will be referred to as the Montefiore Obligated Group; and corresponding changes will be made to the financing documents to reflect such titles. He stated that each series of Bonds under the General Resolution will be special obligations of DASNY payable solely out of the revenues pledged for such series of bonds, which consist of payments made by the applicable Members of the Obligated Group under the related Loan Agreement, required payments made by Members of the Obligated Group under the Obligation for such series of Bonds and any amounts realized upon the liquidation of any collateral securing such obligation, and certain funds and accounts held by the Trustee for such series of Bonds.

Mr. Kaplan noted that the General Resolution authorizes DASNY to establish a debt service reserve fund for any series of bonds, but that it is not currently anticipated that a debt service reserve fund will be established for either series proposed to be authorized at today's meeting.

Mr. McGlashan stated that as previously mentioned the General Resolution authorizes the issuance of multiple series of Bonds, each pursuant to a Series Resolution to be adopted by the Members. He noted that it is proposed that the Members adopt two Series Resolutions today, which are identical in all respects, but for the series designation, which each authorize the issuance of up to $988 million principal amount of Bonds, provided that the aggregate amount of bonds authorized by both Resolutions shall not exceed $988 million. He further noted that each Series Resolution delegates to an authorized officer of DASNY the authority to make certain determinations with respect to such Series, which are to be evidenced by one or more Bond Series Certificates executed by such authorized officer including: subject to the aggregate principal cap of $988 million, the principal amount of such series; the maturity date or dates of the Bonds of such Series, provided that no Bonds will mature later than 30 years following the July 1st next succeeding the issue date; whether the bonds are issued as fixed rate Bonds or variable rate Bonds; the interest rates on the Bonds; the purchase price of the Bonds; the redemption provisions relating to the Bonds; the authorized Bonds to be issued as tax-exempt and the authorized Bonds to be issued as federally taxable bonds; the projects to be funded with Bond proceeds; the Bonds and other obligations to be refunded with the proceeds of the Bonds; whether the Bonds are to be secured by a debt service reserve fund; and whether to obtain credit enhancement for the Bonds and the terms of such credit enhancement.

Mr. McGlashan stated that each Series Resolution also: establishes the funds and accounts for such series and authorizes an authorized officer of DASNY to execute a Loan Agreement and

Bond Purchase Agreement with respect to such series; distribute a Preliminary Official Statement; execute, delivery and distribute a Final Official Statement and execute such other instruments that the authorized officer deems necessary in connection with the issuance of the Bonds and the refunding of the obligations to be refinanced with proceeds of the applicable series of Bonds.

Mr. Toto noted that the payment obligations of Montefiore Medical Center under the Loan Agreement with respect to each series of Bonds being authorized will be secured by an obligation issued by Montefiore Medical Center, as the sole member of the Montefiore Obligated Group under the Montefiore Obligated Group Master Trust Indenture between the Master Trustee and the Members of the Obligated Group.

Mr. Toto noted that the Master Trust Indenture provides for the issuance of Obligations each pursuant to a supplement executed by the Obligated Group Representative and the Master Trustee, the required payments under which are joint and several obligations of the Members of the Obligated Group.

Mr. Toto stated that each Obligated Group Member will pledge and grant a security interest in its gross receivables to secure it obligations to make required payments under the obligations issued under the Master Trust Indenture, and may grant a lien in such other property as may be set forth in a supplement. He further noted, in addition, each Obligation Group Member will agree to maintain a debt service coverage ratio of not less than 1.10 to 1.0, and agree to limitations on its rights to issue additional debt, encumber its property, merge or consolidate with other entities and dispose of its assets.

Ms. Shapard indicated that she was in support of the transaction, but noted that there appeared to be a significant extension of debt – a $285 million cost. She stated that it was not broken out year by year in the Staff Report. She noted that there appeared to be significant up-front savings in the early years, and asked whether the Medical Center expects to go to market again in the future.

Ms. Raleigh stated that the financing plan was very strategic. She acknowledged that the Medical Center may expect to undertake additional capital projects. Mr. Purcell stated that exiting the FHA Program provides greater options. Ms. Raleigh stated that the plan is to provide a foundation for more efficient access to capital.

Ms. Snyder questioned whether there will be a similar trend in other hospitals. Ms. Raleigh and Mr. Purcell agreed that there would be. Mr. Purcell noted that at one point in time, DASNY's portfolio was 86% FHA transactions. He further noted that today there is only one FHA transaction remaining. He commented that the Medical Center's exit from the FHA Program allows it to have a better opportunity to manage.

The Chair stated that he found the DOH Memorandum for the transaction to be quite helpful, and that it was good to have Mr. Toto in attendance. He stated that staff did a great job presenting the transaction. Ms. Shapard agreed, stating that she felt that staff provided a very cogent analysis.

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

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE DORMITORY AUTHORITY OF SERIES OF REVENUE BONDS FOR MONTEFIORE MEDICAL CENTER OBLIGATED GROUP MEMBERS; 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 SERIES 2018A RESOLUTION AUTHORIZING UP TO $988,000,000 MONTEFIORE OBLIGATED GROUP REVENUE BONDS, SERIES 2018A; and

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2018B RESOLUTION AUTHORIZING UP TO $988,000,000 MONTEFIORE OBLIGATED GROUP REVENUE BONDS, SERIES 2018B

Ms. Raleigh seconded the motion and the Resolutions were adopted unanimously.

Audit Committee Report

Audit Committee Chair Gardner reported that the Audit Committee met the previous afternoon to review DASNY's audited Financial Statements for the year ending March 31, 2018. He stated that the Committee also reviewed DASNY's Annual Investment Report and the Annual Report required by the Authorities Budget Office in accordance with the Public Authorities Accountability Act. Mr. Gardner further stated that the Committee was very pleased with the results of the audit, as well as with the presentations of Ms. Nadeau, KPMG, and BCA Watson Rice. He noted that DASNY did well as an operating entity last year. He informed the Members that the Audit Committee voted unanimously to approve the audited Financial Statements and to recommend that the full Board also approve the audited Financial Statements. Mr. Gardner further reported that the Audit Committee decided unanimously to recommend that the full Board approve the Annual Investment Report and the Annual ABO Report. He then introduced KPMG Lead Engagement Partner, Ms. Zimmerman and asked her to discuss the annual audit.

Basic Financial Statements

Ms. Zimmerman introduced Jeffrey Koch, KPMG Lead Engagement Senior Manager, and Mr. Hadnott, Partner, BCA Watson Rice LLP. Ms. Zimmerman informed the Members that the audit team delivered a full and robust report to the Audit Committee the prior day, and that she would summarize the highlights of that report for the Members. Ms. Zimmerman directed the Members' attention to page 7 of KPMG's Report to the Audit Committee, which outlines the scope and the deliverables of the engagement with DASNY. She summarized that the Audit team will issue an Independent Auditors' Report on DASNY's Basic Financial Statements, as well as a Report on Supplementary Information, a Report on Internal Controls over Financial Reporting and Compliance and Other Matters Based on the Financial Statement Audit, a Report on DASNY's Compliance with the Requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York, and Required Communication to the

Audit Committee, as mandated under professional auditing standards. She noted that these would all be dated today and that unmodified opinions would be provided. Ms. Zimmerman stated that over the summer, the auditors would be issuing reports on the Financial Statements for 32 individual bond issues and other materials, including DASNY's Annual Report, to verify that there is no conflict with DASNY's Financial Statements.

Ms. Zimmerman confirmed that the accounting policies are generally consistent with prior years, with the exception of changes resulting from the adoption of GASB 72, assessing DASNY's valuation methodologies and leveling disclosures. Ms. Zimmerman informed the Members that there were no transactions identified through the audit that were deemed to be both significant and unusual or that lacked authoritative guidance or consensus. She stated that as part of the audit, the auditors reviewed Management's judgments and assumptions relative to significant accounting estimates; the valuation and collectability of leases and loans receivable; OPEB liabilities as set forth in the Financial Statements and required supplementary information; the valuation of interest rate SWAPS; and certain accrued liabilities such as construction costs not billed at year end. Ms. Zimmerman stated that these judgments and assumptions appeared to be reasonable.

Ms. Zimmerman summarized that there were no proposed uncorrected audit adjustments identified in the audit; no material weaknesses or significant deficiencies in internal control over financial reporting were identified; and that the team was not aware of any consultation by Management with any other accountants during the current year. She further stated that there were no disagreements with Management, nor did the team encounter any significant difficulties while completing the audit. Ms. Zimmerman stated that there are no unresolved reporting or accounting issues, and the only significant written communications with Management were the engagement letters executed at the beginning of the audit and Management's Representation Letter which is expected today. She confirmed that the KPMG audit team is independent with respect to DASNY.

In response to an inquiry from Ms. Shapard with respect to upcoming potential changes to reporting for conduit debt, Ms. Zimmerman explained that there is a reexamination of Interpretation 2, Disclosure of Conduit Debt Obligations, related to whether conduit debt should be shown on a government issuer's financial statements. She further explained that an Exposure Draft is slated for July 2018, and that the anticipated comment period is from August 2018 through October 2018. Ms. Zimmerman indicated that consideration for the final Statement approval would be April 2019. She explained that should the new Interpretation be adopted, conduit debt would no longer be considered a liability of the governmental entity. She stated that, therefore, the conduit debt would have to be removed from DASNY's financial statements.

Ms. Shapard questioned whether DASNY would do business differently should the change be adopted. Mr. Gardner responded that if this comes to pass, DASNY should obtain advice from counsel. He stated that it would appear that the role of the conduit issuer is being redefined. Mr. Gardner stated that there could be some complicated situations and that he wants to make sure that DASNY continues to be completely transparent. Ms. Nadeau informed the Members that most conduit issuers do not record the conduit debt on their books. She stated that the expectation is that if the change is made, DASNY will disclose the conduit debt in the footnotes to the financial statements, as it currently does with the TELP Program. She noted that the information would also still be disclosed in DASNY's Annual ABO Report. She indicated that the numbers just would not be as large, although the numbers for the public transactions would still pass through DASNY's financial statements.

In response to an inquiry from Mr. Romski as to when the Interpretation would become effective, Ms. Zimmerman replied that it would become effective in 2020. Mr. Hadnott stated that DASNY is in the driver' seat in that it can express its opinion when the Exposure Draft is released. In response to an inquiry from the Chair as to whether KPMG comments on behalf of its clients, Ms. Zimmerman explained that the client comments on its own behalf, but that KPMG will answer questions. Ms. Snyder asked when DASNY might need to decide about commenting. Ms. Nadeau responded that staff has been following the issue all along and would make a timely determination. Mr. Gardner asked whether staff has an opinion at this point in time. The President stated that as part of OneDASNY, the recommendation had been made to remove the conduit debt from DASNY's financial statements. Mr. Cusack explained that inclusion of the conduit debt is historical and may have been tied to when DASNY was issuing general obligation debt. Ms. Shapard commented that times change.

Audit Committee Chair Gardner stated that the Audit Committee recommends adoption of Audited Financial Statements.

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

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) ADOPTING THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 2018

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

Annual Investment Report

Ms. Nadeau the directed the Members' attention to Tab 8, noting that DASNY is required to file the Annual Investment Report with the Office of the State Comptroller. She stated that the report includes DASNY's Investment Guidelines and Summaries of investment income earned and fees paid for the year. She stated that a copy of DASNY's Financial Statements will also be filed with the Investments Report. Ms. Nadeau stated that there were no changes to the Investment Guidelines during the fiscal year. She reported that investment income totaled $40.3 million for the year, $7.6 million of which was earned from construction funds and $32.7 million from all other funds. She further reported that during 2018 DASNY paid approximately $755,000 for trustee and custodial services.

Audit Committee Chair Gardner noted that the Audit Committee recommends adoption of the Annual Investment Report.

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

A RESOLUTION OF THE MEMBERS OF THE BOARD OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) APPROVING THE DORMITORY AUTHORITY ANNUAL INVESTMENT REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2018 INCLUDING THE INVESTMENT POLICY AND GUIDELINES

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

President's Report

The President noted that there were several items to discuss today, including a major milestone reached. He stated that it has been three years since Governor Cuomo asked him to come to DASNY, and in that time, DASNY has embarked on a journey of transformation.

The President stated that under the One DASNY initiative, DASNY is comprehensively redesigning the organization to better serve its clients and the people of New York. He stated that this is enabling DASNY to be more nimble and proactive, and to speed the pace at which it does business. He stated that he is happy to report this transformation is producing clear results. The President noted that together, we have: executed a newly developed design-build contract for a $24 million residence hall at The College at Brockport near Rochester, which is expected to be completed this summer. He further noted that he had the pleasure of touring the progress earlier this month alongside President Heidi Macpherson. The President stated that this success confirms DASNY's efforts to increasingly deploy design-build, such as for the new 250-bed residence hall at SUNY Polytechnic Institute in Utica and the $750 million NYS Life Sciences Public Health Laboratory in the Capital District region. He noted that demonstrating DASNY's leadership in MWBE inclusion, DASNY introduced a Public Finance Diversity Fellowship for college students graduating with a bachelor's degree and that those fellows will be begin working with us in the coming weeks.

Annual Authorities Budget Office Report

The President stated that the aforementioned impacts and more are reflected in the annual reporting materials—in the Financial Statements, procurement, and the annual ABO and Procurement Reports. He further stated that in DASNY's Annual Authorities Budget Office Report for Fiscal Year 2017-18, the Public Finance Division completed 21 bond financings for a total of approximately $8.5 billion. He stated that DASNY also completed 11 lease transactions with a total value of approximately $148 million under the Tax-Exempt Leasing Programs. In addition, he reported that the largest public, higher education and health care financings included: $1.75 billion State Personal Income Tax transaction, $678 million for New York University, and $294 million for the Memorial Sloan-Kettering Center.

The President reported that construction expenditures on DASNY-managed projects totaled approximately $857 million and that DASNY ended the fiscal year with a pipeline of 932 projects valued at almost $6.16 billion.

The President then asked Mr. Koopman, Managing Senior Director Construction to provide an overview of the Procurement Report.

Procurement Report

Mr. Koopman reported that the Procurement Report summary reflects all procurement activity including new construction and professional service awards, purchase orders, and work authorizations and work orders issued against existing term contracts and job order contracts. He noted that the Report also highlights procurement-related activity in the public finance, legal and administrative areas. Mr. Koopman noted that there were no changes to either the Procurement Guidelines or the Procurement Policy during the past year.

Mr. Koopman stated that overall dollar value of construction related procurement activity amounted to approximately $437 million for the year and that this is down approximately $197 million or 31% from the prior year driven mainly by the fact that there were some large construction awards last year for South Beach PC ($175 million) and the new Brockport Residence Hall ($20 million) without similar type projects this year.

Mr. Koopman noted, however, that despite the dollar value decrease the number of procurement transactions for all contract types was up 9%, driven primarily by an increase in the number of purchase orders issued. He stated that this also demonstrates the theme that has previously been mentioned about the number of smaller projects DASNY continues to process and the need to address efficiencies in this area through initiatives like One DASNY.

Mr. Koopman indicated that he wanted to highlight that DASNY did see a significant increase in the dollar value and number of awards to MBE prime contractors and that the dollar value of awards was up from $35 million in FY 16-17 to $76 million this past fiscal year, over a 100% increase. Mr. Koopman stated that the efforts of the Resource Acquisition team of Michael Clay, Senior Director, Opportunity Programs and Lou Cirelli, Director, Procurement were to be commended and contributed to these results.

The Chair stated that the Members should now consider both the ABO Report and Procurement Report resolutions.

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

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) APPROVING THE PUBLIC AUTHORITIES ACCOUNTABILITY ACT ANNUAL REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2018

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

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

A RESOLUTION OF THE MEMBERS OF THE BOARD OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) APPROVING DASNY'S PROCUREMENT CONTRACT ANNUAL REPORT FOR THE PERIOD COMMENCING APRIL 1, 2017 AND ENDING MARCH 31, 2018, INCLUDING THE PROCUREMENT POLICY, PROCUREMENT CONTRACT GUIDELINES AND OTHER MATERIALS

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

The President reported that in the month of May, DASNY saw the issuance of $325 million in bonds for the design, construction, and renovation of science and health care facilities at Columbia University, and for other University projects. He noted that New York University issued $593 million in bonds through DASNY and that a $316 million portion of the proceeds will go to the construction of a mixed-use building at 181 Mercer Street, which will include dozens of new classrooms; spaces for performing arts education, training, and rehearsals; student and faculty housing; and a replacement sports and recreation facility. He further noted that additional proceeds will go toward the construction of a new, 350,000 square-foot science center at 435 East 30th Street that will house an advanced medical research facility for NYU's School of Medicine. The President stated that projects like these are essential to maintaining the stature, attractiveness, and competitiveness of the state.

<u>Public Financing and Portfolio Monitoring Report</u>

Ms. Lee stated that since the last Board Meeting, DASNY has priced and closed three transactions: Columbia University, New York University and School Districts.

Ms. Lee then provided a market update. She noted that investors have been watching the US – North Korea summit and tariffs and trade issues. She stated that the Fed raised its benchmark interest rate by 25 basis points last week to a target range of 1.75% - 2.00%. She reported that FOMC members are forecasting an additional two rate hikes in 2018 bringing the total expected number to four this year. She reported that total new issue supply is currently about $146 billion year-to-date, or down 17% from the supply levels seen this time last year and that total supply for this week is expected to be about $7.7 billion. Ms. Lee further stated that municipal bond funds have remained positive for the sixth straight week. She stated that the MMD curve has moved mostly on the short end since the last Board meeting and that the one year MMD has decreased 29 basis points since the last Board Meeting while the 10 year has increased three basis points and the 30 year has decreased one basis point.

<u>Annual Bond Sale Report</u>

Ms. Lee directed the Members' attention to the Annual Bond Sale Report and the summary of the year's financings. Ms. Lee stated that on Page 2, according to *The Bond Buyer*, DASNY was the Number two issuer in calendar year 2017. She stated that, as indicated on Page 3, DASNY issued approximately $8.5 billion last year in 21 financings. Ms. Lee noted that as reported on Page 4, eight financings totaling approximately $7.1 billion were undertaken on behalf of our public clients last year and 13 financings totaling approximately $1.4 billion were undertaken on behalf of private clients. She stated that Pages 5 through 9 detail the financings into various groups including: State Supported Debt, Other Public Debt, Independent Colleges and Universities, Health Care and Other Independent Institutions.

Ms. Lee stated that a few general takeaways from the report include: that only the School District financings used credit enhancement and that was on a partial basis; given the low interest rate environment we were in, there was significant refunding activity; and 11 financings included refundings. She stated that DASNY is also seeing a good number of private placements for institutions large and small.

Ms. Lee noted that Page 10 reflects TELP activity for the fiscal year – 11 leases totaling $148 million and Page 11 reflects activity over and under $10 million. Ms. Lee thanked the staff in Public Finance, Portfolio Monitoring, Counsel's Office and Finance, as this represents their body of work. She also noted the work of Lynn Richard, Administrative Assistant, Sharon Pieronek, Financial Analyst, and Sue Dodge, Administrative Assistant, in producing this report as they did yeoman's work.

Mr. Romski 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) APPROVING THE DASNY ANNUAL BOND SALE REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2018

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

Ms. Lee then updated the Members on the next steps for the Board with respect to the One DASNY initiative. She indicated that staff expects to bring to the July Board Meeting for action revised Financing Guidelines for Independent Institutions that make modifications just with respect to financings rated investment grade. She further stated that these modifications move from a prescriptive approach to security packages to a market-based approach. Ms. Lee stated that included in the July Board mailing, there will be a summary memo from the President and a legal memo from Squire Patton Boggs, LLP. She further stated that proposed slight modifications to the format of the staff report provided to the Board in connection with financings will also be discussed.

In response to an inquiry from Mr. Johnson as to how much less information the Board might be provided if the modifications to the staff report are made, Ms. Lee responded that only slight modifications are being proposed. The Chair stated that the plan for the staff report will be thoroughly explained and that there will be an opportunity to talk to staff about any concerns. Mr. Johnson asked whether the discussion would take place in Public Session and noted that it appears that the timeframe for action is somewhat compressed. The Chair stated that he would anticipate action in July, but only if the Board is so inclined and only after a public discussion. Ms. Shapard noted that the Members have had significant private discussions. The President stated that the only action to be considered in July would be changes to the Financing Guidelines as they relate to investment grade credits. He indicated that the discussions can certainly carry over to September should they need to do so. The Chair noted that the intent is to have clear deliberations on the record. The President stated that the Board may also wish to have a broader One DASNY discussion as well. Mr. Johnson asked for confirmation that there would be only one actionable item – amendments to the Financing Guidelines. The President responded affirmatively.

Mr. Johnson noted that the in order to maintain the integrity of the Board, various Members, in fulfilling their fiduciary duty to DASNY and the public, should undertake public discussion regarding certain significant matters. The Chair agreed and stated that the Board has the authority to ask anything of staff, as well.

The Chair stated that he hoped the Board would be in a position to act in July and that the Members will be provided with all of the information that they need in order to make an informed decision. He stated that proposed changes to the staff report will also be open for discussion. The President stated that staff will get all the appropriate information to the Members.

In response to an inquiry from Mr. Gardner as to what Squire Patton Boggs, LLP will be addressing, Mr. Cusack responded that the firm will be addressing a couple of follow-up questions asked by the Board.

President's Report (Continued)

The President reported that on June 7, approximately 150 people attended a minority-, women- and service-disabled veteran-owned outreach event held in the Crossroads Culinary Center at the University of Buffalo hosted by DASNY. He stated that DASNY has a large footprint in Western New York and is looking to help MWBE and SDVOB firms grow and succeed in securing New York State contracts. He further stated that this was a collaborative effort bringing together DASNY's Communications and Marketing, Procurement, Purchasing, Construction, and Opportunity Programs Units, leveraging the full complement of DASNY's resources.

The President then reported that DASNY's Construction Division has begun its annual SUNY summer work projects, which will be completed before students return in the Fall. He further reported that DASNY currently has approximately 30 projects scheduled with a combined value of $90 million and, in addition, four large-scale residence hall projects kicked off construction at the close of the Spring Semester, and are scheduled for completion in Summer 2019, including: a $16 million project to renovate Tower Three at SUNY Buffalo State College; the $18 million Phase Two renovation of Alfred State College's MacKenzie Complex; a $24.5 million project to renovate Beverwyck and Schuyler Halls at the University at Albany; and a $19 million project to renovate Whiteface Hall at SUNY Plattsburgh.

Construction Projects Report

Mr. Koopman directed the Members' attention to the photographs on the cover of the April 2018 Construction Projects Report. He stated that the photographs are of the CCNY Sophie Davis School of Medicine's Interior Upgrade Project. Mr. Koopman stated that the scope of work was an upgrade to interior spaces for the Fall 2017 semester and that the project had a very tight schedule tied to the accreditation of the Sophie Davis Medical School. He indicated that work was conducted in the occupied school within a historical building with very challenging architectural and existing condition issues that led to several changes along the way. He reported and that the project was occupied in time for Fall 2017 classes.

Mr. Koopman reported that the project budget was $11 million with a design start date of April 2014 and design completion date of October 2015. He stated that the design consultant was APA Architects. Mr. Koopman further stated that construction began in August 2016 and was completed in February 2018. He stated the general contractor for Phase I was US Tech Construction and for Phase II the general contractor was New Style Construction.

Mr. Koopman reported on new projects which include: CCNY – Campus-wide Accessibility $7.3 million project for ADA compliance across campuses; WNY PC – Life Safety Code $15.0 million project to migrate facility to current life/safety code; Hostos CC AHU Replacement there is a project $6.5 million project for replacement of air handling units; El Regresso $8.7 million OASAS Voluntary gut rehabilitation / building addition project and SUNY Alfred – MacKenzie Hall Phase II project for $18.2 million that is for the gut rehab of MacKenzie Hall.

Mr. Koopman reported on projects that have been dropped from the Report. He noted that for the C.K. Post ATC project, $8.1 million of the project's $12.1 million was transferred to another OASAS project resulting in the project's funding being below $5 million and thus moving off the Construction Projects Report. He noted that the balance of funding of $4.0 million in the original project will be used with scoping to be determined.

Mr. Koopman directed the Member's attention to Page 8 of the Report noting that construction expenditures for the prior fiscal year to date were $29.5 million and for the current fiscal year to date expenditures are $56.0 million – a change year over year of $26.5 million.

Mr. Koopman reported that with respect to the Court Officers Training Academy, progress continues toward New York City Department of Building's Temporary Certificate of Occupancy. Mr. Koopman noted that Mr. Curro was on site Thursday, June 14 and that finishes continue, commissioning continues, furniture is being loaded into Buildings 1 & 2, and site work is progressing with pavement in place. He noted that the most recent general contractor schedule states July 7, 2018 for substantial completions. He stated that the NYC Fire Department will perform an inspection on Sunday, June 24 and that the Public Assembly and Department of Buildings inspection will follow during week of July 2, assuming FDNY issues a Letter of Defect with issues of a non-serious manner included. Mr. Koopman reported that a Ribbon Cutting has been scheduled for Wednesday, July 25 and that classes begin September 1.

Next, Mr. Koopman reported on the South Beach Psychiatric Center Building project. He reported that Package 5 continues with several activities progressing simultaneously including exterior light gage metal framing, brick masonry, mechanical / electrical / plumbing rough in, completion of fire proofing. Mr. Koopman indicated that Mr. Curro is at a project executive meeting today where, among other items, the project schedule will be discussed. Mr. Koopman noted that the project is currently scheduled for completion in June 2019.

Mr. Koopman reported on the SUNY Capital Projects. He stated that Brockport is running slightly behind schedule, but that it will be complete for 2018 fall occupancy. He stated that Plattsburgh is on schedule for July completion and 2018 Fall semester occupancy; Buffalo State is on schedule for July completion and 2018 Fall Semester occupancy. He reported that Canton is on schedule for July completion and 2018 Fall Semester occupancy.

With respect to the SUNY Summer Projects, Mr. Koopman reported that there are 30 summer projects with 90-day schedules in progress. He noted that we are 1/3 into the summer schedule with projects progressing.

Mr. Koopman then reported on the various NYCHA projects. He indicated that with respect to Security Projects, 45 are substantially complete, 8 are in construction, 13 are in pre-construction, seven are in procurement, and five are in scoping/design. He reported that with respect to the Appliance Projects, 27 are substantially complete; three are in installation phase; and three new projects have not started yet. Mr. Koopman reported that with respect to the Quality of Life projects, 11 projects are in the construction phase, with the balance in design or procurement.

Mr. Koopman reported that DASNY met with the Governor's Office of Storm Recovery ("GOSR") staff on June 14, 2018 to discuss administrative topics including the working relationship with DASNY, administrative responsibilities, DASNY fee process, payments and to firm up the communication protocol. He noted that projects continue to advance through design phase. Hs stated that we are working on environmental investigation for projects and once complete, a minimum of 10 projects being held for environmental reasons will be advertised for bid. In response to an inquiry from Mr. Romski as to whether DASNY is paid by GOSR, Mr. Koopman responded that we are paid our fees as part of the project cost.

Next, Mr. Koopman reported on the Department of Health projects. He noted that DASNY expects to release the Request for Qualifications as early as this week to begin the procurement process for the new NYS Life Sciences Public Health Laboratory which, as previously noted, is the new $750 million design build project DASNY will be undertaking. He stated that DASNY will be going through a two-stage procurement process, first shortlisting a group of design build firms through a review of qualifications and then finalizing the selection through an evaluation of responses to an RFP. In response to an inquiry from Ms. Shapard as to whether the site for the project has been selected, Mr. Koopman stated that the site will need to be selected before the RFP is released. Ms. Shapard asked when that selection might occur, to which Mr. Koopman responded that it is currently under review, but that he is not sure when it will occur.

Mr. Koopman then reported on the SUNY PP/AA, noting that DASNY presented at the SUNY Physical Plant Administrators Association 2018 Summer Conference last week on topics including an update of current construction projects and a focus on the SUNY Brockport design-build project. He stated that DASNY made connections with SUNY Morrisville, who wants to begin working toward recommendations related to a recently completed Residence Hall Master Plan, and two community colleges (Erie and Corning) seeking construction services from DASNY.

Mr. Koopman then updated the Members regarding the Contract Manager RFQ. He noted that DASNY Information Services and the Construction Division continue to work toward release of a Request for Qualifications for a new project management system. The RFQ document is nearing completion at which time a formal advertisement will be published alerting construction software vendors of the opportunity.

General Counsel's Report

Mr. Cusack informed the Members that a Memorandum summarizing the annual Project Sunlight training was included in the Board materials. He requested that the Members complete the training at their earliest convenience and email him, Ms. Drescher, or Diane Felitte, Legal Assistant, when they have done so. He stated that Director, Procurement, Lou Cirelli, is the Project Sunlight liaison. Mr. Cusack indicated that in addition to Mr. Cirelli, Ms. Drescher, and him, Associate General Counsel, Sara Richards, Esq., could also field questions should the Board Members have any.

Financial Report

Ms. Nadeau indicated that she had noting additional to add to her regular monthly report.

The Chair thanked the auditors and staff for their efforts with the annual audit, and gave a special thanks to Ms. Nadeau. He thanks Audit Committee Chair Gardner as well.

Mr. Romski moved that the Members go into Executive Session to discussion the credit and financial history of particular corporations, Ms. Snyder 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

Ms. Raleigh moved that the Meeting adjourn, Mr. Gardner seconded the motion and the Meeting was adjourned at approximately 12:26 p.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary