

The Dormitory Authority of the State of New York Finance Committee Video Conference Meeting was held at DASNY's Albany Office, 515 Broadway, Albany, New York and New York City Office, One Penn Plaza, 52<sup>nd</sup> Floor, New York, New York at 4:30 p.m. on Tuesday, May 8, 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- New York City

Gerard Ronski, Esq., Finance Committee Chair  
Alfonso L. Carney, Jr., Board Chair, Committee Member

Members Present- Albany

Charles Abel, Designated Representative of the Commissioner of  
Health, Member (ex officio), Committee Member

Other Board Members Present – New York City

John B. Johnson, Jr., Vice Chair

Dormitory Authority Staff Present – New York City

Michael T. Corrigan, Vice President  
Michael E. Cusack, Esq., General Counsel  
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring  
Matthew T. Bergin, Assistant Director, Public Finance and Portfolio Monitoring

Dormitory Authority Staff Present – Albany

Kimberly J. Nadeau, Chief Financial Officer  
Caroline V. Griffin, Chief of Staff  
Debra Pulenskey Drescher, Esq., Managing General Counsel  
Donna J. Rosen, Esq., Associate Counsel

**PUBLIC SESSION**

The Committee Chair called the Committee Meeting to order. The Minutes of the April 10, 2018 Finance Committee Meeting were reviewed and approved.

**Personal Income Tax Revenue Bond Program / Sales Tax Revenue Bond Program**

Mr. Bergin presented the Credit Summary and Staff Report recommending the issuance of multiple series of tax-exempt and/or taxable fixed and/or variable rate bonds issued at one or more times in an amount not to exceed \$2.3 billion, with a term not to exceed 30 years. He stated that the term of the refunding bonds will not exceed the term of the bonds being refunded considered in the aggregate. He stated that the Board is being asked to authorize this transaction using two structures: the Sales Tax Revenue Bond Program and/or the Personal Income Tax Revenue Bond Program. Mr. Bergin stated that the mechanics of the two programs are very similar, and that the major difference is the stream of revenues that secures the bonds - sales tax revenue as opposed to personal income tax revenue. He explained that the proposed bonds can be issued under either program or through a combination of both programs, with the combined issuance not to exceed \$2.3 billion.

Mr. Bergin reported that the Bonds are being issued for new money and refunding purposes. He stated that the Bonds are expected to fund a variety of capital projects under various programs including: State University of New York ("SUNY") educational facilities (\$500 million); capital projects for the Office of Mental Health ("OMH"), the Office for Persons with Developmental Disabilities ("OPWDD") and the Office of Alcoholism and Substance Abuse Services ("OASAS") State and Voluntary Facilities (\$350.0 million); various capital projects under the Dedicated Highway and Bridge Trust Fund (\$500 million); and various capital projects under the Consolidated Local Street and Highway Improvement Program ("CHIPS") (\$500 million).

He stated that the refunding plan calls for the refunding of certain bonds issued under various programs, including but not limited to, the Personal Income Tax Revenue Bond Program, the Service Contract Program, the Mental Health Program, and other State-supported debt programs. He stated that the refunding candidates were all issued by DASNY, the Empire State Development Corporation, the Environmental Facilities Corporation or the Thruway Authority (\$800 Million).

Mr. Bergin noted that if the Bonds are issued under the Sales Tax Revenue Bond Program, the Bonds will be paid by the semi-annual payments made pursuant to a Financing Agreement between DASNY and the State, and that the Bonds will be secured by a set aside of one cent, or approximately 25% of the State's four percent sales tax collected pursuant to statute and deposited in the Sales Tax Revenue Bond Fund. He noted that current debt service coverage for all Sales Tax debt is 4.4 times.

Mr. Bergin stated that if the Bonds are issued under the Personal Income Tax Revenue Bond Program, the Bonds will be paid by the semi-annual payments made pursuant to the Financing Agreement between DASNY and the State. He noted that with the recent legislative changes, the Bonds will be secured by a set aside of 50% of personal income tax revenues collected pursuant to statute and 50% of the receipts of a new employer compensation expense tax, with both taxes deposited in the Revenue Bond Tax Fund. He stated that the current debt service coverage for all

outstanding PIT debt across all issuers is 3.7 times. Mr. Bergin stated that both Programs are expected to be rated Aa1/AAA\AA+.

Finance Committee Chair Ronski referenced the Dedicated Highway and Bridge Trust Fund projects and asked who decides what projects are undertaken. Mr. Bergin responded that the New York State Department of Transportation (“DOT”) makes those decisions. Ms. Lee noted that the Consolidated Local Street and Highway Improvement Program (“CHIPS”) is also administered by DOT.

Finance Committee Chair Ronski inquired regarding the types of Mental Health facilities to be financed and whether the Mental Health entities go through their own SEQR or environmental review process. Ms. Lee responded that there are both State and voluntary facilities projects, and asked Counsel to address the SEQR aspects of the Finance Committee Chair’s question. Mr. Cusack stated that there is an exemption to SEQR for PIT and Sales Tax with respect to completion of SEQR at the time of adoption of documents. He explained that for new projects, a SEQR review is undertaken before bond proceeds are spent on a project. He noted, however, that the subject transaction involves refunding candidates, with no new construction, so therefore, no SEQR is required.

The Finance Committee Members decided unanimously to recommend the financing to DASNY’s full Board for approval.

### **New York City Health and Hospitals Corporation**

Mr. Bergin presented the Credit Summary and Staff Report recommending the issuance of one or more series of 14-year fixed and/or variable rate, tax-exempt and/or taxable bonds in an amount not to exceed \$395,000,000 on behalf of the New York City Health and Hospitals Corporation (“HHC”), which is a component unit of The City of New York. He stated that the proceeds of the bonds are expected to be used to finance the refunding of all or a portion of DASNY’s Municipal Health Facilities Improvement Program Lease Revenue Bonds, (New York City Issue) Series 1998-1, Series 2001-2 and Series 2008-1 Bonds.

Mr. Bergin explained that the security for the bonds includes rental payments in the amount of debt service from The City of New York, subject to annual appropriation and the statutory intercept of State Medicaid payments to The City of New York. He stated that the expected ratings on the bonds are Aa2/AA-/AA-.

Mr. Bergin stated that HHC is responsible for the operation of the municipal hospital system of The City of New York. He stated that as a main element of its core mission, HHC provides, on behalf of The City of New York, comprehensive medical and mental health services regardless of a patient’s ability to pay. He further noted that HHC is the largest public health care system in the United States. He informed the Members that HHC operates eleven acute care hospitals, five long-term care facilities, six diagnostic and treatment centers as well as hospital-based and neighborhood clinics and a certified home-health agency. Mr. Bergin stated that HHC provides essential inpatient, outpatient and home-based services to more than one million patients every year in more than 70 locations across The City of New York’s five boroughs.

Mr. Bergin stated that the proposed refunding, under current market conditions, is anticipated to produce a net present value savings of approximately \$51.2 million, representing 12.0% of the refunded principal. He explained that the debt service payments are structured to maximize cash flow savings for The City of New York's financial plan years, which are the next four years, and that there are no dissavings in the out years.

Mr. Bergin stated that DASNY has issued over \$1 billion for HHC under the Municipal Health Facilities Improvement Program and The City of New York has met all of its required debt service obligations on time and in full.

In response to an inquiry from the Finance Committee Chair as to whether the New York State Department of Health ("DOH") has any involvement in the transaction, Mr. Abel replied that DOH is not involved as it is an HHC refunding and that DOH is not opining on the transaction or making any recommendation.

Ms. Lee noted that she had recused herself from working on the transaction, as her spouse is employed by The City of New York. The Board Chair noted that he was recusing himself from the vote, as he has a matter pending before the entity.

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

Mr. Abel moved that the Meeting adjourn, Finance Committee Chair Ronski seconded the motion and the Meeting was adjourned at approximately 5:08 p.m.

Respectfully submitted,

Debra Pulenskey Drescher  
Assistant Secretary