

The Dormitory Authority of the State of New York Finance Committee Video Conference Meeting was held between DASNY's Albany Office, 515 Broadway, Albany, New York and DASNY's New York City Office, One Penn Plaza, 52nd Floor, New York, New York at 4:30 p.m. on Tuesday, November 6, 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

Tracy Raleigh, Designated Representative of the Commissioner of Health, Member (ex officio), Committee Member

Other Members Present – New York City

Wellington Z. Chen, Member

Dormitory Authority Staff Participating by Phone

Gerrard P. Bushell, President

Dormitory Authority Staff Present – New York City

Michael E. Cusack, Esq., General Counsel
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring
Caroline V. Griffin, Chief of Staff
Larry N. Volk, Senior Director, Portfolio Management
Ricardo Salaman, Esq., Managing General Counsel
Matthew T. Bergin, Assistant Director, Public Finance and Portfolio Monitoring

Dormitory Authority Staff Present - Albany

Michael T. Corrigan, Vice President
Kimberly J. Nadeau, Chief Financial Officer
Sara P. Richards, Esq., Associate General Counsel
David F. Perritano, Public Information Officer

PUBLIC SESSION

Committee Chair Ronski called the Meeting to order. The Minutes of the October 9, 2018 Finance Committee Meeting were reviewed and approved.

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

Mr. Bergin stated that the Committee is being asked to recommend to the full Board the issuance of multiple series of tax-exempt and taxable, fixed and/or variable rate bonds to be issued at one or more times with a term not to exceed 30 years, in an amount not to exceed \$2.0 billion under either the Sales Tax Revenue Bond Program and/or the Personal Income Tax Revenue Bond Program. He further stated that the Bonds are currently expected to be issued under the Personal Income Tax Revenue Bond Program. Mr. Bergin informed the Committee Members that the mechanics of the two programs are very similar, and that the major difference between the programs is the stream of revenue that secures the bonds. He explained that sales tax revenue is used to secure bonds issued under the Sales Tax Revenue Bond Program, and personal income tax revenue secures bonds issued under the Personal Income Tax Revenue Bond Program.

Mr. Bergin informed the Committee Members that the Bonds are being issued for both new money and refunding purposes. He stated that the new money portion is expected to fund authorized purposes including the SUNY Upstate Community College facilities program; environmental projects; transportation facilities projects for the Metropolitan Transportation Authority; State and Municipal Facilities grants and other capital grant programs; Economic Development Projects and/or grants; Library Facilities; the New York State Education Department's Longitudinal Data System; the New York State Office of General Services for state office buildings and other facilities; the New York City Department of Corrections and Community Supervision's correctional facilities, the Office of Children and Family Services' youth facilities, and healthcare facilities under the Capital Restructuring Financing Program.

Mr. Bergin stated that the proceeds of the Bonds will also be used to refund certain fixed rate bonds issued under various programs including, but not limited to, the PIT Revenue Bond Program, the Mental Health Services Facilities Improvement Revenue Bond Program and the Service Contract Program. He informed the Committee Members that the bonds to be refunded were issued by DASNY or Empire State Development.

Mr. Bergin stated that if the bonds are issued under the Sales Tax Revenue Bond Program, the bonds will be paid by the semi-annual payments made pursuant to a Financing Agreement between DASNY and the State. He explained that the bonds are secured by a set aside of one cent, or 25%, of the State's four percent sales tax to be collected pursuant to statute and deposited in the Sales Tax Revenue Bond Fund. Mr. Bergin stated that the current debt service coverage on all outstanding Sales Tax Revenue bonds is 3.3 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 a Financing Agreement between the DASNY and the State. He explained that the bonds are secured by a set aside of 50% of personal income tax revenues collected pursuant to statute and 50% of the receipts of the Employer Compensation Expense Program, with both revenues deposited in the Revenue Bond Tax Fund. Mr. Bergin stated that the current debt service coverage on all outstanding State Personal Income Tax bonds is 7.5 times. He further stated that Bonds issued under either program are expected to be rated Aa1/AAA\AA+.

Mr. Ronski inquired whether federal tax code changes related to allowable deductions will impact the PIT or Sales Tax Revenue Bond program. Mr. Bergin responded it is expected that deductions will be capped at \$10,000. Ms. Lee stated that the changes to the PIT program in response to federal tax code changes, which increase the amount of revenue collected from 25% to 50% together with 50% of the receipts of the Employer Compensation Expense Program, have a credit-positive impact and are reflected in the numbers presented to the Committee.

Mr. Ronski asked whether additional information is available regarding any of the specific MTA projects to be funded with bond proceeds. Mr. Bergin responded that each of the agencies with projects to be funded with bond proceeds will create and approve plans, including locations, for their capital projects in cooperation with the Division of the Budget. He confirmed that DASNY is not endorsing or approving any specific project locations. The Board Chair asked whether there are currently project lists in place for any of the programs. Mr. Bergin responded that DASNY has not yet received detailed project descriptions for projects administered by other agencies. In response to a question from Mr. Ronski, Mr. Bergin explained that net present value savings for the refunding transactions will be taken in the early years for fiscal planning purposes. Mr. Bergin confirmed that this approach is consistent with past practice.

The Finance Committee Members decided unanimously to recommend the proposed amendments to the Board Financing Authorization Policy to DASNY's full Board for approval.

The Board Chair moved that the meeting adjourn, Ms. Raleigh seconded the motion and the Meeting was adjourned at approximately 4:45 p.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary