

The Dormitory Authority of the State of New York met in a Regular Meeting at DASNY's Albany Office, 515 Broadway, Albany, New York at 9:30 a.m. on Wednesday, October 10, 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
Jonathan H. Gardner, Esq., Member
Wellington Z. Chen, Member
Beryl L. Snyder, Esq., Member
Paul S. Ellis, Esq., Member
Gerard Ronski, Esq., Member
Joseph Gilchrist, 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)

Also Present - Dormitory Authority Staff

Gerrard P. Bushell, President
Michael T. Corrigan, Vice President
Michael E. Cusack, Esq., General Counsel
Kimberly J. Nadeau, Chief Financial Officer
Portia Lee, Managing Director of Public Finance and Portfolio Monitoring
Stephen D. Curro, Managing Director of Construction
Caroline V. Griffin, Chief of Staff
Ricardo Salaman, Esq., Managing General Counsel
Larry N. Volk, Senior Director, Portfolio Monitoring
Paul G. Koopman, Managing Senior Director Construction
Kathy D. Ebert, Director, Internal Audit
Deborah K. Fasser, Director, Communications & Marketing
Daniel W. Petroff, Chief of Strategy and Business Development
Timothy P. McGrath, Director, Construction
Sara P. Richards, Esq., Associate General Counsel
Michael L. Johnson, Esq., Assistant General Counsel
Andrew T. Purcell, Assistant Director, Public Finance and Portfolio Monitoring
Matthew T. Bergin, Assistant Director, Public Finance and Portfolio Monitoring
Nicholas A. Palas, Assistant Director, Internal Audit
Robert S. Derico, Senior Environmental Manager
David P. Ostrander, Senior Financial Analyst

Gerard E. Klauser, Senior Financial Analyst
Jenilee M. Flinton, Senior Internal Auditor
Dave Perritano, Public Information Officer
Dilshoda Kurbonova, Public Finance Diversity Fellow
Christopher Ziembra, Excelsior Service Fellow

PUBLIC SESSION

The Chair called the Meeting to order. He expressed support for those in the path of Hurricane Michael, and acknowledged that people in the Carolinas continue to be impacted by the aftermath of Hurricane Florence, the storm that occurred the day of the last Regular Meeting.

The Chair informed the Members that several members of DASNY's Public Finance and Portfolio Monitoring and Construction Divisions have prepared a presentation regarding financing and construction delivery methods at the end of the meeting. He encouraged the Members to ask questions and participate in the presentation.

The Minutes of the September 12, 2018 Regular Meeting were then reviewed and approved. The Chair directed the Members' attention to the revised minutes from the May 9, 2018 Regular Meeting. The revised Minutes were reviewed and approved.

Recognition of Service

The Board Chair presented the Resolution acknowledging with appreciation the service of Sandra M. Shapard, who served on DASNY's Board since 2002 and acted as DASNY's Board Secretary since 2014. He stated that Ms. Shapard played a significant role on the DASNY Board for many years, and her accomplishments are detailed in the Resolution before the Members. The Board Chair read certain sections of the Resolution aloud. He recited that:

WHEREAS, Sandra M. Shapard, a graduate of Mississippi University for Women who received a Master of Public Administration from Harvard University, John F. Kennedy School of Government, where she also served as visiting lecturer, was appointed by Comptroller H. Carl McCall on March 27, 2002 to the Board of the Dormitory Authority of the State of New York ("DASNY"); and

WHEREAS, Ms. Shapard continued to serve as the Comptroller's representative to the DASNY Board under Comptrollers Alan G. Hevesi and Thomas P. DiNapoli; and

WHEREAS, Ms. Shapard provided an exceptional perspective in Board oversight and discussions given her extensive knowledge and expertise developed over twenty-six (26) years of service in multiple areas of New York State government; and

WHEREAS, Ms. Shapard began her career in State government with the New York State Assembly in 1975 where, over a thirteen (13) year period, she held the positions of Staff Director

of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means; and

WHEREAS, Ms. Shapard then served in a senior leadership capacity for the State of New York as Deputy Assistant Commissioner for Transit for the State Department of Transportation, from 1988 to 1991; and

WHEREAS, Ms. Shapard expanded her experience in the Executive Branch, holding the positions of Deputy Director and First Deputy Director for the New York State Division of Budget from 1991 to 1994; and

WHEREAS, Ms. Shapard then served as Deputy Comptroller in the Office of the State Comptroller, the State's chief fiscal officer, directing the Office of Fiscal Research and Policy Analysis from January 1995 until her retirement in October 2001, having twice served as Acting First Deputy Comptroller; and

WHEREAS, Ms. Shapard was elected by her fellow Board members to serve as Board Secretary on May 14, 2014 and acted in that position until her resignation; and

WHEREAS, Ms. Shapard also served on the Audit Committee from May 2009 (serving as Audit Committee Chair from December 2011 – October 2013) and on the Governance Committee since March 2015, where she demonstrated her commitment to current best governance practices and trends in corporate governance; and

WHEREAS, without limitation, during Ms. Shapard's service as a Member of the DASNY Board, DASNY sold more than \$92.8 billion in bonds and expended more than \$14.7 billion in construction projects to benefit New Yorkers; and

WHEREAS, during Ms. Shapard's tenure, DASNY's construction division flourished and DASNY assisted its state, public, higher education and health care, and other not-for-profit clients with their financing and construction needs; and

WHEREAS, during Ms. Shapard's time on the Board, DASNY undertook new capital construction programs for the State Department of Health, City University of New York, State University of New York residence halls, New York City court facilities, the New York City Health and Hospitals Corporation, the New York State Office of Parks, Recreation and Historic Preservation, the Governor's Office for Storm Recovery, and other public and private clients; and

WHEREAS, DASNY benefitted from Ms. Shapard's analytical, direct and always thoughtful approach, the importance of her perspective to DASNY cannot be overstated. Ms. Shapard served DASNY with uncommon distinction, and is highly regarded by her colleagues.

NOW, THEREFORE BE IT RESOLVED that the Members of the Board of the Dormitory Authority of the State of New York hereby acknowledge with deepest appreciation the service of Sandra M. Shapard to DASNY.

The Board Chair stated that Ms. Shapard was an extraordinary Board Member whose comments improved the quality of the Board's deliberations. He further stated that she always carefully considered how the Board's actions would benefit the people of the State of New York. The Board Chair asked for approval of the following entitled Resolution by Acclamation:

A RESOLUTION OF THE MEMBERS OF THE BOARD OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK ACKNOWLEDGING WITH APPRECIATION THE SERVICE OF SANDRA M. SHAPARD TO DASNY

The Board Members unanimously consented and the Resolution was adopted.

Ms. Snyder stated that Ms. Shapard was a role model to herself; to others on the Board; and to women of all ages throughout the State. Mr. Ronski stated that over the nine-year period that he sat next to her at Board meetings, Ms. Shapard exhibited great wisdom, as well as class, as she raised important issues for consideration. Mr. Ellis reflected on Ms. Shapard's long career in State Government. He noted that, while women continue to face obstacles in the workplace today, those obstacles were even greater at the time that Ms. Shapard entered State service and make her service all the more impressive. Mr. Johnson stated that he served on the Board with Ms. Shapard for many years, and that Ms. Shapard is a role model for how Government employees should be and exemplifies how government should operate. He further stated that she was always objective in her reasoning, and that her mission was to deliver benefits to the people of the State of New York. Mr. Gardner stated that he valued the advice that Ms. Shapard provided to him during his tenure on the Board.

The President stated that he is pleased to have had the benefit of working with Ms. Shapard at the Office of the State Comptroller. He informed the Members that she came to OSC with a great deal of knowledge about State Government and was a key player in the administration. The President stated that Ms. Shapard has always been a consummate professional, committed to helping everyone actively engage in meaningful dialogue and move an agenda forward. He noted that she had the ability to elicit meaningful participation from a wide range of people with various backgrounds, abilities and opinions. The President stated that Ms. Shapard is well-reasoned, analytical, and thoughtful, and that he has learned a great deal from her.

The Board Chair thanked those who worked on the Resolution. He noted that Ms. Shapard served on the DASNY Board for 16 years, and as such, was one of the longest tenured Members in DASNY history. He wished Ms. Shapard well, and stated that she will be missed.

Finance Committee Report

Finance Committee Chair Ronski reported that the Finance Committee met the prior day, and after discussion, decided unanimously to recommend certain amendments to the Board Financing Authorization Policy to the full Board for approval.

Audit Committee Report

Audit Committee Chair Gardner stated that the Audit Committee had met the previous day. He reported that the Committee undertook its annual review of the Internal Audit Department Charter, and that no changes are recommended at this time. Committee Chair Gardner informed the Members that Ms. Ebert also provided a presentation on the status of the internal audit.

Board Financing Authorization Policy

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

RESOLUTION OF THE MEMBERS OF THE BOARD OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (“DASNY”) AMENDING THE BOARD FINANCING AUTHORIZATION POLICY

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

Corporate Governance Committee Report

Governance Committee Chair Johnson reported that the Governance Committee met the previous day and had thoroughly discussed the Board Self Evaluations at length in Executive Session.

Ms. Snyder moved that the Members go into Executive Session to discuss the financial and credit history of particular corporations; proposed, pending or current litigation, and the employment history of persons or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of particular persons. Mr. Chen 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**President’s Report**

The President reported that DASNY was one of the featured presenters at the annual New York State MWBE Forum at the Empire State Plaza in Albany. He stated that this year’s theme was “Grow with New York State.” The President further stated that during a special DASNY session entitled “Building New York,” he had the opportunity to address those in attendance and talk about how DASNY is a leader in delivering on New York State’s MWBE contracting goals. He informed the Members that the firms in attendance were able to learn how to do business with DASNY and hear about upcoming procurement opportunities. The President stated that MWBE firms also had the opportunity to meet DASNY team members including Mr. Curro, Ms. Lee, Mr. Koopman; Michael Clay, Senior Director of Resource Acquisition.

The President reported that he and Ms. Lee attended the Bank of America Merrill Lynch 2018 New York Municipal Investor Conference in New York City on September 14. He stated that they addressed key investors, and explained how the recent amendments to DASNY's financing guidelines strengthen DASNY's conduit issuance business by providing not-for-profit clients with access to low-cost, tax-exempt financing. The President further stated that he described DASNY's energy performance contracting work and the increasing use of alternative delivery methods. He reported that they also highlighted DASNY's recent collaboration with Bank of America Merrill Lynch, where DASNY's new process improvements were utilized in connection with the \$685 million hybrid tax-exempt/taxable financing issued on behalf of the Montefiore Health System. The President also reported that Ms. Lee participated in a panel discussion with other leading New York State issuers to provide additional detail regarding DASNY's financing activity on behalf of the State and not-for-profit clients. He informed the Members that the presentations were very well received, and participants commented that they like the changes and continue to see DASNY as a leader in the field.

The President stated that DASNY has been recognized by *The Bond Buyer* and *Reuters* as one of the most prolific issuers in the nation for the first nine months of the year. He informed the Members that during this time frame, *The Bond Buyer* and *Reuters* reported that DASNY delivered to the market issuances totaling \$5.8 billion. He stated that this number includes \$325 million issued on behalf of Columbia University to fund the design, construction, and renovation of science and health care facilities; \$593 million for New York University for arts education, advanced medical research, sports and recreation, and student housing facilities; and \$585.2 million on behalf of 56 New York State school districts, which was the largest pooled school districts issue in DASNY history. The President further stated that DASNY issued \$685 million in bonds on behalf of the Montefiore Health system utilizing a hybrid tax-exempt, taxable financing structure.

Public Finance and Portfolio Monitoring Report

Ms. Lee delivered the Public Finance and Portfolio Monitoring Report. She stated that since the last Regular Meeting, DASNY priced the SUNY Dorms transaction and took bids on the Sales Tax Revenue Bond transaction. Ms. Lee noted that the \$1.7 billion Sales Tax transaction was a competitive transaction that was sold in six smaller tranches. Ms. Lee reported that this approach has been very successful, and has resulted in very aggressive bidding

Ms. Lee provided a brief market update. She reported that the total new supply issuances for the year to date is approximately \$260 billion, which is a 12.5% decrease since the same time last year. Ms. Lee stated that this week's supply is approximately \$4.3 billion, which is light due to the shortened holiday week. She informed the Members that treasuries continue to weaken after the unemployment rate hit its lowest levels since 1969. Ms. Lee stated that with respect to the municipal bond market, the front end of the exempt curve remains flat while the belly and long end continue to weaken. She reported that although municipal bonds experienced outflows last week, overall this year there has been an inflow of approximately \$8.6 billion into the municipal bond market. Ms. Lee further reported that interest rates continue to rise and that the one-, ten-,

and 30- year MMD have increased 19, 20, and 27 basis points, respectively, since the September Meeting.

Ms. Lee directed the Members' attention to the Memorandum and draft Resolution for the Members' consideration authorizing the submission of the Kings County Health Care Facility Transformation project to be undertaken by One Brooklyn Health System to the PACB for approval. She explained that this is consistent with the approach utilized for other health care-related programs that DASNY has been involved with in cooperation with DOH.

Mr. Ronski requested additional information about the project. Ms. Raleigh explained that DOH is the contract administrator for the Health Care Facility Transformation Program: Kings County, and works collaboratively with DASNY on certain components of the Program. She further explained that the approval being sought from PACB is the conceptual approval of the project. Ms. Raleigh informed the Members that One Brooklyn Health System, which is comprised of Interfaith Medical Center; Kingsbrook Jewish Medical Center; and Brookdale Hospital Medical Center, was awarded the grant after a procurement process designed to create a health care system to serve the residents of north and central Brooklyn. Ms. Raleigh further explained that the project components to be funded with the grant are capital in nature and fall into three main categories: upgrades to the physical plant; creating an ambulatory care delivery system, which has been lacking in the community, and IT improvements.

Ms. Snyder inquired whether the pipeline for the rest of the year reflects the recent interest rate escalation or other market trends. Ms. Lee responded that at this point, it is difficult to assess DASNY's pipeline. She stated that often clients will approach DASNY for financing and will want to issue as quickly as possible. Ms. Lee distinguished this from the trend in past years, where more advance notice was provided. She noted that she is aware of several clients who are considering an issuance within the next several months. Ms. Lee noted that issuances on behalf of the State are expected to continue.

Ms. Snyder observed that although the municipal bond market is not as rate sensitive, the increase in rates has been precipitous. Ms. Lee agreed that interest rates have risen significantly, and noted that refundings have decreased because the change in the tax bill enacted at the end of last year which eliminated the ability to undertake tax-exempt advance refundings. She noted, however, that clients still have new money needs and that, as part of the One DASNY initiative, additional outreach is being undertaken to current and former clients to explain recent process changes, assess capital needs, and highlight DASNY's value-added services. She explained that DASNY is also reaching out to smaller clients and highlighting the synergies between public finance and construction. Ms. Lee stated that she is optimistic that these efforts will ultimately lead to additional financings.

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

**RESOLUTION OF THE MEMBERS OF THE DORMITORY AUTHORITY (DASNY)
APPROVING THE SUBMISSION OF KINGS COUNTY PROJECT TO THE PUBLIC
AUTHORITIES CONTROL BOARD**

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

Ms. Lee informed the Members that the Board Materials also include the Financial Advisor update, and bond sale summaries which include performance metrics. She then inquired whether the Members still wanted to receive a hard copy of each Official Statement issued in connection with DASNY issuances, or whether an electronic copy would be sufficient. With one exception, the Members indicated that they would prefer to receive the Official Statements electronically. Ms. Lee stated that hard copies would continue to be provided to that Member in accordance with that request, and the others would receive them electronically. She further stated that a hard copy could be provided to Members on a transaction-specific basis upon their request.

Mr. Chen moved that the Members go into Executive Session to discuss the financial and credit history of particular corporations; proposed, pending or current litigation, and the employment history of persons or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of particular persons. Mr. Swierczewski 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

President's Report (continued)

The President informed the Members that DASNY will be providing another surety bond training program to help MWBE and SDVOB firms develop the capacity to undertake larger projects. He stated that DASNY and The Cayemite Group will partner to provide a series of eighteen classes and one-on-one mentoring opportunities. The President explained that the participants will develop project management skills, and that the subjects to be taught include accounting and finance, using Quickbooks, contract law, avoiding fraud, optimizing bond lines, estimating, and working with construction documents. He informed the Members that classes commence October 23 and will be held on alternating Tuesday evenings at DASNY's New York City office.

Mr. Ronski observed that DASNY has offered this program for some time, and inquired whether DASNY tracks the success of the course participants once the course has ended. The Board Chair responded that DASNY used to track certain data but is uncertain whether it still does so. He stated that the MWBE firms that have taken the course are very appreciative of DASNY's efforts in this regard and feel that the course is very worthwhile. The Board Chair indicated that the firms often stay in contact after the course ends. The Board Chair further stated that he has attended some of the courses and they are excellent. Mr. Ronski asked whether sureties attend the course as well. The Board Chair replied that surety firms attend toward the end of the course. In response to a question from Mr. Johnson regarding the surety business, Mr. Ronski explained that firms seeking a surety bond need to have the ability to access the cash needed to provide the necessary indemnity. Mr. Cusack informed the Members that the partnership with Caymitte

represents another way that DASNY is assisting MWBE firms to increase their capacity to participate in additional procurement opportunities at a higher level. He emphasized that the firms will still need to meet all of the requirements applicable to a particular procurement in order to participate.

The President informed the Members that on September 27, he addressed an audience assembled by former DASNY employee Tiffany Bryant on behalf of Columbia University's Black Alumni Council to discuss career opportunities at DASNY. He stated that the presentation was well received.

The President reported that SUNY Plattsburgh celebrated the completion of the modernization of Macomb and Mason Halls on September 18. He stated that these projects, with a combined value of \$15 million, are one component of the approximately \$59 million in projects DASNY is completing this year on SUNY campuses statewide. The President informed the Members that at the ribbon cutting ceremony, SUNY Plattsburgh President John Ettlting thanked DASNY for its work.

Authorization of Staff Officers--SEQR

The President asked Mr. Cusack to address the Resolution relating to the authorization of Staff Officers and the Election of an Officer of DASNY. Mr. Cusack stated that before the Members for their consideration is a proposed Resolution Authorizing Certain Authorized Officers to Undertake Responsibility for Complying with the State Environmental Quality Review Act ("SEQRA"). Mr. Cusack reminded the Members that the Office of Environmental Affairs reports to the Office of General Counsel. He explained that Jack D. Homkow, former Director, Office of Environmental Affairs, retired in May 2018, and that Mr. Derico has now assumed the role of Acting Director for the Office of Environmental Affairs.

Mr. Cusack stated that the Members are being asked to authorize Mr. Derico to undertake, on behalf of DASNY and in DASNY's name, any and all actions necessary to comply with SEQRA, including but not limited to, decisions regarding participation in SEQRA reviews as either Lead or Involved Agency, preparing determinations of significance or non-significance and such other actions as are necessary to comply with SEQRA. He explained that Mr. Derico's responsibilities will mirror those of Mr. Homkow prior to his retirement, and reminded the Members that the Board had reauthorized Mr. Homkow to perform these functions on a number of occasions. He explained that this authorization ensures that a subject matter expert is responsible for SEQRA compliance. Mr. Cusack informed the Members that Mr. Derico has knowledge about each of the projects for which a SEQRA review is required, and personal involvement with each of those projects, including making site visits where required, communicating with other involved agencies, and reviewing environmental assessment forms and other relevant documents.

Mr. Cusack summarized Mr. Derico's qualifications. He stated that Mr. Derico is a licensed architect who has been employed by DASNY since 1999. Mr. Cusack further stated that Mr. Derico has been DASNY's Assistant Agency Preservation Officer for historic and cultural resources since 2002, and has worked with the State Historic Preservation Office and various

federal agencies in connection with that role. He informed the Members that Mr. Derico is currently the liaison with respect to a number of programs that DASNY is involved with, including upstate statewide construction projects, as well as capital grant programs and other initiatives with DOH and OASAS. Mr. Cusack stated that Mr. Derico has also participated in other large DASNY financing and construction projects. He noted that Staff officers continue to be authorized to undertake responsibility for SEQRA compliance so that client needs can be met in the event that Mr. Derico is not available.

The Board Chair thanked Mr. Derico for his work on behalf of DASNY. Mr. Derico thanked the Board Chair and the other Members for their support. He also expressed his appreciation to the President for providing him with the opportunity to further DASNY's mission, and to Mr. Cusack and Ms. Richards for their guidance with respect to SEQRA-related matters. Mr. Derico stated that he enjoys the work that he does at DASNY and looks forward to his additional responsibilities.

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

RESOLUTION OF THE MEMBERS OF THE BOARD OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) AUTHORIZING CERTAIN AUTHORIZED OFFICERS TO UNDERTAKE RESPONSIBILITY FOR COMPLYING WITH THE STATE ENVIRONMENTAL QUALITY REVIEW ACT

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

Election of Board Secretary

Mr. Cusack informed the Members that Mr. Ellis has agreed to assume the responsibilities of Secretary to the Board. Mr. Ellis stated that, while he regrets the circumstances under which the opportunity came about, he feels privileged to provide service to the Board in this capacity.

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

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) ELECTING AN OFFICER OF DASNY AND REAFFIRMING THE LIST OF OFFICERS

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

The President then asked Mr. Curro to provide the Members with an update on the Construction Division's work.

Construction Division Report

Mr. Curro directed the Members' attention to the photograph on the cover of the Construction Projects Report and stated that it depicts the Bishop Hall renovation at State University College at Buffalo. Mr. Curro reported that the scope of the project included the

conversion of an administrative building, which was originally a residence hall, back into a residence hall. He stated that the renovation included additional student rooms on the lower level, a gut rehabilitation of floor space and bathrooms, upgraded mechanical, electrical and plumbing systems, fire protection systems, a new entrance, lobbies, multipurpose rooms, as well as exterior site work, access improvements, and enhancements to the student quad.

Mr. Curro stated that design on the \$16 million project commenced in March 2016 and construction was completed in August 2017. He noted that the project utilized the construction manager at risk delivery method. Mr. Curro described the challenges encountered during construction. He stated that the foundation basement walls exhibited water penetration, requiring the addition of a liquid membrane following excavation, as well as the existence of a polymer drainage board and underdrain tile tied to the campus storm system. Mr. Curro further stated that although the construction documents indicated the building was constructed with a four-inch slab-on-grade, the contractors instead found an eight-inch structural two-way slab-on-grade. He informed the Members that the project also required the replacement of a 16" water line, which was tied to the Student Union. Mr. Curro noted that this was a major rehabilitation project that was required to be completed in time for fall 2018 occupancy and is now fully occupied.

Mr. Curro informed the Members that DASNY will be undertaking a \$26 million South Beach Psychiatric Center HVAC Replacement Project for the Office of Mental Health. He stated that energy performance contracts will be utilized for the improvements to Buildings 6, 7, 8, 9, 10 and 11, which include HVAC, lighting, ventilation and domestic water upgrades.

Mr. Curro reported that the SUNY Buffalo – Tower 2 project has been dropped for several reasons, including changes in student population and associated funding issues. He stated that although the design for the project will be completed, construction will not commence this year as anticipated. Mr. Curro noted that the construction may be considered at a future point in time.

Mr. Curro reported that year to date construction expenditures through August 2018 were \$288 million, as compared to \$341 million through the same time period last year, a \$53 million (16%) decrease.

Mr. Curro summarized the progress on several larger construction projects. He reported that with respect to the New York City Housing Authority program, 61 of 77 security projects have been completed, and the balance are currently in design or construction. Mr. Curro further reported that 32 of the 38 appliances projects have been completed. He explained that five of the six remaining projects have been added since August. He stated that with regard to the 50 quality of life projects, four projects have been substantially completed, 23 projects are in construction and 20 projects are in the design phase. The remaining projects are in the scoping phase.

Mr. Curro informed the Members that the South Beach Psychiatric Center building package 5 is now 37% complete, and that all other building packages are 99-100% complete. He stated that work continues on the building enclosure, and that the curtainwall system is now being installed, along with the brick façade with light gage metal framing backup and punched windows installation. Mr. Curro noted that DASNY continues to work through the 60-day substantial

completion recovery schedule with the general contractor. Mr. Curro stated that the next executive meeting is scheduled for October 25 on the project site, and that he will be attending.

With respect to the Court Officer's Training Academy, Mr. Curro reported that three open issues remain prior to formal request for a Temporary Certificate of Occupancy ("TCO"): the emergency generator venting repair; DEP review of the storm water detention system; and plumbing signoff. He stated that DASNY expects to have the generator and plumbing issues resolved by the end of the week, and will continue to await DEP review and approval with respect to the stormwater matter.

Mr. Curro informed the Members that the bid date for the Fashion Institute of Technology project has been moved from October 10 to October 31 based on on-going releases of addendum and bidding community response.

Mr. Curro stated that on September 11, 2018, a partial structural steel frame collapse occurred at the Javits Convention Center Expansion project. He reminded the Members that DASNY is the permitting entity for the project. Mr. Curro stated that on that same date, DASNY suspended all steel erection activities until further notice. He further stated that DASNY deployed an in-house structural engineer and crane consultant to the accident site the same day, and a Downstate PDQA structural engineer was deployed to the site the following day. He informed the Members that DASNY worked with the design build team to determine the actions to be taken to prevent a repeat collapse. Mr. Curro stated that the steel erection activity was suspended for ten days, and on September 21, 2018, following DASNY's review and understanding of the design build team's Incident Action Plan, DASNY lifted the stop work order for the steel erection activity. He noted that at this time, the steel frame in the location of the partial collapse is up to the fourth level and progressing in an efficient and safe manner.

Mr. Curro reported that DASNY is finalizing the evaluation of five teams that responded to an RFQ in connection with the DOH Life sciences lab project. He stated that a short list is currently being developed, and that the RFP and contract documents are being drafted.

Mr. Curro concluded his report by providing an update on the SUNY capital projects. He stated that the following projects are all well underway: the \$19 million renovation of Whiteface Hall at SUNY Plattsburgh; the \$16 million renovation of Tower 3 at SUNY Buffalo; the \$31 million renovation of Dutch Quad G & H Halls at SUNY Albany; and the \$18 million Phase II renovation project for MacKenzie Hall at SUNY Alfred.

Financing and Construction Services Presentation

Mr. Curro then asked Mr. Ostrander, Mr. Koopman and Mr. McGrath to deliver a prepared presentation on the SUNY Residence Hall program; a summary of various Project Delivery Methods that may be utilized by the Construction Division; and a description of the SUNY planning process.

Mr. Ostrander began the presentation and summarized that the SUNY Residence Hall Program currently operates on 25 of 29 SUNY campuses and provides housing for over 70,000

students annually. He stated that there are over 450 Dormitory Facilities in the Residence Hall Program, which vary in terms of age and condition. Mr. Ostrander reported that over the next five fiscal years, residence hall capital expenditures are projected to total approximately \$910.9 million across all SUNY campuses. He stated that of this amount, approximately 88% of the annual capital expenditures are for the rehabilitation of existing facilities.

Mr. Ostrander stated that as enrollment has grown over the last two decades, SUNY has increased the number of beds within the residence hall program. He reported that the number of beds in the program has increased by 20% over the past two decades. Mr. Ostrander noted that the historical success of the program is evidenced by an occupancy rate of over 95% for all SUNY Campuses combined over the past five fiscal years. Mr. Ostrander informed the Members that the Residence Hall Program is a completely self-supporting function of SUNY in that the campuses generate sufficient revenues to support operations and annual maintenance, and also provide ongoing revenue to support capital investment.

Mr. Ostrander stated that SUNY's Office for Capital Facilities ("OCF") reviews and approves capital plans and campus cash flow projections and provides overall support to the campuses. He further stated that OCF works closely with DASNY on both the Financing and Construction side. Mr. Ostrander explained that although OCF has oversight responsibility for the Program, many of the management functions take place at the individual campus level, with each SUNY Campus responsible for capital planning, establishing room rents, and the billing and collection of associated revenues.

Mr. Ostrander further explained that under the SUNY Dormitory Facilities Revenue Bond Program, room rates must be sufficient to cover debt service and dormitory operations, as well as to maintain the required debt service coverage requirements. Mr. Ostrander further noted the importance of this function, since the room rentals provide the security for the SUNY Dorms Bonds.

Mr. Ostrander informed the Members that each SUNY Campus is required to submit its capital budget, with a schedule of residence hall rates, to SUNY System Administration for review by the Budget Office and OCF. He stated that OCF compiles this information annually and develops a ten-year capital plan that identifies major capital projects required to maintain the quality of the Dormitory Facilities, and uses a cash flow analysis to demonstrate that each SUNY Campus can operate its individual program effectively.

Mr. Ostrander stated that the campuses utilize bond proceeds, available reserves, and excess funds to finance their respective capital plans. He further stated that the amount of bonds to be issued for the Residence Hall Program is authorized annually by SUNY's Board of Trustees. Mr. Ostrander explained that SUNY funds the Program on a cash-flow borrowing basis by issuing bonds to fund ongoing system-wide construction costs based on projected need for the next year. He informed the Members that the proceeds of the upcoming Series 2018A Bonds will be used to fund approximately \$150 million in design, rehabilitation, and construction costs on 18 different campuses.

Mr. Ostrander reminded the Members that DASNY has been issuing bonds under the new SUNY Dormitory Facilities Revenue Bond Program since 2013. Mr. Ostrander stated that approximately \$1.7 billion remains outstanding under the current and former SUNY Dorms programs, including the Series 2018A Bonds that are closing tomorrow. He further stated that approximately \$150 million is paid in total annual debt service. Mr. Ostrander informed the Members that over the next five years, capital disbursements under the Residence Hall Program are expected to total \$910.9 million.

Mr. Koopman provided an overview of the of the five construction delivery methods used by DASNY: design-bid-build; design-build; CM at Risk; CM-Build; and Job Order Contracting (“JOC”). Mr. Koopman noted that the delivery method for a particular project is a function of state statute, and that the authorization for a particular client, program or project varies accordingly. He emphasized that a competitive procurement process, consistent with DASNY’s Procurement Contract Guidelines, is utilized for all projects, regardless of project delivery method.

In response to an inquiry by Mr. Romski, Mr. Koopman stated that the design-build authorization for the Life Sciences was legislatively-driven, and noted that there have only been a few non-SUNY projects utilizing alternative delivery methods and that the Life Sciences Center is the most recent example. Mr. Koopman further noted that the Office of General Services and other state entities have utilized alternative delivery methods on several occasions .

Mr. Koopman provided an overview of the design-bid-build method, which he informed the Members is the most commonly used method at DASNY. He discussed the advantages and disadvantages of this method, including without limitation, that the owner is required to hold separate design and construction contracts for the separate design and construction phases, and that construction work is performed by multiple prime contractors, unless a single prime contractor is authorized due to the cost of the work and/or the applicability of a Project Labor Agreement.

Mr. Koopman noted that this structure highlights the most significant drawback for the public owner: the cost risk associated with the lack of coordination between the designer and construction contractor, and potentially, multiple prime contractors. He stated that other risks of this method include, but are not limited to: longest duration delivery method when compared to other methods; cost risk associated with low-bid contracting; and risks of delays, claims and litigation due to coordination issues.

In response to a question from Mr. Ellis, Mr. Koopman noted that the advantages of the design-bid-build methodology include familiarity with the process; likelihood of receiving the lowest-cost proposal; and suitability for smaller projects not requiring assembly of an entire construction management team. Mr. Koopman further noted that a value-based procurement under other methodologies does not always result in the lowest-cost project. Mr. Romski observed that the lowest-cost project is not always the best option in the long run, and Mr. Koopman agreed.

Mr. Koopman then described the design-build delivery method. He stated that under this process, the owner holds a single design and construction contract that is awarded based upon “best value”, which includes the optimal combination of quality, pricing, qualifications and technical capability from the competitively-selected design-build team. Mr. Koopman noted that

the public owner is required to delegate control of the project design to the design-build team, and that the successful proposer must meet all of the technical requirements set forth in the Request for Proposals, contract, and performance standards in the bridging documents.

Mr. Koopman noted that with design-build, there is budget certainty early in the project lifecycle, which is a major benefit to this delivery method. He informed the Members that when using this method to deliver the SUNY Brockport project, DASNY provided a not-to-exceed price, and the firms were then required to state whether they could provide the project for the stated budget. He stated the benefits of this method include, but are not limited to: lower risk for the owner on design errors and omissions, disputes, claims and litigation (due to early collaboration of the design-build team, which bears these risks); ability to prequalify contractors and obtain early bid packages; and shortest delivery time when compared to other methods, due to the ability to conduct design and construction phases concurrently and collaboratively. He stated that this method is currently used by DASNY in the SUNY Residence Hall program, energy performance work, and statutorily-authorized programs such as the Life Sciences project.

The Chair thanked Mr. Koopman for providing a comprehensive summary of the design-build process and asked if the Members had any questions about the design build delivery method. Mr. Ronski inquired whether specific statutory authority is required in order to use design-build, and Mr. Koopman replied in the affirmative. The President stated that DASNY is focusing on design-build within the SUNY portfolio.

Mr. Koopman then described the Construction Manager at Risk delivery method. He explained that under this method, the owner holds the contract with the designer, and procures a Construction Manager (“CM”) through a qualification-based competitive procurement process. Mr. Koopman noted that, unlike in design-bid-build, this delivery method requires early involvement of the CM to provide feedback on the design, project budget and Guaranteed Maximum Price (“GMP”). He further noted that the CM assists with evaluating the marketplace to estimate bids and helps the project to stay within budget, and that this method allows for both the early prequalification of subcontractors, and the early development of bid packages.

Mr. Koopman stated that the CM assumes the risk of cost overruns pursuant to a GMP contract. He further stated that the owner assumes the risk of errors and omissions in the design, but the CM takes the risk for delivering the project on time and on budget. Mr. Koopman noted that the owner also assumes the risk of cost escalation during the development of GMP. He stated that DASNY has used this delivery method many times, and that it is especially useful on larger, longer-duration projects such as the CCNY/ASRC and SUNY Binghamton projects.

In response to questions from Mr. Ronski and the Chair, Mr. Koopman and Mr. McGrath discussed the various insurance policies that may be obtained by the contractors to address risk-sharing, including wrap up and subguard options. Mr. McGrath stated that there are often cost savings realized by having one overall policy for the project, as compared to multiple different policies among the various contractors. Mr. Koopman observed that small contractors might have difficulty obtaining the required insurance on their own, and that there may be administrative and other benefits to a wrap up approach.

Mr. Gardner asked whether MWBE utilization varies depending upon delivery method. Mr. Koopman responded that although the requirements are the same, DASNY has found that the qualification-based selection process in alternative delivery methods actually results in a higher MWBE participation level. Mr. Koopman informed the Members that the MWBE utilization rate in connection with the SUNY Brockport design-build project was 31%, and there was participation in both the design and construction phases. Mr. Ronski inquired whether MWBE firms are well-represented in both the design and contracting areas. Mr. Koopman responded that there is a limited pool of MWBE architect and engineering firms upstate.

Mr. Koopman next summarized the CM Build delivery method, which is similar to CM at Risk. Mr. Koopman explained that this process is most often utilized in connection with smaller projects such as the minor maintenance projects DASNY undertakes for OPWDD, which are less than \$80,000. He informed the Members that with this method, a designer and Construction Manager are competitively selected, and that the CM is paid a fixed fee for participating in the design process, bidding the work out on a competitive basis, coordinating the supervision of trades and project work on DASNY's behalf. Pricing for the overall project is developed based upon the bids received, with the owner bearing the cost risk due to the bidding climate.

Mr. Koopman then described the Job Order Contracting (JOCs) program, which is DASNY's "on call" contracting program. He explained that under this method, DASNY holds separate term contacts with the designer and JOC contractor, each of which are procured through a competitive process. Mr. Koopman noted that work is assigned to the JOC contractor based upon a fixed markup on the unit price of items to be used in a project, as set forth in the JOC "price book." He explained that the JOCs program is used for smaller projects such as the minor maintenance program. Mr. Koopman stated that the dollar threshold for this program is \$500,000 in New York City and Long Island and \$350,000 for Upstate. He informed the Members that JOCs contracting has been utilized for 20-25 years, and is a very successful way to expedite small or emergency projects.

In response to questions from Mr. Johnson and Mr. Ronski, Mr. Koopman stated that the prices in the "price book" are determined by a consultant (Gordian Group), which uses an estimating service to develop the prices for the various trades. Mr. Koopman explained that the price book is updated every few years, and that there are different books for different trades, locations and regions. He noted that the price book concept has been used for over 20 years.

Mr. McGrath explained the capital planning process for SUNY Dormitory Facilities Program, which includes three major phases: planning; project request; and project implementation. He indicated that during the planning process, DASNY works with the various campuses to create master plans, and stated that a number of factors are considered when formulating the master plans, including the condition of the existing buildings, the stock of residence halls, the desires of the student body with respect to housing, enrollment projections, and trends in student housing. Mr. McGrath stated that DASNY also provides cost estimates to assist the campuses develop long-term housing plans, and that this information is included in the ten-year capital plan for each campus.

Mr. McGrath reported that for the summer work and other smaller projects, DASNY sends out an annual call letter. He stated that the letters are going out this week for the projects that the campuses plan to undertake in the summer of 2020. Mr. McGrath stated that this gives DASNY time to complete project design and have the projects bid and awarded in time to start construction in May of 2020.

Mr. McGrath informed the Members that once the plans are established, campuses will request projects through OCF, and provide pertinent project information including a description (new, major/minor renovation or summer project), the preferred schedule, and the funding source (bonds or campus funds). He stated that once OCF signs off on the project, the request is forwarded to DASNY for approval.

Mr. McGrath stated that, depending upon the delivery method used, it typically takes between 26 and 32 months to deliver a new 250-bed residence hall from the start of design to completion of construction.

In response to a question from Mr. Ronski, Mr. McGrath noted that preliminary geotechnical work on a design build project is undertaken for inclusion in the RFP, but that the design-build team ultimately bears responsibility for completion of final geotechnical studies.

Mr. McGrath stated that the schedule for major renovation projects is typically 22 to 34 months, depending upon campus needs and whether the campus can absorb the impact of having the beds off line for one or two semesters. Mr. McGrath informed the Members that the major renovation projects have very aggressive schedules and require significant advanced planning, and noted that DASNY works with the campuses to develop a reasonable scope that can be completed within the desired timeframe.

In response to an inquiry from Mr. Ronski, Mr. McGrath stated that as part of the master planning process, an analysis is performed to compare the benefits of demolition and construction of a new dormitory with a major renovation. He noted that most of the new SUNY projects involve renovation and not new construction. Mr. Ronski asked whether the projects include asbestos abatement and other remedial work, and Mr. McGrath replied in the affirmative.

In response to a question from Mr. Ellis, Mr. McGrath explained that DASNY works with a term consultant to lead and manage the planning process together with the campuses. He stated that the process includes interviewing campus representatives from various campus departments including facilities management, residential life, and student affairs. Mr. McGrath further stated that DASNY assigns a design project manager to oversee the process and maintain the schedule.

Mr. Koopman differentiated the roles undertaken by DASNY, OCF, and the campuses. He explained that DASNY provides the estimate as to how much a project will cost, but the affordability analysis for each project is undertaken by OCF and the campus. In a response to a question from Mr. Ellis, Mr. Koopman confirmed that SUNY provides the data regarding campus needs and affordability, while DASNY provides expertise with respect to planning needs. Mr. Ronski asked how DASNY is compensated for its services. Mr. Koopman replied that DASNY provides the campuses with a fee estimate that includes both labor and overhead costs, and SUNY

decides whether to pay the fee upfront as part of the capital project or over time as part of the rental process which is paid at the same time as debt service.

Mr. McGrath summarized the design and construction cycle for the SUNY Summer projects. He explained that the delivery method for the summer projects is typically either a form of design-bid-build known as bid by invitation, or JOCs for certain projects. In response to a question from Mr. Chen, Mr. McGrath explained that when the bid by invitation process is used, an ad is placed in the New York State Contract Reporter to solicit expressions of interest and qualifications for firms who have undertaken similar work. He stated that DASNY reviews the responses and if the contractor meets the qualifications they are then placed on the bid list. Mr. Ronski inquired whether there is a pool of contractors who typically perform the work. Mr. McGrath responded that DASNY does see many “repeat” contractors on these types of projects.

Mr. Ronski asked whether DASNY reviews the design documents as part of the design build process. Mr. Curro responded in the affirmative. He explained that DASNY issues permits for the projects and undertakes a design and code review.

In response to a question from Mr. Ellis, Mr. McGrath stated that late project requests are a particular challenge, and that DASNY and SUNY are typically able to accommodate the necessary schedule. In response to a question from Mr. Ronski, Mr. McGrath stated that as a result of DASNY’s experience with renovation projects, there are few unanticipated conditions once construction begins. He noted that these types of projects are fairly predictable so that when issues do arise, DASNY is able to work through them within the scheduled time frame.

Mr. Ronski asked whether DASNY relies on the design documents that were developed at the time the buildings were constructed in order to guide the process, and Mr. McGrath replied in the affirmative. Mr. Ellis asked whether the compressed summer schedule results in higher project costs. Mr. McGrath responded the shortened timeframe may result in higher bid prices overall. Mr. Ronski observed that higher bids would be expected in such situations, and stated that the bid documents should set forth the expected schedule.

Mr. Koopman stated that the design-build delivery method also utilizes a compressed schedule, but can result in certain cost savings to the contractor and an overall lower price. He explained that the contractor generally saves approximately 4-6 months of general conditions, insurance, carrying costs and related expenses, resulting in a less expensive project overall.

Mr. Ronski inquired about the negative aspects of the design-build delivery method. Mr. Curro and Mr. Koopman stated that some campuses are more comfortable with the reduced degree of control over the design process than others. Mr. Ronski asked whether this is due in part to the fact that the campus facilities staff must maintain the buildings once construction is completed. Mr. Curro replied in the affirmative, and noted that this is one reason why it is important to have specific language in the bridging documents. Mr. Koopman noted that design-build is still a new process to many campuses, and opined that as the understanding of this method improves over time, he believes that more will understand that the process will enable project delivery more quickly and at a lower cost. The President stated that design-build enables campuses to get

students in residence halls more quickly than with other construction delivery methods, which in turn results in increased revenue for the campus.

In response to questions from Mr. Ronski and the Board Chair, Mr. McGrath and Mr. Curro stated that projects may utilize modular panelized construction, where the walls are pre-fabricated off-site and then shipped to the site for installation. Mr. Curro contrasted this to the traditional “stick” build approach of constructing the project on site. Mr. Ronski confirmed that all plans and specifications must be followed when utilizing modular panels as well.

Mr. McGrath stated that work force availability can also be a challenge during the summer construction season, especially in more remote areas. He further stated that this issue is not limited to the SUNY summer projects. Mr. Ellis asked whether the limited workforce impacts costs, and Mr. McGrath replied in the affirmative. In response to a question from the Board Chair, Mr. McGrath confirmed that prevailing wage is paid on the SUNY projects. Mr. Johnson commented that the prevailing wage requirement may further limit the pool of upstate contractors, as they do not routinely pay prevailing wage.

The Chair and the Board Members thanked Mr. Ostrander, Mr. Koopman and Mr. McGrath for their informative presentations. Mr. Koopman thanked the Members for the opportunity to provide the information.

Counsel Report

Mr. Cusack stated that a draft 2019 Board Meeting schedule is included with the Board Materials. He explained that the schedule was developed in cooperation with the Office of Public Finance and Portfolio Monitoring, and coordinates with anticipated PACB meetings. He asked the Members to review the draft schedule and apprise him of any schedule conflicts.

Ms. Griffin informed the Members that DASNY is working with the Red Cross to organize a blood drive in Ms. Shapard’s name the day before the January Board Meeting. She acknowledged that the State of the State address is likely to be scheduled for January 9, so the Board Meeting and blood drive may need to be changed to a different date.

The Board Chair agreed that due to vacation and other scheduling matters, some of the meeting dates may need to be adjusted accordingly.

Financial Report

Ms. Nadeau stated that the Financial Report is included in the Board Materials and she does not have any additional information to provide to the Members at this time.

The Chair informed the Members that the next Regular Meeting will be in New York City on November 7, 2018.

Mr. Chen moved that the Meeting adjourn, Mr. Ellis seconded the motion and the Meeting was adjourned at approximately 12:25 PM.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary