

The Dormitory Authority of the State of New York met in a Video Conference Meeting between DASNY's Albany Office, 515 Broadway, Albany, New York and New York City Office, One Penn Plaza, 52nd Floor, New York, New York at 9:30 a.m. on Wednesday, September 12, 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- Albany

Alfonso L. Carney, Jr., Chair, Member
John B. Johnson, Jr., Vice Chair, Member
Jonathan H. Gardner, Esq., Member
Gerard Ronski, Esq., Member
Adrian Swierczewski, Designated Representative of the Director of the Budget, Member (ex officio)
Joseph Gilchrist, Designated Representative of the Commissioner of Education, Member (ex officio)
Tracy Fay Raleigh, Designated Representative of the Commissioner of Health, Member (ex officio)

Members Present- New York City

Wellington Z. Chen, Member
Beryl L. Snyder, Esq., Member
Paul S. Ellis, Esq., Member

Also Present - Dormitory Authority Staff - Albany:

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
Ricardo Salaman, Esq., Managing General Counsel
Larry N. Volk, Senior Director, Portfolio Monitoring
Paul 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
Sara P. Richards, Esq., Associate General Counsel
Mike L. Johnson, Esq., Assistant General Counsel
Donna A. Rosen, Esq., Associate Counsel
Matthew T. Bergin, Assistant Director, Public Finance and Portfolio Monitoring

David P. Ostrander, Senior Financial Analyst
Gerard E. Klauser, Senior Financial Analyst
Criseidra Tait, Public Finance Diversity Fellow
Dilshoda Kurbonova, Public Finance Diversity Fellow

Also Present - Dormitory Authority Staff – New York City:

Kay M. Edwards, Esq., Managing General Counsel

Others Present

Virginia Wong, Esq.

Nixon Peabody, LLP

Jae Lee, Esq.

Drohan Lee, LLP

Robert James, Esq.

Golden Holly James, LLP

Laurie Hall, Esq.

Hawkins Delafield & Wood, LLP

Russell Biggs

NYS Department of Health

PUBLIC SESSION

The Chair called the Meeting to order. He expressed support for the people in the Carolinas as they anticipate an impending hurricane.

The Chair noted that today's meeting is being conducted in two locations, with three Members participating from the New York City Office. He stated that this is an exception and will not be a common practice. The Chair welcomed Joseph Gilchrist, the new State Education Department designee to the DASNY Board. He explained that Mr. Gilchrist is replacing Elizabeth Berlin in this role. The Chair stated that due to the significant workload of Ms. Berlin at SED, a replacement was necessary to undertake Board-related responsibilities. Mr. Gilchrist thanked the Chair and stated he was glad to be here.

The Chair informed the Members that Member Sandra Shapard had resigned from the Board for personal health reasons. He stated that Ms. Shapard was appointed to the DASNY Board in 2002 by H. Carl McCall, and has served as an outstanding Board Member and leader for the past 16 years. The Chair further stated that Ms. Shapard is a critical thinker who asks clear, incisive, and insightful questions that improved the quality of the Board's discussions. He expressed his admiration for Ms. Shapard's thought process and her ability to express herself, and stated that he had relied on her for advice and insight on many occasions. The Chair stated that she will be missed as a Member of the DASNY Board, and wished her well. He informed the Members that Ms. Shapard appreciates the well wishes she has received and although she enjoys receiving emails, she is currently unable to respond to them all.

The Minutes of the July 18, 2018 Regular Meeting were reviewed and approved.

Finance Committee Report

Finance Committee Chair Ronski stated that the Finance Committee had met the previous day. He reported that after discussion, the Committee approved certain changes to the Finance Committee Charter and recommended that the full Board also approve the proposed modifications. Mr. Ronski explained that the proposed amendments are in furtherance of the One DASNY initiative.

Mr. Ronski informed the Members that the Committee had also discussed proposed updates to the Board Financing Authorization Policy, but took no action at this time. Mr. Ronski reported that the Committee had discussed the following matters and recommended Board approval of the following transactions: Sales Tax Revenue Bond Program/Personal Income Tax Revenue Bond Program, State University of the New York Dormitory Facilities Program and a Tax-Exempt Leasing Program (TELP) lease for NYSARC, Inc.

Finance Committee Charter--Proposed Amendment

Ms. Lee directed the Members' attention to the clean and blacklined versions of the Finance Committee Charter, as well as a memorandum describing the proposed changes. Ms. Lee stated that as part of the One DASNY initiative, staff had reviewed a number of policies, including the Charter, to ensure that all documents are consistent with the initiatives undertaken in connection with One DASNY. She explained that the proposed amendments to the Charter clarify the three situations where additional Board authorization is required subsequent to the adoption of documents. Ms. Lee informed the Members that these situations are where the not-to-exceed amount increases; the maximum term of the bonds is extended; and/or where the security for the bond issuance is less than previously described. Ms. Lee reminded the Members that the last issue was discussed at length at the last Regular Meeting in July in the context of the revised Financing Guidelines. She summarized that the amendments are intended to be clarifications as to the circumstances when Staff would be coming back to the Finance Committee for additional consideration.

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

A RESOLUTION OF THE MEMBERS OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) AMENDING THE FINANCE COMMITTEE CHARTER

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

Board Financing Authorization Policy—Discussion of Proposed Amendments

Ms. Lee stated that included in the Members' materials are clean and blacklined versions of proposed changes to the Board Financing Authorization Policy. She explained that the proposed changes are for discussion purposes only, and that the Board is not being asked to take any action at this time. Ms. Lee further explained that the Policy had been reviewed to ensure consistency

with the One DASNY initiative, and that certain changes are necessary to make it consistent with One DASNY.

Ms. Lee described the proposed changes to the Policy. She stated that the first category of revisions are technical changes to conform the language of the Policy to the process changes identified during the One DASNY review. Ms. Lee explained that, for example, references in the Policy to the Staff Report have been changed from credit to transaction reviews, and that tax diligence will be completed prior to mailing the Preliminary Official Statement, as opposed to being completed at the time of Board approval.

Ms. Lee stated that second category of changes to the Policy relate to broad refunding authorization. She informed the Members that the section in the Policy relating to broad refunding authorizations has been deleted in its entirety. Ms. Lee explained that as a result of the changes made to in connection with federal tax reform last year which eliminated advance refundings on a tax-exempt basis, the language in the Policy is no longer applicable and has been removed.

Ms. Lee informed the Members that the third category of changes to the Policy relates to transactions that may be presented to the Board for Single Approval. She explained that the provision in the Policy relating to single approval of refundings for private clients in DASNY's portfolio had previously been interpreted to apply only to refundings of DASNY bonds. Ms. Lee further explained that the language has been clarified to include, for private clients that are currently in DASNY's portfolio, refundings of both DASNY bonds and non-DASNY bonds, so that existing private clients may seek single approval financing to refund either DASNY bonds or bonds issued by an entity other than DASNY. She noted that while this is not a technical or conforming change, it is consistent with the spirit of One DASNY in that it enables DASNY to provide an additional level of service and a cost-savings benefit to existing clients.

Ms. Lee emphasized that staff is not asking for the Members to take action on these changes today, but wanted to provide the anticipated changes to them for consideration in anticipation of possibly bringing the proposed changes to the Board for consideration at the October meeting.

The Chair asked the Members to carefully review the proposed changes to the Policy. He stated that the proposed changes would impact decisions made by the Board and that it is important to be consistent with the One DASNY initiative.

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

The President welcomed Joseph Gilchrist and Tracy Raleigh as permanent members of the DASNY Board.

The President then paused to acknowledge that he and Sandra Shapard worked together more than 25 years ago in the Comptroller's Office where they were both senior members of Comptroller H. Carl McCall's cabinet. The President stated that Ms. Shapard has always been a consummate professional, capacious in her knowledge, insights and experience. He further stated that Ms. Shapard is always engaging, whether or not one is in agreement with her. The President reflected on the work he has done with Ms. Shapard over the years and noted that she will be missed.

The President then introduced Laurie Hall, Esq. of Hawkins Delafield and Wood, LLP and Robert James, Esq. of Golden Holley James, LLP, co-bond counsel on the transaction, and Mr. Bergin.

Mr. Bergin presented the Single Approval Credit Summary to the Members. Mr. Bergin stated that the Members are being asked to authorize the issuance of multiple series of tax-exempt and taxable, fixed and/or variable rate bonds issued at one or more times in an amount not to exceed \$2.65 billion under the Sales Tax Revenue Bond Program and/or the Personal Income Tax Revenue Bond Program for a term not to exceed 30 years. Mr. Bergin informed the Members that at the present time, it is expected that the Series 2018 Bonds will be issued under the Sales Tax Revenue Bond Program. He stated that the mechanics of the two programs are similar, and that the major difference between the two is the stream of revenue securing the bonds--sales tax revenue or personal income tax revenue.

Mr. Bergin stated that the proceeds of the Series 2018 Bonds are expected to be used for new money and refunding purposes, including a variety of capital projects for CUNY; the Office of Mental Health ("OMH"); the Office for Persons with Developmental Disabilities ("OPWDD"); the Office of Alcoholism and Substance Abuse Services ("OASAS"); the Metropolitan Transportation Authority ("MTA"); various transportation initiatives for the New York Works Transportation Infrastructure projects program; funding for State and Municipal Facilities Grants; Economic Development Grants; and Higher Education Capital Assistance Program ("HECAP") Grants; and the refunding of certain fixed rate bonds issued under various programs including, but not limited to, the Personal Income Tax Revenue Bond Program, the CUNY senior and community college facilities program, the Mental Health Services Facilities Improvement Revenue Bond program and the SUNY Upstate Community College facilities program. Mr. Bergin informed the Members that the bonds to be refunded with the proceeds of the Series 2018 Bonds were issued by either DASNY, the Empire State Development Corporation or the Environmental Facilities Corporation.

Mr. Bergin stated that if the Bonds are issued under the Sales Tax Revenue Bond Program, they 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 further stated that debt service on the Series 2018 Bonds will be paid by semi-annual payments made pursuant to a Financing Agreement between DASNY and the State. Mr. Bergin informed the Members that the current debt service coverage on all outstanding Sales Tax Revenue Bonds is 3.7 times.

Mr. Bergin stated that if the Bonds are issued under the Personal Income Tax Revenue Bond Program, they 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 Fund. He further stated that debt service on the bonds will be paid by semi-annual payments made pursuant to a Financing Agreement between DASNY and the State. Mr. Bergin informed the Members that current debt service coverage on all outstanding State Personal Income Tax Revenue Bonds is 4.9 times. He reported that the Bonds are expected to be rated Aa1/AAA/AA+, regardless of which program they are issued under.

Ms. Hall stated that before the Members today for consideration are two Supplemental Resolutions; one pursuant to the PIT General Purpose Bond Resolution adopted by DASNY in 2009; and the other pursuant to the Sales Tax General Bond Resolution adopted by DASNY in 2013. Ms. Hall stated that each Supplemental Resolution authorizes the issuance of multiple series of bonds to be issued at one or more times up to a maximum principal amount of \$2.65 billion. She further stated that each Supplemental Resolution expressly provides that the issuance of Bonds under that Supplemental Resolution will reduce the remaining authorization under that Supplemental Resolution and will also automatically reduce the remaining principal amount authorized under the other Supplemental Resolution. Ms. Hall noted that this decrease in remaining authorization will occur automatically, with no further Board action. She explained that as a result, the total amount of Bonds being authorized by the Board today is limited to \$2.65 billion between the two Supplemental Resolutions.

Ms. Hall stated that the Bonds may be issued for any Authorized Purpose, which is defined for both programs by statute as any purpose for which State-supported debt may be issued. She further stated that the Bonds are expected to be issued for both new money and refunding purposes. Ms. Hall noted that in light of last year's changes to the tax code, all refunding bonds being issued under these Supplemental Resolutions will be for current refundings. She explained that this means that all bonds to be refunded are currently or will be callable and will be redeemed within 90 days of issuance.

Ms. Hall informed the Members that the Sales Tax Revenue Bond program was adapted from the PIT bond program, which was established a number of years ago. She stated that the two programs operate very similarly and therefore the statutory framework and the governing bond documents for the programs are similar as well. Ms. Hall observed that the primary difference between the programs is the source of revenues available to pay debt service on the respective bonds—personal income tax revenues vs. sales tax revenues.

Ms. Hall explained that under the PIT program, 50% of the personal income tax receipts and 50% of the receipts from the Employer Compensation Expense program are statutorily required to be deposited in the revenue bond tax fund. She further explained that the moneys in this fund are used to pay debt service on all PIT Bonds, including DASNY's PIT Bonds as well as all PIT Bonds issued by the other four authorized issuers, in each case subject to appropriation. Ms. Hall stated that under the Sales Tax structure, 1 cent of the 4 cent sales and compensating use tax is required to be deposited in the Sales Tax Revenue Bond Tax Fund, which is a separate fund held by the State. She further stated that the monies in the Fund are used to pay debt service on all Sales Tax Bonds, subject to appropriation.

Ms. Hall informed the Members that the obligation to pay debt service on DASNY's PIT and Sales Tax Revenue Bonds, and the mechanics of ensuring that sufficient funds will flow through the respective resolutions at the appropriate times is provided for in separate financing agreements entered into by DASNY and DOB for each of the programs. She explained that these debt service payments made by the State under each of the financing agreements, together with funds held pursuant to the Resolutions, are pledged as security for the respective bonds.

Mr. James provided additional information regarding the Supplemental Resolutions before the Members. He stated that each of the Supplemental Resolutions authorizes an aggregate principal

amount of bonds not to exceed \$2.65 billion. Mr. James further stated that the total amount of Bonds issued under each respective resolution will reduce the amount of Bonds that can be issued under the other resolution. Mr. James informed the Members that the Bonds may be issued in one or more series or subseries, at one or more times. He stated that, although it is anticipated that all the Bonds will be issued as fixed rate bonds, all or a portion of the Bonds may be issued as variable rate bonds, convertible bonds, capital appreciation bonds or deferred income bonds. Mr. James further stated that the Supplemental Resolutions each provide that all or a portion of the authorized Bonds may be sold on a negotiated basis or through competitive bidding and may be consolidated into a single series with any other Bonds that are authorized under that Resolution.

Mr. James then summarized the responsibilities delegated to various officers of DASNY, including, but not limited to, the series and subseries of the bonds; the determination of the principal amount of bonds to be issued thereunder, so long as the aggregate principal amount of 2018-3 PIT Bonds does not exceed \$2.65 billion; the principal amount of Bonds to be issued as taxable or tax-exempt bonds; the maturity dates of the bonds and other delegations as outlined in the letter to the Members dated August 30, 2018. He further summarized that these delegations include the authorization for various officers to prepare, distribute, and/or execute various documents to effectuate the transaction, including but not limited to, Preliminary Official Statements, Official Statements, Bond Purchase Agreements, Notices of Sale, and Continuing Disclosure Agreements, and to otherwise do all things necessary, convenient or desirable in connection with the sale and issuance of the Series 2018-3 PIT Bonds and the refunding of the Refunded Bonds. He informed the Members that the Supplemental Resolutions further authorize various officers of DASNY to enter into one or more agreements with the applicable State agencies, authorities or other entities in order to effectuate the transactions contemplated thereby.

Ms. Rosen clarified that the final maturity date of the Bonds will be 30 years from the March 15 next succeeding their date of issuance under both Supplemental Resolutions. Ms. Hall stated that the term of the refunding bonds shall not exceed maturity date of the bonds being refunded considered in the aggregate.

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

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SUPPLEMENTAL
RESOLUTION 2018-3 AUTHORIZING STATE SALES TAX REVENUE BONDS; and

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SUPPLEMENTAL
RESOLUTION 2018-3 AUTHORIZING PERSONAL INCOME TAX REVENUE BONDS

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

State University of the New York Dormitory Facilities Program

The President introduced Virginia Wong, Esq. of Nixon Peabody, LLP, Jae Lee, Esq. of Drohan Lee, LLP, co-bond counsel on the transaction, and Mr. Ostrander.

Mr. Ostrander presented the Single Approval Credit Summary to the Members. He stated that the Members are being asked to adopt the necessary documents to authorize the issuance of a series of tax-exempt and/or taxable bonds to be issued under the SUNY Dormitory Facilities Revenue Bonds program in an amount not to exceed \$150 million in a negotiated sale for a term not to exceed 30 years. Mr. Ostrander further stated that the proceeds of the Series 2018 Bonds will be used to finance various capital projects at SUNY residence halls on campuses throughout the State. He informed the Members that the SUNY Residence Hall program operates on 25 Campuses and serves over 70,000 students on an annual basis. Mr. Ostrander stated that the SUNY residence hall program is completely self-supporting and generates enough money to support operations and pay debt service on the bonds.

Mr. Ostrander stated that this will be the fifth financing under the new SUNY Dorms program that was enacted in 2013. He explained that the enabling legislation provides that the program be supported solely by the rents, fees and charges of the dormitory rentals and that in accordance with the legislation, SUNY executed an assignment to DASNY of all rights in dormitory facilities revenues. Mr. Ostrander further explained that SUNY is required to immediately deliver such revenues, without appropriation, to the Commissioner of Taxation and Finance for deposit into the Dormitory Facilities Revenue Fund, which is held separate and apart from the State Treasury.

Mr. Ostrander explained that monies in the fund are used first to pay the debt service on the old SUNY Dormitory bonds issued prior to 2013; then debt service on bonds issued under the new program; and then to fund repair and replacement costs. He further explained that any amounts remaining in the Fund after payment for such purposes becomes the property of SUNY to fund operations and maintenance of dormitory facilities. Mr. Ostrander stated that the Series 2018 Bonds will be secured by a second lien on the dormitory rentals deposited in the Dormitory Facilities Revenue Fund, and that the bonds currently outstanding under the old SUNY Dormitory Facilities Program have the first lien on those revenues. Mr. Ostrander reported there is currently \$393.7 million outstanding under the old program and approximately \$1.263 billion outstanding under the new program.

Mr. Ostrander reported that unlike the old program, where the Bonds were a General Obligation of SUNY, the new program is supported exclusively by the the rentals and fees generated by the residence halls. He informed the Members that the occupancy rate at SUNY Residence Halls is currently at 96.4%, and historically occupancy exceeds 95% each year. Mr. Ostrander reported that income from room rentals and fees has increased over the past year due to higher occupancy and room rates. He stated that in fiscal year 2018, rental fees totaled \$564.6 million, resulting in a debt service coverage ratio of 1.34 to 1. Mr. Ostrander informed the Members that the bonds are expected to be rated Aa3 by Moody's and A+ by Fitch.

Mr. Lee stated that before the Members today for their consideration is the adoption of a Series Resolution authorizing up to \$150 million in bonds pursuant to DASNY's State University Dormitory Facilities Revenue Bond Resolution adopted in May 2013. He further stated that the Series Resolution authorizes bonds to be issued to finance new capital expenditures in connection with the SUNY Dormitory Facilities and to pay costs of issuance of the Series 2018 Bonds. He summarized the authorizations delegated by the Series Resolution to various officers of DASNY,

including the authority to determine the principal amount of the bonds to be issued; the interest rates of the bonds; the purchase price to be paid by the underwriters; the redemption price of the bonds; the final maturity dates of the bonds, provided that the data is no later than the July 1 immediately succeeding the 30th anniversary of the date of issuance; redemption dates and prices; and other delegations as outlined in the letter to the Members dated August 30, 2018. He further summarized that these delegations include the authorization for various officers to prepare, distribute, and/or execute various documents to effectuate the transaction including a Preliminary Official Statement, Official Statement, Bond Purchase Agreement, and Continuing Disclosure Agreement, and to otherwise do all things necessary, convenient or desirable in connection with the sale and issuance of the Bonds. He informed the Members that no debt service reserve fund is expected to be established, and no credit enhancement is expected to be procured for the Series 2018 Bonds. Mr. Lee stated that the Series Resolution authorizes both measures if DASNY decides either is necessary based on market conditions.

Ms. Wong stated that in connection with the initial issuance of bonds under the 2013 General Resolution, DASNY entered into a Financing and Development Agreement with SUNY and a Fund Administration Agreement with SUNY and the State Commissioner of Taxation and Finance. She explained that the Financing and Development Agreement requires SUNY to establish fees and charges for the use and occupancy of the Dormitory Facilities in an amount at least sufficient to pay all debt service due on bonds issued under the General Resolution and the 1995 Resolution, and to pay all expenses for the operation and maintenance of those Facilities. Ms. Wong informed the Members that the Fund Administration Agreement establishes, among other things, procedural requirements that govern deposits to the Dormitory Facilities Revenue Fund. She stated that Bonds issued under the new General Resolution are payable solely out of the Dormitory Facilities Revenue Fund from the Dormitory Facilities Revenues deposited therein. Ms. Wong further stated that all bonds issued under the General Resolution are subordinate to the bonds previously issued by DASNY under the 1995 Resolution.

Ms. Wong stated that under the General Resolution, DASNY may only issue additional new money bonds if the net Dormitory Facilities Revenues collected during each of the previous two fiscal years is at least equal to 120% of maximum annual debt service on all bonds outstanding under the General Resolution and the 1995 Resolution. Ms. Wong further stated that the Series 2018 Bonds are expected to be sold in one or more negotiated sales to a syndicate of underwriters. She noted that each sale will be effectuated through a Bond Purchase Agreement which contains the terms and conditions that are customary in connection with the sale of the bonds.

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

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2018A RESOLUTION
AUTHORIZING THE ISSUANCE OF A SERIES OF STATE UNIVERSITY OF NEW YORK
DORMITORY FACILITIES REVENUE BONDS**

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

NYSARC, Inc.

Ms. Lee presented a Memorandum recommending a lease of equipment pursuant to DASNY's Tax Exempt Leasing Program I ("TELP I") in a total amount not to exceed \$20,000,000 for NYSARC, Inc. She reminded the Members that the current policy of the Public Authorities Control Board ("PACB") requires that TELP I leases which exceed \$10 million in a twelve month period be presented to both the DASNY Board and the PACB for approval. Ms. Lee stated that the lease proceeds are expected to be used for various types equipment for IT, vehicles, transportation equipment and other items.

Mr. Ellis moved the adopted of the following entitled Resolution:

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) AUTHORIZING STAFF AND BOND COUNSEL TO PROCEED TO TAKE THE NECESSARY ACTION TO PREPARE, AND THE DORMITORY AUTHORITY TO EXECUTE ONE OR MORE MASTER LEASE AND SUBLEASE AGREEMENTS AND ANY OTHER APPROPRIATE DOCUMENTS TO MAKE EQUIPMENT HAVING A VALUE IN EXCESS OF \$10,000,000 AVAILABLE TO NYSARC, INC. UNDER THE TAX-EXEMPT LEASING PROGRAM

Mr. Swierczewski 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 decided unanimously to recommend the following items to the full Board for approval: amendments to Sections 3.7 and 3.8 of the By-Laws; and an amendment to the Dormitory Authority of the State of New York Procurement Contract Guidelines.

The Governance Chair asked Mr. Cusack to review the proposed amendments. Mr. Cusack directed the Members' attention to Sections 3.7 and 3.8 of the DASNY By-Laws. He stated that the proposed changes are a follow-up to the discussion with the Governance Committee at the March Regular Meeting. He further stated that the discussions from that meeting are reflected in the Governance Committee Minutes included in the Board materials. Mr. Cusack explained that the proposed amendments to Section 3.7 provide specific flexibility to schedule video conference meetings where inclement conditions prevent one or more Members from traveling to the location where a quorum is gathered, but where the Member could get to one of DASNY's other video conference locations. He noted that this circumstance would apply only in narrow and limited circumstances. Mr. Cusack stated that the proposed amendment would allow the Member to participate and vote from the remote location. He explained that, procedurally, the Chair and the President would concur that notice be provided to the Members impacted, and inform them that they may participate by video conference. Mr. Cusack emphasized that all required public notices would be provided pursuant to the Open Meetings Law. Mr. Cusack indicated that, as part of this review, he had examined case law and the Open Meetings Law, and there are no legal objections to the proposed amendments before the Board.

Mr. Cusack directed the Members' attention to the proposed amendment to Section 3.8 of the By-laws. He explained that the original Board materials reference the language discussed at the last Regular Meeting. Mr. Cusack stated that after discussion at yesterday's Governance Committee meeting, it was recommended that in the event the position of Secretary is vacant or the Secretary is disabled, then those Members present at the meeting shall choose a presiding officer from among those present. Mr. Cusack further stated that the revised language is included in the supplemental materials provided to the Members at the start of today's meeting.

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

A RESOLUTION OF THE MEMBERS OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) APPROVING CERTAIN AMENDMENTS TO THE DASNY BY-LAWS

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

Mr. Cusack stated that the second item before the Board for consideration is a proposed amendment to the Procurement Contract Guidelines that would add cloud computing, hosting, and software-as-a-service (SAAS) to the definition of professional services. He explained that, as discussed with the Governance Committee, the purpose of this amendment is to include software engineering and related services as professional services, analogous to architects, professional engineers, and other licensed professionals. Mr. Cusack stated that although the current language in the Procurement Contract Guidelines addresses data processing services, the field of data processing has evolved. He explained that while DASNY still contracts for routine data processing services, the term does not always include all of the modern services provided by software engineering professionals.

Mr. Cusack indicated that by adding these functions under the definition of professional services, DASNY's Procurement Unit will be able to make qualification-based selections and shall not be limited to selecting contractors based solely on price. He informed the Members that from a legal perspective, the proposed amendment will protect DASNY from challenges by providing clear rules for those who respond to procurement opportunities. Mr. Cusack noted that this approach is consistent with information that was provided by the Office of the State Comptroller in connection with a Continuing Legal Education seminar attended by several DASNY attorneys.

Mr. Gardner 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 DORMITORY AUTHORITY OF THE STATE OF NEW YORK PROCUREMENT CONTRACT GUIDELINES

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

Governance Committee Chair Johnson indicated that the Governance Committee had discussed the Board Self Evaluations at length in Executive Session the previous evening. He stated that the Committee Members and the Board Members had been provided the evaluations for

the last two years (2017 and 2018) and that they will be discussed at the Executive Session at next month's Regular Meeting.

President's Report

The President directed the Members' attention to two handouts included with the materials provided to the Members. He stated that DASNY's 2018 Annual Report highlights the organization's significant accomplishments in the last fiscal year and illustrates how internal improvements are adding value to partnerships in both the construction and financing lines of business.

The President stated that the materials also include a report prepared by staff to highlight and document some of the One DASNY initiatives taking place across the organization. He further stated that much of this information has already been presented to the Board, and that the handout reflects the integration of the work that has been undertaken to date. The President encouraged the Members to read both pieces, as they illustrate and reaffirm the value of the work and collaboration taking place across DASNY.

Authorized Officers

The President presented a Resolution to the Members for their consideration to elect additional Assistant Secretaries of DASNY. He stated that over the past few years, several Managing General Counsel who served in that role have retired and as a result, the Members are being asked to authorize the following employees as Assistant Secretaries of DASNY: Kay M. Edwards, Esq., Managing General Counsel; Frances P. Lewis, Esq., Managing General Counsel; Ricardo Salaman, Esq., Managing General Counsel; and Sara P. Richards, Esq., Associate General Counsel.

The President further stated that due to the resignation of Sandra Shapard from the DASNY Board, the office of Secretary is currently vacant. The Chair noted that the individuals proposed to serve in the role of Assistant Secretary are known to the Board and have earned the opportunity to do this work.

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

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

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

The Chair stated that he expects to discuss the appointment of a new Board Secretary with the Board in a timely fashion.

Recognition of Service

The Chair stated that before the Members were two Resolutions to recognize the service of two individuals in connection with their work at DASNY. He directed the Members' attention to the Resolution acknowledging the service of Debra Pulenskey Drescher, Esq., DASNY's former Managing General Counsel. Reading excerpts from the Resolution provided to the Members, the Chair stated that Ms. Drescher retired in July after nearly 30 years of service and that during her tenure at DASNY, Ms. Drescher held six positions of increasing responsibility, including her last position of Managing General Counsel. The Chair recited that Ms. Drescher served under 9 of DASNY's 11 Executive Directors and Presidents. He further recited that in the late 1990s, Ms. Drescher was responsible for establishing the legal framework for capital grant programs administered by DASNY and since that time, has provided valuable legal advice to various stakeholders in connection with those programs. The Chair informed the Members that Ms. Drescher became an Assistant Secretary of DASNY in 1995, and became the liaison to the Board in 1997.

The Chair requested that the Members pause to appreciate the dedication, commitment, leadership, integrity, and management skills that Ms. Drescher brought to the organization during her tenure, and he wished her well in her future endeavors. He reminded the Members that they had a chance to officially thank Ms. Drescher and wish her well at the July Regular Meeting, and he recalled her kind words for the Board at that time. The Chair stated that in any organization, it is important to train and educate staff so that when one employee leaves, especially one with many high-level responsibilities, there are others who can undertake those responsibilities to provide business continuity. He indicated his belief that DASNY has done that in this instance.

The Chair directed the Members' attention to the second Resolution to recognize with appreciation the service of Charles Abel, who served as a designee representing the Commissioner of the New York State Department of Health on DASNY's Board for the last 10 years. Reading excerpts from the Resolution provided to the Members, the Chair stated that the advice and counsel of Mr. Abel helped DASNY to continue as a leader in bond issuance and construction. He recited that Mr. Abel provided valuable insight into discussions and guidance to the Board with respect to health care finance matters as well as other issues. He summarized that during Mr. Abel's tenure, DASNY issued more than \$66.3 billion of bonds and expended more than \$9.4 billion in full-service construction costs.

The Chair recalled that Mr. Abel's depth of experience, insight and guidance were critical to helping DASNY take action to provide health care services to New Yorkers, and that Mr. Abel's probing questions heightened the Members' awareness of critical health care issues. The Chair acknowledged on behalf of the Board, with deep appreciation, the service of Mr. Abel. He recited that Mr. Abel used his experience, history and knowledge to benefit Board deliberations, and stated that his questions contributed greatly to the quality of the discussions. The Chair again welcomed Ms. Raleigh as the new designee for the Department of Health, and stated that many Members and DASNY staff have had the pleasure of working with her previously. He stated that he looks forward to working with Ms. Raleigh in the future.

Mr. Ronski 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”) ACKNOWLEDGING WITH APPRECIATION THE SERVICE OF DEBRA PULENSKEY DRESCHER; and

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

Ms. Raleigh 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”) ACKNOWLEDGING WITH APPRECIATION THE SERVICE OF CHARLES ABEL

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

The President reported that on August 10, 2018, DASNY hosted approximately 50 financial advisors, underwriters, bond counsel and underwriters’ counsel in the New York City office to discuss the transformational changes DASNY recently made to its Financing Guidelines. He stated that these changes positively affect the independent institutions DASNY serves, including higher education, health care, and other eligible not-for-profit entities. The President thanked the Members for shepherding these important changes through, which authorize DASNY to determine applicable security features based on market conditions. He stated that the revisions will provide clarity and certainty to DASNY’s conduit borrowers in the investment-grade category. The President further stated that these revised guidelines are consistent with the One DASNY initiative that began at the start of his tenure as President and CEO of DASNY more than three and a half years ago. He stated that these changes will help DASNY grow its business, effectively manage risk, and increase efficiency.

The President then asked Ms. Lee to give a market update.

Public Financing and Portfolio Monitoring Report

Ms. Lee provided a brief market update. Ms. Lee reported that since the last Board Meeting, DASNY priced and closed the Sales Tax Revenue Bonds, InterAgency Council and Montefiore Obligated Group transactions.

Ms. Lee stated that the total new issue supply this year to date is approximately \$230 billion, which is a decrease of approximately 15% from the supply level at the same time last year. She informed the Members that the total supply for the week is expected to be approximately \$7.4 billion. Ms. Lee stated that municipal bond funds have reported outflows for the prior week, but overall, bond funds have netted more than \$9 billion of inflows into the market this year. She reported that rates continue to rise, and the one-, ten- and 30-year MMD have increased 28, 11 and 21 basis points respectively, since the July Board Meeting.

Ms. Lee stated that the Members received a form of Revised Staff Report incorporating the modest changes described at the July meeting, including the deletion of certain credit and opinion-based language, and the addition of general disclaimer language recommended by Squire Patton Boggs LLP. Ms. Lee inquired whether the Members had questions about the revised format. The Chair stated that the new disclaimer language is very clear and appropriate, and the Members concurred.

Ms. Lee directed the Members' attention to the chart included on the handout that summarizes the One DASNY initiatives that impact the Board. She stated that staff had acted upon many of the recommended changes and asked Ms. Nadeau and Mr. Cusack to provide a brief update on certain provisions.

Ms. Nadeau reported that in terms of post-issuance compliance, Finance staff is working with Public Finance and Portfolio Monitoring and Counsel's Office to review recommendations from the One DASNY Bond Administration team. She stated that the working group meets biweekly. Ms. Nadeau further stated with respect to the initiative for expedited reimbursement of Construction Fund monies, staff has implemented processes to eliminate the requirement for hard copy originals. Ms. Nadeau reported that the team is working with Ms. Lee to review accounts with open construction funds and will assess how best to move forward in each situation. She noted that many have investments structured in accordance with the project construction schedule.

Mr. Cusack stated that the chart also addresses certain issues previously discussed by Ms. Lee in connection with proposed changes to the Board Financing Authorization Policy. He explained that the proposed changes will align the completion of tax diligence and the TEFRA hearing to the time when a Preliminary Official Statement is issued. Mr. Cusack stated that this is consistent with industry practice, as well as with procedures for TEFRA. He stated that he had no legal objections to the implementation of these changes.

President's Report (continued)

The President stated that on August 30, 2018, DASNY completed a truly transformational project at the State University of New York's The College at Brockport with the opening of the new, \$24 million Eagle Residence Hall. He reported that DASNY delivered this project using design-build, a delivery method that had not been utilized for a number of years. The President reported that this was a very important project for DASNY, and that by combining design and construction services in a single contract, project delivery can be expedited while maintaining a high level of quality. He stated that DASNY expects to use the design-build method for more SUNY projects and is also seeking authorization to use it on other projects.

The President informed the Members that the Eagle Hall project exemplified the spirit of One DASNY, as it resulted in the delivery of an excellent product more quickly and efficiently.

The Chair recalled that Mr. Curro and Mr. Koopman had provided the Board with a presentation on construction delivery methods previously, and suggested that the presentation be given again, with a focus on design-build. He stated that it would be helpful for the Members to

have a better sense of how the method was employed to deliver Eagle Hall. The President agreed that it was a valuable presentation and helped to explain the various delivery methods.

Mr. Curro summarized that the traditional method of delivery is design-bid-build, which is sequential in that design is completed before construction work begins. He stated that in contrast, when the design-build method is utilized, construction can begin while the design process is still underway. He stated that Eagle Hall was delivered one year ahead of the time it would have taken if delivered under the traditional design-bid-build method.

In response to a question from Mr. Gardner, Mr. Curro explained that the selection process for the Eagle Hall design-build project was a qualifications-based selection that considers best value, and not just the cost factor. He noted that the cost of the project was included in the Request for Proposals for Eagle Hall, and that DASNY was able to select the design-build team based upon a combination of factors including qualifications and value based strategies.

In response to a question from Mr. Ronski, Mr. Curro explained that DASNY utilized bridging documents for the Eagle hall project that included certain mandatory construction requirements as communicated by SUNY Brockport. He further explained that in response, the design-build teams provided value-based proposals. The President reiterated that construction for the Eagle Hall project was completed in approximately 13 months using the design-build methodology.

Mr. Johnson inquired whether the design-build method will be used in connection with any upcoming projects. The President stated that DASNY expects to construct the new dorm at SUNY Polytechnic using the design-build delivery method. Mr. Johnson stated that he looks forward to learning more about design-build for upcoming projects.

The President stated that DASNY celebrated its 50-year relationship with the City University Construction Fund in early August with a special event at the John Jay College of Criminal Justice. He informed the Members that CUNY invited DASNY to participate, and stated that together, DASNY and CUCF have one of New York State's most productive construction partnerships dedicated to providing design and construction management services to City University of New York's 24 campuses. He reported that he addressed the participants and relayed that DASNY is committed to efficiency, excellence and diversity in all of our procurements. The President reported that Mr. Curro attended together with Michael Clay, Senior Director of Opportunity Programs, and Mike Stabulas, Managing Senior Director of Downstate Construction in order to help MWBE firms access various procurement opportunities.

The President reported that in early August, he participated in a panel discussion at the City & State's Diversity Summit in New York City regarding business opportunities for MWBEs. He stated that he discussed New York State and DASNY's leadership efforts to build capacity for MWBE firms, and highlighted Governor Cuomo's benchmark for a 30 percent MWBE participation rate on all State contracts. The President emphasized that DASNY is a statewide leader in this important initiative and that the organization ensures that MWBE participation is woven into all DASNY endeavors. He stated that he also explained how MWBE firms can pursue business opportunities with DASNY by learning DASNY requirements, joining DASNY's

registry of MWBE firms, and identifying procurement opportunities on the updated and more accessible website.

The President informed the Members that the Construction Division is nearing the conclusion of the annual SUNY summer campus improvement projects. He stated that the 30 renovation projects have a combined value of approximately \$31 million, and that DASNY's Construction Division did an outstanding job delivering these projects.

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

Construction Projects Report

Mr. Curro directed the Member's attention to the photograph on the cover of the Construction Projects Report. He stated that the photograph depicts the recently completed Aquatics Lab at Brooklyn College. Mr. Curro reported that the scope of the project included the renovation of the Aquatics Lab in Ingersoll Hall, including an inventory and condition assessment of existing lab equipment; the demolition of existing systems; installation of new equipment; sanitary connections; electrical service and electrical distribution systems; new HVAC systems; heat exchangers for the fish tank water; filtration systems and water purification systems.

Mr. Curro stated that the design of the \$1.1 million project commenced in February 2016, and that construction concluded in September 2018.

Mr. Curro informed the Members that the Aquatics Research Center has three themes: environmental impacts on aquatic environment; behavior and biology of aquatic organisms; and biotechnology in aquaculture. He stated that the project was designed to provide researchers with flexible use research space for a variety of different types of species and experiments. Mr. Curro further stated that the project features fully automated and independently monitored aquatic systems, as well as fish hatching and cultivation systems. He explained that tank sizes and configurations range from multi-tank rack mounted systems to larger tank systems for fish-rearing and quarantine. Mr. Curro stated that all systems were built of heavy duty non-corrosive materials for long-term use, along with a level of automated integration to allow facility management with minimal resources.

Mr. Curro updated the Members on several new projects being undertaken by DASNY: a \$6.4 million roof replacement project at Baruch College; an \$8.9 million roof reconstruction project at Queens College; a \$7 million athletic facilities renovation project at John Jay College; a \$6.0 million roof replacement project at York College; a \$6.9 million roof reconstruction project at Medgar Evers College; and a \$7 million bathroom renovation project at SUNY New Paltz. He reported that the total new project activity was approximately \$42 million.

Mr. Curro reported that construction expenditures this year to date total \$216 million, as compared to \$262 million for the 2017 fiscal year, representing a decrease of \$46 million.

Mr. Curro provided an update on the SUNY Capital Projects Program. He stated that DASNY completed construction on approximately \$60 million of capital projects: a \$16 million

renovation project at Bishop Hall at Buffalo State; the \$15 million renovation project at McComb Hall at SUNY Plattsburgh; the \$24 million Eagle Hall new construction project at Brockport; and a \$4 million renovation project at Rushton Hall for SUNY Canton. Mr. Curro reported that 29 of 30 SUNY summer projects totaling \$31 million were completed on time for the fall semester, and the final project will be completed this week.

Mr. Curro stated that the following projects are currently under construction for 2019 occupancy: a \$16 million gut renovation of Tower 3 at Buffalo State; a \$19 million gut renovation of Whiteface Hall at SUNY Plattsburgh; a \$31 million gut renovation at Dutch Quad G & H Halls at SUNY Albany; and the \$18 million phase II gut renovation project at Mackenzie Hall at Alfred.

Mr. Curro stated that the following projects will start construction in May of 2019 for occupancy in 2020: a \$15 million gut renovation for Tower 2 at Buffalo State; a \$20 million gut renovation and floor addition to Dayo Hall at SUNY New Paltz; a \$12 million gut renovation of Kent Hall at SUNY Plattsburgh; a two tower renovation project for Smith/Casey Hall at SUNY Cortland; an \$18 million gut renovation of Phase III of MacKenzie Hall at SUNY Alfred; and the construction of a new 250 bed dormitory for SUNY Poly, that will be constructed using the design-build delivery method.

Mr. Curro provide a project update on several DASNY construction projects. With respect to the Court Officer's Training Academy, Mr. Curro stated that DASNY continues to work toward securing a Temporary Certificate of Occupancy (TCO), with minimal contract work remaining other than punch list items and completing the TCO paperwork associated with obtaining occupancy.

With respect to South Beach Psychiatric Center, Mr. Curro reported that the building enclosure is the primary focus for the \$265 million project. He stated that building envelope work continues in the form of brick masonry and light gage metal framing, curtain wall and window installation. Mr. Curro further stated that the mechanical, electrical and plumbing work continues on all floors. He reported that the project is currently approximately 65 days late, beyond DASNY's baseline completion date of June 2019. Mr. Curro stated that the executive team consisting of the Construction Manager, OMH and DASNY met on site two weeks ago to discuss recovery of the 65 days. He further stated that a revised schedule is due later this month.

Mr. Curro then reported on the Fashion Institute of Technology ("FIT") project. He stated that FIT's \$190 million new building project was advertised for bid in early August. Mr. Curro further stated that DASNY conducted a pre-bid meeting last Thursday and that it was very well attended. He indicated that bids will be opened on October 10.

With respect to the New York City Housing Authority, Mr. Curro stated that progress continues on the three areas of work. He reported that 56 security projects have been completed and 16 projects are in construction; of the appliances component, 30 projects are completed, two are in procurement and two are new; and two quality of life projects are completed and 16 are in construction. Mr. Ronski asked what type of projects are undertaken at NYCHA, and Mr. Curro explained that projects include security work such as cameras, lighting and other enhancements at NYCHA facilities, appliance replacements, and quality of life projects including community center

upgrade projects, playground and outdoor projects. Mr. Ronski inquired how much work is undertaken in the individual apartments, to which Mr. Curro replied that very little work was done inside the apartments.

Mr. Curro stated that he and Keith LaPlante, Code Compliance Director, were on site at the Javits Center last Wednesday and they observed heavy construction activity including the continued drilling of cassion foundations, concrete piers construction and off-loading of structural steel.

Mr. Curro reported he and Mr. LaPlante toured the Moynihan Station project last Thursday with DASNY's site representative for Tectonic Engineers. He stated that demolition and reconstruction activities continue, as well as the construction of skylights in the two locations.

In response to an inquiry from Mr. Ronski, Mr. Curro stated that DASNY is not permitting the new entrance at Penn Station, and clarified that DASNY is issuing permits for both the Javits and Moynihan projects, but is not holding contracts for either project. Mr. Curro stated that the Moynihan project is a New York State permitted project, while Javits is a New York City project that would be permitted by the Department of Buildings if DASNY was not involved to issue permits.

Mr. Ronski inquired whether DASNY undertook the design of the Aquaculture project at Brooklyn College. Mr. Curro responded that the project was started by CUNY with a designer selected by CUNY. He stated that DASNY's involvement with the project started after that point. In response to an inquiry from Mr. Ronski, Mr. Curro explained that when DASNY is responsible for the design phase of a project, a qualification-based procurement is utilized to select the design firm. He further explained that at times, the design is undertaken by a term consultant and sometimes there is a new procurement process, depending upon the size and scope of the project. Mr. Curro informed the Members that the design consultant typically submits 30%, 60% and 90% design documents. He stated that DASNY then reviews the submittals for all trades (mechanical, electrical, structural, general construction), and when DASNY deems the plans ready for advertisement, the project moves to that stage. Mr. Ronski asked whether Wicks Law was applicable to this project. Mr. Curro responded that Wicks was not utilized because there is a Project Labor Agreement in place in New York City that allows projects above a certain construction dollar threshold to be undertaken without Wicks Law compliance.

In response to a question from Mr. Gardner on the SUNY residence hall program, Mr. Curro advised that DASNY may utilize a number of different delivery methods in addition to traditional design-bid-build, including design-build, CM at Risk, and other competitive processes. He stated that this authority is unique to the SUNY residence hall program. Mr. Curro confirmed that while the delivery method may change within the SUNY Residence Hall Program, the MWBE requirements stay the same.

In response to a question from Mr. Ronski, Mr. Curro stated that DASNY typically hires a Construction Manager for larger projects such as the South Beach Psychiatric Center. He explained that Construction Management firms provide the staff to work on larger projects, as

DASNY does not have in-house resources for such large projects. Mr. Curro stated that for smaller projects, DASNY does not typically hire a Construction Manager and utilizes in-house staff.

Mr. Ronski requested an opportunity for the Board Members to tour construction projects in the New York City Metropolitan area. He stated that Board Members previously visited several DASNY projects including Harlem Hospital, CCNY/ASRC, and the Staten Island Courthouse. Ms. Snyder agreed that site visits are helpful because they provide an additional level of understanding to DASNY's mission and focus. The Chair asked Mr. Curro to arrange for a visit in the future, and Mr. Curro responded that he would be happy to do so.

Financial Report

Ms. Nadeau reported that two private finance client closings took place during July. She stated that 94% of DASNY's direct charges are in support of public clients, as compared to the budget of 92%. Ms. Nadeau further stated that operating expenses through July are slightly below budget.

Ms. Nadeau reported disbursements of \$300,000 out of the Evolution Reserve Fund to Squire Patton Boggs LLP and that the other funds remain unchanged.

Counsel Report

Mr. Cusack reported that staff is currently analyzing an amendment to SEC Rule 15(c)2-12 that adds two new events to the existing list of required disclosure items in the Rule:

(15) the incurrence of a "financial obligation" of the obligated party, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect the security holders, if material; and

(16) a default, event of acceleration, termination event, modification of terms or other similar events in connection with a financial obligation of the obligated party, if any such event reflects financial difficulties on the part of the obligated party.

Mr. Cusack stated that the adopted language is identical to that proposed in 2017, but that a new definition of "financial obligation" was included as part of the recent amendment. He informed the Members that there have been numerous discussions and comments regarding the meaning and interpretation of the term "financial obligation." Mr. Cusack noted that the original definition was much broader than the current version, in that it went far beyond private placements and direct bank loan transactions the SEC was concerned with, which do not require the issuance of an official statement. He explained that the original definition included leases, derivative instruments, guarantees and monetary obligations under a judicial, administrative or arbitration proceedings.

Mr. Cusack stated that although the final language was narrowed as a result of the comments received, the SEC has made clear that disclosure is required for any obligations that act like debt. Mr. Cusack further noted that, for example, although the term "lease" was taken out of

the definition, the SEC expects that a lease-purchase or a certificate of participation transaction that is the equivalent of incurring debt, would require disclosure.

Mr. Cusack stated that the new ruling does not defer to state law for a definition of “debt” in order to have a uniform national standard. He further stated that the compliance date will be February 27, 2019. He informed the Members that DASNY staff will continue to review the language with the public finance and legal community as well as with our own bond counsel, who routinely assist DASNY with disclosure issues and are trusted advisors in this regard. Mr. Cusack stated that DASNY is also reviewing its own internal disclosure procedures in light of the new language. He noted that the 2018 amendments do not impact DASNY’s prior determination to allocate in the CDA the disclosure responsibility under 15(c)2-12 to the borrower in private client financings. He stated that DASNY’s review was continuing, and that a further update would be provided to the Board in advance of the February 27, 2019 compliance date.

Mr. Ellis moved that the Members go into Executive Session to discuss 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

Mr. Ellis asked for additional details with regard to the August 10 meeting with the financial community about the revised financing guidelines. The President reported that DASNY was well represented by himself, Ms. Lee, and Mr. Salaman, and that the feedback received was overwhelmingly positive. He stated that many people attended the meeting and DASNY’s collaborative efforts have been well received in the financial community. The President further stated that the changes are reflective of the changes that DASNY foreshadowed to the community several years ago. He informed the Members that the DASNY team made clear that DASNY is cognizant of industry concerns, and the revised, straightforward guidelines provide the clarity that clients desire. The President reported that many in the industry want to do business with DASNY, in part because DASNY has shown that we are talking to clients and listening to them.

Ms. Lee agreed that the meeting provided a meaningful opportunity for DASNY to meet with underwriters and financial advisors. She noted that these stakeholders are all interacting with the same community as DASNY and that they were excited about DASNY’s efforts to provide clarity in its guidelines and communicate with its clients. Ms. Lee stated that this was a great event and that DASNY will be following up with its borrowers in the near future. Mr. Ellis thanked the President and Ms. Lee for their summary.

The Chair informed the Members that the next Regular Meeting will be in Albany on October 10, 2018.

Mr. Ronski moved that the Meeting adjourn, Mr. Gardner seconded the motion and the Meeting was adjourned at approximately 11:50 a.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary