

The Dormitory Authority of the State of New York Finance Committee Video Conference Meeting was held between DASNY’s Albany Office, 515 Broadway, Albany, New York and DASNY’s New York City Office, One Penn Plaza, 52<sup>nd</sup> Floor, New York, New York at 3:00 p.m. on Tuesday, December 11, 2018.

The Meeting was called to order by the Finance Committee Chair. Roll call was taken and a quorum was present. Those Finance Committee Members present and absent were as follows:

Members Present – New York City

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

Members Present – Albany

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

Dormitory Authority Staff Present – New York City

Michael E. Cusack, Esq., General Counsel  
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring  
Larry N. Volk, Senior Director, Portfolio Management  
David P. Ostrander, Senior Financial Analyst

Dormitory Authority Staff Present - Albany

Michael T. Corrigan, Vice President  
Kimberly J. Nadeau, Chief Financial Officer  
Caroline V. Griffin, Chief of Staff  
Ricardo Salaman, Esq., Managing General Counsel  
Sara P. Richards, Esq., Associate General Counsel  
David F. Perritano, Public Information Officer

**PUBLIC SESSION**

Committee Chair Ronski called the Meeting to order. Due to technical difficulties with the equipment in the New York City Office, Ms. Raleigh participated in the meeting, although she could not vote. The Minutes of the November 6, 2018 Finance Committee Meeting were reviewed and approved.

**New York University**

Mr. Ostrander presented the Transaction Summary to the Board. He stated that the transaction includes one or more series of tax-exempt and/or taxable, fixed and/or variable rate bonds in an amount not to exceed \$1,250,000,000 for a term not to exceed 40 years on behalf of New York University (“NYU”). Mr. Ostrander further stated that the proceeds of the DASNY

Bonds will finance numerous construction and renovation projects located throughout the New York University system and will also be used to refinance a portion of amounts drawn on the University's lines of credit for various capital projects. He noted that the new money portion of the financing is approximately \$918 million, and the refinancing component is approximately \$251 million.

Mr. Ostrander stated that the projects to be financed or refinanced include the construction of a new multi-use building at 181 Mercer Street which will include a modern athletic facility, 58 new classrooms, a 350-seat theatre, and student and faculty housing. He further stated that foundation work is ongoing and the project is expected to be completed in late 2021. Mr. Ostrander explained that new classroom space at 181 Mercer will free up space within the Silver Center for Arts and Sciences to allow for the creation of laboratories for the Chemical Biology Department. He noted that this is part of NYU's effort to bolster its science program. He informed the Committee Members that the bond proceeds will also finance or refinance improvements to facilities located at the University's Brooklyn campus in order to expand NYU's Engineering and Applied Sciences programs. Mr. Ostrander stated that the former MTA Headquarters building located at 370 Jay Street will be renovated as part of an expansion to the University's Engineering and Applied Sciences programs in Brooklyn. He noted that construction work will continue through Summer 2019.

Mr. Ostrander stated that Moody's Investors Service has assigned a rating of "Aa2" to the outstanding obligations of the University with a "Stable Outlook," and that Standard & Poor's has rated the University's obligations "AA-" with a "Stable Outlook". He further stated that, as with previous NYU transactions, the Loan Agreement is expected to be a general unsecured obligation of the University.

Mr. Ostrander informed the Committee Members that positive demand and enrollment trends have continued in recent years. He stated that the University received 64,007 applications for first-time full-time freshman last year, marking the tenth year in a row of record applications. Mr. Ostrander further stated that the total headcount enrollment increased to over 51,000 in fall 2017. He reported that the growth in net tuition revenue, patient care revenue associated with the School of Medicine, and fundraising have all contributed to steadily increasing operating revenue, and that the University's overall revenue mix is diverse. Mr. Ostrander stated that for fiscal year 2017, 30% of the University's total operating revenues came from net tuition and fees. Mr. Ostrander informed the Committee Members that NYU reported total net assets in excess of \$5.69 billion for fiscal year 2017, which represents a 26% increase over 5 years as a result of positive investment returns, grant awards, and fundraising.

Ms. Raleigh inquired whether a savings analysis was undertaken on the refinancing component. Mr. Ostrander responded in the negative as this is not a refunding. He explained that the bonds will pay off the amount drawn on the University's line of credit for ongoing projects. In response to a question from Mr. Ronski, Mr. Ostrander confirmed that NYU will pay off short term financing that was utilized to enable construction to commence on various projects.

The Board Chair observed that, when measured on an accrual basis, the operating margins depict a deficit ranging from \$9 million in fiscal year 2013 to \$138 million in fiscal year 2014. He

acknowledged that the University is a financially strong institution, and asked whether the numbers are more positive when measured on a cash basis. Mr. Ostrander replied in the affirmative, and stated that when the operating margins are measured on a cash basis, the University reflects positive results for the past 4 years. He noted that when using the accrual basis, the results show continuous improvement from 2014-2017 as well. Mr. Ostrander explained that the operating margins are impacted by depreciation expenses associated with significant capital project spending during that time frame.

The Board Chair observed that the University's operating expenses appear to be growing quickly, when compared to their unrestricted assets. Mr. Ostrander responded that the University's financial position is very strong overall, and the Board Chair agreed. The Board Chair noted that there was a \$300 million increase in unrestricted net assets in 2016-2017. Mr. Ostrander stated that the University experienced robust fundraising, in addition to positive gains on their investments, during that time period. He noted that the University's 2018 financials were released today and that upon a quick review, did not appear to be materially different from the 2017 financials. The Board Chair requested an update if there were any significant changes in the 2018 financials.

Mr. Ronski inquired whether DASNY is aware of any community opposition to the projects to be funded with Bond proceeds. Mr. Ostrander replied in the negative.

The Finance Committee Members decided unanimously (except for Ms. Raleigh, who did not vote) to recommend the proposed financing to DASNY's full Board for approval.

The Board Chair moved that the meeting adjourn, Mr. Ronski seconded the motion and the Meeting was adjourned at approximately 3:30 p.m.

Respectfully submitted,

Michael E. Cusack  
Assistant Secretary