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 New York City Office, One Penn Plaza, 52nd Floor, New York, New York at 4:30 p.m. on Tuesday, February 5, 2019.

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 – Albany

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

Members Present – New York City

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

Other Members Present – New York City

John B. Johnson, Board Vice-Chair

Dormitory Authority Staff Present- Albany

Gerrard P. Bushell, President
Kimberly J. Nadeau, Chief Financial Officer
Sara P. Richards, Esq., Associate General Counsel
Andy T. Purcell, Director, Public Finance
David F. Perritano, Public Information Officer

Dormitory Authority Staff Present- New York City

Michael T. Corrigan, Vice President
Michael E. Cusack, Esq., General Counsel
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring
Ricardo Salaman, Esq., Managing General Counsel
David P. Ostrander, Assistant Director, Public Finance and Portfolio Monitoring
Gerard E. Klauser, Senior Financial Analyst
Steve Kosier, Senior Financial Analyst

Also Present – Albany

John Valitutto, NYS Department of Health

Also Present – New York City

Yoel Medina

PUBLIC SESSION

Committee Chair Romski called the Meeting to order. The Minutes of the January 8, 2019 Finance Committee Meeting were reviewed and approved.

Catholic Health System Obligated Group

Mr. Klauser presented the Transaction Summary for the Catholic Health System Obligated Group. He stated that the Committee Members are being asked to recommend the adoption of a Resolution to Proceed for the issuance of tax-exempt and/or taxable, fixed and/or variable rate bonds in one or more series at one or more times through a negotiated offering and/or private placement in an amount not to exceed $220,000,000 for a term not to exceed 30 years.

Mr. Klauser stated that the security for the transaction will include Obligations issued under an Amended and Restated Master Trust Indenture, which will be a joint and several obligation of each member of the Obligated Group. He further stated that the Series 2019 Bonds are expected to be rated Baa1/ BBB+ by Moody's and S&P.

Mr. Klauser informed the Committee Members that DASNY worked with the System and its Financial Advisor in connection with the plan of finance, which includes the issuance of fixed rate bonds to refund the currently outstanding Series 2006A-D and Series 2008 variable rate bonds, as well as to finance new money projects. He stated that the variable rate debt being refunded with fixed rate debt will be reamortized to realign the useful lives of the assets and that the final maturity of the debt will be extended by one year, from 2034 to 2035.

Mr. Klauser stated that the proceeds of the Bonds will finance new money projects including an electronic health records system and various renovations at the Member hospitals including operating room and NICU expansion, and renovations to various other departments. He noted that the EHR system will cost approximately $135 million, of which $63 million will be financed with the proceeds of the Bonds and the balance with equity. Mr. Klauser stated that variable rate bonds will be issued to finance some of the new money components as part of the debt restructuring and will extend the amortization of the bonds to match the useful life of the assets. He explained that the intent of the transaction is to restructure the System's overall debt to create level debt service for the entire system and eliminate the current front-loaded debt service structure. Mr. Klauser noted that the refunding is not expected to produce savings.

Mr. Purcell directed the Committee Members' attention to the chart provided, which compares the debt service structure both with and without the refunding component. He explained that if the System issued only new money debt and did not restructure its existing debt, the maximum annual debt service would be approximately $28.7 million. Mr. Purcell further explained that by restructuring the existing debt, the maximum annual debt service decreases to

$23.7 million. He stated that the level debt service and $5 million in maximum annual debt service savings should be viewed positively by the rating agencies and better positions the System for future initiatives.

In response to a question from the Board Chair, Mr. Purcell confirmed that the goal of the refunding is to create level debt service, not to generate savings. Ms. Lee explained that the overall plan of finance includes both new money and refunding components. She stated that the new money bonds will finance System-wide improvements, and that Certificates of Need (CONs) have been issued for these projects. Ms. Lee noted that the new money projects are set forth on the cover of the report provided to the Members. She stated that fixed rate bonds will refund the DASNY's Series 2006 and 2008 variable rate bonds, but that the System's overall exposure to variable rate debt will not change, as both fixed and variable rate bonds will be issued to finance the new money components. Ms. Lee explained that the overall plan of finance enables the System to achieve level debt service consistent with useful life of the assets and achieve overall level debt service consistent with tax law.

Ms. Raleigh stated that DOH recommends approval of the financing for the reasons set forth in the Memorandum provided by DOH. She explained that the System is an integrated health care delivery system serving the Western New York region. Ms. Raleigh further explained that the System is comprised of four hospitals, a robust continuum of long term care services, three home care agencies, physician corporations and a network of ambulatory care services. She informed the Committee Members that these entities function together with other facilities in the network to assume risk-based payments with payors which provide value to consumers and are regarded favorably by DOH. Ms. Raleigh stated that from a market perspective, the System has a slight market share lead position in its service area.

Ms. Raleigh informed the Committee Members that DOH believes this is an important transaction that will better position the System for future strategic opportunities. She stated that the proposed debt restructuring levels aggregate debt service across the System, which is favored by rating agencies and the financial community. Ms. Raleigh explained that the transaction will provide approximately $147 million for important capital projects including an electronic health records system, while lowering the overall maximum annual debt service. She noted that the debt restructuring also achieves a lower overall weighted cost of capital. Ms. Raleigh informed the Committee Members that prior to mailing the Official Statement, the institution, DOH and DASNY will work together with bond counsel to complete the necessary tax diligence. She noted that the financing plan contemplates the addition of seven members to the Obligated Group, and that additional diligence will be required in connection with certain of those entities. Ms. Raleigh stated that DOH recommends approval of the Resolution to Proceed.

In response to a question from Mr. Romski, Ms. Raleigh stated that DOH has reviewed the new money projects and has issued contingent CONs as needed. She further stated that the proposed electronic health record system to be funded with bond proceeds is a significant investment. Ms. Raleigh informed the Committee Members that the System issued a Request for Proposals prior to selecting the EHR vendor, and that DOH is familiar with the system being purchased. She noted that DOH expects that the EHR system, together with the other investments at member Hospitals, will result in the generation of additional revenues and create System-wide efficiencies.

In response to a question from Mr. Romski, staff confirmed that the security for the transaction was deemed to be sufficient for the market. Mr. Klauser stated that DOH and DASNY worked closely together on the transaction, and thanked Ms. Raleigh and Mr. Valitutto for their assistance. He further stated that the Amended and Restated Master Trust Indenture (MTI) will be market driven and that the MTI is expected to relieve certain covenant constraints for the System. Mr. Klauser informed the Committee Members that that this is an important transaction for DASNY, as the System is returning to the DASNY portfolio after financing through a Local Development Corporation. Mr. Klauser informed the Committee Members that the changes made as part of the One DASNY initiative made this possible.

The Board Chair observed that the System has a large unfunded pension liability. He inquired whether there is a plan to address the shortfall in the future. Mr. Klauser responded that the System has committed to have the pension liability 80% funded by 2026.

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

Maimonides Medical Center

Mr. Klauser presented the Transaction Summary for Maimonides Medical Center. He stated that the Committee Members are being asked to recommend the adoption of a Resolution to Proceed for the issuance of tax-exempt and/or taxable, fixed and/or variable rate bonds in one or more series at one or more times through a negotiated offering and/or private placement in an amount not to exceed $165,000,000 for a term not to exceed 40 years.

Mr. Klauser stated that the proceeds of the Bonds will finance the construction and renovation of the Hospital's Emergency Department, including Invasive Cardiology and Neonatology Services, and the continued renovation of Cardiothoracic Intensive Care Unit. He noted that these projects require the issuance of a CON by DOH. Mr. Klauser stated that the financing also includes approximately $31 million for projects that do not require a CON and include the modernization of the Hospital information systems; the purchase of moveable medical equipment and various infrastructure projects.

Mr. Klauser stated that any tax-exempt bonds will be secured by FHA Mortgage Insurance; the pledge of payments under the Mortgage Note; a one-year Debt Service Reserve Fund; mortgages on real property acceptable to FHA; a Letter of Credit to plug holes in the cashflow and a Mortgage Reserve Fund. He further stated that the Bonds are expected to be rated Aa2/AA by Moody's and Standard & Poor's, respectively. Mr. Klauser informed the Committee Members that any taxable bonds will be secured by GNMA Securities and are expected to be rated Aaa/AA+ from Moody's and Standard & Poor's, respectively.

Mr. Klauser reported that Maimonides currently has no debt outstanding with DASNY. He stated that DASNY previously issued three series of FHA-insured bonds for the benefit of the Hospital. Mr. Klauser further stated that the last series of DASNY bonds was issued in 2004 and refunded in 2013 with taxable GNMA debt issued away from DASNY. He noted that Maimonides is a valued client and is returning to the DASNY Portfolio with this transaction. Mr. Klauser further noted that the Hospital has debt outstanding with HUD and as a result, only certain refinancing options are available.

Mr. Klauser directed the Committee Members' attention to the sources and uses chart included in the transaction summary. He stated that FHA-insured bond issuances are more expensive than other types of transactions. Mr. Klauser pointed out that the costs include three years of prepaid Mortgage Insurance Premium in the amount of $2.8 million, as well as a $2.8 million AMPO (allowance to make project operational) cost. He reported that the Hospital has always made its debt service payments on time. Mr. Klauser further reported that Maimonides is currently in a clinical affiliation and collaboration agreement with Northwell Health and is a nationally recognized and accredited center of excellence for the Heart and Vascular Center, Outpatient Breast Center and Cancer Center and Stroke Center.

Ms. Raleigh informed the Members that Maimonides is an essential and critical provider of health care services in Brooklyn. She stated that the Hospital is the primary provider in a Performing Provider System under the DSRIP program and collaborates on projects funded through DSRIP. She noted that the Hospital has been a leader in this regard. Ms. Raleigh further stated that the projects being funded through FHA are part of the Hospital's Master Facilities Plan and are critical capital improvements. She explained that the Hospital emergency room receives a large volume of patients each year and has outgrown its current space. Ms. Raleigh further explained that the strategic investments in the cardiology, NICU and surgical services areas are being made in conjunction with Northwell. She stated that collectively, those improvements are necessary to meet patient needs and improve the sustainability of Maimonides.

Ms. Raleigh stated that DOH has reviewed and granted contingent approval for the project components requiring a CON. She noted that all contingencies must be satisfied prior to the mailing of the Official Statement. Ms. Raleigh stated that DOH recommends approval of the transaction.

The Board Chair asked whether DOH would be concerned about the Hospital's declining cash on hand since 2013 if not for the Northwell affiliation. Ms. Raleigh responded that DOH does not have any immediate concerns regarding the ability of Maimonides to meet its financial obligations. She explained that the relationship with Northwell is designed to help secure the long-term stability of the Hospital. Ms. Raleigh further explained that in addition to collaborating with respect to capital improvements, Northwell has provided operating resources to Maimonides, including human capital, as needed in order to make the Hospital more efficient. She noted that this will help to drive increased financial margin and liquidity. Mr. Romski observed that the value of the Hospital's assets have appreciated over time, and the Board Chair agreed.

The Board Chair inquired about the cushion ratio depicted in Table 4 of the Transaction Summary. Mr. Klauser explained that this calculation is measured as the sum of unrestricted cash and short-term investments over current debt and interest expense. He further explained that the ratio measures the ability of cash on hand to meet the Hospital's debt obligations. Ms. Raleigh stated that the cushion ratio depicts the liquid cash available to meet debt service obligations.

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

The Rockefeller University

Mr. Ostrander presented the Transaction Summary for The Rockefeller University ("Rockefeller"). He stated that the Committee Members are being asked to recommend the adoption of a Resolution to Proceed for the issuance of tax-exempt and/or taxable, fixed and/or variable rate bonds in one or more series at one or more times through a negotiated offering and/or private placement in an amount not to exceed $310,000,000 for a term not to exceed 40 years.

Mr. Ostrander stated that approximately $90 million of the bonds are being issued to finance and/or reimburse Rockefeller for costs associated with construction of the Stavros Niarchos Foundation – David Rockefeller River Campus (the "River Campus"), which will add two acres and several buildings to the University's existing 14-acre campus. He further stated that construction of the River Campus project began in the fall of 2015 and is expected to be completed this spring. Mr. Ostrander reported that the project has been financed to date with donations and $100 million from the proceeds of DASNY bonds issued in 2015.

Mr. Ostrander stated that approximately $209.3 million of bond proceeds will be used to refund all or a portion of DASNY's The Rockefeller University Revenue Bonds, Series 2009A, 2009C and 2010A. He informed the Members that the refunding transactions will likely occur at different times. Mr. Ostrander explained that the 2009A and 2009C Bonds are currently callable on April 1, 2019 and will be issued together with the new money bonds. He further explained that the 2010A Bonds, which are not currently callable until April 1, 2020, will be refunded at a later date. He informed the Committee Members that assuming current market conditions, a total net present value savings of approximately $11.2 million, or 7% of the refunded bonds, is expected from the refunding of the 2009A and 2009C Bonds.

Mr. Ostrander stated that Moody's has assigned a rating of "Aa1" to the outstanding obligations of the University with a "Stable Outlook." He informed the Committee Members that Standard & Poor's adjusted the University's rating to "AA" with a "Stable Outlook" after the Transaction Summary was mailed to the Board. Mr. Ostrander explained that the rating on the Bonds factored in the additional $90 million in new money debt to be incurred by the University as a result of the proposed issuance. He stated that the Loan Agreement will be a general unsecured obligation of the University.

Mr. Ostrander reported that The Rockefeller University is a world-renowned center for research and graduate education in the biomedical sciences and that the University does not charge tuition to graduate students. He stated that its revenues are derived primarily from investment income, government grants and contracts, and fundraising. Mr. Ostrander informed the Committee

Members that direct research has accounted for an average of $84 million in revenue annually over the last five years and that the National Institutes of Health (NIH) has historically been its largest research sponsor, averaging approximately 85% of annual government grants and contracts. He stated that The University has focused considerable effort on increasing private support for its research programs in recent years, with private gifts and grants reaching a 5-year high of $23.4 million for fiscal year 2018. Mr. Ostrander further stated that the University's financial resource base has grown, primarily due to philanthropic support and a history of positive investment returns. Mr. Ostrander reported that as of June 30, 2018, the University reported Total Net Assets of over $2.7 billion for fiscal year 2018.

The Board Chair stated that he is pleased to have Rockefeller University in the DASNY portfolio, and the Committee Chair agreed. Mr. Romski observed that a substantial portion of the savings will be taken in the first year.

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

Terence Cardinal Cooke Health Care Center

Mr. Kosier presented the Transaction Summary for the Terence Cardinal Cooke Health Care Center (the "Center"). He stated that the Committee Members are being asked to recommend the adoption of a Resolution to Proceed for the issuance of tax-exempt and/or taxable, fixed and/or variable rate bonds in one or more series at one or more times through a private placement in an amount not to exceed $50,000,000 for a term not to exceed 30 years.

Mr. Kosier stated that DASNY issued Bonds on behalf of Terence Cardinal Cooke in 1998, and that the Series 1998 Bonds were defeased in 2014. Mr. Kosier further stated that the Center is a not for profit corporation located in New York City. He informed the Committee Members that the Center operates an Article 28 facility licensed by DOH, as well as an Article 16 program under New York's Mental Hygiene Law, which is licensed by the Office for People with Developmental Disabilities ("OPWDD"). Mr. Kosier stated that the Center is a member of the Catholic Health Care System, also known as ArchCare. Mr. Kosier further stated that ArchCare operates five skilled nursing facilities, programs at Calvary Hospital, and many home-based and community programs. He noted that ArchCare has managed the Center since 2004.

Mr. Kosier informed the Committee Members that Terence Cardinal Cooke provides a comprehensive range of services, which is unique for health care service providers in New York State. He explained that the Center's 559 DOH-licensed beds include a 57-bed residential dialysis unit; a 48-bed neurodegenerative disease unit; and a 156-bed HIV/AIDS unit. Mr. Kosier further explained that the Center also operates a 56-bed Specialty Hospital for children and young adults with profound neurological impairments and other complex medical conditions, and that the Specialty Hospital is the Article 16 facility licensed by OPWDD.

Mr. Kosier stated that approximately $20 million of the proposed bond issue will finance the expansion and relocation of the Specialty Hospital. He further stated that the Specialty Hospital has been approved by OPWDD to expand to 72 beds and that there will be a Prior Property

Approval ("PPA") for this portion of the Project. Mr. Kosier explained that the PPA represents the commitment by OPWDD to reimburse the Center for all principal and interest associated with this portion of the Project. He further explained that in addition to the expansion and relocation of the Specialty Hospital, Terence Cardinal Cooke will also finance various upgrades and deferred maintenance projects across its campus, including replacing and relocating a kitchen; installing a new generator; upgrading elevators; and updating its fire systems. Mr. Kosier informed the Committee Members that these project components are considered "Notice Projects" with DOH and therefore do not require a Certificate of Need.

Mr. Kosier stated that the Bonds are expected to be privately placed to Sterling National Bank, a Qualified Institutional Buyer. He further stated that the Bonds will be variable rate drawdown bonds during the drawdown period of up to 3 years, and will then convert to fixed rate bonds. Mr. Kosier explained that the Purchaser will have a 10-year hold period upon conversion, for a total hold period of up to 13 years from closing. He stated that principal will amortize over 25 years upon conversion to the fixed rate and that the Purchaser has agreed to accommodate two closings. Mr. Kosier explained that the first closing is expected to occur this spring and the second closing is expected to take place in December 2019. He informed the Committee Members that this schedule will enable the Center to begin certain projects now, and draw down on the proceeds as needed.

Mr. Kosier informed the Committee Members that the security required by the Purchaser is expected to include a mortgage, a pledge of revenues, a pledge of assets and financial covenants. He stated that the Center has had an occupancy rate of approximately 96% in recent years and that the Specialty Hospital has been operating at capacity with a waiting list. Mr. Kosier further stated that the Center operates with a working capital deficiency and that ArchCare provides financial support to the Center as necessary. Mr. Kosier informed the Committee Members that as of December 31, 2017, the ArchCare foundation reported $37 million of cash and investments and $747,000 in total liabilities. Mr. Kosier reported that the Center's operating gain or loss has fluctuated over the past five years with margins ranging from a low of negative 2.8% to a high of plus 1.6% and that as of December 31, 2017, Terence Cardinal Cooke has net assets of approximately $9.5 million.

Mr. Kosier informed the Committee Members that DASNY is providing additional services in connection with the project. He explained that prior to the issuance of the PPA for the Specialty Hospital, OPWDD requested that DASNY perform architectural, cost, and quality reviews of the design for appropriateness. Mr. Kosier further explained that these reviews are typically undertaken by OPWDD, but that the Agency does not have the in-house expertise to perform these services for a complex project such as the Specialty Hospital. He stated that this is a good example of how DASNY's Construction and Public Finance Divisions are working together to provide value-added services for clients. Mr. Kosier noted that these reviews are underway and are expected to be completed in the near future. The Board Chair and Mr. Romski stated that they are pleased that DASNY is working to provide a range of services to benefit its clients.

In response to a question from Mr. Romski, Mr. Kosier confirmed that this is the only facility of its type in New York State, and that it serves a very high-need population. In response to a comment from Ms. Medina, Mr. Corrigan confirmed that the new construction will comply with all applicable provisions of the Americans With Disabilities Act requiring reasonable accommodation. The Board Chair and Mr. Romski thanked Ms. Medina for her comment.

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

SUNY University Hospital at Syracuse - TELP

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 $23,200,000 for SUNY University Hospital at Syracuse. 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 Public Authorities Control Board ("PACB") for approval. Ms. Lee stated that the lease proceeds are expected to be used for nursing, IT, perioperative services and other equipment needs.

In response to a question from Mr. Romski, Ms. Lee confirmed that the hospital is part of SUNY, and not Syracuse University.

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

United Health Services Hospitals, Inc. - TELP

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 $10,066,000 for United Health Services, 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 Public Authorities Control Board ("PACB") for approval. Ms. Lee stated that the lease proceeds are expected to be used for operating room, radiology, IT and other equipment.

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

Ms. Medina inquired whether the electric health records system at SUNY University Hospital will be integrated with other SUNY facilities across the State. She observed that certain efficiencies may be gained by doing so. The Board Chair thanked Ms. Medina for her comment, and stated that the role of the Finance Committee is limited to approving financing for the project. Ms. Raleigh agreed, and stated that the role of SUNY varies with respect to direct involvement with hospitals in Western New York versus downstate. She further stated that the would convey the substance of Ms. Medina's comment to SUNY.

The Board Chair moved that the meeting adjourn. Ms. Raleigh seconded the motion and the Meeting was adjourned at approximately 5:30 p.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary