

The Dormitory Authority of the State of New York Finance Committee Meeting was held at DASNY's Albany Office, 515 Broadway, Albany, New York at 4:30 p.m. on Tuesday, January 8, 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

Gerard Ronski, Esq., Finance Committee Chair
Alfonso L. Carney, Jr., Board Chair, Committee Member
John Valitutto, Designated Representative of the Commissioner of Health, Member (ex officio), Committee Member

Dormitory Authority Staff Present

Gerrard P. Bushell, President
Michael T. Corrigan, Vice President
Michael E. Cusack, Esq., General Counsel
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring
Kimberly J. Nadeau, Chief Financial Officer
Larry N. Volk, Senior Director, Portfolio Management
Ricardo Salaman, Esq., Managing General Counsel
Sara P. Richards, Esq., Associate General Counsel
Gerard E. Klauser, Senior Financial Analyst
Deborah Fasser, Director, Communications and Marketing
David F. Perritano, Public Information Officer

PUBLIC SESSION

Committee Chair Ronski called the Meeting to order. The Minutes of the December 11, 2018 Finance Committee Meeting were reviewed and approved.

InterAgency Council of Developmental Disabilities Agencies, Inc.

Mr. Klauser presented the Staff Report Transaction Summary for InterAgency Council of Developmental Disabilities Agencies, Inc. ("IAC"). 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 \$31,000,000 for a term not to exceed 26 years. Mr. Klauser further stated that the proceeds of the bonds will be used to refinance existing bank loans and reimburse certain institutions for cash expenditures. He explained that the loans and cash expenditures were used to renovate or acquire properties that are used to provide services for the developmentally disabled.

Mr. Klauser informed the Committee Members that this is the 13th pooled financing for IAC. He stated that there are six borrowers in this pooled transaction and that, consistent with

prior transactions, each borrower will have its own Loan Agreement. Mr. Klauser further stated that the bonds will be secured by a pledge of public funds, including OPWDD Funds attributable to each financed project; a standby intercept of these funds; a six-month debt service reserve fund; and mortgages on certain real property acceptable to DASNY.

Mr. Klauser stated that Prior Property Approvals (“PPAs”) have been received for all 48 projects. He explained that, prior to initiating the development of a project to serve individuals with developmental disabilities, a not-for-profit provider must complete a Certificate of Need (“CON”). Mr. Klauser further explained that the CON is reviewed by OPWDD for need and compliance with local and State regulatory provisions. He stated that once the PPA is obtained, the projects are supported through contract and reimbursement arrangements with OPWDD. Mr. Klauser stated that the State commits to support the development and operation of the project if completed in conformance with the PPA, subject to the annual appropriation of sufficient moneys by the State Legislature. Mr. Klauser informed the Committee Members that if a provider is not able to operate the project or provide adequate services, OPWDD may take administrative action to replace the operator. He stated that the bonds are expected to be rated Aa2 by Moody’s.

Mr. Klauser informed the Committee Members that DASNY’s \$240,000 fee for this transaction was calculated using the new fee structure approved by the Board at its March 2017 meeting. He explained that the fee for “pooled” transactions is calculated at \$150,000 for the first 3 participants and an additional \$30,000 for each additional participant thereafter. Mr. Klauser noted that the average fee per participant is \$45,000.

In response to an inquiry from Mr. Ronski, Mr. Klauser stated that there is no formal recommendation letter from DOH in connection with the financing. He noted that DASNY will be working with OPWDD on the transaction. In response to questions from the Board Chair and Mr. Ronski, Mr. Valitutto explained that DOH does not approve CONs for the IAC facilities, although the PPA review, which is undertaken by OPWDD as the regulatory body for the IAC facilities, is a similar process. Ms. Lee stated that OPWDD provides the CON review for the projects. Mr. Klauser confirmed that the review undertaken by OPWDD is very thorough.

The Board Chair observed that although DASNY no longer requires a Debt Service Reserve Fund for many transactions, the provision appears to be appropriate for this transaction. Mr. Klauser agreed.

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

Mr. Valitutto moved that the meeting adjourn, Mr. Carney seconded the motion and the Meeting was adjourned at approximately 4:40 p.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary