

The Dormitory Authority of the State of New York met in a Regular Meeting at DASNY's New York Office, One Penn Plaza, 52<sup>nd</sup> Floor, New York, New York at 9:35 a.m. on Wednesday, July 17, 2019.

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

Members Present

Alfonso L. Carney, Jr., Chair, Member  
John B. Johnson, Jr., Vice Chair, Member  
Paul S. Ellis, Esq., Secretary, Member  
Wellington Z. Chen, Member  
Beryl L. Snyder, Esq., Member  
Gerard Ronski, Esq., Member  
Joseph Gilchrist, Designated Representative of the Commissioner of Education, Member (ex officio)  
Tracy Raleigh, Designated Representative of the Commissioner of Health, Member (ex officio)

Members Participating by Telephone

Jonathan H. Gardner, Esq., Member

Members Absent

Joan M. Sullivan, Member  
Adrian Swierczewski, Designated Representative of the Director of the Budget, Member (ex officio)

Also Present - Dormitory Authority Staff

Gerrard P. Bushell, President  
Michael T. Corrigan, Vice President  
Michael E. Cusack, Esq., General Counsel  
Kimberly J. Nadeau, Chief Financial Officer  
Portia Lee, Managing Director of Public Finance and Portfolio Monitoring  
Stephen D. Curro, Managing Director of Construction  
Paul G. Koopman, Managing Director, Executive Initiatives  
Ricardo Salaman, Esq., Managing General Counsel  
Larry N. Volk, Senior Director, Portfolio Monitoring  
Deborah K. Fasser, Director, Communications & Marketing  
Daniel W. Petroff, Chief of Strategy and Business Development  
Kathy D. Ebert, Director, Internal Audit  
Dena T. Amodio, Esq., Assistant General Counsel

Matthew T. Bergin, Assistant Director, Public Finance and Portfolio Monitoring  
Gerard E. Klauser, Senior Financial Analyst  
Gregory K. Maisenbacher, Internal Auditor  
Maria T. Carrasco, Public Finance Fellow  
Alex A. Sirdine, Public Finance Fellow  
Jaia Benson, Intern, Internal Audit

Other Attendees:

Matthew Potter  
Doron Bar-Levav, Esq.  
Sarathi Ray, Esq.  
Alison Radecki, Esq.  
Michele Hutchinson, Esq.  
Michael A. Burgio

NYS Department of Health  
Harris Beach, PLLC  
Lewis & Munday, PC  
Orrick Herrington & Sutcliffe LLP  
Brown & Hutchinson, LLP  
Cushman & Wakefield

**PUBLIC SESSION**

The Chair called the Meeting to order. The Minutes of the June 19, 2019 Regular Meeting were then reviewed and approved.

**Finance Committee Report**

Finance Committee Chair Romski reported that the Finance Committee met on the preceding day and after discussion, decided unanimously to recommend the following transactions to the full Board for approval: Northwell Health Obligated Group and NYU Langone Hospitals - TELP.

**Maimonides Medical Center**

The President introduced Mr. Klauser and Doron Bar-Levav, Esq. of Harris Beach, PLLC and Sarathi Ray, Esq., of Lewis Munday, PC, co-bond counsel on the transaction.

Mr. Klauser stated that the Transaction Summary Update and Staff Report provided to the Members is seeking the Adoption of Documents for the Maimonides Medical Center (“Maimonides,” or the “Institution”) in an amount not to exceed \$165,000,000. He noted that since the adoption of the Resolution to Proceed on February 6, 2019, Maimonides has decided to proceed with a fixed rate, tax-exempt, FHA-insured mortgage revenue bond structure. He noted that when initially presented to the Members for the adoption of a Resolution to Proceed, approval was sought for either tax-exempt FHA-insured mortgage revenue bonds or taxable GNMA collateralized revenue bonds. Mr. Klauser stated that the SEQRA review was completed on July 15, 2019 and noted that the PACB and TEFRA approvals had previously been received.

Mr. Bar-Levav stated that before the Members for consideration is the adoption of the Dormitory Authority of the State of New York Maimonides Medical Center FHA-Insured Mortgage Hospital Revenue Bond Resolution (the “Bond Resolution”) and a Series Resolution

Authorizing Up To \$165,000,000 Maimonides Medical Center FHA-Insured Mortgage Hospital Revenue Bonds, Series 2019 (the “Series Resolution”). He noted that the Bond Resolution authorizes DASNY to issue from time to time multiple series of Bonds for the benefit of Maimonides, each of which is to be separately secured by a mortgage insured by FHA pursuant to Sections 242, 241, 232, 223(f) or 223(a)(7) of the National Housing Act. Mr. Bar-Levav noted that DASNY had not issued bonds secured by an FHA-insured mortgage in approximately 10 years, so he would describe the structure in further detail.

Mr. Bar-Levav noted that the Series 2019 Bonds will be issued in accordance with the Bond Resolution and the Series Resolution and they will be the first series of bonds to be issued under the Bond Resolution. He stated that the Series 2019 Bonds will be special obligations of DASNY payable from the Trust Revenues pledged to the Series 2019 Bonds, consisting primarily of moneys derived from payments made by the Institution under the Note and the Loan Agreement.

Mr. Bar-Levav indicated that the Institution is a New York not-for-profit hospital located in Brooklyn, New York. He stated that it is contemplated that the proceeds of the Series 2019 Bonds, together with the Institution’s equity contribution, will be used to (A) finance a variety of renovation and construction projects at the Institution’s healthcare campus as well as the acquisition of updated information systems and medical equipment, (B) fund the Debt Service Reserve Fund, and (C) pay capitalized interest on the Series 2019 Bonds and the costs of issuance of the Series 2019 Bonds.

Mr. Bar-Levav stated that the Bond Resolution constitutes the basic agreement between DASNY and the holders of all bonds issued under the Bond Resolution. He further stated that the Series Resolution delegates to various officers of DASNY the power, among others, to determine (i) the principal amount of Series 2019 Bonds to be issued, but not to exceed \$165,000,000, (ii) the date or dates on which any Series 2019 Bonds will mature, but no later than 40 years from their date of issuance, (iii) the rate or rates at which the Series 2019 Bonds will bear interest, but the true interest cost may not exceed 7.5% per annum for tax-exempt bonds, and (iv) certain other customary terms and conditions of the Series 2019 Bonds.

Mr. Bar-Levav indicated that the Institution expects to receive a firm commitment (the “Commitment”) from the U.S. Department of Housing and Urban Development (“HUD”) for FHA mortgage insurance under Sections 241 and 242 of the National Housing Act. He stated that the Institution also expects that the Commitment will provide for a “cash lock” whereby HUD will agree in advance to pay any mortgage insurance benefits (“FHA Mortgage Insurance Benefits”) in cash rather than in FHA debentures, and that the Series 2019 Bonds will not be issued until the Commitment has been received.

Mr. Bar-Levav stated that in the event of a default under the Note or the Mortgage, FHA Mortgage Insurance Benefits would be applied to the payment of the Series 2019 Bonds. He noted, however, that the FHA Mortgage Insurance Benefits may not be available immediately in the event of a default under the Note and the Mortgage. Mr. Bar-Levav noted that, accordingly, a Debt Service Reserve Fund and certain additional reserves will be established to provide for a source of funds for the timely payment of debt service on the Series 2019 Bonds prior to the receipt of FHA Mortgage Insurance Benefits.

Mr. Bar-Levav stated that DASNY will enter into a servicing agreement with Bank of America, N.A. (an affiliate of the Underwriter), as mortgage servicer, for the administration of the Mortgage and the Note as well as the supervision of payments for Project costs pursuant to a building loan agreement on behalf of DASNY. Pursuant to the Servicing Agreement, the mortgage servicer will monitor the collection of all payments due from the Institution under the Note. He noted that the mortgage servicer is responsible for forwarding to the Trustee the Note payments made by the Institution after deduction of the servicing fee.

Mr. Ray stated that the proceeds from the sale of the Series 2019 Bonds will be loaned by DASNY to the Institution pursuant to the Loan Agreement between the Institution and DASNY, and the Institution will apply the proceeds to the costs of the Project. He noted that the loan will be secured by the FHA-insured Mortgage. He stated that the obligations of the Institution to make payments under the Loan Agreement are general obligations of the Institution, payable out of any legally available moneys. He further noted that the Institution's payment obligations may not be decreased, abated or postponed for any reason nor are they subject to any defense, setoff, recoupment or counterclaim by the Institution against DASNY, the Trustee or any Bondholder. Mr. Ray stated that the Series 2019 Bonds are proposed to be sold in a negotiated sale pursuant to a Bond Purchase Agreement with BofA Securities, Inc., as the underwriter.

Ms. Snyder asked why DASNY has not seen this financing structure recently, and whether DASNY should expect to see the structure more frequently.

Mr. Klauser responded that tax-exempt financings using FHA Mortgage Insurance have not been economical in recent years, due to a number of requirements such as various reserve funds that resulted in significant negative arbitrage. As an alternative, many institutions have elected to use a taxable GNMA collateralized financing structure. Mr. Klauser noted that Maimonides has considered both alternatives and concluded that the tax-exempt financing structure is preferable.

As to whether DASNY should expect to see the tax-exempt FHA structure more in the future, Ms. Lee responded that it remains to be seen in light of market dynamics and rate compression. She noted that a number of hospitals that previously participated in the FHA program had since undertaken financings on an unenhanced basis, though the FHA program was helpful to hospitals that are unable to access the markets on an unenhanced basis.

Mr. Bar-Levav remarked that he attended a meeting in HUD's Washington offices the previous day, at which HUD discussed the new steps they were undertaking to increase participation in the FHA financing program. Ms. Snyder observed that the availability of various financing options would be beneficial to institutions throughout the state, particularly those in need of credit enhancement. Ms. Raleigh noted the significant need for capital among not only financially distressed but also financially stable hospitals in the state, and that the Department of Health has been working collaboratively with DASNY to identify means to access capital.

Ms. Snyder moved for the adoption of the following entitled Resolutions:

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK OF SERIES OF MAIMONIDES MEDICAL CENTER FHA-INSURED MORTGAGE HOSPITAL REVENUE BONDS; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF; and

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES RESOLUTION AUTHORIZING UP TO \$165,000,000 MAIMONIDES MEDICAL CENTER FHA-INSURED MORTGAGE HOSPITAL REVENUE BONDS, SERIES 2019

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

The Chair then turned to the DASNY Public Finance Diversity Fellowship Program, which is beginning its second year. He introduced DASNY's Public Finance Fellows, Alex Sirdine and Maria Carrasco to the Board, and complimented their inspiring resumes and welcomed them to DASNY.

The President reviewed the results of the inaugural year of the Program, and noted that DASNY's first Public Finance Fellows, Dilshoda Kurbonova and Criseidra Tait, had been offered full-time positions by Barclay's Capital and RBC Capital Markets, a testament to the success of the Program. He stated that DASNY was taking the lessons learned from the first year and working closely with its partners and the internal DASNY team to build an even broader and deeper Program for the Fellows. He thanked Ms. Lee, Mr. Bergin and Mr. Schreivogl for their involvement in the Program.

### **Northwell Health Obligated Group**

The President introduced Mr. Bergin and Alison Radecki, Esq. of Orrick Herrington & Sutcliffe, LLP and Michelle Hutchinson, Esq. of Brown & Hutchinson, LLP, co-bond counsel on the transaction.

Mr. Bergin presented the Single Approval Transaction Summary and Staff Report to the Members for the Northwell Health Obligated Group (the "Obligated Group") for a bond issue in an amount not to exceed \$250,000,000. He noted that the bonds will finance various construction, renovation and modernization projects for the members of the Obligated Group, as well as refund all or a portion of DASNY's North Shore – Long Island Jewish Obligated Group Revenue Bonds, Series 2009E.

Mr. Bergin noted that as this is an Obligated Group structure, the obligations issued under the Master Trust Indenture ("MTI") will be a joint and several obligation of each member of the Obligated Group and will be secured by a lien on certain Gross Receipts of the members of the Obligated Group. In addition, he noted that although no new mortgages will be granted, the 2019 bondholders will have the benefit of the existing mortgages as part of the initial security. Mr.

Bergin stated that it is anticipated that the mortgages will be released once the consents of 51% of the holders of the MTI Obligations are received.

Mr. Bergin stated that the Obligated Group has consistently recorded over 100 days cash on hand and a cushion ratio in excess of 13.0:1.0. He further stated that the Obligated Group's operating gain has averaged \$214 million over the last five years, and total net patient service revenue increased by \$600 million in 2018 as compared to 2017.

Mr. Bergin stated that the Northwell System's inpatient market share is approximately 29%, approximately twice that of its nearest competitor. He noted that the market share information is based upon the System, which is slightly larger than the Obligated Group, and that as indicated in the Staff Report there are four hospitals in the System that are not part of the Obligated Group. He further noted that as of December 31, 2018, the members of the Obligated Group represented nearly 83% of the total operating revenue of the System, and 84% of the System's total assets. Mr. Bergin stated that as indicated in the Staff Report, the Obligated Group can also transfer money to affiliates within the System as long as these transfers are within the limits established in the MTI.

Mr. Bergin reported that as part of the proposed financing, the plan is to amortize the new money portion of the proposed bond issue in the years 2031 to 2040 to provide for a more level aggregate debt service profile. He indicated that the refunding is proposed to be structured with level savings and without any extension of the existing maturities and is anticipated to provide a net present value benefit of approximately \$5.2 million.

Mr. Bergin reported that the expected ratings are Moody's A3; S&P A-; and Fitch A-.

Ms. Radecki stated that Orrick, Herrington & Sutcliffe and Brown Hutchinson are serving as co-bond counsel on the Northwell Health Obligated Group Series 2019 transaction. She noted that before the Members for their consideration is the General Resolution, the Series 2019A Resolution Authorizing Northwell Health Obligated Group Revenue Bonds, Series 2019A, the Series 2019B Resolution Authorizing Northwell Health Obligated Group Revenue Bonds, Series 2019B and a Loan Agreement. She stated that the Members are being asked to adopt a new General Resolution to take into account recent DASNY policy changes as well as the name change to Northwell.

Ms. Radecki indicated that the aggregate principal amount of the Series 2019 Bonds will not exceed \$250,000,000 and that the proceeds of the Bonds will be loaned to Northwell Healthcare, Inc. pursuant to a loan agreement with DASNY for the benefit of Members of the Obligated Group. She noted that the Obligated Group currently consists of ten members.

Ms. Radecki stated that the Series 2019A Bonds are expected to be issued as tax-exempt fixed rate bonds, and used to: (i) refund DASNY's Series 2009E Bonds; and (ii) pay certain costs of issuance of the Series 2019A Bonds. She indicated that the Series 2019B Bonds are expected to be issued as tax-exempt variable rate bonds initially issued in the Long-Term Interest Rate Period with a put and that at the end of the Initial Long-Term Interest Rate Period, the Series 2019B Bonds may be converted to bear interest in another Rate Period at another Interest Rate.

Ms. Radecki noted that the proceeds of the Series 2019B Bonds are expected to be used to finance various projects for certain Members of the Obligated Group, pay capitalized interest and pay certain costs of issuance of the Series 2019B Bonds. She stated that the Bonds will be special obligations of DASNY payable solely from Revenues which consist of certain payments to be made under the Loan Agreement as well as payments made under the Obligation issued under the MTI. The Obligation will be secured by the Gross Receipts pledge of all Members pursuant to the MTI and prior Mortgages granted by the Members to the Master Trustee. There are no new mortgages being granted.

Ms. Radecki stated that the Series 2019A Bonds and the Series 2019B Bonds will be the twentieth and twenty-first series of bonds issued by DASNY for the benefit of the Obligated Group.

Ms. Hutchinson indicated that the General Resolution constitutes the basic agreement between DASNY and the holders of the bonds issued under the General Resolution and that it allows for the issuance of multiple series of bonds, each such series to be separately secured. Each series of bonds is separately secured by the applicable Revenues (as defined in the General Resolution), by an Obligation issued under the MTI, and by certain funds and accounts established for the applicable series of bonds. She noted that the General Resolution sets forth the general terms for each series of bonds, conditions for issuance of each series of bonds, remedies for default, provisions regarding amendments to the General Resolution, and other matters. Ms. Hutchinson stated that the Series 2019A Bonds and the Series 2019B Bonds will be the first and second series of bonds to be issued under the General Resolution.

Ms. Hutchinson noted that the Series Resolutions delegate to various officers of DASNY the powers, among others, to establish: (i) the principal amount of Series 2019 Bonds not to exceed \$250,000,000 in the aggregate; (ii) the date or dates on which any Series 2019 Bonds will pay interest and principal and mature; (iii) the rate or rates at which the Series 2019 Bonds will bear interest, not to exceed 7.5% if tax-exempt and 10.0% if taxable; (iv) the purchase price for the Series 2019 Bonds; (v) the redemption dates; and (vi) various other matters.

In addition, Ms. Hutchinson stated that the Series Resolutions authorize the execution and delivery of the Bond Purchase Agreement and the Loan Agreement, approve a draft Preliminary Official Statement and authorize a final Official Statement.

Ms. Raleigh asked if there was a mechanism to protect against rising interest rate exposure on the new money, variable rate portion of the Series 2019 Bonds. Mr. Bergin responded that the Obligated Group is assessing all of its options, which include a variety of rate modes of varying terms, and noted that conversion among rate modes, including conversion to fixed rate, is possible.

Ms. Hutchinson added that there is no debt service reserve fund requirement in connection with the Series 2019 Bonds. In response to a question from Mr. Romski, Mr. Bergin confirmed that the absence of a debt service reserve fund comports with DASNY Guidelines.

Ms. Raleigh noted that the Department of Health provided a memorandum in support of the proposed financing. She commented on the credit strength and essentiality of the System. She noted that the Department is comfortable with the deferral of principal amortization on the new money component because the result is aggregate level debt service. She further noted that the new money projects have received Certificate of Need approval.

Mr. Ellis inquired about the four members of the System which are not members of the Obligated Group. Mr. Bergin responded that the four entities are relatively recent additions to the System, specifically, Phelps Memorial Hospital in Sleepy Hollow, Northern Westchester Hospital in Mount Kisco, Peconic Bay Medical Center in Riverhead and Mather Hospital in Port Jefferson. In response to a question from Mr. Ellis, Mr. Bergin indicated that he was not aware of any present intention of these entities to join the Obligated Group, though it is a possibility.

Mr. Ellis noted that the Obligated Group accounts for a larger (though not significantly larger) percentage of the System's liabilities than its revenues or assets, and asked if this was cause for concern. Mr. Bergin responded in the negative, citing the System's relatively high credit rating and high level of integration. Mr. Volk observed that the Obligated Group includes three large tertiary care hospitals, for which much of the outstanding indebtedness was incurred.

Ms. Raleigh moved for the adoption of the following entitled Resolutions:

A RESOLUTION AUTHORIZING THE ISSUANCE BY THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK OF SERIES OF REVENUE BONDS FOR THE NORTHWELL HEALTH OBLIGATED GROUP; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS; AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF; and

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2019A RESOLUTION AUTHORIZING UP TO \$250,000,000 NORTHWELL HEALTH OBLIGATED GROUP REVENUE BONDS, SERIES 2019A; and

DORMITORY AUTHORITY OF THE STATE OF NEW YORK SERIES 2019B RESOLUTION AUTHORIZING UP TO \$250,000,000 NORTHWELL HEALTH OBLIGATED GROUP REVENUE BONDS, SERIES 2019B

Mr. Ronski seconded the motion and the resolutions were unanimously adopted.

### **NYU Langone Hospitals - 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 \$13,213,250 for NYU Langone Hospitals. 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 PACB for approval. Ms. Lee stated that the lease proceeds are expected to be used for IT equipment.

Mr. Chen moved for the adoption 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 NYU LANGONE HOSPITALS UNDER THE TAX-EXEMPT LEASING PROGRAM

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

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

Mr. Chen seconded the motion, and the Meeting went into Executive Session.

#### **EXECUTIVE SESSION**

No action was taken in Executive Session other than to return to Public Session.

#### **PUBLIC SESSION**

Mr. Cusack stated that the Resolution before the Board for consideration authorizes Staff, on qualified conditions, to negotiate a lease for office space in Manhattan. He noted that the Resolution is consistent with the approach taken by the Board when the current lease for office space was negotiated in 2007. The Resolution also provides for a Committee of Board Members designated by the Chair, with authority to approve a lease after review with the President and Staff designated by the President. He noted that the actions of the Committee would be reported to the full Board at the next meeting.

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

RESOLUTION OF THE MEMBERS OF THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK (DASNY) AUTHORIZING THE EXECUTION OF A LEASE OF PREMISES IN MANHATTAN - NEW YORK COUNTY

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

The Chair informed the Members that, in light of Mr. Ronski's real estate expertise, he has asked Mr. Ronski to chair the Committee to oversee the lease negotiation and, if acceptable to the Members, the Chair and Mr. Ronski would discuss the membership of the Committee.

Mr. Ronski left the meeting at 11:15 a.m.

### **President's Report**

The President reviewed the results of the 2019 Legislative Session, and stated that when the 2019 legislative session closed in June, Governor Andrew Cuomo called it the most productive in modern political history. He reported that four pieces of legislation directly applicable to DASNY were passed during the 2019 legislative session.

The President first noted that the State's minority- and women-owned business enterprises (MWBE) program under Executive Law Article 15-A, which supports the participation of MWBEs in State contracts, was reauthorized and expanded. In addition, DASNY was authorized to establish a pilot program to expand contracting opportunities for small businesses and MWBEs. He indicated that the bill authorizes DASNY to create targeted, competitive procurement opportunities to increase participation by small businesses and MWBEs in DASNY's work and that through these opportunities and mentor-protégé relationships, the program seeks to expand the pool of small and MWBE contractors and subcontractors ready to perform larger jobs. The President noted that DASNY will select the procurements to be included in the program and that the program is authorized until July 1, 2023. He stated that the total annual value of contracts that DASNY may award under the program may not exceed the greater of \$20 million or five percent of the value of all DASNY construction contracts awarded in a given fiscal year.

The President reported that legislation was passed that authorizes DASNY to provide financing to the Reece School of Manhattan. He stated that the Reece School is a not-for-profit institution that provides special education services and that the amount of financing is not to exceed \$35 million. The President stated that the financing would enable the school to work with DASNY to update and expand the school's facilities.

The President stated that capital funding was also appropriated for three grant programs administered by DASNY, including \$30 million for the Higher Education Capital Matching Grant ("HECap") program. He noted that the HECap program awards matching capital grants to independent, not-for-profit colleges for the design, acquisition, construction, reconstruction, rehabilitation or equipping of facilities on or near a college campus in New York.

The President noted that \$385 million was appropriated for the State and Municipal Facilities program ("SAM") and that the SAM Program provides capital funding to government and not-for-profit entities across New York, including municipalities, school and fire districts, colleges and libraries.

He further stated that \$100 million was appropriated for the New York City Housing Authority (NYCHA), noting that the funding is designated for capital projects and other improvements to address issues including, but not limited to, lead at housing developments owned or operated by NYCHA. He noted that the funding will be allocated per a plan approved by the NYS Director of the Budget in consultation with the Chair of NYCHA and DASNY.

The President reported that the previous week on behalf of DASNY and the State, he, Larry Volk and Ricardo Salaman met with the One Brooklyn Health System, Inc. (“OBHS”) Finance Committee. A presentation was given on who DASNY is, what DASNY does, with background regarding the important connection DASNY and OBHS share through the Governor’s \$1.4 billion Vital Brooklyn Initiative. He noted that under the initiative, the State is taking action to leverage State programs and resources to reverse the chronic social, economic, and health disparities in Central Brooklyn and improve the lives of the New Yorkers who live in these communities. He noted the ongoing collaboration between DASNY and the Department of Health, which was echoed by Ms. Raleigh.

The President reported that, as discussed earlier, DASNY is also evaluating several potential spaces in Manhattan for the New York City Office. He noted that the rental market is dynamic and negotiations are ongoing. The President further reported that DASNY was one of the most prolific issuers in the nation for the first half of calendar year 2019, according to *Thomson Reuters* and *The Bond Buyer*.

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

### **Public Finance and Portfolio Monitoring Report**

Ms. Lee reported that since the last Regular meeting, DASNY priced and closed the competitive PIT transaction. She then gave the market update indicating that total new issue supply is currently about \$178.6 billion year-to-date, 1.9% higher than supply levels seen at this time last year and that total supply for the week is expected to be heavier than recent averages at about \$8.0 billion. She stated that U.S. treasury prices declined on Tuesday as a result of stronger than expected economic data and that top rated municipal bonds were slightly weaker on the long end of the curve, with the 30-year AAA MMD up one basis point from the previous day. Ms. Lee stated that municipal bond funds have reported inflows of \$1.0 billion for the week ending July 10<sup>th</sup>. She noted this marks the 27<sup>th</sup> consecutive week of inflows. Ms. Lee stated that the one, ten and 30-year MMD have decreased 17, 8 and 5 basis points since the June Board Meeting.

Ms. Lee reported that DASNY continues our One DASNY outreach efforts and that we will be meeting with Siena College next week. She indicated that she would keep the Members posted on our outreach efforts.

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

Mr. Ellis seconded the motion, and the Meeting went into Executive Session.

### **EXECUTIVE SESSION**

No action was taken in Executive Session other than to return to Public Session.

**PUBLIC SESSION****President's Report - continued**

The President reported that two design-build teams have submitted expressions of interest for the \$750 million Life Sciences Lab Project to build a world-class New York State Life Sciences Public Health Laboratory in Albany. He indicated that the teams were Gilbane Building Company/Turner Construction and Tutor Perini Corporation/O&G Industries. He further stated that DASNY has issued a request for proposals to the two teams and that the firms will have until November 6 to submit their proposals and bids.

The President stated that Governor Cuomo is leading the State response to aid New Yorkers impacted by widespread flood damage caused by historically high water levels in Lake Ontario and the Saint Lawrence River. He indicated that he has been named to the Lake Ontario Resiliency and Economic Development Initiative (REDI) Commission and that on June 10, he stood with members of the Administration alongside Governor Cuomo as the Governor announced that up to \$300 million in funding will be available for impacted communities. The President noted that representatives from DASNY in Western New York have been supporting New York State Department of Environmental Conservation (DEC) staff in visiting affected areas where recovery projects potentially could be implemented and that DASNY is also participating in meetings where recommendations on how to improve infrastructure along the waterfront are being discussed. He noted that DASNY is proud to contribute to this important initiative.

Mr. Johnson noted that in addition to Western New York, the historically high water levels are a significant problem on the eastern shore of Lake Ontario and are expected to persist for the next three to five years. He emphasized that this initiative must be prudently managed in order to provide for more reliable infrastructure for affected municipalities. The Chair noted that the initiative could benefit from the insight of knowledgeable individuals such as Mr. Johnson.

The President stated that the Commission is collaborating with affected communities and working with experts to develop resiliency and achieve solutions. Mr. Johnson noted that potential approaches which may be instructive have been developed on the north shore of Lake Ontario.

The President then asked Mr. Curro to present the Construction Projects Report.

**Construction Projects Report**

Mr. Curro directed the Members' attention to the photograph on the cover of the Construction Projects Report. He stated that it depicts the Lehman College Bookstore Relocation Project. He noted that the renovation was of the west wing of the Lehman College Old Gym Building. Mr. Curro noted that three classrooms were gutted creating one larger open space to house the bookstore. He noted that in addition to the open floor plan, DASNY constructed a mezzanine level to house the bookstore staff offices and other miscellaneous spaces. He noted an elevator was added allowing for vertical transportation between the basement, first floor and mezzanine levels.

Mr. Curro stated that this was a \$4.6 million project with Ikon 5 Architects as the design consultant, with design starting in December 2014 and ending in May 2016. He noted that Raschel Construction was the general contractor and construction began in June 2017 and was completed in March 2019.

Mr. Curro indicated that the space had been a former gymnasium, dating back to 1929, with the wood flooring being exposed and refinished leaving the project with an oak floor restored to its original condition. In addition, he noted a new entry was designed and constructed which was challenging for the architect who was tasked with incorporating a new glass storefront compatible with a 1929 stone façade building.

Mr. Curro directed the Members to page 3 of his report, noting that there are three new projects being added to the Construction division's portfolio: SUNY Cortland – renovation to Smith/Casey Halls - \$30.2 million; UAlbany – ceiling upgrade project \$7.9 million; and SUNY Oneonta – Ford Hall zero-net-carbon-ready renovation - \$ 23.1 million.

Mr. Curro stated that the prior fiscal year-to-date construction expenditures through May 2018 were \$109.1 million and the current fiscal year-to-date expenditures through May 2019 are \$109.7 million, an increase of \$0.6 million.

Mr. Curro gave a Program/Project Update, noting that DASNY is now beyond the 2/3 calendar schedule mark for the 34 SUNY Summer projects, with less than 30 days remaining in our schedules to complete the work. He noted that projects are progressing to an August 15 substantial completion date in time for the Fall 2019 occupancy on multiple campuses across New York State. In addition, Mr. Curro noted that the four capital projects at SUNY Alfred, UAlbany, Buffalo State and Plattsburgh, where construction started in May 2018, are advancing to substantial completion in the next month. He stated that we anticipate all four projects will complete in time for Fall 2019 occupancy. Mr. Curro stated that the Wellness Center that is part of the UAlbany project will complete in early November 2019.

Mr. Curro stated that there are three new SUNY capital projects that started in May 2019: Oneonta's Huntington Hall renovation - \$20 million; Plattsburgh Kent Hall renovation - \$16.6 million and SUNY Polytechnic new build residence hall - \$33.5 million. He noted that DASNY will begin construction at Cortland for the Smith/Casey renovation and Oswego's Funnelle Hall renovation in December of this year. He noted that all five new projects are scheduled to complete in August 2020.

Mr. Curro reported that he had attended an owners meeting on July 11<sup>th</sup> with regard to the South Beach Psychiatric Center that included representatives from OMH, DASNY's construction manager – TDX, our general contractor and design professionals to review the status of the project. He noted that the anticipated substantial completion date is October 4, 2019. He noted that they toured the progress of the project and met afterwards to discuss open issues. Mr. Curro stated that there is a large amount of work to be completed over the final three months. He noted that manpower is beyond 300 at this time, with the general contractor working to procure even more. He stated that multiple stakeholders are working in unison to land this project by the milestone date, but regardless, much work remains to be done.

Next Mr. Curro reported on the FIT project. He stated that the new academic building project is now in redesign with construction packages set to be advertised for bid in early 2020. He noted that DASNY is working toward the takeover of the architect's contract from FIT for the balance of the project.

Mr. Curro stated that in connection with the NYCHA projects: 76 of the 78 security projects have been completed; 36 of the 42 appliances developments are complete with two additional by the end of July; and that of the 52 quality of life projects, 13 are in design, 5 are in procurement, 14 are in construction and 20 are substantially complete.

Mr. Curro noted that of the 46 projects valued at approximately \$105 million in the GOSR portfolio, 27 projects are in design, 14 are in procurement; two are in construction; and three are substantially complete. He noted that there were 37 additional projects: one is in design with DASNY, eight design projects were previously completed, and 28 projects were cancelled following the feasibility study.

Mr. Curro stated that he presented at the SUNY Physical Plant Administrators Association Summer Conference yesterday delivering a presentation on our zero-net-energy and zero-net-carbon projects. He stated that on July 30<sup>th</sup> the Construction Division will present at the CUNY MWBE Conference, along with President Bushell.

Mr. Curro noted that Project Labor Agreement negotiations for NYC will begin tomorrow, July 18<sup>th</sup>. He also noted that DASNY is negotiating with a software vendor for replacement of our Contract Manager Project Management System. He noted that we anticipated implementation to begin in September.

#### General Counsel's Report

Mr. Cusack reported that the activities of Counsel's Office are reflected in the materials that have been presented to the Board, and that he had no further comments.

#### Financial Report

Ms. Nadeau stated that as noted in her Report, for the first quarter of the current fiscal year, there have been five private financing closings, generating revenues of \$800K. She noted that direct charges to public clients is at 95% of labor charges against our budget of 94%. She noted that DASNY's operating expenses are approximately \$800,000 below budget.

Ms. Nadeau stated that from an operations standpoint, DASNY issued an RFQ to find a system that will support our bond issuances from initial client contact through issuance to final maturity. She noted that we are hoping to replace a variety of internally-developed applications and extensive use of Excel with a comprehensive tool that will enhance controls and collaboration and streamline our processes. She indicated that yesterday began a series of eight meetings with banks to help us identify best practices and trends in the banking industry that can help us streamline our operations and enhance our support of internal and external customers.

Ms. Snyder moved that the Meeting adjourn, Mr. Ellis seconded the motion and the Meeting was adjourned at approximately 11:45 a.m.

Respectfully submitted,

Michael E. Cusack  
Assistant Secretary