

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

Other Members Present – New York City

John B. Johnson, Board Vice-Chair
Paul Ellis, Board Secretary

Dormitory Authority Staff Present- New York City

Gerrard P. Bushell, President (By Telephone)
Michael T. Corrigan, Vice President
Michael E. Cusack, Esq., General Counsel
Ricardo Salaman, Esq., Managing General Counsel
Sara P. Richards, Esq., Associate General Counsel
Larry N. Volk, Senior Director, Portfolio Management
David P. Ostrander, Assistant Director, Public Finance and Portfolio Monitoring

Dormitory Authority Staff Present- Albany

Kimberly J. Nadeau, Chief Financial Officer
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring
David F. Perritano, Public Information Officer

PUBLIC SESSION

Committee Chair Ronski called the Meeting to order. The Minutes of the February 5, 2019 Finance Committee Meeting were reviewed and approved.

School Districts Revenue Bond Financing Program

Mr. Ostrander presented the Single Approval Transaction Summary for the School Districts Revenue Bond Financing Program. He stated that the Committee Members are being asked to recommend the adoption of a Resolution authorizing the issuance of multiple series of tax-exempt and/or taxable bonds in an amount not to exceed \$750,000,000 to be sold through multiple negotiated offerings on behalf of various New York State School Districts.

Mr. Ostrander stated that the proceeds from the Series 2019 Bonds will refinance the Bond Anticipation Notes (“BANs”) of various New York State School Districts, the proceeds of which were used to finance capital projects in anticipation of permanent financing; finance various new money projects on behalf these Districts; and refund bonds issued by DASNY through the School Districts Revenue Bond Financing Program. He noted that although authorization is being requested for the refunding of DASNY bonds, no such refunding is contemplated at this time.

Mr. Ostrander informed the Committee Members that there are currently 58 districts in the financing, with a par amount of bonds in excess of \$600 million. He stated that this is a larger pool than last year and could increase further before the expected issuance in June. Mr. Ostrander noted that participation is expected to be high as interest rates rise in relation to the statewide average interest rate. He explained that school districts issuing their own bonds receive building aid based on the statewide average interest rate, currently at 2.5%. Mr. Ostrander further explained that school districts issuing through DASNY receive building aid based on the actual cost of borrowing. He noted that as interest rates increase relative to statewide average, fewer districts are able to issue bonds at or below that rate, making it advantageous to issue through DASNY.

Mr. Ostrander stated that the structure and security features are the same as for previous School District financings. He further stated that semi-annual payments to be made pursuant to the Financing Agreements are backed by the full faith and credit general obligation bonds of the participating School Districts. Mr. Ostrander noted that there is also a statutory intercept, through the State Comptroller, of any State aid due to participating School Districts for debt service on the DASNY Bonds. He informed the Committee Members that bond insurance will be obtained if available and economically advantageous.

In response to a question from the Board Chair, Mr. Ostrander stated that bond insurance has been utilized in the past, and that he anticipates that it will be economically advantageous this time as well. Mr. Ronski inquired about the cost of bond insurance. Mr. Ostrander responded that bond insurance typically costs 8-10 basis points. In response to a question from Mr. Ronski, Mr. Ostrander confirmed that SED has approved all of the projects to be funded with DASNY Bond proceeds. Mr. Johnson asked whether local school districts also vote on the projects to be funded. Mr. Ostrander confirmed that the School Boards approve the projects and the public votes on them as well. Mr. Ronski inquired whether the ongoing State budget negotiations are expected to impact the financing, and Mr. Ostrander responded in the negative.

The Board Chair inquired whether the number of districts participating in the financing will be fixed upon the adoption of documents by the Board. Mr. Ostrander responded that the number of districts would not be capped. Mr. Ostrander reported that DASNY asked the Financial Advisors to advise DASNY by today regarding which districts will be participating in the financing.

Mr. Ronski asked for additional information regarding the projects to be financed with bond proceeds. Mr. Ostrander responded that there are a variety of capital projects, and that most of them have already been completed. He explained that the projects were funded by the districts in the first instance with short term financing, and that they are now converting to permanent financing. In response to a question from Mr. Ronski, Mr. Ostrander stated that DASNY has typically issued School District Bonds once or twice a year, but now that advance refundings are no longer allowed on a tax-exempt basis, one annual issuance is anticipated in the future. The Board Chair thanked Mr. Ostrander for his presentation, and complimented the explanatory flow chart provided with the Transaction Summary. Ms. Raleigh inquired about the intercept of State aid, and Mr. Ostrander responded that the standby intercept of public funds is one of the security features for the Bonds.

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

Finance Committee Charter – Annual Review

Finance Committee Chair Ronski noted that the Committee is required to review the Finance Committee Charter annually. Ms. Lee stated that staff is not recommending any changes to the Charter at this time. The Finance Committee Members agreed.

The Board Chair moved that the meeting adjourn. Ms. Raleigh seconded the motion and the Meeting was adjourned at approximately 4:40 p.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary