

The Dormitory Authority of the State of New York Finance Committee Meeting was held at DASNY's New York City Office, One Penn Plaza, 52nd Floor, New York, New York at 9:15 a.m. on Wednesday, May 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
Tracy Raleigh, Designated Representative of the Commissioner of Health, Member (ex officio), Committee Member

Other Members Present

John B. Johnson, Board Vice-Chair
Paul Ellis, Member
Joan Sullivan, Member

Dormitory Authority Staff Present

Michael E. Cusack, Esq., General Counsel
Kimberly J. Nadeau, Chief Financial Officer
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring
Ricardo Salaman, Esq., Managing General Counsel
Sara P. Richards, Esq., Associate General Counsel
Larry N. Volk, Senior Director, Portfolio Management
Deborah K. Fassar, Director, Communications and Marketing
Matthew T. Bergin, Assistant Director, Public Finance and Portfolio Monitoring

PUBLIC SESSION

Committee Chair Ronski called the Meeting to order. The Minutes of the April 9, 2019 Finance Committee Meeting were reviewed and approved.

Sales Tax Revenue Bond Program / Personal Income Tax Revenue Bond Program

Mr. Bergin stated that the Committee Members are being asked to recommend the adoption of multiple series of tax-exempt and taxable, fixed and/or variable rate bonds issued at one or more times in an amount not to exceed \$2.3 billion under the Sales Tax Revenue Bond Program and/or the Personal Income Tax Revenue Bond Program for a term not to exceed 30 years. Mr. Bergin further stated that authorization is being requested under both programs in order to provide flexibility. He explained that the two programs are similar except for the stream of revenue securing the bonds. Mr. Bergin further explained that personal income tax revenue secures the personal income tax revenue bonds, and sales tax revenue secures the sales tax revenue bonds.

Mr. Bergin informed the Committee Members that the proceeds of the Bonds will be used for new money and refunding purposes.

Mr. Bergin stated that the new money projects are expected to fund authorized purposes including capital projects for City University of New York (“CUNY”) facilities; capital projects for the Office of Mental Health (“OMH”); the Office for Persons with Developmental Disabilities (“OPWDD”) and the Office of Alcoholism and Substance Abuse Services (“OASAS”); transportation initiatives for New York Works Transportation Infrastructure projects; a variety of capital projects for the State University of New York (“SUNY”); various capital projects under the Dedicated Highway and Bridge Trust Fund; various capital projects under the Consolidated Local Street and Highway Improvement Program (“CHIPS”); and Storm Recovery Capital Grants and/or Projects. He noted that funds have been paid out under the storm recovery program to pay for damages arising from Superstorm Sandy and other major storms. Mr. Bergin informed the Committee Members that the proceeds of the Bonds are also expected to be used to refund certain fixed rate bonds issued under various programs including the Consolidated Service Contract Revenue Bond Program and the Thruway Local Highway and Bridge Service Contract Bond Program. He stated that the bonds expected to be refunded were all issued by DASNY or the Thruway Authority.

Mr. Bergin stated that if the Bonds are issued under the Sales Tax Revenue Bond Program, the bonds will be paid by the semi-annual payments made pursuant to a Financing Agreement between DASNY and the State. He explained that the bonds would be secured by a set aside of one cent, or 25%, of the State’s four percent sales tax to be collected pursuant to statute and deposited in the Sales Tax Revenue Bond Fund. Mr. Bergin informed the Committee Members that the current debt service coverage on all outstanding Sales Tax bonds is 3.3 times.

Mr. Bergin stated that if the Bonds are issued under the Personal Income Tax Revenue Bond Program, the bonds will be paid by the semi-annual payments made pursuant to the financing Agreement between DASNY and the State. He explained that the bonds would be secured by a set aside of 50% of personal income tax revenues collected pursuant to statute and 50% of the receipts of the employer compensation expense tax, with both taxes deposited in the Revenue Bond Tax Fund. Mr. Bergin informed the Committee Members that current debt service coverage on all outstanding State Personal Income Tax bonds is 6.3 times. He noted that the bonds issued under both programs are expected to be rated Aa1/AA+ \AA+.

The Board Chair thanked Mr. Bergin for the time he spent discussing the transaction with him and answering questions related to the State bond cap. He stated that the analysis was very well done and clearly explained. The Board Chair invited the Committee Members to reach out to Mr. Bergin if they had additional questions about the PIT or Sales Tax structures. He commended Mr. Bergin for his presentation and the visuals provided in the Transaction Summary.

In response to a question from Mr. Ronski, Mr. Bergin stated that issues regarding tax receipts, State budget matters and other issues are not likely to impact the bonds in light of the strong debt service coverage ratios for both programs. Mr. Ronski observed that debt service savings are taken in first year. In response to a question from Ms. Raleigh, Mr. Bergin stated that it is likely the bonds will all be issued under one program or another and will not be split between

the programs. Mr. Ronski asked when the bonds are expected to be issued, and Ms. Lee replied that they will likely be issued in June or July.

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

The Board Chair moved that the meeting adjourn. Ms. Raleigh seconded the motion and the Meeting was adjourned at approximately 9:25 a.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary