The telephonic meeting of the Finance Committee of the Dormitory Authority of the State of New York ("DASNY") was called to order at 4:30 p.m. on May 5, 2020.

Gerard Romski, Esq. – Finance Committee Chair: Good afternoon and welcome to the May meeting of the DASNY Finance Committee. First of all, we hope that all are doing okay and riding out the difficult storm that we find ourselves in. I'm going to call the meeting to order and turn it over to Mike.

Michael E. Cusack, Esq. – General Counsel: Thank you Mr. Chairman. Today is May 5, 2020. On March 7, 2020, Governor Cuomo declared a disaster emergency in the State of New York due to the outbreak of the novel coronavirus, or COVID-19.

Pursuant to Governor Cuomo's subsequent Executive Order 202.1 dated March 12, 2020, as extended by Executive Order 202.14 dated April 7, 2020, today's regular meeting of the Finance Committee of the Dormitory Authority of the State of New York, or DASNY, is being conducted telephonically.

Executive Order 202.1, as extended, provides, in relevant part, that Article 7 of the Public Officers Law, known as the Open Meetings Law, is suspended through May 7, 2020 to the extent necessary to permit any public body to meet and take such actions authorized by the law without permitting in public in-person access to meetings and authorizing such meetings to be held remotely by conference call or similar service, provided that the public has the ability to view or listen to such proceeding and that such meetings are recorded and later transcribed.

The location of today's Telephonic Meeting is designated as the DASNY Headquarters, 515 Broadway, Albany, New York, where I am located. Notice of this meeting has been posted in the standard locations that are publicly accessible. Notice has also been posted prominently on the DASNY.org public website. In accordance with EO 202.1, as extended, and the DASNY Bylaws, an audio recording of this meeting will be accessible from DASNY's website (www.dasny.org) not later than two business days after the close of the meeting, and today's proceedings will also be transcribed and posted as soon thereafter as is reasonable and practicable under the circumstances.

I will now turn the meeting over to my colleague Kim Nadeau, Chief Financial Officer, who will conduct a Roll Call.

Kimberly J. Nadeau – Chief Financial Officer: Thank you Mike. With us today we have the following:

Finance Committee Members:

Gerard Romski, Esq., Committee Chair, Board Member – Present
Alfonso L. Carney, Jr., Esq., Committee Member, Chair of the DASNY Board – Present

Other Board Members in attendance in addition to the Finance Committee Members:

John B. Johnson, Jr., Vice-Chair of the DASNY Board – Present
Beryl L. Snyder, J.D., Secretary of the Board – Present
Jonathan H. Gardner, Esq., Board Member – Present
Joan M. Sullivan, Board Member – Present
Brian Cechnicki, Designated Representative SED, Board Member (*ex officio*) – Present

Gerry, I'll turn it back over to you.

Mr. Romski: Thank you very much, Kim.

First up on the Agenda is the Meeting Transcript behind tab one from the Finance Committee Meeting that was held in April, which is only about four weeks ago but seems a lifetime ago. So, can I first get a motion, Al, to approve the meeting minutes?

Alfonso L. Carney, Jr. – Committee Member: So moved.

Mr. Romski: Thank you very much, I'll second that. And then, all in favor, Aye.

Mr. Carney: Aye.

Mr. Romski: Hearing none opposed, that motion carries.

The Finance Committee will be reviewing two resolutions today. The first up behind tab number four is St. John's University and Steve Kosier will be presenting. Steve, thank you.

Stephen J. Kosier – Senior Financial Analyst: Thank you, Mr. Chairman.

A Single Approval Transaction Summary and Staff Report went to the Board as part of our regular mailing and, subsequently, a blacklined Revised Single Approval Transaction Summary and Staff Report went to the Members as part of a late mailing. The only substantive changes were in Attachment I, Sources and Uses, and the corresponding edits under the financing details section of the Staff Report. I will describe the purpose of the revision in my presentation, after describing the plan of finance.

Today, the Finance Committee is being asked to recommend to the full Board, the adoption of the necessary documents for multiple series of fixed and/or variable rate tax-exempt and taxable bonds with an aggregate not-to-exceed amount of $325,000,000 on behalf of St. John's University. The University has been a DASNY client for 50 years and has always met its obligations to DASNY on time and in full. The proposed bond issue is a proactive response to the effects of the COVID-19 virus on behalf of the University to mitigate risk with respect to its debt profile and to provide Management with additional tools to align its expenses with its revenues, if necessary.

Management views the base case financing to be the fix-out of all, or a portion of, the University's variable rate Series 2008B-1 and Series 2008B-2 bonds and unwinding of the swap associated with the Series 2008B-1 bonds. Refunding the variable rate bonds with fixed rate bonds will provide a more conservative overall debt-mix in a relatively low interest-rate environment and eliminate interest rate, downgrade, and renewal risks. Potentially layered on top of this fix-out, the University, with input from its financial advisor, will determine how much, if any, bonds it would like to issue to fund up to $30 million in new money projects.

The new money projects the University may be financing are the types of projects that it would typically fund out of operations. These may include items such as HVAC, elevator, and other infrastructure projects, renovations to existing facilities, the purchase and installation of fire safety equipment and technology upgrades. Management may still decide to fund these projects out of operations over time, however, the University wants the flexibility to finance the projects if Management believes the interest rates are beneficial and financing them better aligns the University's expenses with its revenues. The University may elect to fund approximately two years of capitalized interest in connection with the new money projects.

The potential third prong to the financing is to refund all or a portion of the University's fixed-rate Series 2012B, Series 2013A, and Series 2015A bonds. Again, this will be a function of interest rates and what Management feels is appropriate at the time of pricing. The University may extend the final maturity of certain refunding bonds, which if applicable, would be subject to tax review. Each of these uses of funds are presented in the Revised Attachment I. However, the decisions on what will ultimately be included in this financing will be determined by Management based on where rates are and what is prudent at the time. In the original Attachment I, we excluded the refunding escrow deposits for the Series 2012B, Series 2013A, and Series 2015A bonds because they are not anticipated to be included in the current market. However, we decided to include these additional refunding candidates in the Revised Attachment I, to ensure there was a nexus between the potential uses of funds and our not-to-exceed amount, in the event that the University decides to include them.

The University's current bond ratings are A3 by Moody's and A- by S&P. As was the case with the University's most recent issuance in 2017, the Loan Agreement for the proposed bonds is expected to be a general unsecured obligation. Security pledged by the University under Loan Agreements for bonds issued prior to 2017 will remain in place until those bonds are no longer outstanding.

A few points of additional information regarding the operations and finances of the University: The University is dependent on student-related charges, with 73% of 2019 revenues coming from net tuition and fees. Enrollment has been relatively steady and has averaged 17,387 FTEs over the past five years. Operating profits have averaged nearly $28 million a year over this time period. The University's net asset base increased from $725 million in 2016 to $922 million in 2019. This change is primarily from an increase in investments and a decrease in long-term debt over the past five years.

Like all institutions, the COVID-19 virus will have an impact on the University's finances. The University has responded to the crisis to ensure the safety, health, and well-being of its students, other members of the University community, and the surrounding communities. Among the many measures taken, on March 10th, the University voluntarily suspended face-to-face instruction at all locations and the University is taking the necessary expense control measures to help mitigate revenue declines. The recently passed CARES Act will also provide some budgetary relief. The allocation to the University totals $12.2 million, including $6.1 million for students and $6.1 million for the University. Management has always budgeted very well to manage its expenses in relation to its revenues and the proposed financing provides additional elasticity in these unprecedented circumstances. Mr. Chairman.

Mr. Romski: Thank you very much, Steve. Any questions or concerns? I have a couple of questions.

Mr. Carney: So, do I Mr. Chairman, but let's see first if the Members who are present on the phone have questions, if that's okay.

Mr. Romski: Yes, of course.

Mr. Carney: Beryl, John, Brian, Joan? Okay. Mr. Chairman, I'll follow you if you have any questions.

Mr. Romski: I just had a question on the PPP piece. Has that been actually awarded, or is that a request?

Mr. Kosier: Are you talking about the $12.2 million CARES Act?

Mr. Carney: Yes.

Mr. Romski: Yes.

Mr. Kosier: That is what they have been allocated under the stimulus package.

Mr. Carney: So, they have the money?

Mr. Romski: Have they actually been funded?

Mr. Kosier: That I don't know. I don't know if and when those funds flow. But I think the amount is known.

Mr. Carney: Thank you, Steve. First, Mr. Chairman, I support the transaction, I support recommending this transaction to the full Board for approval.

That said, I have some questions that cannot be answered, and I apologize on the record for having to ask the questions. Steve has made it clear that there will be an impact on the University's student body. We recognize the fact that they are heavily dependent on tuition and fees for their annual revenue and we recognize that they recognize that that may well be a problem. They have no idea how many of their students are going to return in the fall and the risk to the University's finances is therefore unknown, but if you take a snapshot of it today, they are fine. I'm comfortable that that's the reason to support the transaction. I don't know the University's tuition for undergraduates, and I don't know the University's endowment. It would be good to know those things because there is no security here except a commitment by the University to pay its bills. Steve, if you have information on those two specific questions, I'd love to have it.

Mr. Kosier: Sure, Al – bear with me one second.

Mr. Carney: Sure. I'm sorry, I should have asked you these questions when I had an opportunity to do it previously. Your answers will not impact my support of the transaction, I believe it's the right thing for us to do. I just need to get some sense of how will their endowment cover any shortfalls if they have unfortunate tuition and fee impacts caused by COVID-19.

Mr. Kosier: Sure, so the gross tuition for St. John's is roughly $42,000 a year per student. Their tuition discount rate is roughly 43%.

Mr. Carney: Which is half of the tuition, give or take.

Mr. Kosier: Right, so roughly $25,000. And then the question about the endowment, their total investment portfolios as of May 31, 2019 was $755 million.

Mr. Carney: Okay. So that gives me some sense of comfort, a real sense of comfort that if their tuition and fees do not rise to the level that they would expect in the fall because of COVID-19 and because kids go home and decide not to come back, that whatever their obligations are, they can cover with their endowment and that's all I was concerned about. I meant to ask you that question when we talked a couple of days ago, but I didn't. So, you have actually made me feel better about supporting the transaction, which I do wholeheartedly.

Mr. Kosier: Thanks, Al. I would just say their liquidity measures in general are slightly higher than many of the DASNY medians. And this whole transaction is really designed around giving them additional flexibility in their debt service on a going forward basis. So, I think they're really taking a proactive approach to the virus.

Mr. Carney: I absolutely agree with you.

Mr. Romski: I was going to say the same thing. Steve. I think St. John's is a very well respected, local New York City-based, actually Queens-based institution. As Portia or you might have said, they've been a long-term client of DASNY. And I think that, clearly, being in the higher ed field at this point in time is certainly challenging, to say the least, and I'm sure there are going to be a lot of bumps ahead for them but they do seem to be being proactive and trying to get out ahead and so I certainly support the request. I recognize, again, that it's an institution in a difficult field right now, but everybody's in a difficult field right now. You know, none of us has a crystal ball, but I think that we should support the folks who have been long term clients on this ride through the storm ahead and so I certainly have no objections to the Resolution.

Mr. Carney: I'm happy to say Aye.

Mr. Romski: Does anybody else have any comments or concerns?

John B. Johnson, Jr. – Vice-Chair of the DASNY Board: I just make the observation that whenever we've had in the past economic dislocation, such as we're about to endure here, it has been good for colleges and universities, because people find that going back to colleges and universities enhances their ability to recover when the economy picks up. So, I think this just helps position them well to take advantage of that change, especially in a period where the demographics are running against them.

Mr. Romski: Thank you.

Mr. Carney: Thank you. That's a great observation. I had not actually gotten to that point. But thank you for making me smarter on that.

Mr. Romski: Thank you John, as always. Anyway, can I get a motion to advance at tomorrow's meeting?

Mr. Carney: So moved.
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Mr. Romski: I'll second. None opposed, so that motion carries.

Next up is a similar application or resolution for financing from the New York Institute of Technology and that's going to be presented by Dave Ostrander.

David P. Ostrander – Assistant Director, Public Finance and Portfolio Monitoring: Thank you, Mr. Chairman. The Finance Committee is being asked to recommend to the full Board a Resolution to Proceed for one or more series of tax-exempt and/or taxable, fixed and/or variable rate bonds in an amount not to exceed $30 million on behalf of New York Institute of Technology.

Proceeds from the Series 2020 Bonds are expected to be used to refund all or a portion of the Institute's taxable Series 2016A Bonds. The proposed transaction will allow the Institute to take advantage of the current low interest rate environment and restructure the 2016A Bonds to generate approximately $15 million in cash flow savings over the next three fiscal years by deferring principal payments. NYIT is not expecting debt service savings on a net present value basis. By forgoing three years of principal payments, NYIT plans to increase its reserves to improve its financial liquidity in the near term. The final maturity of the bonds to be refunded is expected to be extended by six years to July 1, 2030. Debt service on the Series 2016A bonds to be refunded is approximately $5.6 million annually through 2024, while debt service on the proposed bonds is expected to be approximately $2.2 million annually through 2030.

NYIT currently has a rating of "Baa2" from Moody's with a "Stable" outlook. The Series 2020 Bonds will include security as determined by existing market conditions for similar credits rated in the BBB category. At this time, it is anticipated that the Series 2020 Loan Agreement will be secured by a pledge of revenues and a mortgage on certain property of the Institute.

Some additional information on NYIT: the Institute enrolls a diverse undergraduate and graduate student population across a number of locations, including two main campuses in New York – one in Old Westbury and one in Manhattan – and a number of international sites. The Institute has a history of positive operations, posting operating surpluses in each of the last five years. Operating margins have averaged $10.5 million annually since fiscal year 2015.

NYIT is dependent on student tuition revenue. Between fiscal years 2015 and 2019, net tuition and fee revenue has averaged nearly 86% of NYIT's operating revenue. When looking at the balance sheet over the past five years, NYIT has built up cash reserves while also reducing long-term debt. Cash and investments grew by $43.6 million, or 41.6%, over five years, reaching $148.4 million at fiscal year-end 2019. Over that same period, the Institute's long-term debt decreased by $44 million, from $74.8 million at fiscal year-end 2014 to $30.5 million at fiscal year-end 2019. This decrease in long-term debt, along with the increase in cash in investments, has positively impacted capital and liquidity ratios.

Along with other higher education institutions, the COVID-19 pandemic will have an impact on NYIT's enrollment and finances. On March 23rd, the Institute moved to distance learning for its spring semester courses. While it is uncertain what the fall semester will look like, Management is making adjustments to its operating budget to provide more flexibility for actual fall enrollments. Lastly, NYIT was allocated approximately $4.3 million through the recently passed CARES Act.

In summary, NYIT has historically taken a proactive approach in building cash reserves and reducing long-term debt. By freeing up an additional $15 million in cash flow over the next three years, the proposed transaction is expected to assist NYIT in further improving its liquidity position in the near term. Mr. Chairman.

Mr. Romski: Thank you very much. Any questions or concerns from the Board Members?

First Al, as when we did this back in 2016, you know I'm a graduate of NYIT.

Mr. Carney: Yes, of course.

Mr. Romski: I am in favor of the request. But I do have a couple of questions. So just to confirm, going back to the same question on St. John's in regard to the CARES Act, has that been funded or is that just a request? I'm assuming it's been funded.

Mr. Ostrander: Much like Steve said, I know that's the actual amount. I do not know if they have actually received the full amount at this point.

Mr. Romski: Do they have the SBA loan number? I'm assuming they do. My other question is the amount – is it $17.2 million? Because in a couple of spots you say $30 million. Maybe I'm missing it.

Mr. Ostrander: So, the actual amount of the financing is expected to be right around $17 million; we're not expecting to take out the full amount of the 2016A bonds. But to the extent we do refund the full amount, we're asking for a not-to-exceed amount of $30 million. So that's the difference between the estimated amount and the not-to-exceed amount.

Mr. Carney: Thank you David.

Mr. Romski: Okay. Al any questions?

Mr. Carney: Minor, Mr. Chairman. Again, I take the snapshot today, I support the transaction and I will support in my vote recommending the approval of the transaction to the full Board. That being said, this is an institution that is more than 85% dependent on tuition and fees. There's no way for them to know what's going to happen in the fall, whether these kids are going to come back or whether they're going to stay home. Whether they're going to find other sources of higher ed that will work better for them and their families. I'm real clear on that. And that is an issue. But if you take the snapshot today, there's no way to know what that outcome is. On the other side of the scale, they have got operating income surpluses, they've got an increase in cash and investments, their portfolio has increased in value, they decreased their long-term debt and they're going to get four and a half million dollars from the CARES Act provision. So, it's the right thing to do to support the transaction. I just want to have in the record that the Committee and, ultimately, the Board has considered the pluses and minuses, and we've gotten to the right decision for the right reasons. That's the only comment I have. And as I said, I support the transaction.

Mr. Romski: Thank you, Mr. Chair and, obviously, your concerns are well-supported. But again, we do not have a crystal ball.

Mr. Carney: That's right. David's crystal ball is no better than Steve's crystal ball.

Mr. Romski: Right. I'm going to hope that at the end of the storm, there's some better weather ahead. Does anybody else have any questions or comments? John, I guess the same comment would apply to this as well, which is certainly a very valid comment. But is there anything else out there? Hearing none, we're going to vote now. Can I get a motion to recommend approval at tomorrow's full Board?

Mr. Carney: I move approval.

Mr. Romski: I second that. All in favor, Aye. Opposed? Hearing none, that motion carries. Is there anything else for the Finance Committee? I do not believe so. Portia, anything else for me?

Portia Lee – Managing Director, Public Finance and Portfolio Monitoring: No, that's it. Thank you, Gerry.

Mr. Romski: Well, I still want to thank everyone for taking the time out of their day to attend the Finance Committee meeting by telephone. And so, I'll ask for a motion to adjourn.

Mr. Carney: So moved.

Mr. Romski: Thank you very much. I'll second that, and the motion carries. So, thank you. The meeting of the Finance Committee for May 2020 has now been concluded. Thank you everyone for their attendance, their attention and I hope everyone stays safe. We'll be back online tomorrow.

Mr. Carney: Thank you, Mr. Chairman.

The Finance Committee Meeting adjourned at 5:03 p.m.

Respectfully submitted,

Michael E. Cusack
Assistant Secretary