

A Telephonic Meeting of the Finance Committee of the Dormitory Authority of the State of New York (“DASNY”) was held on February 2, 2021 with proceedings commencing at 4:00 p.m.

Gerard Romski, Esq., Chair, Finance Committee: Good afternoon and welcome to the February 2021 meeting of the Finance Committee.

Sara Potter Richards, Managing Senior Director, Governance and Administration: Thank you, Mr. Chairman.

On today’s call, we have the following Committee Members:

Gerard Romski, Esq. – Chair, Finance Committee

Alfonso L. Carney, Jr. – Committee Member (Board Chair)

Tracy Raleigh, Designated Representative of the Commissioner of Health, Board Member (*ex officio*) – Committee Member

Other Board Members present are:

John B. Johnson, Jr. – Vice Chair of the Board

Beryl L. Snyder, J.D. – Secretary of the Board

Jonathan H. Gardner, Esq. – Board Member

Joan M. Sullivan – Board Member

On March 7, 2020, Governor Cuomo declared a disaster emergency in the State of New York due to the outbreak of COVID-19. On March 12, 2020, the Governor issued Executive Order 202.1, which suspends provisions of the Open Meetings Law to the extent necessary to permit a public body to meet and take authorized actions without permitting in public in-person access to meetings. The Executive Order also authorizes 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 the meetings are recorded and later transcribed.

Executive Order 202.1 was most recently extended by EO 202.92 and is currently in effect until February 26, 2021. Accordingly, today’s Finance Committee Meeting is being conducted telephonically and by video conference. Notice of today’s meeting has been posted prominently on DASNY’s public website and in the standard publicly accessible locations. An audio and video recording of today’s meeting will be accessible from DASNY’s website not later than two business days after the close of the meeting, and today’s proceedings will be transcribed and posted as soon thereafter as is reasonable and practicable under the circumstances.

Chairman Romski: Thank you very much, Sara.

Reuben R. McDaniel, III, President and CEO: Chairman Romski, before you start, I want to let you know Tracy Raleigh has now joined us. Tracy, good to see you.

Chairman Romski: Thank you Tracy. Nice to hear from Tracy, who is our third member of the Committee, thank you. Okay, so without further ado, first up on the agenda is the adoption of the

meeting minutes from the Finance Committee meeting that was held a number of months ago, back in November. I think it was November eighth or ninth, whenever it was, can I please get a motion to approve those meeting minutes?

Alfonso L. Carney, Jr., Committee Member: So moved, Mr. Chairman.

Chairman Ronski: Thank you Mr. Chair. Tracy, can I please get a second.

Tracy Raleigh, Committee Member: Second.

Chairman Ronski: Thank you very much, all in favor.

Committee Members: Aye.

Chairman Ronski: Any opposed? Hearing none, that motion carries.

You have two Resolutions today, the first is up is the PIT/Sales Tax Revenue Bonds that Matt will take us through.

Matthew T. Bergin, Director, Public Finance: Thank you, Mr. Chairman, and good afternoon everyone. The Finance Committee is being asked to recommend to the Board the issuance of multiple series of tax-exempt and/or taxable, fixed and/or variable rate bonds issued at one or more times with a term of 30 years in an amount not to exceed \$2.75 billion under either the Sales Tax Revenue Bond Program and/or the Personal Income Tax Revenue Bond Program. Having said that, at this time the current plan is to issue under the Person Income Tax Revenue Bond Program.

The Bonds are being issued for new money and refunding purposes. The new money portion is estimated at approximately \$1.2 billion and includes: capital projects for OMH, OPWDD and OASAS; capital projects for Upstate Community Colleges; capital projects for the Division of Homeland Security and Emergency Services; funding for various SUNY 2020 Challenge grants; funding for various capital projects for OGS; funding for Lake Ontario flooding and erosion projects; funding for arts and cultural projects; funding for various capital projects under the Consolidated Local Street and Highway Improvement Program (otherwise known as “CHIPS”); funding for various environmental initiatives; funding for State and Municipal Facilities grants (otherwise known as “SAM” grants); funding for economic development projects and/or grants; funding for health care grants; and funding for various education programs. In addition to the new money projects, this authorization also looks to cover the refunding of certain bonds issued under various State-supported debt programs in the amount of approximately \$1.49 billion.

Security provisions under the State Personal Income Tax Revenue Bond Program are that the Bonds will be paid by the semi-annual payments made pursuant to the Financing Agreement between DASNY and the State. The Bonds are 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. The debt service coverage ratio on all outstanding State Personal Income Tax Bonds was 6.8 times as of March 31, 2020 and

for March 31, 2021 the debt service coverage ratio is projected to be 6.0 times. The proposed Bonds are expected to be rated Aa2/AA+/AA+.

Mr. Chairman, at this time, I will take any questions.

Chairman Romski: Thank you very much. Mr. Chair or Tracy, any questions or concerns?

Mr. Carney: Thank you, Mr. Chairman, no, I don't have any concerns. I've had a chance to speak with Matt and he's answered several of my questions. I needed clarification on some things, but I am okay now.

Chairman Romski: I assume that Budget is in favor of this and has explained the basis for it, and the fact that the ratings are staying where they were previously, right? There's no downgrade or anything related to these potential bonds, right Matt?

Mr. Bergin: No, the expected ratings are Aa2/AA+/AA+, and yes, the project lists¹ are provided by the Division of the Budget.

Chairman Romski: It's sort of unrelated to the approval, but when we're agreeing here to issue a billion and a half of new money for various programs, how do we know that those programs actually get funded by the proceeds of these bonds? Who confirms that? Budget?

Mr. Bergin: Yes, the Division of the Budget is requesting the funding to fund these projects, so we are working with the Division of the Budget to meet their needs.

Chairman Romski: So for example, you had the SAM money in there, that would fund the SAM program or whatever the other programs would be – they can't switch them later on or anything, right?

Mr. Bergin: This is based on the project list¹ provided by the Division of the Budget, but we are able to issue bonds for any authorized purpose. This, right now, is the outline as given to us by the Division of the Budget.

Portia Lee, Managing Director, Public Finance and Portfolio Monitoring: And Gerry, the vast majority of the new money projects here are being funded on a reimbursement basis.

Chairman Romski: Okay, I get it. Right. Thank you very much for that education. Tracy, anything?

Ms. Raleigh: No, I'll just note that on the refunding piece, there does look to be significant savings. And similarly, that's my understanding from the Division of Budget, as Portia indicated, and also, I do think they come up with this amount based on a very tight approval process.

Chairman Romski: Yes, and as our former colleague Sandra would note, most of the savings are taken in the first couple of years. We know that. Okay, thank you, anything else, any other concerns

¹ Reference is to program lists as provided by the Division of Budget

or questions? Hearing none, can I get a motion to recommend approval of this at tomorrow's full Board meeting?

Ms. Raleigh: So moved.

Chairman Romski: Thank you very much, Tracy. Mr. Chair?

Mr. Carney: I second.

Chairman Romski: Thank you for the second. All in favor, Aye.

Committee Members: Aye.

Chairman Romski: Any opposed? Hearing none, that motion carries. Thank you very much.

Next up, Steve is going to be presenting the BOCES up in St. Lawrence, I guess that's Mr. Johnson's county up there, right?

John B. Johnson, Jr., Board Member: Yes, it is. One of my counties, in the North Country.

Chairman Romski: Yes. Steve, take it away.

Stephen J. Kosier, Senior Financial Analyst: Good afternoon. Staff is requesting the Finance Committee to recommend that the full Board adopt the necessary documents for a bond financing in an amount not to exceed \$4,200,000 on behalf of St. Lawrence-Lewis Counties BOCES to current refund the St. Lawrence-Lewis BOCES Series 2011 bonds.

The ability to create a BOCES or Board of Cooperative Educational Services was established in 1948 and was designed to enable school districts to combine their resources to provide services that otherwise would have been uneconomical, inefficient, or unavailable.

St. Lawrence-Lewis Counties BOCES was established in 1970 and provides shared services to 18 component school districts in St. Lawrence and Lewis Counties that together serve approximately 20,000 students. The component districts cover over 2,500 square miles and the BOCES administration offices are located in the Village of Canton.

DASNY has issued five series of bonds on behalf of St. Lawrence-Lewis Counties BOCES, totaling approximately \$63.8 million. As of December 31, 2020, four series of bonds totaling approximately \$47.4 million remain outstanding: the Series 2011, Series 2015, Series 2020A and Series 2020B Bonds.

BOCES are funded by payments made to them by the component school districts based on their allocable share of program services and administrative and facilities expenses. The component school districts pay for these expenses through real property tax levies. In addition, the State has made appropriation to the BOCES program each year since 1949 to partially offset these expenses.

The amount of State aid apportioned to St. Lawrence-Lewis Counties BOCES is available to be applied to pay DASNY rentals, or debt service.

The refunding is anticipated to be financed through a fixed-rate, tax-exempt negotiated bond sale. The refunding of the Series 2011 Bonds is estimated to result in net present value savings of approximately \$486,000 or 11.6% of the bonds being refunded. The Bonds are expected to be rated Aa3 by Moody's. The Bonds will be secured by annual rental payments to be made pursuant to a Lease Agreement with St. Lawrence-Lewis Counties BOCES; a direct intercept, through the State Comptroller, of any State aid due to St. Lawrence-Lewis Counties BOCES for rental payments on the DASNY Lease Agreement; a pledge of public funds apportioned by the State due to St. Lawrence-Lewis Counties BOCES in an amount sufficient to pay such rental payments, subordinate to pledges granted in connection with other outstanding DASNY St. Lawrence-Lewis Counties BOCES bonds; and a one-half year debt service reserve fund or reserve fund facility. Bond insurance may be considered depending on its availability and economic efficiency. Mr. Chairman.

Chairman Romski: Thank you very much, Steve. Any questions or concerns for Steve?

Mr. Carney: No concerns, Mr. Chairman, I think the refunding savings at nearly 12% is substantial here, it makes this a very attractive refunding. Steve, thank you for pointing that out.

Chairman Romski: I'm good. Tracy?

Ms. Raleigh: Same here.

Chairman Romski: So, can I get a motion, please, to recommend approval of this offering at tomorrow's full Board meeting?

Mr. Carney: So moved.

Ms. Raleigh: Second.

Chairman Romski: Thank you very much. All in favor, Aye.

Committee Members: Aye.

Chairman Romski: Any opposed? Hearing none, that motion carries. Unless I missed something or anyone has anything else for this Committee, I'll ask for a motion to adjourn.

Mr. Carney: But before we do that, Mr. Chairman, I think it would be very informative to ask the Chairman of the Governance Committee to give us the current temperature reading in Watertown.

Chairman Romski: Yes, we'd like to hear that, Mr. Johnson.

Mr. Johnson: The last I knew it was about 15. Unfortunately, at 15 degrees, that's prime snowing time. When it gets below 10 degrees you don't get as much snow, but at 15 to 20 we get plenty of moisture off Lake Ontario which is not completely frozen yet, and so we'll have some snow. But

it's not the end of the world as we know it, despite watching national television which has now turned this into something worse than COVID-19.

Mr. McDaniel: At least it's something else to talk about.

Mr. Johnson: I'm just glad I've got a warm hat.

Chairman Romski: It's coming up, I think, to the one-year anniversary of our last in-person Board meeting. It was Super Tuesday, as I remember.

Mr. Carney: I think that's right.

Chairman Romski: Time has a way of flying by.

Mr. McDaniel: I'll remind Beryl of our elbow bump at that meeting.

Beryl L. Snyder, J.D., Board Member: Little did we know. We wouldn't even dare do that now.

Mr. Carney: Well, Mr. Chairman, there being no additional business, I'll move to adjourn.

Chairman Romski: Well, thank you very much, Mr. Chair. May I get a second for that? I'm sure Tracy will not object.

Ms. Raleigh: Second.

Chairman Romski: All in favor, Aye.

Committee Members: Aye.

Chairman Romski: Any opposed? Hearing none, so that will conclude the Finance Committee meeting for February of 2021 and we certainly hope and pray that in February of 2022 we're actually in person.

The Meeting adjourned at 4:25 p.m.

Respectfully submitted,



Ricardo Salaman
Assistant Secretary