

A Conference Call and Video Conference Meeting of the Finance Committee of the Dormitory Authority of the State of New York (“DASNY”) was held on May 18, 2021 with proceedings commencing at 4:00 p.m.

Sara Richards, Managing Senior Director, Grants and Administration:

As a result of the ongoing public health emergency related to COVID-19, Executive Order 202.1, as extended, authorizes public boards to meet remotely and take action without permitting in-person access to meetings. The public must have the ability to view or listen to the proceedings. An audio and video recording of today’s meeting will be accessible from DASNY’s website within two days, and procedures will be transcribed and posted as soon as practicable under the circumstances. For additional information regarding the emergency declaration or the Executive Order, please see the DASNY website.

Unless there are any questions, I will now take the roll and turn it back over to you, Mr. Chair.

We have with us today 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
Janice McKinnie, Committee Member

We also have the following Board Members:

Beryl Snyder, Esq., Board Member
Joan M. Sullivan – Board Member

DASNY Staff:

Paul G. Koopman, Vice President
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring
Kimberly A. Ellis, Chief Financial Officer
Ricardo Salaman, Esq., Deputy General Counsel
Caroline V. Griffin, Chief of Staff
Sara Potter Richards, Esq., Managing Senior Director, Governance and Administration
Deborah K. Fasser, Director, Strategic Communications and Business Development
Matthew T. Bergin, Director, Public Finance
David Ostrander, Assistant Director, Public Finance and Portfolio Monitoring
Dena T. Amodio, Esq., Assistant General Counsel
Gerard E. Klauser, Senior Financial Analyst
Maria Carrasco, Financial Analyst
Alex Sirdine, Public Finance Fellow
Diane Felitte, Executive Administrator, Governance and Administration

And with that, Mr. Chair, I will turn it over to you.

Chairman Romski: Thank you very much, Sara and welcome everyone to the May 18, 2021 Meeting of the Finance Committee. Thanks all for joining.

First up on the Agenda is the adoption of the Finance Committee Meeting Minutes from the May 4th Meeting of the Finance Committee. Can I please get a motion from one of the Members of the Finance Committee to approve those Meeting Minutes?

Tracie Raleigh, Committee Member: So moved.

Chairman Romski: Thank you. A second?

Janice McKinnie, Committee Member: Second.

Chairman Romski: All in favor? (collective “Aye”). Any opposed? Hearing none, that motion carries.

We have three of financings on today's Meeting Agenda. The first up is Iona. Gerard please take it away.

Gerard Klauser, Senior Financial Analyst: Good afternoon, Mr. Chairman and Members of the Finance Committee. The transaction summary and report presents a Resolution to Proceed for fixed and/or variable rate, tax-exempt and/or taxable bonds to be sold in either a negotiated offering or a private placement in an amount not to exceed \$60,000,000 with maturities not to exceed 31 years on behalf of Iona College. The tax exempt financing will include the purchase of the Concordia College campus and costs of issuance.

The taxable component will include the advance partial refunding of the outstanding 2012A tax-exempt bonds on July 1, 2022. There is another 2012B bond issuance with a smaller amount outstanding. It is not currently in the plan, but if the market warrants, we have room within the \$60 million to take those bonds out as well.

As for financing history, Iona has issued bonds through DASNY as far back as 1972, and the only bonds currently outstanding with DASNY are the 2012A and 2012B Bonds.

The security package is expected to include the pledge of revenues and a mortgage on property, if required. The ratings are Moody's Baa2 and S&P BBB – both ratings are stable.

The refunding is expected to result in net present value savings estimated at \$860,000 or 5.6% of the bonds being refunded. The terms of the refundings will not exceed the term of the bonds being refunded. The refunding will result in level debt service from 2033, dropping their annual debt service from approximately \$7 million to \$5 million annually.

The new money component will purchase the Concordia Campus which is located 3 miles from Iona College. Iona plans to use the College as a traditional academic facility with the ordinary complement of extracurricular activities such as performing arts, club sports and varsity athletics.

The academic focus on the campus will be on health sciences, particularly the recently launched Occupational Therapy and Nursing programs.

Regarding Iona's operations, Iona has a history of positive operating margins including an operating gain of \$212,000 in 2020--a positive in light of the impact of the Covid 19 pandemic on higher education.

FTE enrollment dipped in Fall 2019 and slightly rebounded in Fall 2020. The school is aware of the enrollment issue and has hired a VP of Enrollment Management in order to address the concern. The pandemic fell in the middle of this plan and unfortunately impaired the results. Iona has added \$50 million in campus improvements including an entrepreneurial Innovation Institute, renovations of the school of business and the additions of health sciences majors in order to increase enrollment.

The College reported expendable resources to long term debt of 1.6:1 for fiscal year 2020, indicating sufficient expendable net assets to cover its outstanding debt. Since 2016, the College has had an average debt service coverage of 3.7:1.

Staff recommends that the Board adopt a Resolution to Proceed for a bond issue of an amount not to exceed \$60,000,000, with a term not to exceed 31 years on behalf of Iona College.

Mr. Chairman.

Chairman Romski: Thank you very much, Gerard. Are there any questions or concerns from any of the Finance Committee Members or any of the other Board Members on the call?

Alfonso Carney, Committee Member: It's Al Carney, Mr. Chairman. None here.

Chairman Romski: Thank you, Mr. Chair. I think this is a saving grace. Concordia was unfortunate a couple of years ago when it failed to continue to operate, but it's a good thing that we can help keep the facility operating. Iona is a long standing client of DASNY, so it is a win-win. I don't have any other questions, but if anybody does, please feel free to ask now.

Ms. Raleigh: This is Tracy. I concur. The savings analysis is there and if I understand correctly, it is interest rate market savings that is driving this.

Mr. Klauser: Yes, it is.

Ms. Raleigh: So, it is really an opportunity to help the organization. I think the financials in the presentation show Iona has stabilized and so that's a positive. I have no further concerns.

Chairman Romski: Thank you, Tracy. Hearing, no other concerns, can I please get a motion to recommend?

Mr. Klauser: Sorry to interrupt you, but I just want to point one important issue out. I am identified as the author of these materials, but I want to make sure the Board understands that Alex Sirdine, who recently came back to DASNY, was a significant contributor. Alex hit the ground running and was very much involved.

Chairman Romski: Thank you very much. Good to see him working and he obviously did a very nice job under yours and Portia's expert guidance. Thank you to all.

Can I please get a motion to recommend approval at tomorrow's full Board?

Mr. Carney: So moved.

Chairman Romski: Thank you. Is there a second?

Ms. Raleigh: Second.

Chairman Romski: Thank you very much. All in favor Aye? (Collective "Aye") Any opposed? Hearing none, that motion carries.

Mr. Carney: Alex, it's Al Carney. Let me add my thanks to that of the Finance Committee Chair. It is great to have you back.

Alex Sirdine, Public Finance Fellow: Thank you Al. It was truly a team effort.

Mr. Carney: I'm sure it was. Thank you very much.

Chairman Romski: Thank you. Up next is the Long Island University with David presenting.

David Ostrander, Assistant Director, Public Finance and Portfolio Monitoring: Thank you, Mr. Chairman, and good afternoon everyone. The Finance Committee is being asked to recommend to the full Board one or more series of tax-exempt and/or taxable, fixed and/or variable rate bonds in an amount not to exceed \$85,000,000 for a term not to exceed to 20 years on behalf of Long Island University.

Bond proceeds will be used to refund all or a portion of the University's Subseries 2006A-1, Subseries 2006A-2 bonds and the Series 2012 bonds all issued by DASNY. The Series 2006A Bonds were initially issued as variable rate demand bonds and have been reoffered a number of times over the years, first due to a bond insurance downgrade and later due to letter of credit downgrades. Both subseries were most recently privately placed, the 2006A-1 Bonds with Capital One and the 2006A-2 Bonds with TD Bank. Both these series of Bonds are currently in a variable rate mode and are subject to mandatory tender on August 1, 2021. The publicly offered, fixed rate

Series 2012 Bonds will also be included in the proposed refunding. These bonds are callable on or after September 1, 2022.

The proposed transaction will allow the University to place the 2006A-1, 2006A-2, and 2012 Bonds with a single purchaser through final maturity, while also providing savings on the 2012 refunding. The University plans to current refund the 2006A-1 and A-2 Bonds with tax-exempt, variable rate bonds to be privately placed with Capital One. In addition, the University intends to advance refund the Series 2012 Bonds with taxable, fixed rate bonds to be privately placed with Capital One. It is expected that the proposed refunding bonds will be held by Capital One through final maturity in 2036.

Assuming current market conditions, a net present value savings in the range of \$1.2 million, or 5.4% of the refunded bonds, is expected from the refunding of the Series 2012 Bonds.

The bonds are expected to be secured by a pledge of revenues of the University. The existing debt service reserve fund for the Series 2012 Bonds is expected to be released and used toward the proposed refunding. In addition, the existing mortgages will be released for all bonds to be refunded. Capital One will not require a debt service reserve fund or a mortgage as security for the proposed issuance.

Some additional information on the University. LIU is rated Baa2 with a positive outlook by Moody's and BBB+ with a stable outlook from S&P.

As far as enrollment trends, while total headcount is down over a five year period, enrollment began to stabilize prior to the pandemic due to programmatic changes implemented by the University.

As part of its 2030 strategic plan, LIU has begun to shift from a regional commuter campus to a national teaching and research university. The University has launched several new programs in fields such as health science, artificial intelligence, and sports management. The programmatic shift has positively impacted demand, with applications exceeding 13,000 annually. The 14,540 applications in fall 2018 was an all-time high for the University. And, as a result, management does expect enrollment trends to improve over the next three to five years, as new programs are established to drive additional demand.

LIU has posted operating surpluses in each of the last five fiscal years. Since fiscal year 2016, operating margins have averaged \$23.7 million, or 8% annually. Positive operating performance has contributed to capital accumulation and improving liquidity over the last five years. Total net assets increased by \$176.0 million over five years, reaching \$529.3 million at fiscal year end 2020.

And lastly, Debt Service coverage was 6.1:1 for fiscal year 2020, well in excess of the 2019 DASNY median of 1.9:1. Mr. Chairman.

Chairman Romski: Thank you very much. Any questions or concerns from any of the Finance Committee Members or any of the other Board Members who are on the call?

Mr. Carney: It's a pleasure to have LIU in DASNY's portfolio. They are a terrific client and it's great to see that in spite of the pandemic, they are demonstrating their ability through careful strategic planning, to bounce back. It is good to see that.

Chairman Ronski: I agree with you Al. I am guessing that a lot of this is an attempt to deal with some of the Covid issues. It certainly is a great testament to our wonderful team that they can actually run these financings in this current environment. I am certainly more than happy to advance it. I'll ask for a motion to recommend approval at tomorrow's a Board Meeting, unless anybody else have a comment or concern?

Mr. Carney: I will move approval.

Ms. Raleigh: Second here.

Chairman Ronski: Everyone's in favor? None opposed? Hearing none, that motion carries. Thank you very much, David.

David, you are still up and you have the NYU offering. David, please take it away.

Mr. Ostrander: Thank you, Mr. Chairman. The Finance Committee is being asked to recommend to the full Board one or more series of tax-exempt and/or taxable, fixed and/or variable rate bonds in an amount not to exceed \$410,000,000 for a term not to exceed to 31 years on behalf of New York University.

Proceeds from the proposed issuance will be used to finance the costs associated with numerous construction and renovation projects located throughout the NYU system totaling approximately \$344.4 million. Many of these projects have been financed previously by DASNY bond issuances. Some of the larger projects include construction of a mixed-use building at 181 Mercer Street which will include a modern athletic facility, new classrooms, and performing arts space. That facility is expected to be completed next year. Another one of the more significant projects is improvements to facilities located at the University's Brooklyn campus including 370 Jay Street and the Tandon School of Engineering.

The second component of the financing is a refunding of a portion of the University's Series 2016A Bonds. It is anticipated that the University will refund \$50,000,000 of stepped coupon bonds maturing on July 1, 2041. These bonds are callable on or after July of this year. The stepped coupon bonds are currently interest only through 2039 with principal payments in 2040 and 2041. Essentially the interest rate steps up every five years starting this July. It is expected that the refunding bonds will be issued as fixed rate, with the principal amortizing over the next 20 years. Assuming current market conditions, a total net present value savings of approximately \$13.2 million, or 26% of the refunded bonds, is expected from the refunding.

The University is rated Aa2 from Moody's Investors Service with a stable outlook and AA- with a stable outlook from S & P. So, in accordance with DASNY's Financing Guidelines, this will be a general unsecured obligation of the University, similar to previous NYU issuances.

NYU has experienced positive demand and enrollment trends in recent years. Despite the impact of the pandemic, demand for the University continues to increase and overall enrollment remains stable for fall 2020. For the fall of 2020, the University received 80,210 applications for full time freshmen, marking the 13th year in a row of record applications. Total headcount enrollment reached 52,775, which is an increase of 4.4% over five years.

The University's overall revenue mix is diverse. For fiscal year 2020, 29% of the University's total revenue operating revenues came from net tuition and fees. And when looking at the balance sheet, total net assets have increased by over \$1.7 billion since 2016 reaching \$6.2 billion at fiscal year 2020, which is mainly the result of fundraising, grant awards and positive investment returns.

Mr. Chairman.

Chairman Romski: Thank you very much, David. Any questions or concerns from the Finance Committee or any of the other the Board Members?

Mr. Carney: No concerns, Mr. Chairman, just a question. I am curious about the stepped up interest rates. Do market conditions determine what those increases are over time, or are those decisions made now?

Mr. Ostrander: Those rates were set at the time of pricing of the bonds that are going to be refunded, so the rates are already known.

Mr. Carney: That's what I thought, but I wasn't sure. I wanted to get that in the record. DASNY usually has at least one NYU financing every year. I am extraordinarily pleased to have NYU in the portfolio, Mr. Chairman. I heartily recommend approval to the full Board.

Chairman Romski: Thank you Al. I would endorse that. NYU has been a good client of DASNY for many years. I had one quick question, though, David. I think you mentioned that the construction that this is financing is all underway already at some stage, is that right?

Mr. Ostrander: There are a large number of projects, and the vast majority of them are well underway. The biggest one is 181 Mercer, which is scheduled to be wrapped up next year.

Chairman Romski: Okay, thanks, very much. Any other questions or concerns?

Ms. Raleigh: I echo the Chairman's comments and have no concerns. Dave answered my question on the stepped coupon bonds, so thank you.

Chairman Romski: They are also a good client on the health care side with NYU Langone.

Mr. Carney: The Langone Facility is outstanding.

Ms. Raleigh: Absolutely. I agree with you Al. Numbers are strong on the refunding side too, so this really benefits the institution.

Chairman Romski: Thanks again to Portia, Dave and whoever else from DASNY helped put that deal together. Can I please get a motion to recommend approval at tomorrow's full Board Meeting?

Ms. Raleigh: So moved.

Chairman Romski: Thank you. Second?

Mr. Carney: Second.

Chairman Romski: Thank you. All in favor? (collective "Aye") Any opposed? Hearing none, the motion carries.

I believe that that concludes the matters that are on the Finance Committee Agenda. Thank you.

Mr. Carney: Before we adjourn Mr. Chairman, I know Joan Sullivan is on with us today, but she will be unable to attend tomorrow. Joan, thank you for being at this meeting. We will miss you tomorrow and we'll look forward to seeing you again soon.

Joan Sullivan, Board Member: Thank you and good meeting today. You did a thorough job explaining everything and I appreciate it. I agree with it all as well.

Mr. Carney: Thank you, Joan.

Chairman Romski: We look forward to seeing everyone hopefully at the June meeting. Al, Beryl and I were at the new DASNY office at the early May meeting and the rest of you are in for a treat. It's very nice. Can I get a motion to adjourn?

Mr. Carney: So moved Mr. Chairman.

Chairman Romski: Thank you very much. A second?

Ms. Raleigh: Second.

Chairman Ronski: Thank you. All in favor? (collective “ Aye”) Any opposed? That motion carries and so we'll see everyone tomorrow.

The meeting adjourned at 4:25 p.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Sara Richards". The signature is written in a cursive style with a large initial 'S' and 'R'.

Sara P. Richards
Assistant Secretary