A Video Conference Meeting of the Finance Committee of the Dormitory Authority of the State of New York ("DASNY") was held on Tuesday, April 5, 2022 with proceedings commencing at 4:07 p.m.

Call to Order / Roll Call

The Meeting was called to order by Gerry Romski, Finance Committee Chair at 4:07 p.m. and a quorum was present.

The following Board Members and Staff were present:

Committee Members (joining via Zoom):

Gerry Romski, Finance Committee Chair
Alfonso Carney, Committee Member
Janice McKinnie, Committee Member

Board Members (joining via Zoom):

John B. Johnson, Board Vice Chair
Ken Evans, Board Member, Designated Representative of the Department of Health (ex offcio)

Staff (joining via Zoom):

Reuben R. McDaniel, III, President and Chief Executive Officer
Paul G. Koopman, Vice President
Nadine Fontaine, Esq., General Counsel
Kimberly A. Ellis, Chief Financial Officer
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring
Sara Potter Richards, Esq., Managing Senior Director, Governance and Administration
Ricardo Salaman, Esq., Deputy General Counsel
Dena Amodio, Esq., Assistant General Counsel
Craig Schreivogl, Director, Portfolio Monitoring, Public Finance
Matthew Bergin, Director, Public Finance
David Ostrander, Assistant Director, Public Finance
Steve Kosier, Senior Financial Analyst, Public Finance
Deborah Fasser, Director, Strategic Communications and Business Development
Amanda Nazario, Confidential Legal Assistant

APPROVAL OF MARCH 1, 2021 FINANCE COMMITTEE MEETING MINUTES

Upon a motion by Mr. Carney and a second by Ms. McKinnie, the Minutes of the DASNY March 1, 2022 Finance Committee Meeting were approved unanimously.

Yeshiva University

Mr. Kosier presented the Yeshiva University transaction. He explained that the Finance Committee is being asked to recommend to the full Board the adoption of a resolution to proceed for one or more series of fixed and/or variable rate tax-exempt and/or taxable bonds, with a term not to exceed 31-years, in an amount not-to-exceed $165,000,000, to be issued by negotiated sale or private placement, on behalf of Yeshiva University.

Mr. Kosier stated that Yeshiva has been a DASNY client since 1994 and has always met its obligations to DASNY on time and in full. He explained that the proposed issuance will be used to refund the University's outstanding DASNY bonds, including the Series 2009 and Series 2011A bonds, and to finance approximately $20 million of new money projects. Mr. Kosier further explained that the new money and refunding components of the proposed financing are each anticipated to provide annual cash flow savings and better align expenses with the useful life of the assets financed. He added that new money proceeds will finance high priority projects under the University's energy master plan.

Mr. Kosier informed the Committee Members that financing the projects is expected to be cash flow positive to the University as the annual debt service on the new money portion of the proposed issuance is estimated at approximately $1.2 million and the anticipated energy savings is approximately $1.7 million per year. He stated that subject to review by tax counsel, the University may repay principal over approximately 25 years following five years of interest only payments for both the new money and the refundings.

Mr. Kosier stated that debt service on the Series 2009 and 2011A bonds is currently approximately $12.2 million a year. Debt service on the refunding bonds is anticipated to be approximately $5.5 million a year during the interest only period and approximately $8.4 million a year when principal amortization begins. He further stated that the refunding is estimated to provide net present value savings of approximately $6.5 million, or approximately 5.0% of the bonds being refunded.

Mr. Kosier informed the Committee Members that the bonds are anticipated to be rated by S&P which rates Yeshiva BBB- with a stable outlook. Therefore, in accordance with DASNY's financing guidelines, the Loan Agreement shall be a general unsecured obligation of the University. He noted that the financing documents may include additional security provisions based on market conditions.

Mr. Kosier provided additional information about the operations of the University, the financial impacts of the pandemic, and the steps that have been taken to improve Yeshiva's finances. He explained that the University engaged a team of financial advisors to assist with the development and implementation of short- and long-term strategies to better align Yeshiva's expenses with revenues and improve liquidity which the University continues to implement. The implementation of these strategies included the September 2015 transfer of the Albert Einstein College of Medicine to a newly formed education corporation controlled by Montefiore Medicine. Mr. Kosier reported that the level of the deficits over the past five years are well below the deficits Yeshiva reported while the Medical School was included as part of its operations. He noted that the University continues to evaluate and implement strategies to improve operating margins by controlling expenses and enhancing revenues with a strategic focus on growing and expanding graduate programs which produce favorable margins.

Mr. Kosier stated that the new money and refunding components of the proposed financing are each anticipated to provide annual cash flow savings and better align expenses with the useful life of the assets financed. In response to a question from Mr. Carney, Mr. Kosier stated that it appears that Yeshiva is trending in the right direction financially. Mr. Kosier explained that the new money projects include certain energy efficiency projects including HVAC improvements, elevator renovation, and renovations to building envelopes.

Mr. Romski noted that the savings are being taken upfront, which makes sense to help them adapt to the challenges created by the pandemic. He further noted that Yeshiva is a long term and valued client of DASNY.

Mr. Carney moved to advance the financing to the full Board at the April 6, 2022 Board Meeting. The motion was seconded by Ms. McKinnie and approved unanimously.

Cornell University

Mr. Ostrander presented the Cornell University transaction. He explained that the Finance Committee is being asked to recommend to the full Board the adoption of three series of tax-exempt and/or taxable, fixed and/or variable rate bonds in an amount not to exceed $150,000,000 on behalf of Cornell University. He stated that the proceeds would be used to refund all or a portion of Cornell's Series 2000A, 2000B and 2019C Bonds, all of which were issued by DASNY. Mr. Ostrander explained that all three series of bonds are variable rate, with interest rates reset monthly based on LIBOR plus a spread. He noted that the bonds are all privately placed - the Series 2000A&B Bonds with Banc of America, and the Series 2019C Bonds with TIAA Bank. Mr. Ostrander explained that the proposed transaction is expected to reduce the University's variable rate exposure by refunding the Series 2000A, 2000B, and 2019C bonds with publicly offered, fixed rate bonds.

Mr. Ostrander informed the Committee Members that the outstanding obligations of the University have been assigned a rating of "Aa1" from Moody's and "AA" from S&P. Accordingly, Cornell meets the requirements under DASNY's financing guidelines for the bonds to be issued as a general unsecured obligation of the University.

Mr. Ostrander summarized the operations and finances of the University. He stated that Cornell has experienced strong demand and increasing enrollment over the last five years, despite disruptions caused by the COVID-19 pandemic, and has become increasingly selective over the past five years while maintaining a diverse revenue composition, growing financial resources and liquidity. He further stated that the University's variable rate debt, which represents approximately half of its total long-term debt, will be reduced by approximately $140 million through the proposed transaction.

Mr. Carney and Mr. Romski remarked that Cornell is a strong Institution and stated that DASNY is pleased to have the University as a client.

Mr. Carney moved to advance the financing to the full Board at the April 6, 2022 Board Meeting. The motion was seconded by Ms. McKinnie and approved unanimously.

Northwell Health Obligated Group

Mr. Bergin presented the Northwell Health Obligated Group transaction. He stated that the Finance Committee is being asked to recommend to the full board a financing on behalf of the Northwell Health Obligated Group. Mr. Bergin explained that the transaction contemplates a 30-year term for a bond issue in an amount not to exceed $820,000,000 to finance various construction, renovation, and modernization projects for the members of the Northwell Health Obligated Group, as well as refund all or a portion of DASNY's North Shore – Long Island Jewish Obligated Group Revenue Bonds, Series 2009B, C & D.

Mr. Bergin explained that obligations issued under the Master Trust Indenture will be a joint and several obligation of each member of the Obligated Group and will be secured by a lien on certain Gross Receipts of the members of the Obligated Group. He informed the Members that it is anticipated that the existing mortgages will be eliminated once the consents of 51% of the holders of the Master Trust Indenture Obligations are received, which is expected to occur by the closing of the Series 2022 Bonds. Mr. Bergin noted that this change in the security was disclosed in connection with the 2019 financing. The 2019 POS included deemed consent language for this amendment to the MTI. He noted that the 2022 POS will state that by their purchase of the Series 2022 Bonds, the purchasers shall consent and shall be deemed to have consented to this amendment.

Mr. Bergin informed the Committee Members that the Obligated Group has consistently recorded over 100 days cash on hand and their cushion ratio has averaged nearly 13:1. The Obligated Group's operating gain has averaged nearly $235 million over the last five years. Mr. Bergin reported that the System's inpatient market share is approximately 31%, more than double that of its nearest competitor. He directed members to the organizational flow chart and explained that there are 4 hospitals in the System that are not in the Obligated Group, and that the members of the Obligated Group represented nearly 82% of the total operating revenue and 83% of the total assets of the System.

Mr. Bergin discussed the impact of COVID-19 on the System and its role in providing testing and vaccine distribution in its service area, including medically underserved communities. He stated that the pandemic also caused a negative financial impact on the System as described in the Staff Report. Mr. Bergin reported that the expected ratings on the Bonds are A3, A-, and A-.

Mr. Evans informed the Committee Members that the Department of Health is supportive of this financing. He stated that DOH has been a long-term partner with Northwell and that the Department appreciates all the services that Northwell provides to their constituents. He directed the Members' attention to the report and DOH memo. He noted that the CON projects are identified in the Report, and have all been reviewed by the architectural bureau to verify that the projects are in compliance with current building codes.

After a brief discussion, Ms. McKinnie moved to advance the financing to the full Board at the April 6, 2022 Board Meeting. The motion was seconded by Mr. Carney and approved unanimously.

School Districts Revenue Bond Financing Program

Mr. Ostrander presented the School Districts Revenue Bond Financing transaction. He stated that the Finance Committee is being asked to recommend to the full board the adoption of an amended and restated supplemental resolution which will amend the not-to-exceed amount from $750,000,000 to $1 Billion.

Mr. Ostrander reminded the Committee Members that at last month's board meeting, the Board approved the transaction with a not to exceed amount of $750,000,000, which was expected to be sufficient to accommodate a June new money pool and a BAN refinancing pool, as well as a refunding pool later in the year. He stated that in a rising interest rate environment, school districts are more likely to finance with DASNY. As a result, the rise in interest rates over recent weeks has resulted in increased demand from school districts to participate in the DASNY pool.

Mr. Ostrander stated that to date, staff has received responses from 66 districts who wish to participate in the pool, totaling over $820 million. In addition, a refunding transaction later this year could total up to $150 million. The total amount of school district demand for new money, BAN refinancing, and refunding bonds now exceeds the previously- authorized amount of $750,000,000. Mr. Ostrander noted that other that the additional demand, there are no additional changes to what has been requested previously. In order to accommodate the additional demand, staff recommends the Board authorize the necessary amendments to the documents adopted at the March 2, 2022, Board Meeting to increase the not to exceed amount from $750,000,000 to $1,000,000,000.

Ms. McKinnie moved to advance the financing to the full Board at the April 6, 2022 Board Meeting. The motion was seconded by Mr. Carney and approved unanimously.

Adjournment

Mr. Carney moved to adjourn the meeting. The motion was seconded by Ms. McKinnie and the meeting adjourned at 4:33 p.m.

Respectfully submitted,

Sara Richards

Sara P. Richards
Assistant Secretary