

A Video Conference Meeting of the Finance Committee of the Dormitory Authority of the State of New York (“DASNY”) was held on Tuesday, February 1, 2022 with proceedings commencing at 4:00 p.m.

Call to Order / Roll Call

The Meeting was called to order by Gerard Romski, Finance Committee Chair at 4:05 p.m. and a quorum was declared present.

The following Board Members and Staff were present:

Committee Members (joining via Zoom):

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

Board Members (joining via Zoom):

John B. Johnson, Board Vice Chair
Jon Gardner, Board Member
Joan Sullivan, Board Member

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
Caroline V. Griffin, Chief of Staff
Sara Potter Richards, Esq., Managing Senior Director, Governance and Administration
Ricardo Salaman, Esq., Deputy General Counsel
Dena Amodio, Esq., Assistant General Counsel
Matthew T. Bergin, Director, Public Finance
Craig M. Schreivogl, Director, Portfolio Monitoring
David Ostrander, Assistant Director, Public Finance
Alex Sirdine, Financial Analyst
Deborah Fasser, Director, Strategic Communications and Business Development
Amanda Nazario, Confidential Legal Assistant

APPROVAL OF NOVEMBER 9, 2021 FINANCE COMMITTEE MEETING MINUTES

Upon a motion by Mr. Carney and a second by Ms. McKinnie, the Minutes of the DASNY November 9, 2021 Finance Committee Meeting were approved unanimously.

PIT / Sales Tax Revenue Bond Program

Mr. Bergin presented the Single Approval Transaction Summary for the PIT / Sales Tax Revenue Bond Program. He explained that the Finance Committee is being asked to recommend to the full Board the authorization for the issuance of multiple series of tax exempt and/or taxable, fixed and/or variable rate bonds, issued at one or more times in an amount not to exceed \$3 billion, with a term of 30 years, provided, however that the maximum term for the portion of the financing related to the MTA capital projects would be 50 years. He stated that the fiscal year 2022 enacted budget authorizes issuances to be undertaken by the State for MTA capital projects to be issued for a maximum of 50 years. He provided some background, stating that the State directly contributes to the MTA capital plan and the pandemic has adversely affected the credit ratings of the MTA transportation revenue bond program, which has increased their cost of borrowing.

He indicated that the State would issue PIT and/or Sales Tax Revenue Bonds to fund the State's portion of the MTA capital plan. He stated that previously, the financial plan assumed that the State's portion of the MTA capital projects would be bonded by the MTA but funded by the State through additional operating aid. He advised that the State would like the flexibility to issue the proposed bonds under either the Sales Tax Revenue Bond Program and/or the Personal Income Tax Revenue Bond Program. However, the current plan is to issue under the PIT Revenue Bond Program.

Mr. Bergin explained that the new money portion is estimated at approximately \$2.1 billion and may include the funding and/or reimbursements related to capital projects for CUNY facilities, capital projects for the Office of Mental Health, the Office for People with Developmental Disabilities and the Office of Addiction Services and Supports. He added that additional projects that are expected to be funded include those for the State University of New York's educational facilities, the dedicated highway and bridge trust fund projects, MTA transportation facilities projects, State and Municipal Facilities grants, housing capital facilities projects, and healthcare grants.

He further explained that the authorization also looks to cover the refunding of certain series of bonds issued under various state-supported debt programs in the amount of approximately \$780 million dollars. For security, the Sales Tax Revenue Bond Program and the Personal Income Tax Revenue Bond Program are secured by semi-annual payments to be made pursuant to the financing agreements between DASNY and the Division of the Budget.

Mr. Bergin discussed the Sales Tax Revenue Bond program. He reported that security also includes a set aside of two cents or 50% of the State's 4% sales tax pursuant to statute and deposited in the Sales Tax Revenue Bond Tax Fund. For the Personal Income Tax Revenue Bond Program, the security also includes 50% of the receipts for the New York State Personal Income Tax, 50% of the employer compensation expense tax, and 50% of the receipts from the imposition of the pass-through its tax, which shall be deposited in the Revenue Bond Tax Fund. For the fiscal year ending March 31, 2022, the debt service coverage on all outstanding State Personal Income Tax Bonds is projected to be 9.5 times total debt service.

The debt service coverage on all outstanding Sales Tax Bonds is projected to be 6.6 times total debt service. On the PIT coverage of 9.5 times, this reflects the timing of the pass-through entity tax receipts which have been received, however, the accompanying tax credits which would be an offset do not begin until April 2022. Overall, the Division of the Budget expects that the pass-through entity tax receipts will be revenue neutral to the State. However, because of the timing of the receipts, it may not be revenue neutral within each fiscal year. Finally, the expected ratings of either program are Aa2/AA+/AA+.

In response to an inquiry by Mr. Carney, Mr. Bergin stated that the Enacted Budget authorizes the issuances for MTA capital projects for a maximum term of 50 years. He further stated that the MTA bonds authorized in November for a maximum term of 50 years were issued for a term of approximately 30 years based on the useful life of the assets. Mr. Bergin stated that the same approach will be followed and therefore, although the outlying parameter is 50 years, the maturity of the Bonds will be determined by the useful life of the underlying assets.

Mr. Ronski observed that while this is a large transaction, recent information from the Office of the State Comptroller and the Division of the Budget indicate that the State's finances are sufficient to support the borrowing.

Ms. McKinnie moved to advance the transaction to the full DASNY Board at the February 2, 2022 Board Meeting. The motion was seconded by Mr. Carney and approved unanimously.

The New School

Mr. Ostrander presented The New School Transaction. He explained that 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 \$186,925,000 on behalf of the New School. Mr. Ostrander informed the Committee Members that the financing includes both a new money and refunding component. He explained that the new money proceeds will be used to finance costs associated with the acquisition, renovation and equipping of a 12- story building located at 318 East 15th street in Manhattan to provide residential living space for University students. This facility has been leased by the University as a residence hall since 2009. The purchase of the building will allow the University to upgrade the existing space, while also reducing annual capital costs associated with the facility. The University expects to save at least \$3.2 million annually through the purchase and the renovation of the property and the elimination of the annual lease expense.

He further explained that the refunding proceeds will be used to refund all or a portion of the University's Series 2011 bonds issued by DASNY. The proposed refunding is expected to result in net present value savings in the range of \$3 million, or 19% of the refunded bonds. Mr. Ostrander informed the Members that the outstanding obligations of the University have been assigned a rating of A3 from Moody's and BBB+ from S & P. With these investment grade ratings, the New School meets the requirements under DASNY's financing guidelines for the bonds to be issued as a general unsecured obligation of the University.

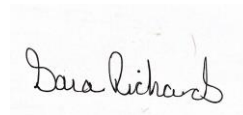
Mr. Ostrander explained that the University's enrollment and operations have rebounded in the current fiscal year following the challenges presented by the pandemic. New School is also continuing its strategic capital plan to reduce leased space and consolidate real estate around its University Center. The proposed transaction will help further the strategic plan while also providing the University with savings through the purchase and renovation of East 15th street property and the refunding of the Series 2011 Bonds.

After a brief discussion, Mr. Carney moved to advance the financing to the full Board at the February 2, 2022 Board Meeting. The motion was seconded by Ms. McKinnie and approved unanimously.

Adjournment

Mr. Carney moved to adjourn the meeting. The motion was seconded by Mr. Ronski and the meeting adjourned at 4:20 p.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Sara Richards". The signature is written in a cursive style and is centered within a light gray rectangular box.

Sara P. Richards
Assistant Secretary