

The Dormitory Authority of the State of New York Finance Committee Meeting was held by videoconference technology among DASNY's Offices in New York City, 28 Liberty Plaza, New York, New York and 515 Broadway, Albany, New York at 9:30 a.m. on Wednesday, September 6, 2023.

CALL TO ORDER / ROLL CALL

The Meeting was called to order by Gerard Ronski, Finance Committee Chair, at 9:30 a.m. Mr. Ronski appointed Board Chair Gomez as a temporary Member of the Finance Committee and a quorum was declared present. The following Board Members and Staff were present:

Finance Committee Members Present--NYCO

Gerard Ronski, Esq. – Finance Committee Chair
Lisa Gomez, Board Chair, Temporary Finance Committee Member

Finance Committee Members Present –Via Phone/Zoom

Alfonso L. Carney, Jr. – Finance Committee Member

Finance Committee Members Absent

Janice McKinnie—Finance Committee Member

Other Board Members Present – NYCO

Wellington Chen—Board Member

Other Board Members Present – Albany

Joan M. Sullivan – Board Member
Christina Coughlin, Designated Representative of the Commissioner of Education, Board Member (*ex officio*)

Staff Members Present

Reuben R. McDaniel, III, President and Chief Executive Officer, (Via Zoom)
Charlie Williams, Vice President, (Via Phone)
Stephen Curro, Managing Director of Construction
Kimberly Ellis, Chief Financial Officer
Nadine Fontaine, Esq., General Counsel
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring
Sara Potter Richards, Esq., Managing Director, Executive Direction
Matthew Moore, Esq., Deputy General Counsel
Ricardo Salaman, Esq., Deputy General Counsel
Dena Amodio, Associate General Counsel
Dan Brown, Senior Director, External Relations

Matt Bergin, Director, Public Finance
Deborah Fasser, Director, Strategic Communications & Business Development
Jenilee Flinton, Director, Internal Audit
Chad Pirro, Director, Financial Administration
Jeffrey Gordon, Director of Communications
Craig Schreivogl, Director, Portfolio Monitoring
David Ostrander, Assistant Director, Public Finance & Portfolio Monitoring
Alex Sirdine, Senior Financial Analyst
Karen Ehlinger, Manager, Internal Control Analysis
Dave Byam, Senior Systems Specialist
Brittany Stinson, Public Information Officer
Amanda Nazario, Confidential Legal Assistant
Lori Huelle, Executive Assistant

Outside Counsel Present (via Zoom)

Jeffrey Pohl, Esq., Nixon Peabody LLP

PUBLIC SESSION

Committee Chair Ronski called the meeting to order and welcomed Members and Staff. The Minutes of the July 26, 2023 Finance Committee Meeting were unanimously approved.

American Musical and Dramatic Arts Academy –Resolution to Proceed

Mr. Sirdine stated that the Finance Committee is being asked to recommend to the full Board the adoption of a Resolution to Proceed with the issuance of one or more series of tax-exempt and/or taxable, fixed and/or variable rate bonds in an amount not to exceed \$80,000,000 with a maturity not to exceed 30 years on behalf of AMDA, Inc. for its NYS operating entity, The America Musical and Dramatic Arts Academy (AMDA). He further stated that Staff expects to request adoption of documents at the October Board Meeting, and that the transaction is expected to close at the end of October.

Mr. Sirdine stated that AMDA plans to issue bonds concurrently through two separate issuers: DASNY and the California Municipal Finance Authority. He further stated that the proceeds of the Bonds will be used to refinance AMDA's Series 2015 and Series 2018 Bonds issued by Build NYC, as well as a taxable bank loan issued in 2015. Mr. Sirdine informed the Committee Members that in addition to the refinancings, the bond proceeds are expected to be used to fund various renovation and deferred maintenance projects at its New York location.

Mr. Sirdine informed the Committee Members that this is a private placement transaction and in accordance with DASNY Financing Guidelines, the proposed issuance will be privately placed with Preston Hollow Community Capital, a Qualified Institutional Buyer, in minimum denominations of at least \$100,000.

Mr. Sirdine stated that Preston Hollow Community Capital focuses on providing financing solutions to local governments, higher education institutions, and other not-for-profit entities for projects that are not easily financed through traditional lending channels. Mr. Sirdine stated that this refinancing will help AMDA restructure its debt by replacing its short-term variable rate debt with longer-term fixed rate bonds while extending the final maturity of its debt from 2045 and 2048 to 2053, subject to review by tax counsel. He further stated that this transaction will also include a small new money component to fund various deferred maintenance projects, including upgrades to the elevator system, HVAC system, carpeting, roofing, and plumbing.

Mr. Sirdine informed the Committee Members that AMDA currently has floating-to-fixed interest rate swaps associated with its variable debt. He stated that the swaps are expected to be terminated as part of this refinancing and that based on the current fair market value of the swaps, AMDA expects to receive a payment upon termination.

Mr. Sirdine stated that on March 21, 2023, AMDA entered into a Forbearance Agreement with its current debt holders due to a failure to maintain certain financial covenants and to deliver timely audited financial statements. He explained that this Agreement expired on July 3, 2023 and that AMDA is currently in talks with its lenders to extend the Agreement to the end of October 2023 in order to provide sufficient time to close on the proposed refinancing.

Mr. Sirdine stated that security for the proposed transaction is expected to include a pledge of Gross Revenues, mortgages on property acceptable to the Purchaser, a Debt Service Reserve Fund, and financial covenants acceptable to the Purchaser. Mr. Sirdine stated that AMDA has reported operating profits for each of the last five years, with margins averaging approximately \$9.4 million, and has total assets of approximately \$151 million, with approximately \$42 million in Unrestricted Net Assets. He further stated that operations were negatively impacted by COVID during the last two fiscal years, but AMDA has taken steps to boost enrollment and reduce expenses. Mr. Sirdine noted that net tuition and fees, together with housing revenues, comprised approximately 88% of the Academy's revenues in 2022.

Mr. Sirdine informed the Committee Members that in 2023, AMDA entered a three-year lease with New York City Health + Hospitals for the purpose of using its student housing facilities to provide migrant housing. He stated that AMDA students are currently being provided alternative housing arrangements at nearby facilities, and AMDA has indicated that the NYC H+H lease is financially beneficial. Mr. Sirdine stated that bond counsel and borrower's counsel have reviewed this matter.

In response to a question from Mr. Carney regarding the failure of AMDA to provide audited financial statements in a timely fashion, Mr. Sirdine stated that Preston Hollow is aware of this issue. He noted that they will be provided with 2 years of back statements and have indicated that is acceptable. Mr. Carney inquired whether DASNY is familiar with Preston Hollow. Mr. Sirdine responded that Preston Hollow Community Capital was also the purchaser for DASNY's Urban Health Plan Bonds Series 2021.

Chair Ronski inquired whether there has been any feedback regarding the alternative facilities provided to AMDA students. Mr. Sirdine replied that there has not been. He noted that the students are being housed at the New Yorker Hotel and at a facility at 47 West 13th Street.

In response to a question from the Committee Chair, Mr. Sirdine stated that an opinion from Borrower's Counsel regarding the authority to enter into the underlying lease for the dormitories was required, and does not affect the tax exempt status of AMDA. Chair Ronski asked for additional details about the new money work to be undertaken with bond proceeds. Mr. Sirdine replied that approximately \$3 million will be used for standard deferred maintenance items such as elevator upgrades, HVAC improvements, roof repairs, and similar items.

The Finance Committee Members unanimously agreed to recommend the adoption of a Resolution to Proceed by the full Board.

The Finance Committee meeting was adjourned at approximately 9:45 a.m.

Respectfully submitted,

Sara P. Richards
Assistant Secretary