

The Dormitory Authority of the State of New York Audit Committee Meeting was held by videoconference technology among DASNY's Offices in New York City, 28 Liberty Plaza, New York, New York; 515 Broadway, Albany, New York; and 6047 Transit Road, East Amherst, New York at 9:30 a.m. Wednesday, June 25, 2025.

CALL TO ORDER/ROLL CALL

The following Board Members and Staff were present:

Committee Members Present

Joan Sullivan, Audit Committee Chair – (Albany)
Alfonso L. Carney, Jr., Committee Member – (NYCO)
Beryl L. Snyder, Committee Member – (NYCO)
Kent Syverud, Committee Member – (NYCO)

Other Board Members Present

Lisa Gomez – Board Chair
Gerard Ronski, Vice Chair
Janice McKinnie, Board Member – (Buffalo)
Christina Coughlin, Designated Representative of the Commissioner of Education, Board Member (*ex officio*) – (Albany)
Adrian Swierczewski, Designated Representative of the Director of Budget, Board Member (*ex officio*) – (Albany)

Other Board Members Absent

Ken Evans, Designated Representative of the Commissioner of Health, Board Member (*ex officio*) – (Albany)

KPMG Auditors

Martin Dunbar, Partner
Marie Zimmerman, Engagement Quality Control Review Partner
Ryan Kenyon, Lead Engagement Manager
Jake Day, Manager, Audit
Ariel Kang, Team Avaloria, Manager

Senior and Presenting Staff Members

Robert Rodriguez, President/CEO
Stephen Curro, Managing Director, Construction
Kimberly Ellis, Chief Financial Officer
Portia Lee, Managing Director, Public Finance & Portfolio Monitoring
Jennifer Maglienti, General Counsel

Sara Potter Richards, Managing Director, Executive Direction
Nicola Zarrelli, Managing Senior Director, Construction Finance & Administration
J. Matthew Moore, Deputy General Counsel
Ricardo Salaman, Deputy General Counsel
Geoffrey Arnold, Director, Budget & Operations
Matthew Bergin, Director, Public Finance
Kara Mallard, Director, Procurement
Craig Schreivogl, Director, Portfolio Monitoring
Carrie Torres, Director, Opportunity Programs
Gregory Maisenbacher, Manager, Internal Control Analysis
Juan Reyes-Alvarez, Financial Analyst

Various Staff Members of the Dormitory Authority of the State of New York and Members of the Public also joined via Zoom.

PUBLIC SESSION

Approval of the Meeting Minutes from May 14, 2025

Audit Committee Chair Sullivan welcomed the Members and Staff to the Audit Committee meeting and a quorum was declared present. The minutes from the May 14, 2025 Audit Committee meeting were unanimously approved.

Basic Financial Statements

Chair Sullivan asked Ms. Ellis to review the financial statements for the year ending March 31, 2025.

Ms. Ellis summarized the results of the annual audit. She stated that KPMG expects to issue unmodified opinions on DASNY's financials, the supplementary information included with the financials, DASNY's compliance with the State Comptroller's investment guidelines and DASNY's investment policy and guidelines. Ms. Ellis informed the Committee Members that KPMG did not identify any significant deficiencies or material weaknesses in DASNY's internal controls and therefore, no management letter will be issued. She asked Martin Dunbar of KPMG to discuss the annual audit results.

Mr. Dunbar confirmed that KPMG expects to issue an unmodified opinion over DASNY's financial statements, which is a clean opinion and the highest-level opinion that can be issued. He stated that KPMG will also issue an unmodified opinion over internal controls over financial reporting and compliance with other matters based upon the audit of the financial statements performed in accordance with GAAP (the "yellow book report"); required supplementary information; and a report regarding DASNY's compliance with section 201.3 of Title Two of the Official Compilation of Codes, Rules and Regulations of the State of New York. He informed the Committee Members that no significant deficiencies or material weaknesses were found.

Mr. Dunbar directed the Members' attention to the presentation included with the Board Materials and summarized the audit results relating to required communications and other matters. He stated that there are no matters of concern in this area, which would include items such as disagreements with management or other difficulties encountered during the course of the audit.

Mr. Dunbar informed the Committee Members that the auditors did not find any actual or suspected fraud or other illegal acts involving management, employees with significant roles in internal control, or where fraud would result in a material misstatement in the financial statements. He confirmed that KPMG is an independent accounting firm with respect to DASNY under all relevant professional and regulatory standards, and that all required inquiries have been performed to date and there are no matters to report.

Mr. Dunbar stated that throughout the course of the audit, management was transparent, cooperative, deeply involved in the audit process, and fully supportive of the auditors. There are no disagreements to report.

Mr. Dunbar stated that the auditors have discussed with Management a financial statement misstatement related to DASNY's Non-GAAP policy for accruing payables subsequent to year end that was not corrected in the year end financials. He reported that Management evaluated this difference and concluded it was not material either individually or in the aggregate to the basic financial statements taken as a whole. KPMG concurred with Management's conclusion and Mr. Dunbar stated that this does not impact the overall audit opinion. Mr. Dunbar informed the Committee Members that relatively inconsequential unrecorded activity is fairly common among governmental entities including the State of New York.

Mr. Dunbar informed the Committee Members that KPMG partnered with two MWBE firms in connection with the DASNY audit: Team Avaloria and Long Island Financial Management Services. He stated that the MWBE participation level is approximately 30% of the overall audit effort, and KPMG embraces the opportunity to provide opportunities for MWBE firms. He introduced Ariel Kang, Manager, Team Avaloria, to discuss their participation in the DASNY Audit.

Ms. Kang stated that KPMG and Team Avaloria have worked together for the past 10 years. She explained that Team Avaloria is integrated into the engagement team and participates at all levels of the audit, including direct communication with the client through emails, calls, and in person meetings. Ms. Kang noted that Team Avaloria follows all applicable requirements and standards, and exercises independence requirement. Mr. Dunbar informed the Committee Members that the independence of all firms and individuals working on the audit is verified at the start of the engagement to ensure that all firms are operating at the same level as KPMG in all respects.

Mr. Dunbar summarized required communications as they relate to the Annual Audit and stated that there are either no matters to report or no instances of noncompliance.

Mr. Dunbar stated that DASNY's Internal Audit Department assisted with certain matters in connection with the Annual Audit.

Mr. Dunbar stated that there were no significant new accounting pronouncements requiring adoption this year. He noted that the implementation of GASB 101 regarding compensated absences was fairly inconsequential to the financial statements as a whole.

Ryan Kenyon, Audit Manager, stated that the significant accounting policies used by DASNY are set forth in note 2 to the basic financial statements. He noted that they were prepared in conformity with US generally accepted accounting principles for governments established by the Governmental Accounting Standards Board (GAAP). Mr. Kenyon informed the Committee Members that there were no significant transactions recorded that lacked authoritative accounting guidance or consensus. Mr. Kenyon informed the Members that during the course of the audit, KPMG employed professional skepticism to consider and evaluate the risk of management override of internal controls.

Mr. Kenyon reported that, as in prior years, the engagement team reviewed the underlying assumptions and inputs with respect to total OPEB liability and determined that there were no indicators of unusual or inappropriate management bias. Therefore, KPMG determined that the total OPEB liability calculation was performed in accordance with GASB 75. With respect to consideration of fair value of estimates, the auditors determined that there were no indicators of unusual or inappropriate management bias and opined that the fair value of investments calculation was performed and recorded in accordance with GASB 72.

Mr. Kenyon stated that with respect to conduit debt, the auditors sent out independent third-party confirmations and vouched responses to the underlying support/documentation. He informed the members that there were no matters or issues identified in this area.

Mr. Kenyon reported that no material inconsistencies or material misstatements of facts were identified in KPMG's limited review of the management discussion analysis and required supplementary information.

Mr. Dunbar encouraged the Committee Members to bring any concerns regarding management override of internal controls, misappropriation of assets, or inappropriate financial reporting to their attention or to the Audit Committee. He stated that KPMG was not made aware of anything that raised concern with respect to these items. Mr. Dunbar stated that KPMG exercises independence and will remain independent in all services provided. In response to a question from Mr. Carney, Mr. Dunbar stated that KPMG verifies to DASNY that the MWBE firms are also independent and undertakes the diligence necessary to make this assurance.

Financial Statements

Ms. Ellis thanked the KPMG Team. She directed the attention of the Committee Members to the Board Materials and summarized DASNY's financial results over the past year. Ms. Ellis informed the Members that DASNY issued approximately \$10 billion in debt, comprised of \$5 billion on behalf of State institutions and \$5 billion in conduit debt borrowings. She stated that on the construction management side, DASNY continued work on a variety of projects including the new academic building at FIT, the Monhonk residence hall at SUNY New Paltz, the WNY Psychiatric Center, the NYS Life Sciences Public Health Laboratory and the Mid-Hudson Forensic

Replacement Hospital. Additionally, she stated that DASNY awarded a \$55 million design-build contract for the construction of a new 300 bed residence hall at SUNY Binghamton.

Ms. Ellis stated that DASNY adopted GASB Statement No. 101, Compensated Absences. She explained that this updates the recognition and measurement guidance for compensated absences and requires recognition of a liability for leave that has not been used, as well as leave that has been used but not yet paid in cash or settled through noncash means. Ms. Ellis explained that a liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, if it accumulates and is more likely than not to be used for time off or otherwise paid in cash. Ms. Ellis stated that as a result of adopting this pronouncement, DASNY has restated its beginning net position by a reduction of \$10.8 million as of April 1, 2024.

Ms. Ellis reported that DASNY also adopted GASB Statement No. 100, Accounting Changes and Error Corrections, which enhances accounting and financial reporting requirements to provide more understandable, reliable, consistent, and comparable information. She stated that there was no impact on the financial statements as the effect of the new rule related solely to additional disclosures where applicable.

Ms. Ellis further stated that DASNY adopted GASB Statement No. 102, Certain Risk Disclosures. She explained that the purpose of GASB 102 is to provide users with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Ms. Ellis explained that the pronouncement requires a government to assess whether a concentration or constraint makes the primary reporting unit vulnerable to the risk of a substantial impact based on whether an event or events have occurred, have begun to occur, or are more likely than not to occur within 12 months of the date the financial statements are issued. She noted that there was no impact on the financial statements as a result of adopting GASB 102.

Ms. Ellis reported that the Financial Statements reflect an increase in DASNY's Net Financial Position of \$137 million, the majority of which is activity in DASNY's Restricted Funds. She stated that DASNY's operations showed a surplus of \$2.7 million, reflecting a \$1.2 million surplus on the public side and a \$1.5 million surplus on the private institution side, primarily due to a \$900 thousand surplus for financing and bond administration, and a credit or reduced allocation of OPEB expense due to amortization of prior improvements in the discount rates.

With respect to debt issuances, Ms. Ellis reported that DASNY issued approximately \$5 billion in debt on behalf of State Institutions. She stated that 97% of issuances were issued for new money and refunding purposes, and 61% of issuances were issued on behalf of New York State agencies.

Ms. Ellis informed the Members that there were \$3.5 billion in bond retirements over the past year. She stated that approximately 56% were defeasances and early redemptions and 34% were refunded by new DASNY bonds. She reported that the majority of bond retirements were the result of a large prepayment provided by the State at the end of 2024.

Ms. Ellis informed the Committee Members that DASNY ended the year with \$60 billion in outstanding bonds, an increase of \$4.3 billion from 2024. She noted that the split between state institution and conduit bonds remained relatively stable at 60% and 40%, respectively.

Ms. Ellis stated that in terms of DASNY's Construction Management line of business, total construction and loan disbursements increased approximately \$309 million in 2025, driven by Certified Disbursements which saw an increase of \$166 million, primarily in the SUNY program, offset by a decrease in NYS agencies. She further stated that DASNY-Managed project disbursements saw an increase of \$143 million primarily related to NYS agencies.

Ms. Ellis reported that DASNY's Statement of Net Position increased \$137 million in 2025 compared to 2024, as restated, primarily due to an increase in restricted net position related to State prepayments. She explained that increases of approximately \$5 billion in assets and liabilities were largely driven by the net increase in bonds outstanding, the related Loans receivable and Cash and Cash Equivalents, and noted that the Net investment in capital assets decreased \$1 million primarily due to the depreciation of capital assets and amortization of right-to-use lease assets and subscription IT assets.

Ms. Ellis informed the Members that DASNY's total investment balance of \$8.8 billion reflects an increase of approximately \$3.1 billion, primarily due to prepayment of debt service obligations by the State and new money bond issuance activity, net of disbursements for construction projects and grant programs. She stated that additionally, money market funds saw a \$2 billion decrease from the prior year, largely due to the investment of monies held for the prepayment of debt service by the State. Ms. Ellis further stated that DASNY's total investment portfolio has increased to approximately \$9.6 billion.

Ms. Ellis directed the Members' attention to the supplementary information provided with the Board Materials, including schedules that break out the information in the Financial Statements by program type and DASNY's operations; DASNY's budget and actual expenses for its operations; and a schedule of outstanding bonds and notes. She reminded the Members that DASNY is required to submit the Auditor's Report and Basic Financial Statements to the Office of the State Comptroller by June 30. Ms. Ellis stated that during today's Board Meeting, there will be a resolution for the Board to approve adoption of the Basic Financial Statements as of and for the year ended March 31, 2025.

Ms. Ellis thanked the people who worked hard to achieve these audit results. She stated that, in addition to the usual tight deadlines related to the audit, staff have been working on the replacement of the current financial management system which is expected to be implemented in the fall. She informed the Committee Members that she relies on the experience, knowledge and dedication of the Finance staff to maintain accurate books and records; provide necessary support to the independent auditors; and file the Financial Statements with the State in a timely manner.

Ms. Ellis provided a special acknowledgement and thanks to Dianne Topple, Assistant Director of Accounting, who along with her team oversees the entire audit process. Ms. Ellis also thanked Steve Winters-Bona, Assistant Director of the Debt Unit; Stanley Reed, Director of Treasury Management Services; Geoff Arnold, Director of Budget & Operations; Kelly Ray, Assistant Director of Accounts Payable; Antoinette Tomlin, Senior Financial Analyst in the Debt unit; and their respective teams. She said that without the dedication and oversight of these teams, today's

audit results would not be possible. She also thanked Jia Wu from DASNY's Internal Audit team who supported KPMG during the audit process.

Ms. Ellis extended her appreciation to KPMG for their support and role in making the audit run smoothly. She thanked Long Island Financial Management and Team Aveloria for their hard work and continued professionalism in conducting the audit.

Chair Sullivan and Mr. Carney thanked Ms. Ellis for leading the audit effort, as well as the Finance Team and KPMG for their work in connection with the Audit.

Upon a motion by Mr. Syverud and a second by Mr. Carney, the Audit Committee Members decided unanimously to recommend approval of the Annual Audited Financial Statements for the fiscal year ending March 31, 2025 to the full Board.

Annual Investment Report

Ms. Ellis presented the Annual Investment Report, which DASNY is also required to file with the Office of the State Comptroller. She noted that the report includes DASNY's Investment Policy and Guidelines, summaries of investment income earned, and fees paid for the year. Ms. Ellis stated that a copy of DASNY's Financial Statements will also be filed with the report.

Ms. Ellis informed the Committee Members that there were no changes to DASNY's Investment Policy and Guidelines during the year. Ms. Ellis reported that Investment income totaled \$377.1 million for the year, \$17.4 million of which was earned from construction funds, with the remaining \$359.7 million from all other funds. She stated that an additional \$77.8 million was earned on the investment of conduit debt-related bond and note issue proceeds, along with the reinvestment of existing funds related to conduit debt, which is not reported in the basic financial statements. Ms. Ellis reported that during 2025, DASNY paid approximately \$1.1 million for trustee and custodial services.

Upon a motion from Ms. Snyder and a second by Mr. Carney, the Audit Committee Members decided unanimously to recommend approval of the Annual Investment Report for the fiscal year ending March 31, 2025 to the full Board.

Public Authorities Accountability Act Annual Report

President Rodriguez directed the Committee Members to the annual ABO Report included in the materials. He stated that the Report summarizes the activities of DASNY's three primary business lines: public finance, construction services and grants administration. The President informed the Committee Members that DASNY completed 17 bond financings last year valued at approximately \$9.6 billion, comprised of approximately \$6.4 billion for public clients to fund a variety of programs including school districts, Board of Cooperative Education (BOCES) services, sales tax and personal income tax programs; and approximately \$3.2 billion in bonds for independent private sector clients.

President Rodriguez reported that DASNY completed 3 lease transactions under its tax-exempt leasing program (TELP), valued at approximately \$51.1 million. He stated that DASNY's current

outstanding bond portfolio totals approximately \$60.1 billion. The President further stated that DASNY's total construction portfolio includes 916 projects valued at more than \$13.5 billion. He summarized that over the past year, DASNY completed 65 construction projects valued at \$351.1 million and 13 summer projects valued at \$106.7 million. President Rodriguez further stated that DASNY also initiated 94 new full-service construction projects valued at over \$1 million, and those totaled approximately \$465 million.

President Rodriguez stated that DASNY had awarded original procurements valued at approximately \$1.3-6 billion. He further stated that DASNY administered more than 25 different capital grant programs on behalf of New York State, through which DASNY executed 1,144 grant disbursement agreements with local governments, not-for-profit organizations, and other eligible entities valued at approximately \$456.3 million.

President Rodriguez reported that DASNY's projected cumulative MWBE expenditures were approximately \$200 million, which represents approximately 34.56% of total contract expenditures: 20.53% for MBE's and 14.03% for WBE's. He stated that earlier this month, the Governor signed an amendment to the Medical Care Facilities Finance Agency Act, increasing DASNY's authority to issue certain bonds and notes by \$1.8 billion on behalf of eligible hospital and nursing home projects. The President encouraged the Committee Members to review the Board materials for additional information.

Upon a motion from Mr. Carney and a second by Ms. Snyder, the Audit Committee Members decided unanimously to recommend approval of the Public Authorities Accountability Act Annual Report to the full Board.

EXECUTIVE SESSION

Ms. Snyder moved that the Committee Members go into Executive Session to discuss the financial and credit history of a particular corporation, current or pending litigation, and matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation. Mr. Carney seconded the motion and the Members went into Executive Session.

PUBLIC SESSION

Ms. Sullivan stated that no action was taken in Executive Session, other than to return to the Public Session.

Mr. Syverud moved to adjourn the meeting, Ms. Snyder seconded the motion, and the meeting was adjourned at approximately 11:05 a.m.

Respectfully submitted,

Sara P. Richards
Assistant Secretary