

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, 6047 Transit Road, Suite 103, Buffalo, New York, and 515 Broadway, Albany, New York at 10:15 a.m. on Wednesday, January 15, 2025.

CALL TO ORDER / ROLL CALL

The Meeting was called to order by Gerard Romski, Finance Committee Chair, at 10:15 a.m. and a quorum was then declared present. The following Board Members and Staff were present:

Finance Committee Members Present

Gerard Romski, Esq. – Finance Committee Chair (NYCO)
Janice McKinnie—Finance Committee Member (Buffalo)

Finance Committee Members Absent

Alfonso L. Carney, Jr. – Finance Committee Member

Other Board Members Present – NYCO

Lisa Gomez – Board Chair
Beryl L. Snyder, Esq. – Board Member

Other Board Members Present - Albany

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

Other Board Members Absent

Wellington Chen – Board Member
Adrian Swierczewski, Designated Representative of the Director of Budget, Board Member (*ex officio*)

Senior and Presenting Staff Members:

Charlie Williams, Vice President
Stephen Curro, Managing Director, Construction
Kimberly Ellis, Chief Financial Officer
Portia Lee, Managing Director, Public Finance & Portfolio Monitoring
Sara Potter Richards, Managing Director, Executive Direction
Matthew Moore, Deputy General Counsel

Ricardo Salaman, Deputy General Counsel
Geoffrey Arnold, Director, Budget & Operations
Matthew Bergin, Director, Public Finance
Craig Schreivogl, Director, Portfolio Monitoring
Stephen Kosier, Assistant Director, Public Finance & Portfolio Monitoring
David Ostrander, Assistant Director, Public Finance & Portfolio Monitoring
Alex Sirdine, Senior Financial Analyst
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 Meeting Minutes from the December 4, 2024 Finance Committee Meeting

Finance Committee Chair Gerard Ronski called the meeting to order and welcomed Members and Staff. The Minutes of the December 4, 2024 Finance Committee Meeting were unanimously approved.

The New School – Single Approval Financing

Mr. Ostrander stated that the Finance Committee is being asked to recommend to the full Board a Single Approval transaction for a financing in an amount not to exceed \$105,000,000 with a term not to exceed 30 years on behalf of The New School.

Mr. Ostrander stated that the bond proceeds are expected to be used to refund all or a portion of the University's Series 2015A Bonds issued by DASNY, and to finance new money costs associated with various renovation projects across the University's facilities. He reported that the refunding is expected to provide debt service savings for the University. Assuming current market conditions, a total net present value savings of approximately \$4.6 million, or 4.5% of the refunded bonds, is anticipated. Mr. Ostrander informed the Committee Members that the University will no longer be subject to the financial covenants included in the Series 2015A Loan Agreement once all of the bonds are refunded. He noted that this is consistent with other DASNY bonds issued on behalf of the New School since 2015.

Mr. Ostrander reported that the University is currently rated A3 by Moody's and BBB+ by S&P. He stated that it is anticipated that the 2025 bonds will be an unsecured General Obligation of the University, but the bonds may include additional security based on market conditions at the time of pricing.

Mr. Ostrander provided some background information on the University. He stated that enrollment demand for the University's undergraduate programs has been stable over the last four years, averaging 9,870 applications annually since fall 2021. Mr. Ostrander further stated that for Fall 2024, the University received a record 10,137 applications. He informed the Committee Members that total FTE enrollment was 9,078 in fall 2024, a 10.7% decline from the five-year high of 10,167

in fall 2021. Mr. Ostrander stated that while the University's Undergraduate Acceptance Ratio has been stable, averaging 63% over five years, its matriculation ratio has declined in each of the last four years, reflecting the highly competitive market for students.

Mr. Ostrander stated that as a result of enrollment trends, operating results have been mixed over the last five years. He explained that revenues are driven primarily by tuition and fee revenues as well as auxiliary revenues, which account for 82% of total revenues. Mr. Ostrander reported that despite challenges related to the University's operations, over the past five years the New School's financial resources have grown, as cash and investments have increased by \$55.5 million, or 12.7%, mainly due to investment appreciation. He further reported that overall, total net assets increased from \$566.2 million at fiscal year-end 2020 to \$600.4 million at fiscal year-end 2024.

Committee Chair Ronski stated that the New School is a long time client of DASNY, and that their business is appreciated.

The Committee Members unanimously agreed to recommend full Board Approval of the New School Financing.

PIT/Sales Tax – Single Approval Financing

Mr. Bergin stated that the Finance Committee is being asked to recommend to the Board the authorization for the issuance of multiple series of tax-exempt and/or taxable, fixed and/or variable rate bonds, to be issued at one or more times, in an amount not to exceed \$2.3 billion. He added that the State would like the flexibility to issue the proposed bonds under either the Personal Income Tax Revenue Bond Program and/or the Sales Tax Revenue Bond Program.

Mr. Bergin reported that this authorization is for new money and refunding purposes. He stated that with respect to the new money portion, although the proceeds of the bonds may be used for any authorized purpose, the programs or projects expected to be financed by the Bonds are for the New York State Department of Corrections and Community Supervision, Economic Development, Education Programs, Environmental Initiatives, Health Care Grants, Division of Homeland Security and Emergency Services, NYCHA, OMH, OPWDD and OASAS, and State and Municipal Facilities Grants. Mr. Bergin further stated that in addition to the new money portion, the bond proceeds will refund certain bonds issued under various State supported debt programs.

Mr. Bergin stated that for the Personal Income Tax Revenue Bond Program, security features include 50% of the receipts from the New York State personal income tax, 50% of the employer compensation expense program, and 50% of the receipts from the pass-through entity tax, all of which are deposited into the Revenue Bond Tax Fund. For the Sales Tax Revenue Bond Program, Mr. Bergin stated that security includes a set aside of two cents of the State's four percent sales tax which is deposited in the Sales Tax Revenue Bond Tax Fund.

Mr. Bergin reported that for this fiscal year ending March 31, 2025, the debt service coverage on all outstanding State Personal Income Tax Revenue bonds is projected to be 9.2 times total debt service and the debt service coverage on all outstanding State Sales Tax Revenue bonds is projected to be 8.6 times total debt service. He reported that the expected ratings of either program are AAA/Aa1/AA+ \AA+.

In response to a question from Mr. Ronski, Mr. Bergin stated that the Division of the Budget determines whether to issue PIT or Sales Tax Bonds prior to the pricing of the Bonds.

The Committee Members unanimously agreed to recommend full Board Approval of the PIT/Sales Tax financing.

Royal Charter Properties East-Inc. - Single Approval Financing

Mr. Bergin first highlighted several aspects of this atypical private placement financing transaction. He stated that Royal Charter Properties-East, Inc. provides residential housing, office space, and parking for personnel of The New York and Presbyterian Hospital. Mr. Bergin further stated that the proposed purchaser is Mizuho Capital Markets, LLC, a Qualified Institutional Buyer. Mr. Bergin further added that by undertaking the financing, the borrower will not be required to grant a mortgage on the property and will maintain their variable rate exposure.

Mr. Bergin stated that the Finance Committee is being asked to recommend to the Board a 20-year bond issue in an amount not to exceed \$200 million on behalf of Royal Charter Properties-East, Inc (RCPE). He further stated that the proceeds of the Bonds will be used to refund DASNY's Royal Charter Properties-East, Inc. Revenue Bonds, Series 2006A and refinance the New York City Housing Development Corporation's Multi-Family Rental Housing Revenue Bonds (Royal Charter Properties-East, Inc. Project) Series 2005A.

Mr. Bergin stated that the proposed issuance will be sold through a private placement to Mizuho Capital Markets, LLC, a Qualified Institutional Buyer. He further stated that the bonds are expected to be issued as fixed rate bonds and then swapped to variable rate in order to maintain variable rate exposure. Mr. Bergin noted that RCPE has engaged a swap advisor. Mr. Bergin informed the Committee Members that, subject to tax law constraints, RCPE is considering an extension of the maturity of up to 8.25 years and a deferral of principal of up to 5 years. He explained that the deferral of principal will enable RCPE to focus on routine capital maintenance.

Mr. Bergin informed the Committee Members that Security is anticipated to be Assignment of Master Lease and Rental Revenues and a Standby Letter of Credit. He stated that the standby letter of credit securing the bonds will be issued by Mizuho Capital Markets, LLC which in turn will be guaranteed by Mizuho Bank, Ltd. Mr. Bergin further stated that the standby letter of credit will secure repayment of the full principal amount of the bonds plus the required number of days of interest coverage. He noted that this will also satisfy the requirements of the provision of the MCFFA Act under which the bonds will be issued.

Mr. Bergin reported that over the last five years, RCPE's net operating margin has averaged 42.4%, as operating revenues have consistently exceeded operating expenses. He stated that during this same period, RCPE's debt service coverage ratio has averaged 3.81, as the income available to pay debt service has consistently exceeded its debt service payments. Mr. Bergin informed the Committee Members that RCPE's certificate of incorporation states that all income collected, less expenses incurred and reasonable reserves, is to be distributed to The New York and Presbyterian Hospital or other related parties. He noted that as a private placement, the bonds will not be rated.

Mr. Ronski observed that RCPE provides an important public purpose, as it exists to provide affordable housing for employees of the New York Presbyterian Hospital. Ms. Gomez stated that many teaching hospitals have similar programs as well.

The Committee Members unanimously agreed to recommend full Board Approval of the Royal Charter Properties East-Inc. financing.

InterAgency Council Pooled Loan Program (IAC) – Resolution to Proceed

Mr. Kosier stated that the Finance Committee is being asked to recommend full Board approval of a Resolution to Proceed for a financing of one or more series of tax-exempt and/or taxable, fixed and/or variable rate bonds, with maturities not to exceed 30 years in an amount not to exceed \$10,000,000 on behalf of the InterAgency Council Pooled Loan Program. He reminded the Committee Members that in January 2024, the Board authorized a Resolution to Proceed for the IAC Program in an amount not to exceed \$5.5 million. Mr. Kosier explained that the previous financing was subsequently put on hold and the proposed Resolution before the Members for consideration supersedes the January 2024 resolution.

Mr. Kosier reported that the InterAgency Council of Developmental Disabilities Agencies, Inc. (“IAC”) was founded in 1977 as a not-for-profit membership corporation of voluntary service providers to the developmentally disabled. He stated that IAC provides planning, coordination, and integration services to approximately 150 member agencies that serve the needs of New York State residents who have developmental disabilities, while also promoting policies and programs in furtherance of the welfare of this population.

Mr. Kosier informed the Committee that the agencies provide services in the areas of clinical and diagnostic services including early intervention preschool and school-age education; residential service; vocational rehabilitation; adult day services; and transportation and family support services. He further stated that these essential services are mandated by New York State, and the services are provided primarily by not-for-profit corporations approved, and largely funded through, the Office for People with Developmental Disabilities (“OPWDD”).

Mr. Kosier stated that DASNY has issued over \$300 million in bonds under the IAC Program since 2010, through 15 pooled financings and that as of September 30, 2024, approximately \$160 million remains outstanding. He informed the Members that bond proceeds for the IAC Program are used to refinance taxable loans incurred by participating borrowers to fund capital projects, to reimburse participating borrowers for cash expended on capital projects, and/or to fund construction funds to be used to acquire facilities and/or fund renovations. Mr. Kosier explained that each borrower in an IAC Program financing has its own loan agreement, and the liability for the payment of the allocable portion of principal and interest on the bonds is the sole responsibility of the borrower.

Mr. Kosier stated that the proposed pool is expected to provide financing on behalf of six IAC members, each of which is a not-for-profit organization with a long history of providing services to New York State residents with developmental disabilities. He further stated that there are eight projects in the proposed financing, seven of which currently have Prior Property Approvals (PPAs)

from OPWDD. Mr. Kosier informed the Members that the final PPA is expected to be in place before pricing.

Mr. Kosier explained that to initiate the development of a project to serve individuals with developmental disabilities, the agency is required to complete a Certificate of Need (CON), which is reviewed by OPWDD for compliance and need. He stated that OPWDD also conducts a capital cost review before approving the PPA. Mr. Kosier informed the Members that the PPA demonstrates OPWDD's funding commitment to the project, whereby the State commits to support the development and operation of the project if completed in conformance with the PPA through contracts and reimbursement arrangements with OPWDD.

Mr. Kosier explained that security features for the bonds include a pledge of Public Funds attributable to each financed project, a standby intercept of these Public Funds, a six-month Debt Service Reserve Fund and mortgages on real property, where available, and/or a collateral assignment of lease, if applicable.

Mr. Kosier stated that it is anticipated that the proposed bonds will receive a rating in the AA category from Moody's.

The Committee Members unanimously agreed to recommend full Board Approval of the InterAgency Council transaction.

Iona University – Resolution to Proceed

Mr. Sirdine stated that the Finance Committee is being asked to recommend full Board approval of a Resolution to Proceed with the authorization of one or more series of tax-exempt and/or taxable, fixed and/or variable rate bonds with a maturity not to exceed 30 years in an amount not to exceed \$90,000,000 on behalf of Iona University. He further stated that proceeds from the Series 2025 Bonds are expected to be used to finance costs of renovating and expanding the University's student housing offerings and other campus improvements on both the University's New Rochelle and Bronxville campuses. Mr. Sirdine informed the Members that bond proceeds will also be utilized to refinance all or a portion of the University's Series 2015A Bonds issued by the City of New Rochelle Corporation for Local Development, and a 2019 taxable bank loan.

Mr. Sirdine stated that the new money portion of this transaction is approximately \$34 million, while the refinancings total approximately \$55 million. He further stated that the new money proceeds will be used to construct new residential housing options on the New Rochelle campus, the renovation and expansion of the existing Bohm Hall on the Bronxville campus, and other campus improvements. He noted that the scope of the new money projects is subject to SEQR review and more information will be provided to the Board at the Adoption of Documents stage, at which point the SEQR review will be completed.

Mr. Sirdine reported that refinancing the Series 2015A bonds and the 2019 bank loan is expected to produce net present value savings of approximately \$2.5 million or 5.3% of the refunded bonds if fully executed.

Mr. Sirdine stated that the Bonds are anticipated to be an unsecured general obligation of the University. He informed the Members that the University's outstanding obligations are currently rated Baa2 and BBB by Moody's and S&P respectively. Mr. Sirdine informed the Committee members that Iona welcomed approximately 950 students in its Fall 2024 freshmen class, the largest in nearly a decade. This compares to an average of 760 students in the previous four years. Mr. Sirdine reported that the University's total headcount enrollment increased by approximately 10% over five years, from approximately 3,600 students in fall 2020 to 4,000 in fall 2024, driven primarily by a 14% increase in undergraduate enrollment.

Mr. Sirdine stated that the University reported positive net results in four of the last five years, averaging \$13.9 million. He noted that some of the University's revenue growth has been muted by a steady increase in the Tuition Discount rate from 44% in fiscal year 2020 to 50% in 2024. Mr. Sirdine reported that the University's balance sheet continues to improve as net assets have grown by over 25% since 2020. He stated that at fiscal year-end 2024, Iona reported total net assets of over \$340 million, of which \$261 million were unrestricted. Mr. Sirdine explained that this growth is largely attributable the University's investment portfolio and real estate assets.

Mr. Sirdine reported that the University's long-term debt increased in 2022 after the issuance of DASNY's Series 2021 Bonds, which were partially used to acquire the University's Bronxville campus. He stated that at fiscal year-end 2024, Iona reported \$105 million in long-term debt and annual debt service coverage of 1.6 times.

Mr. Ronski stated that Iona is a long-time client of DASNY and the Board is pleased to continue to support this important Institution.

The Committee Members unanimously agreed to recommend full Board Approval of the Iona University transaction.

SUNY Upstate Medical – TELP Transaction/Resolution

Mr. Reyes-Alvarez stated that the Finance Committee is being asked to recommend full Board approval of a TELP transaction for SUNY Upstate Medical University in an amount not to exceed \$35,880,000. He explained that the Institution plans to finance an MRI Machine, Patient Monitors, Patient Beds, Pharmacy, Imaging, and IT equipment, as well as various other hospital equipment, including lab equipment, instrument upgrades, and replacement of medical devices.

The Committee Members unanimously agreed to recommend full Board Approval of the SUNY Upstate Medical transaction.

The Finance Committee meeting was adjourned at approximately 10:45 a.m.

Respectfully submitted,

Sara P. Richards
Assistant Secretary