



DASNY

KATHY HOCHUL
Governor

LISA GOMEZ
Chair

Memorandum

TO: Robert S. Derico, RA, Director, Office of Environmental Affairs

FROM: Joanna Oliver, AICP, Environmental Manager

A handwritten signature in black ink, appearing to read "JPO".

DATE: February 13, 2024

RE: *State Environmental Quality Review (SEQR) Determination* for The City University of New York 2024 *New Money Project* — The City University of New York Program

The State of New York, on behalf of the City University of New York (“CUNY”), has requested financing from the Dormitory Authority of the State of New York (“DASNY”) pursuant to DASNY’s The City University of New York’s Program for its *2024 New Money Project*. Accordingly, the *2024 New Money Project* is subject to environmental review pursuant to the *State Environmental Quality Review Act (“SEQRA”)*.

Based on a review of the attached *Transaction Report*, dated February 6, 2024, it has been determined that for purposes of *SEQRA*, the Proposed Action would consist of DASNY’s authorization of the issuance of one or more series of fixed/variable rate, tax-exempt and/or taxable bonds in an amount not to exceed \$300,000,000 to be sold at one or more times through a negotiated offering, a competitive offering, and/or private placement.

The bond proceeds would be used to reimburse the New York State Division of the Budget (“DOB”) for funding various capital projects, primarily renovations and equipment purchases, for the CUNY Senior Colleges in the amount of approximately \$275,000,000¹. Funds were used for CUNY-wide projects and at following locations: CUNY Central Office, Baruch College, Brooklyn College, City College of New York, CUNY School of Law, College of Staten Island, CUNY School of Labor and Urban Studies, Graduate School of Journalism, Graduate School of Public Health, CUNY Graduate Center, Macauley Honors College, Hunter College, John Jay College, Lehman College, Medgar Evers College, New York City College of Technology, Queens College, and York College.

Description of the Institution. CUNY is a non-profit, primarily non-residential, coeducational public institution of higher learning, established in 1961 by combining existing educational institutions into one university. The oldest unit of CUNY is The City College of New

¹ Note that the State provides payments for 100% of the CUNY Senior College debt service and 50% of the CUNY Community College debt service. The City of New York supports the remaining 50% of the Community College debt service.

York which was founded in 1847. CUNY is comprised of 25 institutions: 11 senior colleges, seven community colleges, Macaulay Honors College, CUNY Graduate Center, Craig Newmark Graduate School of Journalism, CUNY School of Labor and Urban Studies, CUNY School of Law, CUNY School of Professional Studies, and CUNY Graduate School of Public Health and Policy.

SEQR Determination. DASNY completed this environmental review in accordance with the *SEQRA*, codified at Article 8 of the New York *Environmental Conservation Law* (“*ECL*”) and implementing regulations, promulgated at Part 617 of Title 6 of the *New York Codes, Rules and Regulations* (“*N.Y.C.R.R.*”), which collectively contain the requirements for the *State Environmental Quality Review* (“*SEQR*”) process.

Refinancing of existing debt is a Type II action as specifically designated by 6 *N.Y.C.R.R.* § 617.5(c)(29). Type II “*actions have been determined not to have significant impact on the environment or are otherwise precluded from environmental review under Environmental Conservation Law, article 8.*”² Therefore, no further *SEQR* determination or procedure is required for any project identified as Type II.

SHPA Determination. The Proposed Project was also reviewed in conformance with the *New York State Historic Preservation Act of 1980* (“*SHPA*”), especially the implementing regulations of Section 14.09 of the *Parks, Recreation, and Historic Preservation Law* (“*PRHPL*”), as well as with the requirements of the Memorandum of Understanding (“*MOU*”), dated March 18, 1998, between DASNY and the New York State Office of Parks, Recreation, and Historic Preservation (“*OPRHP*”). In compliance with Article III, Section 3.0 of the *MOU*, *OPRHP* would be notified of the Proposed Project being funded with bond proceeds.

It is the opinion of DASNY that the Proposed Project would have no impact on historic or cultural resources in or eligible for inclusion in the National and State Registers of Historic Places.

Attachments

cc: Dena Amodio, Esq.
Matthew Bergin,
SEQR File
OPRHP File

² 6 *N.Y.C.R.R.* § 617.5(a).



Transaction Report – Single Approval

City University of New York

February 6, 2024

PROGRAM:

The City University of New York

PURPOSE:

New Money

NOT TO EXCEED AMOUNT:

\$300,000,000

NOT TO EXCEED TERM:

5 Years

INTEREST RATE TYPE:

Fixed and/or Variable

BOND TAX STATUS:

Tax-Exempt and/or Taxable

SALE TYPE:

Negotiated Offering,
Competitive Offering and/or
Private Placement

EXPECTED RATINGS:

NR/AA/AA

PROGRAMMATIC SECURITY:

State and City appropriations
Intercept of operating aid and
per capita aid

Proposed New Issue Overview

The Board is being asked to adopt the necessary documents for one or more series of fixed and/or variable rate, tax-exempt and/or taxable bonds in an amount not to exceed \$300,000,000 to be sold at one or more times through a negotiated offering, a competitive offering and/or a private placement.

Financing Team:

- Senior Manager - TBD
- Co-Bond Counsel – Nixon Peabody LLP and D. Seaton and Associates, P.A.
- Underwriter’s Counsel – TBD

Purpose:

- Various capital projects for the City University of New York (“CUNY”) Senior Colleges.

Programmatic Security:

- State appropriations for CUNY Senior Colleges and State and City appropriations for CUNY Community Colleges to the City University Construction Fund (“CUCF”).
- Intercept of operating aid to CUNY and per capita aid to the City in the event of non-appropriation by the State or City, respectively.

Description of the Bonds:

- The Bonds are a special obligation of DASNY, payable from payments made under the Agreement and Lease among DASNY, CUNY and CUCF and all funds and accounts established under the Resolution.
- The Agreement and Lease is a general obligation of CUCF. The City University Construction Fund Act requires the State annually to appropriate and pay to CUCF, among other things, the full amount payable by the Fund on account of debt service on bonds issued to finance Senior College facilities.

Approvals:

- PACB Approval – February 21, 2024 (*anticipated*)
- SEQR Filing – February 13, 2024 (*anticipated*)

Financing Details:

New Money: The proposed bond issue is anticipated to reimburse the State for amounts spent to fund various capital projects, primarily renovations and equipment purchases, for CUNY Senior Colleges in the amount of approximately \$275 million.

Sources and Uses: The proposed bond issue will require a deposit to the project fund of approximately \$275 million. Costs of issuance and the underwriter’s discount are estimated at approximately \$1.68 million. The State Bond Issuance Charge is estimated at approximately \$2.3 million. Below is an estimated Sources and Uses of funds for the financing. Accordingly, the Board is being asked to approve an amount not to exceed \$300 million.

Sources of Funds:

Bond Proceeds	
Par Proceeds	\$ 279,000,000
Total Sources	\$ 279,000,000

Uses of Funds:

Project Fund Deposit	\$ 275,000,000
Costs of Issuance & Underwriter's Discount	1,675,922
NYS Bond Issuance Charge	2,324,078
Total Uses	\$ 279,000,000

Program Overview

CUNY is a non-profit, primarily non-residential, coeducational public institution of higher learning, established in 1961 by combining existing educational institutions into one university. The oldest unit of the City University is The City College, which was founded in 1847. CUNY comprises 25 institutions: 11 senior colleges, seven community colleges, William E. Macaulay Honors College, CUNY Graduate Center, Craig Newmark Graduate School of Journalism, CUNY School of Labor and Urban Studies, CUNY School of Law, CUNY School of Professional Studies and CUNY Graduate School of Public Health and Health Policy. CUNY serves more than 225,000 degree-seeking students each year.

CUNY derives its support from State and City appropriations for its programs. The State provides payment for 100% of the CUNY Senior College debt service and 50% of the CUNY Community College debt service. The City supports the remaining 50% of the CUNY Community College debt service. CUNY’s financial operations rely on State and City appropriations for operating expenses and maintenance of its facilities. The purpose of the CUCF is to facilitate the construction of academic buildings and other facilities for CUNY.

Financing History:

DASNY’s financing history with CUNY dates back to 1965 with numerous bonds issued for both its Senior Colleges and Community Colleges. As of December 31, 2023, only \$680,000 remained outstanding under the City University System Program. The only remaining bonds outstanding are the City University System Consolidated Fifth General Resolution Revenue Bonds, Series 2005A (the “Series 2005A Bonds”) that were issued for both CUNY Senior Colleges and CUNY Community Colleges and have a final maturity of July 1, 2024. With the advent of the Personal Income Tax Revenue Bond Program and the Sales Tax Revenue Bond Program, the State has typically elected to finance its allocable share of CUNY new money projects under these two financing programs since 2003 and 2013, respectively.

The Agreement and Lease:

Pursuant to the Agreement and Lease relating to the City University System Consolidated Fifth General Resolution (the “Fifth General Resolution”), DASNY procures and maintains insurance, including property insurance and general liability insurance, on various properties throughout the City University System as long as there are bonds outstanding under the Fifth General Resolution. With the Series 2005A Bonds maturing on July 1, 2024, this financing will allow for a longer transition period for stakeholders to consider the future responsibility of procuring and maintaining insurance and related policy matters as the Series 2024 Bonds will also be issued under the Fifth General Resolution.



Security Provisions:

When issuing bonds for both CUNY Senior Colleges and CUNY Community Colleges, the State makes direct payment to the CUCF, from annual appropriations, equal to the full amount of the annual debt service payments payable in connection with CUNY’s Senior Colleges and one-half of the amount of the annual debt service payments payable in connection with CUNY’s Community Colleges. The City makes direct payments to the CUCF, from annual appropriations, for one-half of the amount of annual debt service payments payable in connection with CUNY’s Community Colleges. However, as this financing is specifically for CUNY’s Senior Colleges, the State will make direct payment to the CUCF, from annual appropriations, equal to the full amount of the annual debt service payments. State statute requires that the State Comptroller make up any debt service payment shortfalls from any other State funds appropriated by the State for the operations of CUNY and from per capita aid to the City.

Recommendation

The Board is being asked to authorize and adopt the necessary documents for the issuance of one or more series of tax-exempt and/or taxable, fixed and/or variable rate bonds issued at one or more times. To provide for market fluctuation, staff is requesting an amount not to exceed of \$300 million to be sold through a negotiated offering, a competitive offering and/or a private placement. Nixon Peabody LLP and D. Seaton and Associates, P.A. co-bond counsel, will provide the Board with an overview of certain bond document provisions at the February 14, 2024 Board meeting.

This report was prepared solely to assist DASNY in its review and approval of the proposed financing described therein and must not be relied upon by any person for any other purpose.