KATHY HOCHUL
Governor

LISA GOMEZ
Chair

Memorandum

TO: Sara P. Richards, Esq., Managing Director, Executive Direction

FROM: Robert S. Derico, R.A., Director, Office of Environmental Affairs

DATE: January 9. 2024

RE: *State Environmental Quality Review (SEQR) Determination* for Cornell University *Financing Projects 2024*, Various Locations in Tompkins and New York Counties, New York

Description of Proposed Action and Proposed Project. Cornell University ("CU") has requested financing from the Dormitory Authority of the State of New York ("DASNY") for its *2024 Financing Projects 2024* (the "Proposed Project"). Based on a review of the attached *Transaction Report – Resolution to Proceed*, dated January 2, 2024, it has been determined that the Proposed Action would involve DASNY's authorization of the issuance of one or more series of fixed and/or variable rate, tax-exempt and/or taxable bonds in an amount not to exceed $800,000,000 with maturities not to exceed 35 years to be sold at one or more times through a negotiated offering and/or a private placement under DASNY's Independent Colleges and Universities Program.

2024 Financing Project. The proceeds of the bond issuance would be used to finance the *2024 Financing Project*, which would involve the following components at the following campuses.

Cornell University's Ithaca Campus
616 Thurston Avenue, Ithaca, New York, Tompkins County

Refunding. Refinancing of taxable debt issued by the University for capital projects ($227.6 million) and the refunding of all or a portion of DASNY's variable rate Cornell University Revenue Bonds, Series 2000A, 2000B, 2004A, 2004B, 2019B, and 2019C ($270.2 million).

Ann S. Bowers Computing and Information Science Building: This financing component is currently under construction, and consists of a new four-story, 135,000 gross-square-foot ("gsf") building which would support cross-disciplinary research and teaching, and will bring together the departments of Computer Science, Information Science, and Statistics and Data Science in one complex. Construction is expected to be completed in the spring of 2025.

The City of Ithaca Planning Board completed a coordinated SEQR for this Type 1 action and issued its Negative Declaration on September 30, 2022, noting that "…this project will result in no significant impacts on the environment.

Balch Hall Renewal: This financing component includes a full interior renovation of the 167,000 gsf Balch Hall to create new single and double dormitory rooms, new study spaces, and gathering spaces for incoming first year students. The exterior renovation will provide an accessible path to the courtyard, repair the existing roof and masonry walls, and replace windows with new insulated windows to match the building's historic character. New mechanical, electrical, plumbing and fire protection systems will improve the interior environment and pursue the campus goal of reducing energy consumption.

DASNY, on March 4, 2019, had completed a SEQR review on behalf of CU that contained this financing component. Additionally, the City of Ithaca completed its SEQR for the Balch Hall project on July 28, 2020, which included a condition of approval requiring the project team to execute the work in cooperation with the City of Ithaca Historic Preservation Planner. Extensive coordination was conducted with the city regarding window replacement selection. Project is not in historic district but can be viewed from an adjacent historic district.

Atkinson Hall: Cornell's Atkinson Hall is currently under construction and is anticipated to be completed this year. Atkinson Hall would house the Centers for Cancer Biology and Immunology, the Department of Computational Biology, the Master of Public Health program, and the Atkinson Center for a Sustainable Future. Each of these programs are university-wide in scope and drive interdisciplinary programs. The project scope includes the construction of 104,000 square foot, four-story, multidisciplinary building for educational purposes. The project site will be developed to include the new building surrounded by landscape plantings and paving that are fully integrated with surrounding site conditions to foster efficient flow of pedestrian and vehicular activities. The site development scope will also include required on-site storm water management and emergency vehicle access.

The City of Ithaca Planning Board completed a coordinated SEQR for this Type 1 action and issued its Negative Declaration on August 17, 2021. DASNY was included and an interested party for this review.

Plant Science Building Renewal (Phase I): The Plant Science Building has not received substantial holistic renovations since the original construction in 1930 and needs significant renewal to provide the School of Integrative Plant Science ("SIPS") the facilities to meet their instructional and research needs in the 21st century. The facility will be renovated in two phases while the building remains partially occupied and will address building system improvements and life safety improvements. The scope of the project includes renovation of floor layouts, finishes, building envelope, mechanical, electrical, plumbing, life safety systems and modernize the facility to meet current programmatic requirements.

Thurston Hall Addition for Instructional Labs: The Thurston Hall Addition for Instructional Labs is currently under construction and consists of a new four-story addition to the Thurston-Kimball-Bard complex, on the Pew Engineering Quad. The project is 50,550 gsf and would provide a new presence for the Meinig School of Biomedical Engineering on the Pew Engineering Quad, promote interaction and collaboration between Biomedical Engineering, Mechanical & Aerospace Engineering, Material Science & Engineering and other Engineering students. Additionally, new research labs will be created for Material Science & Engineering. The building will consist of state-of-the-art facilities for teaching, learning and research by creating highly efficient laboratories, open environments to support interaction and collaboration, and flexible and adaptable space to support multi-purpose use.

The City of Ithaca Planning Board completed a coordinated SEQR for this Type 1 action and issued its Negative Declaration on May 26, 2022. While DASNY was not a party to this coordinated review, it is bound by the determination of the Lead Agency[1].

Hughes Hall Masonry and Envelope Repairs: Hughes Hall exhibits significant deterioration to the exterior façade. The scope of this project involves replacing the existing facade with new stone cladding, windows, and insulation to provide improved energy savings and reduce long term annual maintenance costs and is currently under construction. The purpose of this project is to address the existing building envelope which is aging and requires continuous maintenance to remediate water and air infiltration issues. It is needed due to numerous maintenance projects have been undertaken over the years, but each has been focused on addressing only the immediate localized concern, not the overall cause of the problem. This project will also improve thermal comfort, and address life safety concerns.

[1] Part 617 of Title 6 of the *New York Codes, Rules and Regulations ("N.Y.C.R.R.")* § 617.6(b)(3)(iii).

Kinzelberg Laboratory Renovations: The College of Human Ecology's ("CHE") Division of Nutritional Sciences has experienced multiple faculty retirements in the past four years. These retirements have resulted in a large number of labs being vacated. To support CHE's Faculty Renewal program, this project will renovate approximately 8,400 SF of laboratory space and approximately 1,500 SF of general circulation space to create modern, flexible research spaces that will maximize chemical use quantities through implementation of control areas and or laboratory suites for new faculty hires. This financing component is currently in design.

Uris Library and McGraw Clock Tower Strategic Renewal: The purpose of this project is to provide a strategic renewal of the Uris Library and McGraw Tower exterior envelope. The project will address the highest priority deficiencies. This strategic renewal work is required to prevent the further deterioration of the Uris Library and McGraw Tower exterior envelope. Repairs are being performed in a single construction project to maximize efficiency in cost of scaffolding and access needs for the project. The project is currently under construction and includes the following:

- McGraw Tower: Masonry stabilization and repairs, mortar repointing, replacement of the main pyramidal roof, replacement of the roofs above and below the belfry, repairs and replacement of steel framing supporting the pyramidal roof, repairs to the wood floor structure within the pyramidal roof area, code corrections and painting of decorative metal railings, repair and painting of elements of the clock faces.
- Uris Library West and South Wing Bay Roofs: Replacement of these roof systems.
- Uris Library Main Entrance Porch Roof: Liquid applied roof coating over the existing metal roof system, repairs to gutters, installation of a new gutter snow melt system.
- Uris Library West and South Wing Gable End Parapets: Repairs and replacement of masonry, mortar, copings, and flashings at the parapets.
- Uris Library Main East Entrance Steps and North Wall Foundation of Main Reading Room: Reconstruction of the main entrance steps with proper pitch for drainage and the repairs of leaks at the north foundation wall with proper water barriers.

Statler Food Lab Renovation: The Food Lab at the Nolan School of Hotel Administration ("SHA") is part of the SC Johnson College of Business. The Food Lab is a commercial teaching kitchen currently occupying a section in the southwest corner of the second floor of Statler Hall adjacent to the auditorium. The Food Lab supports three main courses: Food Service Management - Theory and Practice, Restaurant Management (referred to as the Restaurant Kitchen), and Principles of Food and Beverage Operations Management. The Project's intent includes the separation of each area so the Food Lab and Restaurant Kitchen can operate efficiently in an independent manner, allowing the faculty maximum flexibility in scheduling classes and adding elective courses. Resources shared by both occupancies like storage, walk-ins, dishwashing, and specialty equipment are made readily accessible to both areas. This financing component is currently in design.

Schoellkopf Complex Concrete Repairs: This project will address deficiencies at Schoellkopf Complex, including but not limited to Memorial Hall and Schoellkopf Crescent. At the Schoellkopf Memorial, the cornice is deteriorating, causing a safety issue as well as continual water intrusion to the offices below. The Schoellkopf Crescent is deteriorating in numerous locations. This project will address the West concourse concrete repair/correction, including: Lower Bleachers (south) coating, expansion joints, selective concrete repairs; repair to the reinforced concrete at primary members, and the potential to add selective Tier 2 scope if funding permits. This financing component is currently in design.

Helen Newman Hall Life Safety Initiative: The project is in design and would include the replacement of the fire alarm system and to design the necessary fire sprinkler systems, egress alterations, and to provide design assistance for building alterations directly related to the installation of an automatic sprinkler system & alarms throughout the building (i.e.: sprinkler service closet, sprinkler risers/stand pipes, wall penetrations, ceiling modifications, etc.). In addition, the proposed project would:

- Provide a permanent barrier restricting stair access to the pool mezzanine to limit use of space.
- Provide an additional 36" exit door from the southeast corner of Gymnasium 235 to the exterior of the building to provide an additional exit for the space served.
- Provide new paved walkways for exit discharge from the existing door at the northeast corner and new door at the southeast corner of Gymnasium 235. The paved walkways shall be continuous to the public way.
- Relocate electrical equipment from Corridor 200CD to Room 206 to prevent reducing the width of the corridor by more than 4 inches.
- Make changes to verify enclosure continuity & egress (door swings & hardware) at exit stairways and fitness room.

West Campus War Memorial Envelope Restoration: The War Memorial's structure is in need of immediate attention to repair previous damage and prevent further decay of the building. The most immediate need is replacement of the concrete and stone floor slab. It has already been shored and has advanced deterioration from salt and water rotting the concrete and reinforcing bars. The utilities running under the War Memorial floor slab include critical infrastructure serving all of the West Campus residential buildings. The building façade and roof are also experiencing moisture infiltration and require repair and mitigation to prevent further decay, which has already impacted some of the historic elements of the building.

This restoration project includes a full masonry repair program, including replacement of decorative carved stone elements. The slate roof is scheduled for replacement and would including its flashing and rainwater collection and drainage. The concrete utility tunnel that forms the foundation for the cloister that runs between the two residential halls is in poor condition and requires extensive repairs. To enable the concrete repairs a major mechanical, electrical, and plumbing ("MEP") project is needed to facilitate demolition and rebuilding. Also included in the scope is lighting and paving upgrades. This financing component is currently under construction.

Cornell Lab of Ornithology Visitor Center Exhibition Development Program: Current exhibits are from 2003 and both content and equipment have not been updated in nearly 20 years. This project will construct exhibits that are modern, inclusive and relevant. The project will update all exhibits and visitor experience components in the Visitor Center. The main areas of work are Reception Area, Atrium, Auditorium, Sight & Sound Lab, Theater, first and second floor corridors leading off of Atrium, and public restrooms. There will be no work done in the offices and laboratories, north of the Visitor's Center. The project will rely on incorporating new finishes to blend in existing and renovated areas. This financing component is currently under construction.

Baker 200 Lecture Hall: Baker 200 Auditorium is the 4th largest instructional space on campus. It is located in Baker Lab and seats approximately 478 occupants on 2 levels. The last major renovation in the Auditorium was in 1968. Later mechanical, electrical, and fire suppression projects have occurred. The space will be completely renovated under this project. The confirmed goals of the project include: Maintaining or improving seating capacity, revising seat layout for better egress and circulation, review vertical circulation between main and balcony levels, provide flexibility for varying settings, small vs. large group, etc., improving sightlines, especially from balcony seating, use A/V technology to improve and support teaching, increasing flexibility to accommodate uses other than Chemistry, providing compliant infrastructure for chemistry instruction needs, improving room lighting and acoustics, and improving aesthetics of the space. This financing component is currently under construction.

ST Olin Organic Chemistry Lab & Office Renovation: The purpose of this project is to expand the Lin laboratory by renovating space for additional academic research, a conference room, student offices, one faculty office for the primary investigator and a kitchenette. The renovation includes rooms 371A, 372, 375, 377, 380, 382 and 382A. This is needed because the existing space is insufficient for the research volume and cohort size of the program. This financing component is currently under construction.

Clark Hall Elevator and Accessibility Upgrades: The goal of this project is to design and construct a long-term solution to ongoing failures of the existing elevator equipment at Clark Hall, as well as address the lack of accessible toilet rooms on the 7th floor. The existing units are original to the building and have surpassed their useful life. The proposed scope will address known deficiencies and mitigate continued maintenance costs. A new elevator system will provide a long-term solution that is both more energy efficient and more reliable. This financing component is currently under construction.

Rhodes Hall Elevator Replacement: This project will modernize three (3) existing elevators at Frank H.T. Rhodes Hall. There are two (2) 3,500lb passenger elevators and one (1) 4,500lb hybrid freight/passenger elevator, all of which have been very problematic, reportedly resulting in constant entrapments. This financing component is currently under construction.

SC Johnson - Statler Hotel Meeting Conference Room/Amphitheater Refresh: The project consists of work within Statler Hotel Conference Rooms Renovation, public corridors, Conference Foyer (1,500 sf) and seven (7) Conference Rooms named after the Ivy League Schools. These conference rooms range from 168 to 576 square feet. The total square footage for all spaces is 7,390 square feet. This financing component is currently in design.

VMC Linear Accelerator Replacement & Infrastructure Updates: The current linear accelerator at the animal hospital is nearing the end of its useful life and no longer provides the level of precision and flexibility required by current and future veterinary treatment practices. The current HVAC system does not meet the existing requirements for temperature and humidity control. This financing component is currently in design.

Vet Research Tower 2nd/3rd Floor Structural Repairs & Laboratory Renovations: This project will assess and repair all structural damage caused by the fire on the 2nd floor of the VRT. It will also repair the 2nd and 3rd floor laboratories in the VRT to their pre-fire state, including the addition of a sprinkler system on the 2nd floor. This financing component is currently under construction.

Booth Baseball Stadium Relocation: The proposed project includes site plan approval for the construction of a new, approximately 149,630 square foot ("sf") baseball field facility, consisting of a stadium with synthetic turf field of approximately 125,000 sf, dugouts of approximately 710 sf each, scoreboard, and bleachers (approximately 7,000 sf) with a 500 seat capacity, a support building of approximately 15,160 sf that contains team rooms, team locker room bathrooms, a coaches' office and locker, showers, an umpires' room, storage, batting cages, and a press box of approximately 460 sf. It will also include a building with spectator bathrooms of approximately 590 sf. Access will be provided by a private drive connection to Ellis Hollow Road and there will be 80 parking spaces provided.

The current plan for the existing Hoy Baseball Field in the City of Ithaca is to remain in use as Cornell University's Division I NCAA baseball field through the end of fall training for the team (November/December 2021). Site mobilization and field demolition is projected to occur thereafter for a building project in 2023. This future Cornell facility has received donations to support the construction of a new building, and the design effort is in the early stages. The University does not have any current plans to host events in the existing Hoy field during the winter of 2022/2023.

The Town of Ithaca Department of Planning completed a coordinated SEQR for this Type 1 action and issued its Negative Declaration on October 13, 2021, and re-affirmed its Negative Declaration on February 23, 2022. While DASNY was not a party to this coordinated review, it is bound by the determination of the Lead Agency[2].

[2] ibid.

Cornell Tech
616 Thurston Avenue, Roosevelt Island, Borough of Manhattan New York, New York County

Tata Innovation Center: The purpose of this project is the design and construction of the fourth floor and first floor space (north side) of the Tata Innovation Center that are currently vacant shell spaces. It is anticipated the fourth floor will be shared between Cornell Tech and AAP, and the first floor will be a maker lab space for academic programs.

Tata Innovation Center: Reimbursement of costs related to the purchase and acquisition of the building.

The House: Reimbursement of costs for the construction of the facility.

Weill Cornell Medicine Campus
1393 York Avenue, Borough of Manhattan, New York, New York County

The Proposed Project at the Weill Cornell campus to be funded consists of the continued construction of a new, 16-story student dormitory, containing approximately 173,000 gross-square-feet (gsf). The proposed, light-filled and eco-friendly dormitory building would contain 272-styudents and feature 163 studios, seven one-bedrooms, and 51 two-bedroom apartments, all equipped with full kitchens. The residence hall will also include several spaces for stud, collaboration, recreation, fitness, and socialization. The new student residence will celebrate the institution's three-part mission to care, discover, and teach, with features that enhance students' quality of life, implement the latest technological advances, and improve the overall academic experience. The New Student Residence Facility is currently under construction and is approximately 37-percent complete.

DASNY conducted a coordinated review of the New Student Residence, and as lead agency analyzed the relevant areas of environmental concern and determined that the Proposed Project would not have a significant adverse effect on the environment. DASNY issued its negative declaration on January 8, 2024, noting that the Proposed Project would not have a significant adverse effect on the environment.

Institution. Cornell University is a private, not-for-profit institution of higher learning chartered and operated under the laws of the State of New York. The University was founded by Ezra Cornell whose original endowment was augmented by a substantial land grant from the State of New York received under the Federal Land Grant (Morrill) Act of 1862. Today, the University comprises privately funded schools and colleges and four State-supported schools located in Ithaca, New York, as well as Weill Cornell Medicine located in Manhattan and the Cornell Tech Campus located on Roosevelt Island.

The privately funded Endowed Colleges and academic units in Ithaca are the College of Architecture, Art and Planning; the College of Arts and Sciences; the College of Engineering; the Graduate School; the Law School; the School of Continuing Education and Summer Sessions; and University Libraries. The SC Johnson College of Business is a blended College with two Endowed Colleges: School of Hotel Administration and the Johnson School of Management, as well as a contract college unit, the Dyson School. The Contract Colleges are the College of Agriculture and Life Sciences; the College of Human Ecology; the School of Industrial and Labor Relations; and the College of Veterinary Medicine. Cornell's Contract Colleges have been assigned by State legislation with specific responsibilities in research and extension directed to support State needs. The Contract Colleges enroll approximately 34- percent of the student body and conduct 36-percent of total research expenditures of the University. The cost of construction and acquisition for certain Contract College facilities is borne primarily by the State.

Weill Cornell Medicine is comprised of the Weill Cornell Medical College, Weill Cornell Graduate School of Medical Sciences, and the Weill Cornell Physician Organization. The Medical College and the Weill Graduate School conduct instructional and research activities in the medical field, and, through the Physician Organization, the physician members generate clinical practice income for Cornell from their professional services to patients.

Cornell Tech is a technology, business, law and design campus focused on research, technology commercialization, and graduate-level education at the professional master's, doctoral and postdoctoral levels.

SEQR Determination. DASNY conducted this environmental review in compliance with the *State Environmental Quality Review Act ("SEQRA")*, codified at Article 8 of the New York *Environmental Conservation Law ("ECL")*, and its 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.

Based on the above, DASNY, independently analyzed the relevant areas of environmental concern and concurs with the lead agency's (The City of Ithaca Planning and the Town of Ithaca Planning Board) *Negative Declaration's* that the Proposed Projects listed would not have a significant adverse impact on the environment.

The remaining Proposed Project components are classified as follows:

Refunding. Refinancing of existing debt is a Type II action as specifically designated by 6 *N.Y.C.R.R.* § 617.5(c)(29).

Equipment Purchase. These components of the Proposed Project would involve *"the purchase or sale of furnishings, equipment or supplies, including surplus government property, other than the following: land, radioactive material, pesticides, herbicides, or other hazardous materials*." These would be Type II actions as specifically designated by 6 *N.Y.C.R.R.* § 617.5(c)(31).

Renovation, Rehabilitation, and Fit Out. These components of the Proposed Project would involve the *"replacement, rehabilitation, or reconstruction of a structure or facility, in kind, on the same site, including upgrading buildings to meet building, energy or fire codes*…" which are Type II actions as specifically designated by 6 *N.Y.C.R.R.* § 617.5(c)(1), and 6 *N.Y.C.R.R.* § 617.5(c)(2), respectively.

Maintenance or Repair. These components of the Proposed Project would involve *"maintenance or repair involving no substantial changes in an existing structure or facility"* which is a Type II action as specifically designated by 6 *N.Y.C.R.R.* § 617.5(c)(1).

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."*[3] Therefore, no further *SEQR* determination or procedure is required for any component of the Proposed Project identified as Type II.

SHPA Determination. The proposed financing components which were not under construction have been 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 the 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. The chart below notes the consultation projects.

3 6 N.Y.C.R.R. § 617.5(a).

OPRHP Consultation Projects

Project Component	Review Number	Date Submitted	Date of Reply	Review Completed	OPRHP Comments
Schoellkopf Memorial/Crescent	23PR10565	12/20/2023	finding date was 12/22/2023	Yes, no adverse impact with conditions	Condition was if project goes beyond in kind repairs, then additional design documents and existing condition photographs will need to be submitted
Helen Newman Hall	23PR10562	12/20/2023	12/22/23 request for more info	No	Request for sprinkler system design drawings when available for review and comment. Also requested for design drawings for the proposed pool barrier and new exit at the gym, as well as providing existing conditions photographs for the work areas in the two items listed above. Consultation continues.
SC Johnson - Statler Hotel	23PR10555	12/20/2023	12/22/2023	Yes, no adverse impact	
VMC linear accelerator	23PR10566	12/20/2023	12/22/2023	Yes, no adverse impact	
Kinzelberg Hall	23PR10553	12/20/2023	12/22/2023	Yes, no adverse impact	
Statler Food Lab	23PR10554	12/20/2023	12/28/2023	Yes, no adverse Impacts	

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

Cc: Dena Amodio, Esq.
David Ostrander

NEW YORK STATE | DASNY

Transaction Report Update – Adoption of Documents

Cornell University – Ithaca, New York

January 2, 2024

PROGRAM:
Independent Colleges & Universities

PURPOSE:
New Money
Refinancing
Refunding

NOT TO EXCEED AMOUNT:
$800,000,000

NOT TO EXCEED TERM:
35 Years

INTEREST RATE TYPE:
Fixed and/or Variable

BOND TAX STATUS:
Tax-Exempt and/or Taxable

SALE TYPE:
Negotiated Offering and/or Private Placement

RATINGS: Aa1/AA/NR

SECURITY:
General Obligation

Recent Information

The Resolution to Proceed for this financing was adopted by the Board at the December 6, 2023 Board meeting. Since that time:

- The TEFRA Hearing was held on December 27, 2023.
- PACB approval is expected on January 5, 2024.
- The SEQR determination is expected on January 5, 2024.

For additional information regarding this financing, please reference the attached "Transaction Report – Resolution to Proceed" dated November 28, 2023.

Recommendation

The Board is being asked to adopt the necessary documents for the Cornell University financing. Orrick Herrington & Sutcliffe and Golden Holley James, co-bond counsel, will provide the Board with an overview of certain bond document provisions at the January 10, 2024 Board meeting.

Division of Public Finance and Portfolio Monitoring
Portia Lee, Managing Director

Prepared by: David Ostrander
(518) 257-3164 | dostrand@dasny.org

Transaction Report – Resolution to Proceed

Cornell University - Ithaca, New York

November 28, 2023

PROGRAM:
Independent Colleges & Universities

PURPOSE:
New Money
Refinancing
Refunding

NOT TO EXCEED AMOUNT:
$800,000,000

NOT TO EXCEED TERM:
35 Years

INTEREST RATE TYPE:
Fixed and/or Variable

BOND TAX STATUS:
Tax-Exempt and/or Taxable

SALE TYPE:
Negotiated Offering and/or Private Placement

RATINGS: Aa1/AA/NR

SECURITY:
General Obligation

Proposed New Issue Overview

The Board is being asked to adopt a Resolution to Proceed for one or more series of fixed and/or variable rate, tax-exempt and/or taxable bonds in an amount not to exceed $800,000,000 with maturities not to exceed 35 years to be sold at one or more times through a negotiated offering and/or a private placement.

Financing Team:

- Senior Manager – BofA Securities
- Co-Bond Counsel – Orrick Herrington & Sutcliffe and Golden Holley James
- Underwriter's Counsel – Ballard Spahr

Purpose:

- Financing of various construction, renovation, and deferred maintenance projects located throughout the University system ($255.0 million).
- Refinancing of taxable debt issued by the University for capital projects ($227.6 million).
- Refunding of all or a portion of DASNY's variable rate Cornell University Revenue Bonds, Series 2000A, 2000B, 2004A, 2004B, 2019B, and 2019C ($270.2 million).

Security:

- It is anticipated that the Loan Agreement will be a general unsecured obligation of the University and no security interest in any revenues or assets of the University will be granted by the University to DASNY under the Loan Agreement.

Description of the Bonds:

- The Bonds are a special obligation of DASNY.
- The Loan Agreement is a general obligation of the University.
- The Bonds are payable from payments made under the Loan Agreement and all funds and accounts established under the Resolution.

Financing Details:

New Money: Proceeds from the proposed bond issue are expected to be used to finance all or a portion of various construction, renovation, and deferred maintenance projects located throughout the University system.

Projects located on the Ithaca campus are expected to include (i) construction of the Ann S. Bowers Computing and Information Science Building, a new 135,000 square-foot research and teaching facility bringing together the Computer Science, Information Science, and Data Science departments into one complex, (ii) construction of Atkinson Hall, a new 104,000 square-foot facility to house the Centers for Cancer Biology and Immunology, the Department of Computational Biology, and the Masters of Public Health program, (iii) construction of a 55,000 square-foot addition to Thurston Hall to house teaching and research programs for various engineering programs, (iv) a full renovation to the Balch Hall residential facility to create new dormitory and study spaces and to upgrade the exterior, as well as (v) various other renovation and deferred maintenance projects.

Division of Public Finance and Portfolio Monitoring
Portia Lee, Managing Director

Prepared by: David Ostrander
(518) 257-3164 | dostrand@dasny.org

Projects located on the Weill Cornell Medicine campus are expected to include the construction of a new 16-story, 173,000 square-foot facility to house up to 272 medical and graduate students, nearly doubling the existing student residential living space. The building will include a combination of studios, one-bedroom and two-bedroom apartments and contain several spaces for study, collaboration, recreation and fitness.

Projects located on the Cornell Tech campus are expected to include renovations to the Tata Innovation Center, a facility that houses a mix of tech companies and Cornell Tech academic teams.

Refinancing: Proceeds from the proposed issuance are expected to be used to refinance taxable debt of the University, including taxable commercial paper issued by the University for capital projects and taxable loans incurred by the University to finance portions of two projects located at Cornell Tech: (i) the purchase the Tata Innovation Center and (ii) the purchase of The House at Cornell Tech, a 26-story, 352-unit residential high rise tower.

Refunding: Proceeds from the proposed issuance are expected to be used to refund all or a portion of DASNY's Cornell University Revenue Bonds, Series 2000A, Series 2000B, Series 2004A, Series 2004B, Series 2019B and Series 2019C, all of which are variable rate. The University intends to reduce its exposure to variable rate debt through the proposed transaction by refunding all six series with fixed rate bonds.

The Series 2000A and 2000B Bonds are currently held by Banc of America Public Capital Corp. Both series of bonds are in a variable rate mode with monthly resets. The Series 2019C Bonds are currently held by TIAA Bank. The 2019C Bonds are in a variable rate mode with monthly resets. The Series 2004A, 2004B and 2019B Bonds are publicly offered Variable Rate Demand Bonds. The Series 2004A and 2004B Bonds are remarketed weekly, while the 2019B Bonds are remarketed daily. All of the bonds to be refunded are currently callable at par. There are floating-to-fixed rate swaps associated with the University's variable rate debt. Swap termination payments, if any, would be funded with equity. The University may extend the final maturities of the refunding bonds beyond the final maturities of the bonds to be refunded, but within the limits imposed by tax law.

Sources and Uses: Bond proceeds of approximately $255.0 million are expected to be deposited to the project fund to finance new money projects. An additional $227.6 million will be deposited to the project fund to refinance taxable debt of the University. Approximately $270.2 million in proceeds would be applied toward the refunding of DASNY bonds. Issuance costs, including the underwriter's discount, are approximated in the range of $1.7 million. It is estimated that the proposed issuance will require a bond issue totaling approximately $754.5 million. Staff is requesting bonding authorization in an amount not to exceed $800.0 million to provide the University with flexibility and ensure sufficient proceeds to complete the financing.

Sources of Funds:	**Series 2024**
Bond Proceeds	
Par Proceeds	$ 754,460,000
Total Sources	$ 754,460,000
Uses of Funds:	
Project Fund Deposits	
New Money	$ 255,000,000
Refinancing of Taxable Debt	227,550,000
Refunding of DASNY Bonds	270,200,000
Costs of Issuance and Underwriter's Discount	1,710,000
Total Uses	$ 754,460,000

Approvals

TEFRA Hearing – *12/14/23 (anticipated)* PACB Approval – *1/3/24 (anticipated*) SEQR Filing – *1/8/24 (anticipated)*

Prepared by: David Ostrander
(518) 257-3164 | dostrand@dasny.org

Borrower Overview

Cornell University is a private, not-for-profit institution of higher learning chartered and operated under the laws of the State of New York. The University was founded by Ezra Cornell whose original endowment was augmented by a substantial land grant from the State of New York received under the Federal Land Grant (Morrill) Act of 1862. Today, the University comprises privately funded schools and colleges and four State-supported schools located in Ithaca, New York, as well as Weill Cornell Medicine located in Manhattan and the Cornell Tech Campus located on Roosevelt Island.

The privately funded Endowed Colleges and academic units in Ithaca are the College of Architecture, Art and Planning; the College of Arts and Sciences; the College of Engineering; the Graduate School; the Law School; the School of Continuing Education and Summer Sessions; and University Libraries. The SC Johnson College of Business is a blended College with two Endowed Colleges: School of Hotel Administration and the Johnson School of Management, as well as a contract college unit, the Dyson School. The Contract Colleges are the College of Agriculture and Life Sciences; the College of Human Ecology; the School of Industrial and Labor Relations; and the College of Veterinary Medicine. Cornell's Contract Colleges have been assigned by State legislation with specific responsibilities in research and extension directed to support State needs. The Contract Colleges enroll approximately 34% of the student body and conduct 36% of total research expenditures of the University. The cost of construction and acquisition for certain Contract College facilities is borne primarily by the State.

Weill Cornell Medicine is comprised of the Weill Cornell Medical College, Weill Cornell Graduate School of Medical Sciences, and the Weill Cornell Physician Organization. The Medical College and the Weill Graduate School conduct instructional and research activities in the medical field, and, through the Physician Organization, the physician members generate clinical practice income for Cornell from their professional services to patients.

Cornell Tech is a technology, business, law and design campus focused on research, technology commercialization, and graduate-level education at the professional master's, doctoral and postdoctoral levels.

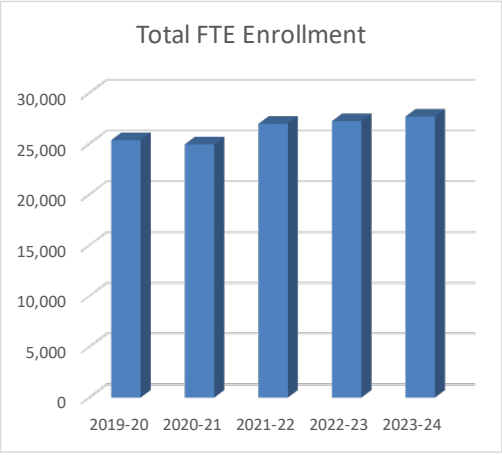
Financing History:

Cornell has been a DASNY client since 1961. To date, DASNY has issued over $2.8 billion in debt on behalf of the University. As of September 30, 2023, approximately $856.9 million remained outstanding. Under a Note Resolution adopted in 1998, DASNY is also authorized to issue up to $1.5 billion in tax-exempt commercial paper on behalf of the University, $200 million of which may be outstanding at any given time.

Enrollment:

Selected Enrollment Statistics

	2019-20	2020-21	2021-22	2022-23	2023-24
First-time Freshman Applications Received	49,114	51,500	67,380	71,164	67,846
First-time Freshman Applications Accepted	5,330	5,514	5,852	5,168	5,358
Undergraduate Acceptance Ratio	10.9%	10.7%	8.7%	7.3%	7.9%
First-time Freshman Applicants Enrolled	3,218	3,296	3,765	3,491	3,537
Undergraduate Matriculation Ratio	60.4%	59.8%	64.3%	67.6%	66.0%
Full-Time Equivalent Enrollment					
Undergraduate	15,043	14,743	15,503	15,735	16,071
Graduate	10,311	10,199	11,453	11,490	11,603
Total FTE Enrollment	25,354	24,942	26,956	27,225	27,674



- The University has experienced strong demand and increasing enrollment over the last five years, despite disruptions caused by the COVID-19 pandemic. Total FTE enrollment increased by 9.2% over five years, reaching a five-year high of 27,674 for fall 2023.

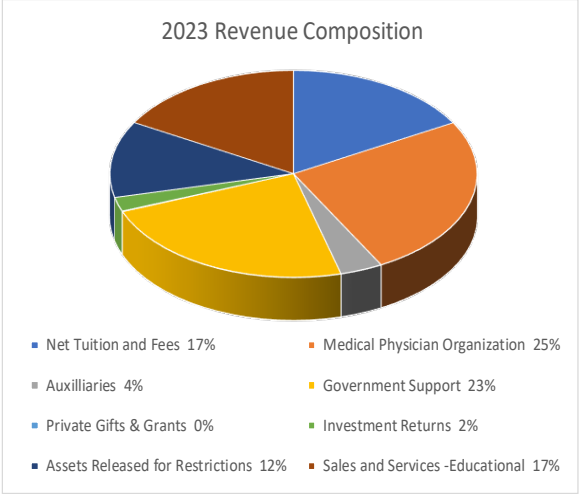
Prepared by: David Ostrander
(518) 257-3164 | dostrand@dasny.org

- Freshman applications increased by 38.1% over five years, from 49,114 in fall 2019 to 67,846 in fall 2023. Cornell has become increasingly selective, accepting only 7.9% of applications for fall 2023 (compared to 10.9% in fall 2019 and 18% going back to fall 2012).
- The COVID-19 pandemic did not have a significant impact on the University's enrollment during 2020 and 2021. Following a period of hybrid and remote instruction during the fall 2020 and spring 2021 semesters, the University returned to full in-person instruction for fall 2021.
- Cornell's reputation draws students from across the United States and internationally. Approximately 27% of all students come from New York State, followed by about 11% from Mid-Atlantic States, 6% from New England, and 30% from other areas of the Country. Cornell draws 26% of its student population internationally.

Operations:

Selected Operating Statistics

(dollars in thousands)	2019	2020	2021	2022	2023
Total operating revenue	$4,383,113	$4,308,204	$4,540,970	$5,118,932	$5,384,352
Total operating expense	4,449,043	4,516,557	4,504,141	4,987,123	5,411,033
Change in net assets from operations	(65,930)	(208,353)	36,829	131,809	(26,681)
Total non-operating activities	51,271	(185,089)	767,087	145,026	98,367
Change in unrestricted net assets	(14,659)	(393,442)	803,916	276,835	71,686
Adjusted Operating Margin (DASNY 2022 Median: 4.3%)	-0.8%	-3.7%	1.9%	4.8%	1.3%
Adjusted Net Income Margin (DASNY 2022 Median: 3.9%)	0.4%	-7.9%	18.6%	7.5%	3.1%
Annual Debt Service Coverage (DASNY 2022 Median: 2.9:1)	1.7	2.0	3.3	4.9	3.6



- Cornell has posted operating deficits on an accrual basis in three of the last five years. While the University produces accrual based interim statements for internal use, it budgets on a cash basis. Management indicates that operations reached a surplus on a cash basis for each of the past five years.
- The University has been successful in steadily increasing annual tuition rates while maintaining a consistent level of financial aid. Over the last five years, tuition revenue has grown by 21.2%, from $1.2 billion in 2019 to $1.4 billion in 2023, while the University's tuition discount rate has averaged 36.1%. Consequently, Net Tuition per FTE Student steadily increased from $31,025 to $33,220 during this period, a positive indicator of demand and profitability.
- Cornell's Debt Service Coverage Ratio has averaged 3.1:1 while Debt Service to Operating Expenses has averaged 2.8%, both of which compare favorably to DASNY Medians.
- Cornell's revenue composition is diverse. For fiscal year 2023, only 21% of revenues came from student-generated sources (17% from Tuition & Fees and 4% from Auxiliaries). Government support, consisting largely of sponsored research funding and state appropriations for the four contract colleges, accounted for 23% of revenues.

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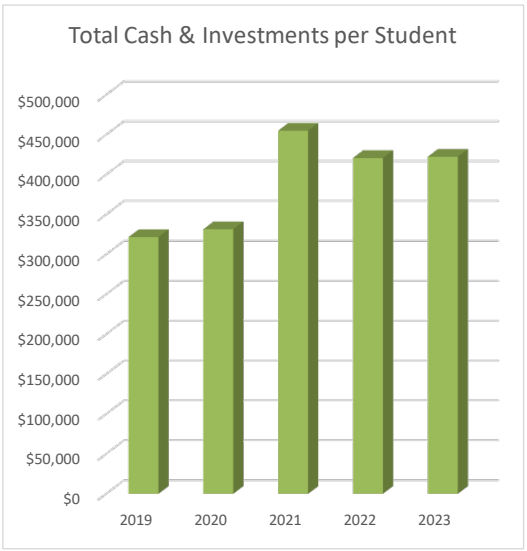
Balance Sheet:

Selected Financial Position Statistics

(dollars in thousands)	2019	2020	2021	2022	2023
Total Assets	$13,968,334	$14,850,618	$17,907,729	$17,961,299	$18,221,061
Total Liabilities	3,334,669	4,529,786	4,457,854	4,246,947	4,182,935
Net Assets					
Unrestricted	3,422,627	3,029,185	3,833,101	4,109,936	4,181,622
Temporarily Restricted	0	0	0	0	0
Permanently Restricted	7,211,038	7,291,647	9,616,774	9,604,416	9,856,504
Total Net Assets	$10,633,665	$10,320,832	$13,449,875	$13,714,352	$14,038,126
Long-Term Debt	$1,486,958	$1,918,482	$1,876,730	$2,036,670	$1,978,761
Total Cash & Investments to Operating Expenses (DASNY 2022 Median: 1.9:1)	1.8	1.9	2.5	2.3	2.1
Total Cash & Investments to Total Debt (DASNY 2022 Median: 2.3:1)	5.0	3.4	4.6	4.5	4.7
Total Cash & Investments per Student	$321,596	$331,506	$454,990	$420,819	$422,377



- Cornell's balance sheet reflects growing financial resources and liquidity. Unrestricted net assets increased by 22.2% over five years, from $3.4 billion in fiscal year 2019 to $4.2 billion in fiscal year 2023.
- Cash and Investments totaled $11.5 million as of fiscal year end 2021, an increase of 44% over five years. The University's Total Cash & Investments to Operating Expenses was 2.1:1 (DASNY 2022 Median of 1.9:1) for fiscal year 2023, while Total Cash and Investments to Total Debt was 4.7:1 (DASNY 2022 Median of 2.3:1).
- The University's debt structure and exposure to interest rate swaps create potential demands on liquidity. The University had five floating-to-fixed rate swaps associated with its variable rate debt with a combined market valuation representing a $96.2 million liability. The swaps do not require collateral posting unless the University's rating falls below Aa3. Cornell maintains sufficient liquidity to cover potential demands using cash and short-term investments. The University also maintains $450 million in working capital lines of credit with four banks to provide additional liquidity.
- The proposed transaction will reduce the University's variable rate exposure by refunding approximately $270.2 million in variable rate bonds with fixed rate bonds.

Recommendation

- Staff recommends that the Board adopt a Resolution to Proceed for one or more series of bonds with terms not to exceed 35 years in an amount not to exceed $800,000,000 on behalf of Cornell University.

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