


TO: Jack D. Homkow, Director, Office of Environmental Affairs

FROM: Robert S. Derico, R.A., Senior Environmental Manager 

DATE: February 24, 2015 (Revised May 12, 2015)

RE: *State Environmental Quality Review (SEQR) Type II Determination for the Board of Cooperative Educational Services 2015 Refunding Project — Master BOCES Program Lease Revenue Bonds*

The Board of Cooperative Educational Services (“BOCES”) has requested financing from the Dormitory Authority State of New York (“DASNY”) for the refunding of a portion of its *Master BOCES Program Lease Revenue Bonds* (the “Proposed Action”). Based on a review of the attached *Credit Summary Update*, dated May 1, 2015, it has been determined that the Proposed Action would involve DASNY’s authorization of the issuance of two or more series of tax-exempt and/or taxable, fixed- and/or variable-rate Series 2015 Bonds in amount not to exceed \$48,500,000, to be sold through a public offering. Proceeds of the proposed bond issuance would be used to refund the *Master BOCES Program Lease Revenue Bonds Series 2007* issued on behalf of four borrowers: Delaware BOCES, Chenango BOCES, Madison BOCES, and Otsego BOCES (advance refunding totaling approximately \$39.6 million). Additionally, the proposed bond issuance would be used to refund the *Master BOCES Program Lease Revenue Bonds Series 2007* issued on behalf of St. Lawrence-Lewis BOCES (advance refunding totaling approximately \$8.4 million).

The ability to create a BOCES was first established in 1948 and is found in Sections 1950 and 1951 of the *State Education Law*. The legislation was designed to enable school districts to combine their resources to provide services that otherwise would have been uneconomical, inefficient or unavailable. A BOCES is formed by the school districts of a supervisory district for the purpose of providing various educational services for such school districts on a cooperative or shared basis, which services may either be too expensive or duplicative for each school district to provide for itself. A BOCES is usually formed by an order of the Commissioner of Education after a petition has been made to him requesting the establishment of the BOCES by the respective Boards of Education of the various school districts to be included in the proposed BOCES. The decision to establish a BOCES is not subject to voter approval.

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SEQR Determination. DASNY completed this environmental review in accordance 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. The refunding of existing debt is a Type II action as specifically designated by 6 N.Y.C.R.R. § 617.5(c)(23) of SEQR. 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.”¹ Therefore, no further SEQR determination or procedure is required for any component of the proposed project identified as Type II.

The Proposed Action 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 historical or cultural resources in or eligible for inclusion in the National and/or State Registers of Historic Places.

Attachment

- cc: Deborah J. Paden, Esq.
- Sara P. Richards, Esq.
- David P. Ostrander
- SEQR File
- OPRHP File

¹6 N.Y.C.R.R. § 617.5(a).

Credit Summary Update

Board of Cooperative Educational Services Master BOCES Program Lease Revenue Bonds

May 1, 2015

Program: BOCES

Purpose: Refunding

New Issue Details

One or more series of tax-exempt and/or taxable, fixed and/or variable rate bonds in an aggregate amount not to exceed \$48,500,000 are to be sold through a public offering. The term of the refunding bonds will not exceed the term of the bonds to be refunded.

- Underwriter – Roosevelt & Cross, Inc.
- Co-Bond Counsel – Hodgson Russ, LLP and Golden Holley James, LLP
- Co-Underwriter's Counsel – Trespasz & Marquardt, LLP and Marous & Marous, P.C.

Purpose

- The advance refunding of all or a portion of the Master BOCES Program Lease Revenue Bonds (Delaware, Chenango, Madison and Otsego Issue), Series 2007 (approximately \$39.6 million).
- The advance refunding of all or a portion of the Master BOCES Program Lease Revenue Bonds (St. Lawrence-Lewis Issue), Series 2007 (approximately \$8.4 million).

Security

- Annual rental payments to be made pursuant to a Lease Agreement with each BOCES.
- Direct intercept, through the State Comptroller, of any State aid due each applicable BOCES for rental payments on the DASNY Lease Agreement. The St. Lawrence-Lewis Series 2015 Bonds will be subject and subordinate to payments on the St. Lawrence-Lewis Series 2011 Bonds.
- Pledge of public funds apportioned by the State due to the applicable BOCES organization in an amount sufficient to pay such rental payments. The St. Lawrence-Lewis Series 2015 Bonds will be subject and subordinate to payments on the St. Lawrence-Lewis Series 2011 Bonds.
- Debt Service Reserve Funds and/or Reserve Fund Facilities equal to one-half maximum annual debt service.
- Bond insurance may be considered depending on its availability and economic advantage.

Expected Ratings: Aa2/A+/NR

Overview

The ability to create a Board of Cooperative Educational Services ("BOCES") was first established in 1948 and is

found in Section 1950 of the State Education Law. The legislation was designed to enable school districts to combine their resources to provide services that otherwise would have been uneconomical, inefficient or unavailable. A BOCES is formed by the school districts of a supervisory district for the purpose of providing various educational services for such school districts on a cooperative or shared basis, which services may either be too expensive or duplicative for each school district to provide for itself. A BOCES is usually formed by an order of the Commissioner of Education after a petition has been made requesting the establishment of the BOCES by the respective Boards of Education of the various school districts to be included in the proposed BOCES. The decision to establish a BOCES is not subject to voter approval.

Section 1689 of the Public Authorities Law (the "Act") authorizes DASNY, upon application from a BOCES, to construct, acquire, reconstruct and furnish and equip BOCES facilities. In addition, pursuant to the Act, DASNY is authorized to issue bonds and notes to obtain funds for the purposes of Section 1689.

Description of the Series 2015 Bonds

- Each series of bonds is a special obligation of DASNY.
- Each series of bonds is payable from payments made by the applicable BOCES under a Lease and Agreement with DASNY and funds and accounts established under the Resolutions.
- Each Lease and Agreement is a general obligation of the applicable BOCES. Amounts received from the State pursuant to the direct payment mechanism are credited against each BOCES payment obligations under the Lease and Agreement.

Approvals

- SEQR Filing – February 24, 2015
- PACB Approval – March 18, 2015

Recent Information

On March 11, 2015 the Board adopted the necessary documents for a bond issue in an amount not to exceed \$39 million on behalf of the Delaware, Chenango, Madison, and Otsego BOCES and \$9,500,000 on behalf of the St. Lawrence-Lewis BOCES. The Board is being asked to take the actions necessary to reflect that the St. Lawrence-Lewis Issue, Series 2015 Bonds will be subject and subordinate to DASNY's \$6,800,000 Master BOCES Program Lease Revenue Bonds (St. Lawrence-Lewis Issue), Series 2011.



DASNY

DIVISION OF PUBLIC FINANCE AND PORTFOLIO MONITORING
PORTIA LEE, MANAGING DIRECTOR
PREPARED BY: STEPHEN J. KOSIER (518) 257-3157

MASTER BOCES PROGRAM LEASE REVENUE BONDS
(DELAWARE, CHENANGO, MADISON AND OTSEGO BOCES
AND ST. LAWRENCE – LEWIS BOCES)

The Letter of Bond Counsel in connection with the above referenced transaction will be transmitted to the Members under separate cover.



Single Approval Credit Summary

Board of Cooperative Educational Services
Master BOCES Program Lease Revenue Bonds

February 27, 2015

Program: BOCES

Purpose: Refunding

New Issue Details

Approximately \$39,340,000 in two or more series of tax-exempt and/or taxable, fixed and/or variable rate Series 2015 Bonds are expected to be sold through a public offering at one or more times. The term of the refunding bonds will not exceed the term of the bonds to be refunded.

- Underwriter – Roosevelt & Cross, Inc.
- Co-Bond Counsel – Hodgson Russ, LLP and Golden Holley James, LLP
- Co-Underwriter's Counsel – Trespasz & Marquardt, LLP and Marous & Marous, P.C.

Purpose

- The advance refunding of all or a portion of the Master BOCES Program Lease Revenue Bonds (Delaware, Chenango, Madison and Otsego Issue), Series 2007 (approximately \$39.6 million).
- The advance refunding of all or a portion of the Master BOCES Program Lease Revenue Bonds (St. Lawrence-Lewis Issue), Series 2007 (approximately \$8.4 million).

Security

- Annual rental payments to be made pursuant to a Lease Agreement with each BOCES.
- Direct intercept, through the State Comptroller, of any State aid due each applicable BOCES for rental payments on the DASNY Lease Agreement.
- Pledge of public funds apportioned by the State due to the applicable BOCES organization in an amount sufficient to pay such rental payments.
- Debt Service Reserve Funds and/or Reserve Fund Facilities equal to one-half maximum annual debt service.
- Bond insurance may be considered depending on its availability and economic efficiency.

Expected Ratings: Aa2/A+/NR

Overview

The ability to create a Board of Cooperative Educational Services ("BOCES") was first established in 1948 and is found in Section 1950 of the State Education Law. The legislation was designed to enable school districts to combine their resources to provide services that otherwise would have been uneconomical, inefficient or unavailable. A BOCES is formed by the school districts

of a supervisory district for the purpose of providing various educational services for such school districts on a cooperative or shared basis, which services may either be too expensive or duplicative for each school district to provide for itself. A BOCES is usually formed by an order of the Commissioner of Education after a petition has been made requesting the establishment of the BOCES by the respective Boards of Education of the various school districts to be included in the proposed BOCES. The decision to establish a BOCES is not subject to voter approval.

Section 1689 of the Public Authorities Law (the "Act") authorizes DASNY, upon application from a BOCES, to construct, acquire, reconstruct and furnish and equip BOCES facilities. In addition, pursuant to the Act, DASNY is authorized to issue bonds and notes to obtain funds for the purposes of Section 1689.

Description of the Series 2015 Bonds

- Each series of bonds is a special obligation of DASNY.
- Each series of bonds is payable from payments made by the applicable BOCES under a Lease and Agreement with DASNY and funds and accounts established under the Resolutions.
- Each Lease and Agreement is a general obligation of the applicable BOCES. Amounts received from the State pursuant to the direct payment mechanism are credited against each BOCES payment obligations under the Lease and Agreement.

Approvals

- SEQR Filing – March 9, 2015*
- PACB Approval – March 18, 2015*

*Anticipated date.

Strengths

- Savings - The proposed refunding results in combined net present value savings of approximately \$2.7 million, or 6.2% of the bonds being refunded. In addition, since the two refunding bond issues will be marketed together, cost savings are expected through the sharing of issuance expenses.
- Direct Intercept of State Aid - A financing structure that includes State aid for the payment of debt service on the proposed bonds and the direct statutory payment of State aid by the Comptroller.
- State Support - The State has made appropriations to the BOCES program in each year since 1949 when the program was initiated.

DASNY
DOMINION AUTHORITY STATE OF NEW YORK

DIVISION OF PUBLIC FINANCE AND PORTFOLIO MONITORING
PORTIA LEE, MANAGING DIRECTOR
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Single Approval Credit Summary

Board of Cooperative Educational Services
Master BOCES Program Lease Revenue Bonds

February 27, 2015

Program: BOCES

Purpose: Refunding

Risks / Challenges

- State Appropriation - The potential for changes in State Aid formulas relative to the financial support of BOCES and a reduction or delay of aid to component districts.

Recommendation

The attached staff report recommends that the Board adopt the necessary documents for a bond issue in an amount not to exceed \$39 million on behalf of the Delaware, Chenango, Madison, and Otsego BOCES and \$9,500,000 on behalf of the St. Lawrence-Lewis BOCES. This refunding qualifies as a single approval under DASNY's financing guidelines as the Delaware, Chenango, Madison and Otsego BOCES and the St. Lawrence-Lewis Counties BOCES are currently in the DASNY portfolio and the credit structure for the proposed bonds is substantially the same as the bonds to be refunded. This includes the refunding of bonds on an unenhanced basis where the bonds to be refunded originally had the benefit of bond insurance.

DASNY

DORMITORY AUTHORITY STATE OF NEW YORK

DIVISION OF PUBLIC FINANCE AND PORTFOLIO MONITORING

PORTIA LEE, MANAGING DIRECTOR

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Master BOCES Program Lease Revenue Bonds

THE PROGRAM: The ability to create a Board of Cooperative Educational Services (BOCES) was first established in 1948 and is found in Section 1950 of the State Education Law. Initially, the legislation was aimed at enabling small rural school districts to combine their resources to provide services that otherwise would have been uneconomical, inefficient or unavailable.

A BOCES is formed by the school districts of a supervisory district for the purpose of providing various educational services for such school districts on a cooperative or shared basis, which services may either be too expensive or duplicative for each school district to provide for itself. A BOCES is usually formed by an order of the Commissioner of Education (the "Commissioner") after a petition has been made requesting the establishment of the BOCES by the respective Boards of Education of the various school districts to be included in the proposed BOCES. The decision to establish a BOCES is not subject to voter approval.

The number of school districts comprising an individual BOCES varies. In each case, the territory within which each BOCES operates encompasses the territory of its component school districts. A school district may decide to join an established BOCES by vote of its board of education without voter approval. School districts may not withdraw from a BOCES and are obligated to pay its share of BOCES administrative expenses (including the Rentals due to DASNY under an applicable agreement).

Once formed by the Commissioner, a BOCES is governed by a Board, whose members are elected by the boards of education of the component school districts. A Board consists of five to fifteen members. Members of each BOCES Board are elected at such BOCES annual meeting and serve for terms of three years.

At present, there are 37 BOCES incorporating all but nine of the 721 school districts in the State. BOCES membership is not available to the five large city school districts in the State: New York City, Buffalo, Rochester, Yonkers and Syracuse.

BOCES Programs: BOCES provide a wide variety of programs and services, which include General Education (including summer school), Career Education (including vocational training in agriculture, distributive education, health, home economics, business and office programs,

technical education and trade, industrial and service education), Special Education (educational services for children with special needs), Management and Instructional Services, Education in the Arts, and Environmental Education.

Each BOCES is authorized to provide such program services as the Commissioner may approve and must provide any educational service that is (a) requested by the component school districts and (b) approved by the Commissioner, who first determines that the proposed program meets an education need and can most effectively be provided on a regional, rather than local, level.

BOCES Funding: A BOCES has no taxing authority and except for certain Federal grants and payments for services rendered under certain contracts with public agencies, colleges and other entities, derives all of its financial support for operations from its component school districts and the State. State aid is paid to the BOCES, and then is to be paid by the BOCES to the component school districts to partially reimburse them for payments made to the BOCES, based upon the amount paid by the component school districts for program services and administrative and facilities expenses. The component school districts pay for these expenses through real property tax levies. Program services are funded by component school districts based on the district's participation in a specific program. Administrative expenses of a BOCES (including Rentals due to DASNY under an applicable agreement), as well as facilities expenses for capital projects not funded through surpluses are shared on a pro rata apportioned basis (based on attendance or enrollment formulas or property values) by the component school districts. All State aid payable to a BOCES, including services aid and facilities aid, as well as administrative aid, is available to be applied to pay its applicable Rentals.

All component school districts are required to pay their allocable share of the BOCES administrative expenses notwithstanding that they may elect not to participate in any of the BOCES educational programs. The component school district boards vote on the BOCES administrative budget each spring, however, the portion of the budget allocated to payments to DASNY are not subject to such vote. The State Comptroller is required by law to deduct amounts due and payable to DASNY from any State aid to become due to the BOCES and pay it to or upon the order of DASNY.

The State has made appropriations to the BOCES program in each year since 1949 when the program was initiated. While the BOCES program has received State aid in each year since its inception, both the determination of the amount of State aid and the apportionment of such State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to BOCES.

BORROWERS: Two borrowers are expected to participate in the proposed issuance.

Delaware Chenango Madison Otsego ("DCMO") BOCES: DCMO BOCES was established in 1969 and provides shared services to 16 school districts in Delaware, Chenango, Madison, and Otsego counties, serving approximately 16,500 students. Programs and services include:

Special Education – A spectrum of programs for children who are moderately to severely impaired, from birth to age 21. Center-based programs serve children with appropriate educational programs and a full range of therapies, with the goal of equipping children to live productive and independent lives. This department also provides support services to help districts meet more of their special education students' needs in their own schools.

Career and Technical Education and Adult Education – An array of career-preparation and technical education programs for high school students and adults, with components ranging from career counseling and evaluation to the teaching of job-finding skills. Guided work experience opportunities and workshops for local employers providing training for staff are sponsored. An alternative education program called Career Academy for middle and high school students is provided.

Instructional Support Services – Provides staff development and training toward improving student performance. A regional data base and interlibrary loan service is operated. DCMO operates a regional summer school and sponsors a variety of enrichment activities for all students.

Management Services – Coordination of a wide variety of shared administrative services including bus communication, accounting and business functions, employee benefits, food services and substitute teacher calling services.

St. Lawrence-Lewis Counties ("SLL") BOCES: SLL BOCES, established in 1970, provides shared services to 18 component school districts in St. Lawrence and Lewis counties that together serve approximately 20,000 students. Programs and services include:

Special Education: A spectrum of programs for children from birth to age 21, including support services to help districts meet their special education students' needs in their own schools.

Career and Technical Education: Career-preparation programs for high school students and adults, with components ranging from career counseling and evaluation to the teaching of job-finding skills.

Instructional Programs and Alternative Schools: Provides extended learning opportunities for students attending school in their local districts and runs four alternative schools for high school age students.

Curriculum, Instruction and Technology: Integrates the areas of curriculum, instruction and instructional technology to provide school districts with instructional planning to meet required standards.

Communications and Agency Planning: Offers school districts resources to plan and implement comprehensive communications programs including budget campaign, electronic media, special events and crisis consulting.

DASNY Financing History: Since 2001, DASNY has issued approximately \$303 million in bonds on behalf of various BOCES borrowers. As of December 31, 2014, \$168.5 million remained outstanding. All BOCES borrowers have always met their obligations to DASNY on time and in full.

THE REFUNDING PLAN: Two separate series of bonds (collectively, the "Series 2015 Bonds") are expected to be issued to (1) advance refund the Master BOCES Program Lease Revenue Bonds (Delaware, Chenango, Madison, Otsego Issue), Series 2007 Bonds and (2) advance refund the Master BOCES Program Lease Revenue Bonds (St. Lawrence-Lewis Issue), Series 2007 Bonds. Each of the bond issues to be refunded is callable on or after August 15, 2017.

Attachment I provides an analysis of the combined refunding. The refunding of the two series of bonds is expected to result in combined net present value savings of approximately \$2.7 million, or 6.2% of the principal amount of the bonds to be refunded. The savings analysis for the individual BOCES are included in Attachments I-A and I-B. The DCMO

BOCES refunding is expected to result in net present value savings of nearly \$2.5 million, or 6.9% of the bonds being refunded. The SLL BOCES refunding is expected to result in net present value savings of over \$200,000, or 3.1% of the bonds being refunded. The final maturity of each series of refunding bonds will not exceed the maturity date of each series of bonds to be refunded.

The financing may potentially include the use of surety bonds to satisfy the debt service reserve fund requirements. If surety bonds are utilized the refunding of the two series of bonds is expected to result in combined net present value savings of approximately \$2.9 million, or 6.8% of the principal amount of the bonds to be refunded.

FINANCING DETAILS: The refundings will require escrow deposits totaling approximately \$47.9 million. If there are no surety bonds, funding debt service reserve funds would require approximately \$2.6 million. It is anticipated that the two refunding bond issues comprising the Series 2015 Bonds will be marketed under one offering statement. By sharing certain financing costs additional savings can be achieved in comparison to stand-alone refundings. Combined financing costs are estimated at \$603,000. Approximately \$5.5 million in funds from the two series of bonds to be refunded will be available for the refunding. In total, approximately \$39.3 million of Series 2015 Bonds are expected to be issued along with approximately \$6.3 million in premium issuance. Attachment II presents a schedule of the estimated Sources and Uses of Funds.

Security Provisions: Payment of the debt service on each series of bonds will be secured by lease agreements (the "Lease") between the applicable BOCES and DASNY and debt service reserve funds and/or Reserve Fund Facilities equal to one-half maximum annual debt service. Each Lease will be a general obligation of the respective BOCES. Under each Lease, the individual BOCES will assign and pledge to DASNY a sufficient portion of public funds that are apportioned or otherwise payable to the BOCES for approved costs incurred during the prior year. Although marketed together, neither borrower will be liable in connection with the Series 2015 Bonds of the other borrower.

Public Authorities Law section 1689 subdivision 10 authorizes a direct intercept mechanism under which the State Comptroller shall pay the public funds assigned by a BOCES directly to DASNY.

Education Law §1950(5) (g) provides that the annual payments to be made by a BOCES to DASNY for the payments of rent for a BOCES educational facility constitute an administrative expense of the BOCES. Education Law §3609-d, which prescribes the amounts and dates on which moneys apportioned to BOCES are to be paid, further provides that any obligation of a board of cooperative educational services to the bond trustee of DASNY shall be paid in accordance with the applicable provisions of the Public Authorities Law.

Pursuant to the mechanism contained in Public Authorities Law §1689(10), DASNY is required to certify annually to the Commissioner of Education a statement of all amounts due from each BOCES to DASNY. The Commissioner, in turn, is required to include in the certificate filed with the State Comptroller, a statement showing the amount owed to DASNY by such BOCES. The Comptroller is required to deduct the amount certified by the Commissioner as due to DASNY from the state funds otherwise payable to the BOCES. The aid subject to intercept pursuant to this provision is not limited to the aid payable to the BOCES on account of administrative costs incurred under the Lease, but rather encompasses any state funds to become due to such BOCES. If such forms of State aid are insufficient, each component school district would also be required to include its proportionate share of the lease payment in its budget and to pay such amount to the BOCES to make up for the shortfall.

SUMMARY: The BOCES program has been an integral part of public education in the State since 1948, making the delivery of education-enhancing services to students more economical and efficient. Under State Education Law, the rental payments will be paid through State aid due to each BOCES. These payments are made directly by the Comptroller to DASNY. Under current market conditions, the refundings are anticipated to result in combined net present value savings of approximately \$2.7 million, or 6.2% of the bonds to be refunded. In addition, since the refunding bond issues are expected to be marketed together, cost savings are expected through the sharing of issuance expenses. Based on these factors, staff recommends that the Board adopt the necessary documents for a bond issue in an aggregate amount not to exceed \$48,500,000.

Master BOCES Program Lease Revenue Bonds (Combined), Series 2015
Debt Service Comparison

Date	Existing D/S	Refunding D/S	Gross Savings	PV Savings
2016	4,684,428	4,411,268	273,159	262,281
2017	4,684,653	4,415,500	269,153	257,493
2018	4,684,703	4,415,000	269,703	252,006
2019	4,684,103	4,410,100	274,003	250,247
2020	4,686,703	4,413,700	273,003	243,840
2021	4,686,290	4,412,500	273,790	239,139
2022	4,682,553	4,405,750	276,803	236,483
2023	4,691,350	4,416,500	274,850	229,797
2024	4,683,550	4,408,500	275,050	224,969
2025	4,686,610	4,412,250	274,360	219,526
2026	4,684,510	4,412,000	272,510	213,300
2027	3,822,000	3,570,000	252,000	193,083
Total	55,361,450	52,103,068	3,258,382	2,822,164

Savings Summary

Present value of savings from cash flow	2,822,164
Less: Prior funds on hand	(1,917,000)
Plus: Refunding funds on hand	1,796,211
Net Present Value Savings	2,701,375
NPV Benefit of Bonds Being Refunded	6.2%

SUMMARY: The BOCES program has been an integral part of public education in the State since 1948, making the delivery of education-enhancing services to students more economical and efficient. Under State Education Law, the rental payments will be paid through State aid due to each BOCES. These payments are made directly by the Comptroller to DASNY. Under current market conditions, the refunding are anticipated to result in combined net present value savings of approximately \$2.7 million, or 6.2% of the bonds to be refunded. In addition, since the refunding bond issues are expected to be marketed together, cost savings are expected through the sharing of issuance expenses. Based on these factors, staff recommends that the Board adopt the necessary documents for a bond issue in an aggregate amount not to exceed \$48,800,000.

Security Provisions: Payment of the debt service on each series of bonds will be secured by lease agreements (the "Lease") between the applicable BOCES and DASNY and debt service reserve funds and/or Reserve Fund facilities equal to one-half maximum annual debt service. Each Lease will be a general obligation of the respective BOCES. Under each Lease, the individual BOCES will assign and pledge to DASNY a sufficient portion of public funds that are apportioned or otherwise payable to the BOCES for approved costs incurred during the year. Although marketed together, neither borrower will be liable in connection with the Series 2015 Bonds of the other borrower.

Public Authorities Law section 1653 subdivision 10 authorizes a direct interest mechanism under which the State Comptroller shall pay the public funds assigned to a BOCES directly to DASNY.

Master BOCES Program Lease Revenue Bonds (DCMO BOCES Issue), Series 2015
Debt Service Comparison

Date	Existing D/S	Refunding D/S	Gross Savings	PV Savings
2016	3,822,363	3,571,431	250,931	241,518
2017	3,825,763	3,578,525	247,238	236,573
2018	3,822,563	3,573,525	249,038	232,778
2019	3,824,563	3,574,825	249,738	228,178
2020	3,825,563	3,575,425	250,138	223,497
2021	3,825,313	3,577,225	248,088	216,762
2022	3,823,563	3,572,250	251,313	214,765
2023	3,828,000	3,579,000	249,000	208,261
2024	3,823,000	3,573,750	249,250	203,955
2025	3,825,750	3,576,750	249,000	199,336
2026	3,825,500	3,577,250	248,250	194,428
2027	3,822,000	3,570,000	252,000	193,083
Total	45,893,938	42,899,956	2,993,981	2,593,133

Savings Summary

Present value of savings from cash flow	2,593,133
Less: Prior funds on hand	(1,917,000)
Plus: Refunding funds on hand	<u>1,791,642</u>
Net Present Value Savings	2,467,776
NPV Benefit of Bonds Being Refunded	6.9%

Master BOCES Program Lease Revenue Bonds (SLL BOCES Issue), Series 2015
Debt Service Comparison

Date	Existing D/S	Refunding D/S	Gross Savings	PV Savings
2016	862,065	839,837	22,228	20,764
2017	858,890	836,975	21,915	20,920
2018	862,140	841,475	20,665	19,228
2019	859,540	835,275	24,265	22,069
2020	861,140	838,275	22,865	20,343
2021	860,978	835,275	25,703	22,377
2022	858,990	833,500	25,490	21,718
2023	863,350	837,500	25,850	21,536
2024	860,550	834,750	25,800	21,014
2025	860,860	835,500	25,360	20,190
2026	859,010	834,750	24,260	18,872
Total	9,467,513	9,203,112	264,400	229,031

Savings Summary

Present value of savings from cash flow	229,031
Less: Prior funds on hand	-
Plus: Refunding funds on hand	4,569
Net Present Value Savings	233,600
NPV Benefit of Bonds Being Refunded	3.1%

DASNY

DORMITORY AUTHORITY STATE OF NEW YORK

Master BOCES Program Lease Revenue Bonds, Series 2015 Sources and Uses of Funds

<i>Sources of Funds:</i>	<i>DCMO BOCES</i>	<i>SLL BOCES</i>	<i>Total</i>	
Bond Proceeds				
Par Amount	\$ 31,860,000	\$ 7,480,000	\$ 39,340,000	
Premium	<u>5,102,054</u>	<u>1,208,255</u>	<u>6,310,310</u>	
	36,962,054	8,688,255	45,650,310	
Other Sources of Funds				
DCMO 2007 DSRF	1,917,000	-	1,917,000	
DCMO 2007 DSF	2,916,456	-	2,916,456	
SLL 2007 DSF	<u>-</u>	<u>674,558</u>	<u>674,558</u>	
	4,833,456	674,558	5,508,014	
<i>Total Sources</i>	<i>\$ 41,795,511</i>	<i>\$ 9,362,813</i>	<i>\$ 51,158,323</i>	
<i>Uses of Funds:</i>	<i>DCMO BOCES</i>	<i>SLL BOCES</i>	<i>Total</i>	<i>% of Par</i>
Refunding Escrow Deposits	\$ 39,579,050	\$ 8,351,595	\$ 47,930,645	
Debt Service Reserve Fund	1,789,500	834,750	2,624,250	
Costs of Issuance				
DASNY Fee	60,740	14,260	75,000	0.16%
Bond Counsel	68,838	16,162	85,000	0.19%
Printing	8,099	1,901	10,000	0.02%
Ratings	38,145	8,955	47,100	0.10%
Trustee & Counsel	3,000	3,000	6,000	0.01%
Institution's Counsel	45,000	30,000	75,000	0.16%
Financial Advisor	45,000	30,000	75,000	0.16%
Auditor	3,000	3,000	6,000	0.01%
Escrow Agent & Counsel	3,000	3,000	6,000	0.01%
Verification Agent	3,000	3,000	6,000	0.01%
DAC Fee	10,000	10,000	20,000	0.04%
Miscellaneous	6,920	5,691	12,611	0.03%
Underwriter Discount	132,219	47,498	179,717	0.39%
<i>Total Uses</i>	<i>\$ 41,795,511</i>	<i>\$ 9,362,813</i>	<i>\$ 51,158,323</i>	



MASTER BOCES PROGRAM LEASE REVENUE BONDS

Sources of Funds:		BOCMO BOCES	SLL BOCES	Total
Refunding Escrow Deposits	\$ 38,578,000	\$ 8,501,885	\$ 47,980,045	
Debt Service Reserve Fund	1,799,900	824,750	2,624,350	
Costs of Issuance				
DASNY Fee	60,740	14,260	75,000	0.15%
Bond Counsel	68,850	16,162	85,000	0.19%
Printing	6,099	1,901	10,000	0.02%
Ratings	38,145	8,352	47,100	0.10%
Trusts & Counsel	2,000	2,000	4,000	0.01%
Institution's Counsel	45,000	30,000	75,000	0.18%
Financial Advisor	45,000	30,000	75,000	0.18%
Auditor	2,000	2,000	4,000	0.01%
Escrow Agent & Counsel	2,000	2,000	4,000	0.01%
Ventilation Agent	2,000	2,000	4,000	0.01%
DAC Fee	10,000	10,000	20,000	0.04%
Miscellaneous	8,950	8,861	17,811	0.03%
Underwriter Discount	132,212	47,408	179,717	0.39%
Total Lease	\$ 41,788,817	\$ 9,382,813	\$ 51,188,333	

The Letter of Bond Counsel in connection with the above referenced transaction will be transmitted to the Members under separate cover.