



**DASNY**

**ANDREW M. CUOMO**  
Governor

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Chair

**REUBEN R. MCDANIEL, III**  
Acting President & CEO

***Memorandum***

**TO:** Michael E. Cusack, Esq., General Counsel

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



**DATE:** February 26, 2020

**RE:** *State Environmental Quality Review (SEQR) Type II Determination for Cornell University's Refinancing of Existing Debt*, Ithaca, Tompkins County, New York

*Description of Proposed Action and Proposed Project.* Cornell University ("CU" or the "University") has requested financing from the Dormitory Authority of the State of New York ("DASNY") for its *Refinancing of Existing Debt* (the "Proposed Project"). Based on a review of the attached *Transaction Summary Update*, dated February 24, 2020 (attached), it has been determined that the Proposed Action would involve DASNY's authorization of the issuance of one or more series of fixed- or variable-rate, tax-exempt and/or taxable, Series 2020 Bonds to be sold at one or more times through a negotiated offering and/or a private placement, in an amount not to exceed \$440,000,000 in funding under DASNY's Independent Colleges and Universities Program. Cornell University is located at 341 Pine Tar Road, City of Ithaca, Tompkins County, New York.

Specifically, the Proposed Project proposes to refund all or a portion of DASNY's Cornell University Revenue Bonds, Series 1990B, 2008B, 2008C, and 2010A Bonds (\$430.9 million). The bonds to be refunded were utilized by the University for the implementation of a campus-wide program of demolishing, constructing, reconstructing, renovating, purchasing, installing, upgrading, equipping and/or repairing the interior and exterior of projects at all University campuses and the upgrades to the University's cooling system at the central campus located in Ithaca.

*Institution.* Cornell University is a private, not-for-profit, co-educational, nonsectarian 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 seven privately funded schools and colleges and four State-supported schools, as well as Weill Cornell Medicine and the new Cornell Tech Campus, both located in New York City. The privately funded Endowed Colleges in Ithaca are the College of Architecture, Art and Planning; the College of Arts and Sciences; the College of Engineering; the School of Hotel Administration; the Law School; the S. C. Johnson Graduate School of Management; and the Faculty of Computing and Information Science.

The four 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 four Contract Colleges have been assigned by State legislation with specific responsibilities in research and extension directed to support State needs. The specialized missions of the Contract Colleges, as set forth in the State Education Law, are included in the Cornell Charter. The four 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 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. Weill Cornell Physicians are faculty members of Weill Cornell Medical College and are also attending physicians at New York-Presbyterian Hospital/Weill Cornell Medical Center. Weill Cornell also maintains major affiliations with Memorial Sloan-Kettering Cancer Center, Rockefeller University, and the Hospital for Special Surgery, as well as with the metropolitan-area institutions that constitute the New York-Presbyterian Healthcare System.

*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.

The refunding component previously noted and described would involve the "...refinancing existing debt," classified as a Type II action, specifically designated by 6 N.Y.C.R.R. § 617.5(c)(29) of SEQRA. 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.*"<sup>1</sup> Therefore, no further SEQR determination or procedure is required for any component of the Proposed Project identified as Type II.

DASNY, as a New York State public benefit corporation funding the Proposed Project, is required to conduct a review in conformance with the *New York State Historic Preservation Act of 1980* ("SHPA") and Part 428 of the implementing regulations of the *Parks, Recreation and Historic Preservation Law* ("PRHPL"), which governs state agency activities affecting historic or cultural properties, as well as with the requirements of the Memorandum of Understanding (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 State Registers of Historic Places.

cc: Dena T. Amodio, Esq.  
David P. Ostrander  
SEQR File  
OPRHP File

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<sup>1</sup> 6 N.Y.C.R.R. § 617.5[a]

# Transaction Summary Update

Cornell University  
Ithaca, New York

February 24, 2020

Program: Independent Colleges & Universities

Purpose: Refunding

## New Issue Details

One or more Series of fixed and/or variable rate, tax-exempt and/or taxable bonds with maturities not to exceed 40 years in an amount not to exceed \$450,000,000 are to be sold at one or more times through negotiated offerings and/or private placements.

- Lead Manager – Goldman Sachs & Co.
- Bond Counsel – Orrick, Herrington & Sutcliffe
- Underwriter's Counsel – Ballard Spahr LLP

## Purpose

- Refunding of all or a portion of DASNY's Cornell University Revenue Bonds, Series 1990B, 2008B, 2008C, and 2010 (\$430.9 million).

## Security

- General obligation of University

**Current Ratings:** Moody's: Aa1 (Stable)  
S&P: AA (Stable)  
Fitch: NR

## Overview

Cornell University is a private, not-for-profit, co-educational, nonsectarian 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 seven privately funded schools and colleges and four State-supported schools located in Ithaca, New York, as well as Weill Cornell Medicine and the new Cornell Tech Campus, both located in New York City. The privately funded Endowed Colleges in Ithaca are the College of Architecture, Art and Planning; the College of Arts and Sciences; the College of Engineering; the School of Hotel Administration; the Law School; the S. C. Johnson Graduate School of Management; and the Faculty of Computing and Information Science.

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## Description of the Series 2020 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.

## Approvals

- PACB Approval – October 17, 2018
- TEFRA Hearing – February 21, 2020

## Recent Information

On December 13, 2017, the Members adopted a Resolution to Proceed authorizing certain new money, refunding, and refinancing transactions in an amount not to exceed \$1.25 billion on behalf of Cornell University. During 2019, the University completed the first two phases of its plan of finance. In April, Cornell issued \$286.1 million in bonds over three series to refund its Series 2009A Bonds and to refinance its tax-exempt commercial paper. In September, the University issued \$121.4 million in new money bonds to finance its North Campus Residential Expansion, adding 2,000 new undergraduate beds to campus.

The Board is now being asked to adopt the necessary documents for the third phase of this overall plan of finance. The University plans to issue tax-exempt bonds to refund its Series 1990B, 2008B, 2008C, and 2010 Bonds, all of which will be currently callable beginning April 1, 2020. Assuming current market conditions, a total net present value savings in the range of \$113.2 million, or 27.5% of the refunded bonds, is expected from the refunding as shown in Attachment I. Of the \$1.25 billion not-to-exceed amount approved in December 2017, the amount associated with the proposed refunding for which the Board is being asked to adopt documents will not exceed \$450,000,000.



# Transaction Summary Update

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Cornell University  
Ithaca, New York

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February 24, 2020

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Program: Independent Colleges & Universities

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Purpose: Refunding

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## Recommendation

Staff recommends that the Board adopt the necessary documents for one or more series of bonds with maturities not to exceed 40 years in an aggregate amount not to exceed \$450,000,000.

*This Transaction Summary Update 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. DASNY does not warrant the accuracy of the statements contained in any offering document or any other materials relating to or provided by the Institution in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.*

*The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution pursuant to the Loan Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.*