



DASNY

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Governor

ALFONSO L. CARNEY, JR.
Chair

REUBEN R. MCDANIEL, III
President & CEO

Memorandum

TO: Sara P. Richards, Esq., Managing Senior Director, Government and Administration

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



DATE: May 17, 2021

RE: *State Environmental Quality Review (SEQR) Type II Determination for EHS Towers LLC – Partial Refunding and Restructuring of Existing Debt, New York, New York County, New York*

Description of Proposed Action and Proposed Project. EHS Towers LLC (“EHS Towers” or the “Institution”) has requested financing from the Dormitory Authority of the State of New York (“DASNY”) for its *Partial Refunding and Restructuring of Existing Debt* (the “Proposed Project”). Based on a review of the attached *Transaction Summary Update*, dated May 14, 2021, it has been determined that the Proposed Action would involve DASNY’s authorization of the issuance of one or more series of tax-exempt and/or taxable, fixed- and/or variable-rate Series 2021 Bonds to be sold through a negotiated offering or a private placement, in an amount not to exceed \$19,000,000 in funding under DASNY’s Other Independent Institutions. The Institution is located at 401 West 130th Street, New York, New York County, New York.

Specifically, the Proposed Project proposes to refund all or a portion of DASNY’s Educational Housing Services - CUNY Student Housing Project Insured Revenue Bonds, Series 2005 (the “Series 2005 Bonds”) to provide near term debt service relief.

Corporation. Educational Housing Services, Inc. (“EHS” or the “Corporation”) is a not-for-profit corporation formed in 1987 to provide college students with housing in New York City. The Corporation was added to DASNY’s statute in 1998. In 2005, DASNY issued the Series 2005 Bonds to finance the construction of a residence hall with approximately 600 beds (the “Project”). DASNY’s statute was further amended in 2008 to authorize DASNY financing not only for EHS directly but also for its wholly owned corporations or limited liability companies. Subsequent to this amendment, in 2008, all the rights and obligations of EHS in the Project and all of the related financing documents were assigned to EHS Towers LLC, a wholly owned bankruptcy-remote not-for-profit subsidiary of EHS. The purpose of this was to facilitate the financing structure to be able to utilize a bankruptcy remote entity. The Institution thereby became the borrower with respect to the Series 2005 Bonds. The Institution will also be the borrower with respect to the proposed Series 2021 Bonds.

The Project is located on the campus of City College of New York (the “College”), which is incorporated within the City University of New York System. The residence hall opened in the Fall of 2006 and is the College’s only residence hall. Educational Housing Services, Inc. has worked with the College in marketing the residence hall to the College’s students. Historical occupancy rates have approximated 95-percent. At the time the Series 2005 Bonds were issued, EHS entered into development and management agreements with Capstone On-Campus Management, LLC (“Capstone”) to develop and manage the residence hall. Capstone has a national presence and specializes in the development and management of student housing facilities.

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 Proposed Project component to be funded with this bond financing is classified as a Type II action under SEQR, and would involve the “...*refinancing of existing debt*...” Type II actions are specifically designated by 6 *N.Y.C.R.R.* § 617.5(c)(29) 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 Project was also reviewed in conformance with the *New York State Historic Preservation Act of 1980* (“*SHPA*”), especially the implementing regulations of section 14.09 of the *Parks, Recreation and Historic Preservation Law* (“*PRHPL*”), as well as with the requirements of the Memorandum of Understanding (“*MOU*”), dated March 18, 1998, between 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. 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.
Matthew T. Bergin
SEQR File
OPRHP File

¹ 6 *N.Y.C.R.R.* § 617.6(b)(3)(iii).

Transaction Summary Update

EHS Towers LLC
New York, New York

May 14, 2021

Program: Other Independent Institutions

Purpose: Refunding/Restructuring

New Issue Details

One or more series of tax-exempt and/or taxable, fixed and/or variable rate bonds in an amount not to exceed \$19,000,000, with a term not to exceed 19 years, are to be sold through either a negotiated offering or private placement.

- Lead Manager – RBC Capital Markets
- Co-Bond Counsel – Orrick, Herrington & Sutcliffe LLP and Golden Holley James, LLP
- Underwriter's Counsel – Bond, Schoeneck & King, PLLC

Purpose

- Partial refunding and restructuring of DASNY's Educational Housing Services - CUNY Student Housing Project Insured Revenue Bonds, Series 2005 (the "Series 2005 Bonds") to provide near term debt service relief.

Security

- Policy of municipal bond insurance.
- Leasehold mortgage on property.
- Assignment of student rentals.
- The Support Agreement of the City University of New York ("CUNY").
- Debt service reserve fund, if required.

Expected Ratings: A2/AA (Insured)

Overview

Educational Housing Services, Inc. ("EHS" or the "Corporation") is a not-for-profit corporation formed in 1987 to provide college students with housing in New York City. The Corporation was added to DASNY's statute in 1998. In 2005, DASNY issued the Series 2005 Bonds to finance the construction of a residence hall with approximately 600 beds (the "Project"). DASNY's statute was further amended in 2008 to authorize DASNY financing not only for EHS directly but also for its wholly owned corporations or limited liability companies. Subsequent to this amendment, in 2008, all the rights and obligations of EHS in the Project and all of the related financing documents were assigned to EHS Towers LLC (the "Institution"), a wholly owned bankruptcy-remote not-for-profit subsidiary of EHS. The purpose of this was to facilitate the financing structure to be able to utilize a bankruptcy remote entity. The Institution thereby

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The debt service on both the Series 2005 Bonds and the proposed Series 2021 Bonds is payable from revenues of the Project and is nonrecourse to both EHS and EHS Towers LLC. To the extent that Project revenues are not sufficient to service the debt, CUNY guarantees any shortfall through the Support Agreement.

Created in 1847, the City College of New York is the founding institution of the City University of New York and home to eight schools and divisions, each dedicated to the advancement of research and knowledge. In the Fall of 2020, the College reported over 10,400 full-time undergraduate and graduate students enrolled.

In response to the COVID-19 pandemic, most Spring 2021 CUNY classes and services are being offered online and are accessible from home. Those who need to visit a CUNY campus or office are required to complete a health screening prior to entering any CUNY facility. The full magnitude and long-term impact of the pandemic on CUNY's operations are not known at this time.

Description of the Series 2021 Bonds

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



Transaction Summary Update

EHS Towers LLC
New York, New York

May 14, 2021

Program: Other Independent Institutions

Purpose: Refunding/Restructuring

Approvals

- TEFRA Hearing – N/A
- PACB Approval – May 19, 2021
- SEQR Filing – May 17, 2021*

*Anticipated date.

Recent Information

It is expected that this transaction will include a policy of municipal bond insurance as security and discussions with regard to this matter, as well as the inclusion of a debt service reserve fund, are ongoing.

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.