



DASNY

KATHY HOCHUL
Governor

ALFONSO L. CARNEY, JR.
Chair

REUBEN R. MCDANIEL, III
President & CEO

Memorandum

TO: Sara P. Richards, Esq., Managing Senior Director, Governance & Administration

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

DATE: February 28, 2022 (REVISED April 1, 2022)

RE: *State Environmental Quality Review (SEQR) Type II Determination for School District Revenue Bond Financing Program's Refinancing of Existing Bond Anticipation Notes, Financing of New Money Projects, and the Refunding of Outstanding Debt*

Based on a review of the attached Dormitory Authority of the State of New York ("DASNY") *Single Approval Transaction Summary Update*, dated March 29, 2022, for the New York State School Districts Revenue Bond Financing Program, part of DASNY's Public School Districts program, it has been determined that the proposed action consists of DASNY's authorization of the issuance of multiple series of tax-exempt and/or taxable bonds for terms of varying maturities not to exceed 31 years in an aggregate amount not to exceed \$1,000,000,000 of DASNY special obligations to be sold through multiple negotiated offerings on behalf of various New York State School Districts.

More specifically, the proposed bonds, would be utilized for the refinancing of existing Bond Anticipation Notes ("BANs") of various New York School Districts located throughout the State, the proceeds of which were used to finance capital projects in anticipation of permanent financing. The proposed bonds would also be utilized for the financing of new money projects on behalf of various New York State School Districts, and the refunding of bonds previously issued by DASNY through the same School District Revenue Bond Financing Program. The New York State School Districts Revenue Bond Financing Program will assist School Districts across the State in accessing DASNY financing as quickly and efficiently as possible.

This *SEQR* has reviewed the proposed refinancing and refunding aspects of the bond issue as described above, for the initial pool of participants. Additional School Districts will be allowed to utilize the remaining authorization funds for either *BAN* refinancing or new money projects. Any new money projects would be required to comply with the statutory requirements of the *State Environmental Quality Review Act ("SEQRA")* prior to the expenditure of any DASNY bond proceeds. Separate *SEQR* determinations are permitted because: (a) the individual projects have no cumulative environmental effect on the environment; (b) none of the other projects are dependent on the projects funded under this proposal for implementation; and (c) the project sites are geographically separated throughout New York State.

DASNY completed this environmental review in accordance with *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 *SEQR* process.

The Proposed Project components would involve the “...*refinancing of existing debt*,” which is a Type II action as 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 a Proposed Project identified as Type II. As noted above, any new money projects would be required to comply with the statutory requirements of the *SEQRA* prior to the expenditure of any *DASNY* bond proceeds.

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 Action 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: Dena T. Amodio, Esq.
Frederick W. Clark, III, Esq.
David P. Ostrander
SEQR File
OPRHP File

¹ 6 *N.Y.C.R.R.* § 617.5(a)

Single Approval Transaction Summary Update

New York State School Districts Revenue Bond Financing Program

March 29, 2022

Program: Public School Districts

Purpose: New Money / Refinancing / Refunding

New Issue Details

Multiple series of tax-exempt and/or taxable bonds for terms of varying maturities not to exceed 31 years in an aggregate amount not to exceed \$1,000,000,000 are to be sold through multiple negotiated offerings on behalf of various New York State School Districts.

- Co-Lead Managers – Roosevelt & Cross, RBC Capital Markets and Raymond James*
- Co-Bond Counsel – Barclay Damon, LLP and Burgher Gray LLP*
- Underwriters' Counsel – Katten Muchin Rosenman LLP and Law Offices of Joseph C. Reid, P.A.*

*June 2022 Pool

Purpose

- Refinancing the Bond Anticipation Notes ("BANs") of various New York State School Districts, the proceeds of which were used to finance capital projects in anticipation of permanent financing.
- Financing of new money projects on behalf of various New York State School Districts.
- Refunding of bonds issued by DASNY through the School Districts Revenue Bond Financing Program.

Security

- Semi-annual payments to be made pursuant to Financing Agreements backed by the full faith and credit general obligation bonds of the participating School Districts.
- Statutory intercept, through the State Comptroller, of any State aid due to participating School Districts for debt service on DASNY Bonds.
- Bond insurance if available and economically advantageous.

Expected Rating: A1/A+/AA- (Programmatic)

Overview

On October 29, 2001, Chapter 383 of the Laws of 2001 ("Chapter 383") was enacted, Part F of which changed the methodology for computing Building Aid payable to School Districts. Pursuant to Chapter 383, Building Aid for a particular project is now paid over the useful life of that project, based upon an assumed amortization schedule. A School District financing a capital project can either (i) finance that project through the issuance of its own obligations, in which case the assumed amortization schedule used to compute Building Aid will be based on an assumed interest rate computed by the Commissioner of Education using historical data (the "Assumed Interest Rate"), or (ii) finance that project through DASNY, in which case the assumed amortization schedule used to compute Building Aid will be based on the "DASNY Rate", which is the

interest rate associated with DASNY bonds issued for the project adjusted to take into account the lower interest rates on any BANs previously issued by the School District in connection with the project. For projects approved by the Commissioner of Education during the 2020-21 school year, the Assumed Interest Rate has been established at 1.500% (with the exception of projects of the "Big Five" City School Districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, for which rates are calculated separately).

Description of the Bonds

- The Bonds are special obligations of DASNY.
- Each Financing Agreement is backed by the applicable School District's full faith and credit general obligation bonds.
- The Bonds are payable from payments made under the Financing Agreements and all funds and accounts established under the resolutions.

Approvals

- Amended PACB Approval – April 20, 2022*
 - SEQR Filing – Ongoing
- *Anticipated date.

Recent Information

On March 2, 2022, the Board authorized and adopted the necessary documents for the issuance of bonds on behalf of various New York State School Districts. Staff requested an amount not to exceed \$750,000,000, which was expected to be sufficient to accommodate a June new money and BAN refinancing pool, as well as a refunding pool later in the year.

The rise in interest rates over recent weeks has resulted in increased demand from school districts to participate in the DASNY pool. To date, staff has received responses from 66 districts who wish to participate, totaling nearly \$800 million. In addition, a refunding transaction later this year could total up to \$150 million. The total amount of school district demand for new money, BAN refinancing, and refunding bonds now exceeds the authorized amount of \$750,000,000.

Recommendation

To accommodate additional school district demand, staff recommends the Board authorize the necessary amendments to the documents adopted at the March 2, 2022 Board Meeting to increase the not to exceed amount from \$750,000,000 to \$1,000,000,000.

