



DASNY

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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 27, 2020 (Revised March 27, 2020)

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

Based on a review of the attached Dormitory Authority of the State of New York's ("DASNY's") *Draft Single Approval Transaction Summary Update* (dated March 27, 2020, attached) 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 \$750,000,000¹ of DASNY special obligations. The bonds issued would be utilized to refinance existing Bond Anticipation Notes ("BANs") issued by various public School Districts and the refunding of bonds issued by DASNY through the School Districts Revenue Bond Financing Program.

More specifically, the proposed bonds, would be utilized for the refinancing of existing BANs of various New York School Districts located throughout the State to finance capital projects in anticipation of permanent financing. The proposed bonds would also be utilized for 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 Dormitory Authority 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 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.

¹ The original aggregate amount noted in DASNY's *Single Approval Transaction Summary*, dated February 24, 2020, was a not to exceed total of \$500,000,000. This amount has since increased and is reflected in this revised Memorandum.

SEQR Determination. 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.*”² 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. Amodeo, Esq.
David P. Ostrander
SEQR File
OPRHP File

² 6 *N.Y.C.R.R.* § 617.5(a)

Single Approval Transaction Summary Update

New York State School Districts Revenue Bond Financing Program

March 27, 2020

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 \$750,000,000 are to be sold through multiple negotiated offerings on behalf of various New York State School Districts.

- Co-Lead Managers – RBC Capital Markets, Raymond James and Roosevelt & Cross*
- 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 2020 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: Aa3/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 2018-19 school year, the Assumed Interest Rate has been established at 2.500% (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

- PACB Approval – March 19, 2020
 - Amended PACB Approval – April 15, 2020*
 - SEQR Filing – Ongoing
- *Anticipated date.

Recent Information

On March 4, 2020, 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 \$500,000,000, which was expected to be sufficient to accommodate a June new money and BAN refinancing based on school district demand at that time.

Due to recent disruption in the municipal bond market, a sharp rise in interest rates over the past two weeks has resulted in increased demand from school districts to participate in the DASNY pool. To date, staff has received responses from approximately 50 districts who wish to participate. Based on the aggregate new money and BAN refinancing needs for all participating districts, it is possible that the total par amount of bonds to be issued may exceed \$500,000,000.

Recommendation

To accommodate additional demand for a June 2020 new money and BAN refinancing pool, staff recommends the Board authorize the necessary amendments to the documents adopted at the March 4, 2020 Board Meeting to increase the not to exceed amount from \$500,000,000 to \$750,000,000.

