



DASNY

ANDREW M. CUOMO
Governor

ALFONSO L. CARNEY, JR.
Chair

GERRARD P. BUSHELL, Ph.D.
President & CEO

Memorandum

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

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

DATE: March 6, 2017

RE: *State Environmental Quality Review (SEQR) Type II Determination for Siena College's Refunding of DASNY Series 2006 and Series 2009 Bonds and Deferred Maintenance Projects.*

Siena College ("Siena" or the "College") has requested financing from DASNY ("Dormitory Authority State of New York") for the refunding of all or a portion of its outstanding Series 2006 Bonds and Series 2009 Bonds (the "Proposed Action") under DASNY's Independent Colleges and Universities Program. Additionally, Siena would utilize the bond proceeds to undertake a series of campus-wide rehabilitation and maintenance projects, including upgrade to existing heating, ventilation, and air conditioning ("HVAC"), mechanical, and fire prevention system upgrades. Based on a review of the attached Credit Summary Update, dated March 2, 2017, it has been determined that the Proposed Action would involve DASNY's authorization of the issuance of one or more series, or subseries of fixed- and/or variable-rate, tax-exempt and/or taxable, Series 2017 Bonds in amount not to exceed \$45,000,000, to be sold through a private placement. Siena College is located in Loudonville, Town of Colonie, Albany County, New York.

Additionally, the proceeds of the 2017 Bonds would be used to financing the the following projects:

- Lonnstrom Dining Hall: Replacement of the existing, decades old boilers. The boilers also serve three dormitories in addition to the Lonnstrom Dining Hall;
- Hines Hall: Replacement of the existing boiler. Hines Hall is predominantly a residence hall with other uses including. Additionally, Hines Hall fire alarm system and the existing elevator would be upgrade;
- Foy Hall: Replacement of the existing boiler;
- Kiernan Hall: Replacement of the existing heating system and associated hardware;
- Morrell Science Center: Replacement of the existing chiller;
- Roger Bacon Hall: Replacement of the existing chiller.

Proceeds of the 2006 Bonds were used to finance or refinance the reconstruction, renovation and equipping of Serra Hall (now known as Lonnstrom Dining Hall), the installation of an approximately 81,000-square-foot artificial turf athletic field with an approximately 200-square-foot press box, approximately 1,000-seat bleacher stand and lights, and the refunding of a portion of DASNY's Siena College Insured Revenue Bonds, Series 1997. Proceeds of the 1997 Bonds were used to finance or refinance the construction and equipping of the approximately 83,000-square-foot J. Spencer and Patricia Standish Library, the construction, expansion, renovation, repair and equipping of an approximately

25,000-square-foot addition to the north end of Roger Bacon Hall, containing classrooms, laboratories and other research facilities, and the refinancing of a loan from the Student Loan Marketing Association, the proceeds of which were used to finance the construction, reconstruction, renovation, equipping and otherwise providing for a portion of the College's townhouse residential complex.

Proceeds of the 2009 Bonds were used to finance or refinance the construction and equipping of the 4-story, approximately 95,000-square-foot Snyder Hall, containing residential facilities to accommodate approximately 260 students, dining facilities and associated support space, and the construction and reconfiguration of access roads and sidewalks and the expansion of parking facilities to accommodate approximately 205 cars.

Siena College is a four-year private, non-profit co-educational institution of higher education founded by the Franciscan Order in 1937 and received its provisional charter from the Board of Regents of the University of the State of New York in 1938. Siena College is divided along curricular lines into three divisions: Liberal Arts, Science and Business. The College is approved by the New York State Education Department to offer the Bachelor of Arts, Bachelor of Science and both the Bachelors and Masters of Business Administration. The College also participates with several other educational institutions in cooperative degree programs. Siena is an accredited member of the Middle States Association of Colleges and Secondary Schools. The College is governed by a Board of Trustees composed of not less than five nor more than forty members.

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 maintenance or repair involving no substantial changes in an existing structure or facility; the replacement, rehabilitation or reconstruction of a structure or facility, in kind, on the same site, including upgrading buildings to meet building or fire codes; the refunding of existing debt; and the purchase or sale of furnishings, equipment or supplies are Type II action as specifically designated by 6 N.Y.C.R.R. § 617.5(c)(1), 6 N.Y.C.R.R. § 617.5(c)(2), 6 N.Y.C.R.R. § 617.5(c)(23), and 6 N.Y.C.R.R. § 617.5(c)(25) 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." Therefore, no further SEQR determination or procedure is required for any component of the Proposed Action 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 will be notified of the Proposed Action 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.

Attachments

cc: Sara P. Richards, Esq.
Dena T. Amodeo, Esq.
Stephen J. Kosier
SEQR File
OPRHP File

Credit Summary Update

Siena College
Loudonville, New York

March 2, 2017

Program: Independent Colleges & Universities

Purpose: New Money/Refunding
Private Placement

New Issue Details

One or more Series, or subseries, of fixed and/or variable, tax-exempt and/or taxable Series 2017 Bonds in an amount not to exceed \$45,000,000 are to be sold through a private placement. The final maturity of the bonds will not exceed the final maturity of the bonds to be refunded.

- Placement Agent – RBC Capital Markets
- Co-Bond Counsel – Mintz, Levin, Cohn, Ferris, Glovsky, and Popeo, P.C. and Lewis & Munday
- Purchasers – Key Government Finance, Inc. and Berkshire Bank

Purpose:

- Financing of deferred maintenance projects throughout the campus (\$2 million).
- Refunding all or a portion of the DASNY Series 2006 and Series 2009 Bonds (\$37.9 million).

Security:

- Pledge of revenues
- Negative pledge on certain real estate
- Financial covenants

Current Ratings*: Baa1 / NR / NR

***No rating required for a Private Placement**

Overview

Siena College ("Siena" or the "College") is a four-year private, non-profit co-educational institution of higher education located in Loudonville, New York. The College was founded by the Franciscan Order in 1937 and received its provisional charter from the Board of Regents of the University of the State of New York in 1938. Siena College is divided along curricular lines into three divisions: Liberal Arts, Science and Business. The College is approved by the New York State Education Department to offer the Bachelor of Arts, Bachelor of Science and both the Bachelors and Masters of Business Administration. The College also participates with several other educational institutions in cooperative degree programs. Siena is an accredited member of the Middle States Association of Colleges and Secondary Schools. The College is governed by a Board of Trustees composed of not less than five nor more than forty members.

Description of the Series 2017 Bonds

- The Bonds are a special obligation of DASNY.
- The Loan Agreement is a general obligation of Siena College.
- The Bonds are payable from payments made under the Loan Agreement and certain funds and accounts established by the Series Resolution(s).

Approvals

- Resolution to Proceed – January 11, 2017
- PACB Approval – February 3, 2017
- SEQR Filing – March 6, 2017*
- TEFRA Hearing – March 13, 2017*

*Anticipated date

Recent Information

On January 11, 2017 the Board adopted a Resolution to Proceed with the issuance of one or more series of bonds on behalf of Siena College. The Resolution to Proceed authorized either a public offering or a private placement of the Series 2017 Bonds. Siena has elected to proceed with a private placement with two Qualified Institutional Buyers, Key Government Finance, Inc. and Berkshire Bank (the "Purchasers"). The Purchasers will require a pledge of revenues as security. The Purchasers will also require certain financial covenants and a negative pledge on certain real estate.

Key will purchase up to \$27 million of the Series 2017 Bonds. These bonds will amortize through 2039, however they will be subject to a tender after approximately 10 years, at which time the College may choose to either refinance or negotiate a renewal with Key. The rate on this portion of the Series 2017 Bonds will be fixed for the 10-year period calculated at 65% of KeyCorp's Cost of Funds plus a spread. The indicative rate as of March 2, 2017 is 2.832%. The College anticipates executing a 30-day rate-lock with Key in the near future.

Berkshire Bank will purchase up to \$12.5 million of the Series 2017 Bonds. These bonds are expected to fully amortize prior to their final maturity of approximately six years following the issuance. This portion of the Series 2017 Bonds will have a fixed-rate calculated at 70% of the sum of the Federal Home Loan Bank of



DASNY

DIVISION OF PUBLIC FINANCE AND PORTFOLIO MONITORING
PORTIA LEE, MANAGING DIRECTOR

PREPARED BY: STEPHEN J. KOSIER (518) 257-3157

Credit Summary Update

Siena College
Loudonville, New York

March 2, 2017

Program: Independent Colleges & Universities

Purpose: New Money/Refunding
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Boston six-year amortization rate plus 184 basis points. The College entered into a 60-day rate-lock (2.81%) on February 21, 2017.



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Siena College

INSTITUTION: Siena College (“Siena” or the “College”) is a four-year private, non-profit co-educational institution of higher education located in Loudonville, New York. The College was founded by the Franciscan Order in 1937 and received its provisional charter from the Board of Regents of the University of the State of New York in 1938. Siena College is divided along curricular lines into three divisions: Liberal Arts, Science and Business. The College is approved by the New York State Education Department to offer the Bachelor of Arts, Bachelor of Science and both the Bachelors and Masters of Business Administration. The College also participates with several other educational institutions in cooperative degree programs. Siena is an accredited member of the Middle States Association of Colleges and Secondary Schools. The College is governed by a Board of Trustees composed of not less than five nor more than forty members.

DASNY FINANCING HISTORY: DASNY’s first issuance of bonds on behalf of Siena was its Series A bonds in 1964. DASNY has completed nine bond issues on behalf of the College for a total of over \$152 million, of which \$36.0 million remains outstanding as of December 31, 2016 as shown in Table 1 below.

Table 1 -- Outstanding DASNY Debt

<u>Series</u>	<u>Defeasance or Maturity</u>	<u>Amount Issued (000's)</u>	<u>Amount Outstanding (000's)</u>
A	1988	\$2,050	-
B	1995	1,880	-
1985	1992	15,000	-
1990	1997	9,200	-
1992	2001	21,835	-
1997	2010	30,000	-
2001	2014	24,935	-
2006	2026	26,770	17,635
2009	2039	<u>20,865</u>	<u>18,375</u>
		\$152,535	\$36,010

The College has always met its obligations to DASNY on time and in full.

THE PROJECT: Approximately \$3.6 million in Series 2017 bond proceeds are expected to be used to finance various deferred maintenance projects throughout the campus (the “Project”). The anticipated savings from the refundings, discussed below, are expected to enable the College to finance the Project with minimal impact on annual debt service.

THE REFUNDING PLAN: Proceeds from the Series 2017 Bonds are expected to be used to current refund all or a portion of the DASNY Series 2006 Insured Revenue Bonds and to advance refund all or a portion of the DASNY Series 2009 Revenue Bonds. The terms of the refunding bonds will not exceed that of the bonds being refunded. As shown in Attachment 1, the refundings are expected to result in net present value savings of approximately \$4.3 million, or 12.0% of the refunded bonds.

FINANCING DETAILS: The College anticipates a Project Fund deposit of approximately \$3.6 million and refunding escrow deposits totaling approximately \$37.9 million. Issuance costs, including underwriter’s discount or placement agent fee, are estimated to be approximately \$700,000. Completing the plan of finance will require a bond issue of approximately \$40.5 million. Staff is requesting bonding authorization in an amount not to exceed \$45 million. The estimated sources and uses of funds are provided in Attachment II.

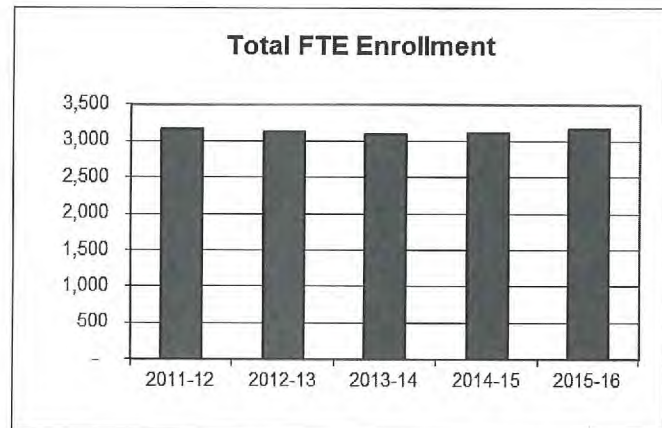
Security Provisions: Siena College is rated Baa1 by Moody’s Investors Service. Staff is requesting authorization to proceed with either a public offering or a private placement of the Series 2017 Bonds. If the Bonds are publicly offered, the College’s obligations under the Loan Agreement would be secured by a pledge of revenues and a mortgage on property acceptable to DASNY. Financial covenants would also be required. If the Bonds are privately placed, security will be determined by the purchasing bank(s). In either event, the proposed bond issue would comply with DASNY’s Financing Guidelines for Independent Institutions.

Table 2 – Selected Enrollment Statistics

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
First-time Freshman Applications Received	9,577	9,438	8,647	8,919	9,711
First-time Freshman Applications Accepted	5,502	5,427	5,013	5,248	5,836
Undergraduate Acceptance Ratio	57.5%	57.5%	58.0%	58.8%	60.1%
First-time Freshman Applicants Enrolled	747	765	709	755	764
Undergraduate Matriculation Ratio	13.6%	14.1%	14.1%	14.4%	13.1%
Mean SAT Scores (Entering Freshmen)	1,121	1,104	1,124	1,090	1,090
Headcount Enrollment					
Full-Time	3,096	3,059	3,026	3,056	3,110
Part-Time	<u>171</u>	<u>157</u>	<u>158</u>	<u>124</u>	<u>137</u>
Total	3,267	3,216	3,184	3,180	3,247
Full-time Equivalent Enrollment					
Undergraduate	3,111	3,069	3,049	3,053	3,111
Graduate	<u>51</u>	<u>53</u>	<u>41</u>	<u>51</u>	<u>56</u>
Total	3,162	3,122	3,090	3,104	3,167

FEASIBILITY - ENROLLMENT ANALYSIS: Siena is in a competitive market and has a regionally concentrated student body, with approximately 75% of its students being from New York State. As shown in Table 2 above, Siena's Headcount Enrollment declined 2.7%, from 3,267 in 2012 to 3,180 in 2015. 2016 Headcount Enrollment rebounded to 3,247, a 2.1% increase over 2015. Over the past five years, the College has averaged over 9,200 applications and its acceptance ratio has increased slightly from 57.5% in 2012 to 60.1% in 2016. As part of its effort to maintain enrollment, Siena has adjusted its recruitment strategy by increasing its tuition discount rate from 40.6% in 2012 to 54.8% in 2016. The College's Net Tuition per FTE Student has decreased from \$16,614 in 2013 to \$15,021 in 2016. Mean SAT scores for incoming freshmen have decreased slightly to 1,090 in 2015 and 2016, after being above 1,100 in prior years. The College continues to have a freshman retention rate of nearly 90%.

The College's Total FTE enrollment has averaged over 3,100 over the past five years and is illustrated in the following chart.



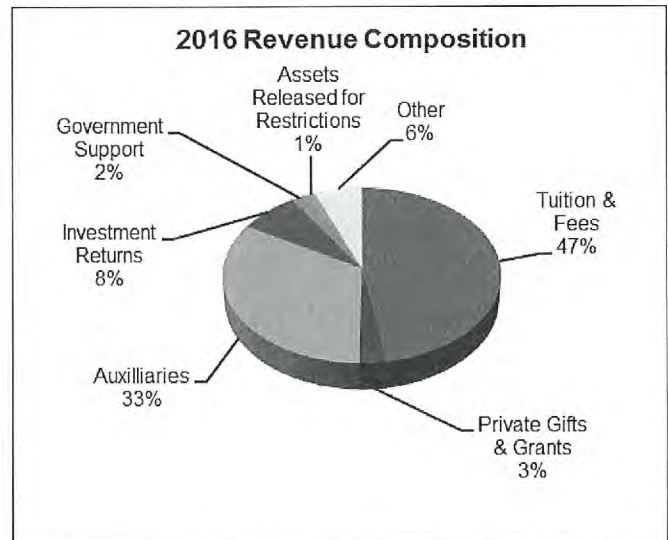
The College has stabilized enrollment in part by increasing its acceptance rate and adding student scholarship awards. The College is also pursuing academic programming opportunities that have the potential to attract increased enrollment. In 2015, Siena opened a new high tech research facility taking advantage of the College's proximity to the Capital Region's technology research foundations and technology manufacturers. In addition, in Fall 2016 the College introduced a new Bachelors of Nursing program.

Table 3 – Selected Operating Statistics

<i>(dollars in thousands)</i>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total operating revenue	\$97,838	\$97,166	\$95,475	\$96,739	\$98,455
Total operating expense	<u>97,992</u>	<u>97,025</u>	<u>99,622</u>	<u>97,640</u>	<u>98,220</u>
Change in net assets from operations	(154)	141	(4,147)	(901)	235
Total non-operating revenue	<u>(7,304)</u>	<u>5,082</u>	<u>4,758</u>	<u>(2,320)</u>	<u>(7,166)</u>
Change in unrestricted net assets	(7,458)	5,223	611	(3,221)	(6,931)
Plus: Total depreciation/amortization	6,775	6,624	6,974	7,663	7,858
Plus: Total interest paid (expense)	<u>2,794</u>	<u>2,370</u>	<u>2,511</u>	<u>1,712</u>	<u>1,854</u>
Adjusted change in net assets	\$2,111	\$14,217	\$10,096	\$6,154	\$2,781
Cash provided by operating activities	(\$3,216)	\$2,340	\$441	\$1,783	\$2,885
Total annual debt service	\$6,015	\$5,052	\$4,881	\$3,712	\$3,714
Net Operating Ratio (DASNY 2015 Median: 0.0%)	-0.2%	0.1%	-4.3%	-0.9%	0.2%
Net Income Ratio (DASNY 2015 Median: 0.0%)	-7.6%	5.4%	0.6%	-3.3%	-7.0%
Cash Income Ratio (DASNY 2015 Median: -3.1%)	-3.3%	2.4%	0.5%	1.8%	2.9%
Capital Expense Ratio (DASNY 2015 Median: 6.3%)	6.4%	5.4%	5.1%	4.0%	4.0%
Debt Coverage Ratio (DASNY 2015 Median: 2.2:1)	1.7	2.1	1.4	2.5	2.8
Net Tuition Per FTE Student (DASNY 2015 Median: \$29,290)	\$16,178	\$16,614	\$15,879	\$15,283	\$15,021

FEASIBILITY - OPERATIONS ANALYSIS: The College's operating performance has been approximately breakeven over the past five years, with the exception of 2014 when the College reported a Net Operating Margin of negative \$4.1 million (-4.3%). Net Tuition in 2014 declined to the College's 2010 level due to a dip in enrollment and the rise in the tuition discount discussed in the Enrollment section, above. In 2016 Operating Margin was approximately \$235,000 (0.2%) while the 2015 DASNY median was 0.0%. Non-operating activities are largely dependent upon investment returns and have ranged from a low of negative \$7.3 million in 2012 to a high of \$5.1 million in 2013. After adding back depreciation and interest, Siena's adjusted change in net assets ranged from a low of \$2.1 million in 2011 to a high of \$14.2 million in 2012.

As shown in the chart below, Siena is heavily dependent on student related revenue, making it susceptible to fluctuations in revenue as enrollment levels change. Net Tuition and fees plus auxiliary service revenue together accounted for approximately 80% of total operating revenue in 2016.



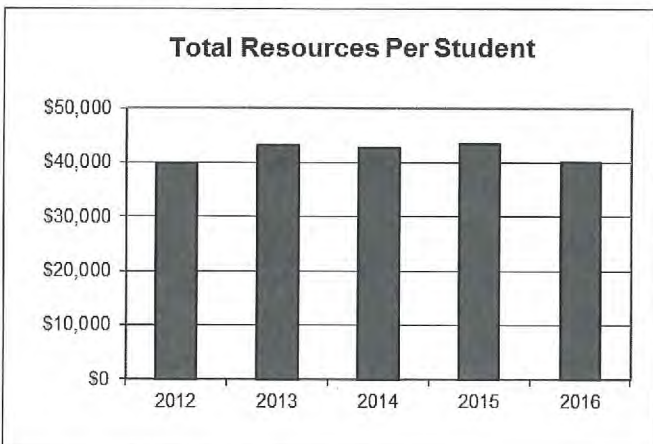
The College has a manageable debt burden with a Capital Expense Ratio of 4.0% in 2016 which compares favorably to the 2015 DASNY median of 6.3%. Since 2012, the College has demonstrated an average annual debt coverage ratio of 2.1:1.

Table 4 – Selected Financial Position Statistics

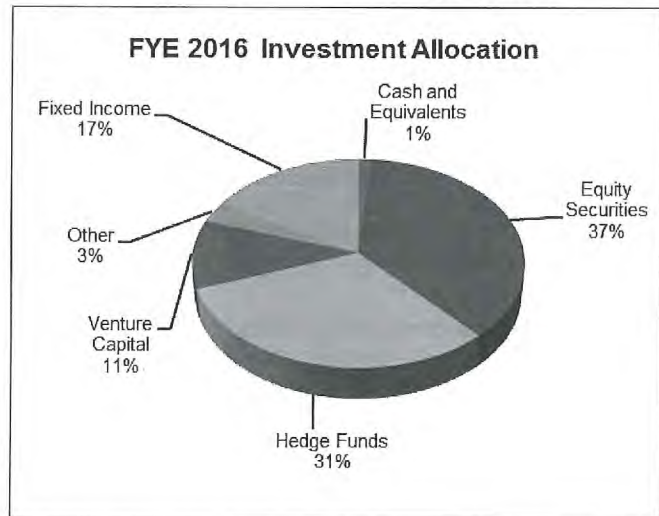
(dollars in thousands)	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Assets	\$280,623	\$295,413	\$294,825	\$299,035	\$291,231
Total Liabilities	93,814	94,780	80,840	81,114	82,358
Net Assets					
Unrestricted	119,178	124,401	125,012	121,791	114,860
Temporarily Restricted	7,156	8,191	9,420	12,148	12,739
Permanently Restricted	<u>60,475</u>	<u>68,041</u>	<u>79,553</u>	<u>83,982</u>	<u>81,274</u>
Total Net Assets	\$186,809	\$200,633	\$213,985	\$217,921	\$208,873
Long-Term Debt	\$56,837	\$54,392	\$40,821	\$39,112	\$37,317
Viability Ratio (DASNY 2015 Median: 2.1:1)	1.2	1.3	1.3	1.3	1.2
Primary Reserve Ratio (DASNY 2015 Median: 1.6:1)	0.7	0.7	0.5	0.5	0.4
Leverage Ratio (DASNY 2015 Median: 3.2:1)	2.2	2.4	3.3	3.4	3.4
Available Assets Ratio (DASNY 2015 Median: 3.1:1)	2.3	2.4	2.7	2.7	2.5
Total Resources Per Student (actual dollars)	\$39,773	\$43,170	\$42,612	\$43,352	\$40,091

FEASIBILITY - BALANCE SHEET ANALYSIS: The balance sheet for the College reflects sufficient liquidity to support its debt service. Siena's Total Net Assets have increased from approximately \$187 million in 2012 to approximately \$209 million in 2016, primarily due to a \$20.8 million increase in Permanently Restricted Net Assets during this time frame. During this time Total Assets increased from approximately \$281 million to approximately \$291 million while Total Liabilities decreased from approximately \$94 million to approximately \$82 million. Long-Term Debt decreased from approximately \$57 million in 2012 to approximately \$37 million in 2016. Financial resources provide an adequate cushion for the College's moderate and conservatively structured (all fixed rate) debt burden. Siena's 2016 Viability Ratio (1.2) and Capitalization Ratio (71.7%) indicate sufficient levels to continue covering its debt obligations. The College has no other borrowing plans beyond the proposed financing.

The chart below illustrates the College's resources per student over the past five years.



ENDOWMENT AND INVESTMENTS: Siena's Return on Average Investment Value has averaged 4.1% over the past five years. As of May 31, 2016 the College had approximately \$128.8 million of investments. The majority of the College's investments are managed in a pooled fund that consists primarily of endowment assets (\$121 million as of May 31, 2016). The following table presents the composition of the College's entire investment portfolio with market valuations as of May 31, 2016.



SUMMARY: Siena College is an existing DASNY client with Series 2006 and Series 2009 Bonds currently outstanding. The proposed financing would refund the Series 2006 and Series 2009 Bonds providing a net present value savings benefit of approximately \$4.3 million. The College plans to use a portion of the savings to offset the debt service on the new money debt issuance. Therefore, staff recommends the Board adopt a Resolution to Proceed with a 23-year bond issue and an amount not to exceed \$45,000,000 on behalf of Siena College.