



**DASNY**

**ANDREW M. CUOMO**  
Governor

**ALFONSO L. CARNEY, JR.**  
Chair

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

**Memorandum**

**TO:** Sara P. Richards, Esq., Senior Director, Grants Administration

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

**DATE:** February 2, 2021

**RE:** *State Environmental Quality Review (SEQR) Type II Determination* for St. Lawrence-Lewis Counties Board of Cooperative Educational Services for the *Refunding of Existing Debt*, St. Lawrence and Lewis Counties, New York

*Description of Proposed Action and Proposed Project.* St. Lawrence-Lewis Counties Board of Cooperative Educational Services (“SLL BOCES”) has requested financing from Dormitory Authority of the State of New York (“DASNY”) for its *Refunding of Existing Debt* (collectively, the “Proposed Project”). Based on a review of the attached Single Approval Transaction Summary, dated January 22, 2021, it has been determined that the Proposed Action would involve DASNY’s refunding of a not to exceed amount of \$4,200,000 of tax-exempt, fixed-rate Series 2021 Bonds expected to be sold through a negotiated offering on behalf of SLL BOCES under DASNY’s BOCES Program.

More specifically, the proceeds from the Series 2021 bond issue would be used for the Proposed Project, which would consist of the advanced refunding of all or a portion of the outstanding DASNY’s Master BOCES Program Lease Revenue Bonds (St. Lawrence-Lewis Issue), Series 2011 (approximately \$4.3 million).

*Institution.* The ability to create a Board of Cooperative Educational Services (“BOCES”) was first established in 1948 and is found in Section 1950 of the State Education Law. The legislation was designed to enable school districts to combine their resources to provide services that otherwise would have been uneconomical, inefficient or unavailable.

BOCES are formed by the school districts of a supervisory district for the purpose of providing various educational services for such school districts on a cooperative or shared basis, which services may either be too expensive or duplicative for each school district to provide for itself. BOCES are usually formed by an order of the Commissioner of Education after a petition has been made requesting the establishment of the BOCES by the respective Boards of Education of the various school districts to be included in the proposed BOCES. The decision to establish a BOCES is not subject to voter approval.

Section 1689 of the Public Authorities Law (the “Act”) authorizes DASNY, upon application from a BOCES, to construct, acquire, reconstruct and furnish and equip BOCES facilities. In addition, pursuant to the Act, DASNY is authorized to issue bonds and notes to obtain funds for the purposes of Section 1689.

SLL BOCES, established in 1970, provides shared services to 18 component school districts in St. Lawrence and Lewis counties that together serve approximately 20,000 students. SLL BOCES component school districts cover over 2,500 square miles and the SLL BOCES administration offices are located in the Village of Canton.

*SEQR Determination.* 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 refunding of existing debt 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.*” 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* 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: Cheryl E. Sarjeant, Esq.  
Stephen J. Kosier  
SEQR File  
OPRHP File

# Single Approval Transaction Summary

St. Lawrence-Lewis Counties BOCES  
Master BOCES Program Lease Revenue Bonds

January 22, 2021

Program: BOCES

Purpose: Refunding

## New Issue Details

Approximately \$3,285,000 of tax exempt, fixed rate bonds are expected to be sold through a negotiated offering on behalf of the St. Lawrence-Lewis Counties BOCES ("SLL BOCES"). The term of the refunding bonds will not exceed the term of the bonds being refunded.

- Lead Manager – Roosevelt & Cross Incorporated
- Underwriter's Counsel – Trespasz & Marquardt, LLP
- Bond Counsel – Bryant Rabbino LLP

### Purpose:

- Current refund all or a portion of the outstanding DASNY Master BOCES Program Lease Revenue Bonds (St. Lawrence-Lewis Issue), Series 2011 (\$4.3 million).

### Security:

- Annual rental payments to be made pursuant to a Lease Agreement with SLL BOCES.
- Direct intercept, through the State Comptroller, of any State aid due SLL BOCES for rental payments on the DASNY Lease Agreement.
- Pledge of public funds apportioned by the State due to SLL BOCES in an amount sufficient to pay such rental payments, subordinate to pledges granted in connection with other outstanding SLL BOCES DASNY bonds.
- Debt Service Reserve Fund and/or Reserve Fund Facility equal to one-half maximum annual debt service.
- Bond insurance may be considered depending on its availability and economic efficiency.

**Expected Rating:** Aa3/NR/NR

## Overview

The ability to create a Board of Cooperative Educational Services ("BOCES") was first established in 1948 and is found in Section 1950 of the State Education Law. The legislation was designed to enable school districts to combine their resources to provide services that otherwise would have been uneconomical, inefficient or unavailable.

A BOCES is formed by the school districts of a supervisory district for the purpose of providing various educational services for such school districts on a cooperative or shared basis, which services may either be too expensive or duplicative for each school district to provide for itself. A BOCES is usually formed by an order of the Commissioner of Education after a petition has

been made requesting the establishment of the BOCES by the respective Boards of Education of the various school districts to be included in the proposed BOCES. The decision to establish a BOCES is not subject to voter approval.

Section 1689 of the Public Authorities Law (the "Act") authorizes DASNY, upon application from a BOCES, to construct, acquire, reconstruct and furnish and equip BOCES facilities. In addition, pursuant to the Act, DASNY is authorized to issue bonds and notes to obtain funds for the purposes of Section 1689.

SLL BOCES, established in 1970, provides shared services to 18 component school districts in St. Lawrence and Lewis counties that together serve approximately 20,000 students. SLL BOCES component school districts cover over 2,500 square miles and the SLL BOCES administration offices are located in the Village of Canton.

## Description of the Bonds

- The bonds are a special obligation of DASNY.
- The bonds are payable from payments made by SLL BOCES under a Lease and Agreement with DASNY and funds and accounts established under the Resolution.
- The Lease and Agreement is a general obligation of SLL BOCES. Amounts received from the State pursuant to the direct payment mechanism are credited against the SLL BOCES payment obligations under the Lease and Agreement.

## Approvals

- SEQR Filing – February 1, 2021\*
  - PACB Approval – February 17, 2021\*
- \*Anticipated date.

## Additional Information

- Savings – The refunding is expected to result in net present value savings of approximately \$486,000 or 11.6% of the bonds being refunded.
- Direct Intercept of State Aid – The financing structure includes State Aid for the payment of debt service on the proposed bonds and the direct statutory payment of State Aid by the Comptroller.
- State Appropriation – There is potential for changes in State Aid formulas relative to the financial support of BOCES and a reduction or delay of State Aid to component school districts.
- State Support – The State has made appropriation to the BOCES program in each year since 1949 when the program was initiated.



# Single Approval Transaction Summary

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St. Lawrence-Lewis Counties BOCES  
Master BOCES Program Lease Revenue Bonds

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January 22, 2021

Program: BOCES

Purpose: Refunding

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## Recommendation

The attached staff report recommends that the Board adopt the necessary documents for a bond issue in an amount not to exceed \$4,200,000 on behalf of SLL BOCES.

*This Single Approval Transaction Summary 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 Lease Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.*



## St. Lawrence-Lewis Counties BOCES

**THE BOCES PROGRAM:** The ability to create a Board of Cooperative Educational Services (BOCES) was first established in 1948 and is found in Section 1950 of the State Education Law. The legislation was aimed at enabling small rural school districts to combine their resources to provide services that otherwise would have been uneconomical, inefficient or unavailable.

A BOCES is formed by the school districts of a supervisory district for the purpose of providing various educational services for such school districts on a cooperative or shared basis, which services may either be too expensive or duplicative for each school district to provide for itself. A BOCES is usually formed by an order of the Commissioner of Education (the "Commissioner") after a petition has been made requesting the establishment of the BOCES by the respective Boards of Education of the various school districts to be included in the proposed BOCES. The decision to establish a BOCES is not subject to voter approval.

The number of school districts comprising an individual BOCES varies. In each case, the territory within which each BOCES operates encompasses the territory of its component school districts. A school district may decide to join an established BOCES by vote of its board of education without voter approval. School districts may not withdraw from a BOCES and are obligated to pay its share of BOCES administrative expenses (including the "Rentals" due to DASNY under an applicable agreement). Rentals include amounts sufficient to pay principal and interest on the DASNY bonds as well as additional fees and expenses of DASNY and the Trustee.

Once formed by the Commissioner, a BOCES is governed by a Board, whose members are elected by the boards of education of the component school districts. A Board consists of five to fifteen members. Members of each BOCES Board are elected at the BOCES annual meeting and serve for terms of three years.

At present, there are 37 BOCES incorporating all but nine of the 696 school districts in the State. BOCES membership is not available to the five large city school districts in the State: New York City, Buffalo, Rochester, Yonkers and Syracuse.

**BOCES Programs:** BOCES provide a wide variety of programs and services, which include General Education (including summer school), Career Education (including vocational training in agriculture, distributive education, health, home economics, business and office programs, technical education and trade, industrial and service

education), Special Education (educational services for children with special needs), Management and Instructional Services, Education in the Arts, and Environmental Education.

Each BOCES is authorized to provide such program services as the Commissioner may approve and must provide any educational service that is (a) requested by the component school districts and (b) approved by the Commissioner, who first determines that the proposed program meets an education need and can most effectively be provided on a regional, rather than local, level.

**BOCES Funding:** A BOCES has no taxing authority and except for certain Federal grants and payments for services rendered under certain contracts with public agencies, colleges and other entities, derives all of its financial support for operations from its component school districts and the State. State Aid is paid to the BOCES, and then is to be paid by the BOCES to the component school districts to partially reimburse them for payments made to the BOCES, based upon the amount paid by the component school districts for program services and administrative and facilities expenses. The component school districts pay for these expenses through real property tax levies. Program services are funded by component school districts based on the district's participation in a specific program. Administrative expenses of a BOCES (including Rentals due to DASNY under an applicable agreement), as well as facilities expenses for capital projects not funded through surpluses are shared on a pro rata apportioned basis (based on attendance or enrollment formulas or property values) by the component school districts. All State Aid payable to a BOCES, including services aid and facilities aid, as well as administrative aid, is available to be applied to pay its applicable Rentals.

All component school districts are required to pay their allocable share of the BOCES administrative expenses notwithstanding that they may elect not to participate in any of the BOCES educational programs. The component school district boards vote on the BOCES administrative budget each spring, however, the portion of the budget allocated to payments to DASNY are not subject to such vote. The State Comptroller is required by law to deduct amounts due and payable to DASNY from any State Aid to become due to the BOCES and pay it to or upon the order of DASNY.

The State has made appropriations to the BOCES program in each year since 1949 when the program was initiated. While the BOCES program has received State Aid in each year since its inception, both the determination of the amount of State Aid

and the apportionment of such State Aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State Aid and the formulas which determine the amount of State aid payable to BOCES.

**BORROWER:** St. Lawrence-Lewis Counties BOCES (“SLL BOCES”), established in 1970, provides shared services to 18 component school districts in St. Lawrence and Lewis counties that together serve approximately 20,000 students. SLL BOCES component school districts cover over 2,500 square miles and the SLL BOCES administration offices are located in the Village of Canton. Programs and services include:

*Special Education:* A spectrum of programs for children from birth to age 21, including support services to help districts meet their special education students’ needs in their own schools.

*Career and Technical Education:* Career-preparation programs for high school students and adults, with components ranging from career counseling and evaluation to the teaching of job-finding skills.

*Instructional Programs and Alternative Schools:* Provides extended learning opportunities for students attending school in their local districts and runs four alternative schools for high school age students.

*Curriculum, Instruction and Technology:* Integrates the areas of curriculum, instruction and instructional technology to provide school districts with instructional planning to meet required standards.

*Communications and Agency Planning:* Offers school districts resources to plan and implement comprehensive communications programs including budget campaign, electronic media, special events and crisis consulting.

**DASNY FINANCING HISTORY:** DASNY has issued five series of bonds, totaling \$63,795,000, on behalf of SLL BOCES. As of December 31, 2020, there are four series of bonds outstanding, with an aggregate of \$47,410,000 outstanding.

Since 2001, DASNY has issued approximately \$454.7 million in bonds on behalf of various BOCES borrowers. As of December 31, 2020, \$138.7 million remained outstanding. All BOCES borrowers, including SLL BOCES, have always met their obligations to DASNY on time and in full.

**THE REFUNDING PLAN:** Bonds are expected to be issued to current refund all or a portion of the outstanding Master BOCES Program Lease Revenue Bonds (St. Lawrence-Lewis Issue), Series 2011. The bonds to be refunded have \$4,180,000 outstanding and are callable on or after August 15, 2021.

Attachment I provides the savings analysis of the refunding. The refunding is expected to result in net present value savings of approximately \$486,000 or

11.6% of the bonds being refunded. The final maturity of the refunding bonds will not exceed the maturity of the bonds to be refunded.

**FINANCING DETAILS:** The refunding will require an escrow deposit of approximately \$4,288,000. Financing costs, including underwriter’s discount, bond insurance, and a surety bond fee to acquire a surety bond to satisfy the debt service reserve fund requirement, are estimated at \$373,000. Amounts on deposit in the Series 2011 funds, of approximately \$723,000, will be available for the refunding escrow deposit. Approximately \$3,285,000 million of Bonds are expected to be issued along with approximately \$653,000 in premium issuance. Attachment II presents a schedule of the estimated Sources and Uses of Funds.

**Security Provisions:** Payment of the debt service on the bonds will be secured by a lease agreement (the “Lease”) between the Borrower and DASNY and a debt service reserve fund and/or reserve fund facility equal to one-half maximum annual debt service. The Lease will be a general obligation of the Borrower. Under the Lease, the Borrower will pay annual Rentals and assign and pledge to DASNY a sufficient portion of public funds that are apportioned or otherwise payable to the Borrower for approved costs incurred during the prior year. These pledges will be subordinate to any pledges granted in connection with any outstanding DASNY bonds issued for the benefit of SLL BOCES.

Public Authorities Law section 1689 subdivision 10 authorizes a direct intercept mechanism under which the State Comptroller shall pay the public funds assigned by a BOCES directly to DASNY.

Education Law §1950(5)(g) provides that the annual payments to be made by a BOCES to DASNY for the payments of rent for a BOCES educational facility constitute an administrative expense of the Borrower. Education Law §3609-d, which prescribes the amounts and dates on which moneys apportioned to BOCES are to be paid, further provides that any obligation of a board of cooperative educational services to the bond trustee of DASNY shall be paid in accordance with the applicable provisions of the Public Authorities Law.

Pursuant to the mechanism contained in Public Authorities Law §1689(10), DASNY is required to certify annually to the Commissioner of Education a statement of all amounts due from the Borrower to DASNY. The Commissioner, in turn, is required to include in the certificate filed with the State Comptroller, a statement showing the amount owed to DASNY by the Borrower. The Comptroller is required to deduct the amount certified by the Commissioner as due to DASNY from the State Aid funds otherwise payable to the Borrower. The State Aid subject to intercept pursuant to this provision is not limited to the aid payable to the Borrower on

account of administrative costs incurred under the Lease, but rather encompasses any state funds to become due to the Borrower. If such forms of State Aid are insufficient, each component school district would also be required to include its proportionate share of the lease payments in its budget and to pay such amount to the Borrower to make up for the shortfall.

**SUMMARY:** Staff requests that the Board adopt the necessary documents for a bond issue on behalf of St. Lawrence-Lewis Counties BOCES in an amount not to exceed \$4,200,000.

*This report 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 Lease Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.*



**SLL BOCES  
Savings Analysis**

Date	Existing D/S	New D/S	Gross Savings	PV Savings
Aug-22	556,894	462,028	94,866	88,042
Aug-23	554,644	464,200	90,444	93,301
Aug-24	554,844	466,400	88,444	88,042
Aug-25	553,944	463,000	90,944	84,980
Aug-26	551,944	465,750	86,194	86,243
Aug-27	553,844	467,500	86,344	80,688
Aug-28	553,813	463,250	90,563	79,785
Aug-29	552,375	463,250	89,125	82,596
Aug-30	554,531	467,250	87,281	80,232
<b>Total</b>	<b>4,986,831</b>	<b>4,182,628</b>	<b>804,204</b>	<b>763,910</b>

**PRESENT VALUE ANALYSIS SUMMARY**

Total PV Debt Service Savings.....	763,910
Less: Prior Funds on Hand.....	(278,447)
Plus: Refunding funds on hand	<u>609</u>
<b>NET PRESENT VALUE BENEFIT.....</b>	<b>486,072</b>
<b>NPV BENEFIT OF BONDS BEING REFUNDED.....</b>	<b>11.63%</b>
<b>NPV BENEFIT OF REFUNDING PRINCIPAL.....</b>	<b>14.80%</b>

**REFUNDING BOND INFORMATION**

Refunding Dated Date.....	Aug-21
Refunding Delivery Date.....	Aug-21





**SLL BOCES**  
Sources and Uses of Funds

<b>Sources of Funds:</b>	<b>Total</b>	
Bond Proceeds		
Par Proceeds	\$	3,285,000
Original Issue Premium		653,554
Other Sources of Funds:		
Series 2011 Funds on Hand		722,547
<b>Total Sources</b>	<b>\$</b>	<b>4,661,101</b>

  

<b>Uses of Funds:</b>			<b>% of Par</b>
Refunding Escrow Deposit	\$	4,288,396	
Costs of Issuance		300,609	9.15%
Underwriter's Discount		49,275	1.50%
Bond Insurance		14,639	0.45%
DSRF Surety Premium		8,181	0.25%
<b>Total Uses</b>	<b>\$</b>	<b>4,661,101</b>	