



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: October 10, 2017

RE: *State Environmental Quality Review (SEQR) Type II Determination for United Cerebral Palsy Association of Putnam and Southern Dutchess Counties, Inc.'s Refunding of Existing Debt and Deferred Maintenance Projects.*

United Cerebral Palsy Association of Putnam and Southern Dutchess Counties, Inc. (doing business as the Hudson Valley Cerebral Palsy Association, or "HVCPA") has requested financing from DASNY ("Dormitory Authority State of New York") for the refunding of all or a portion of its outstanding Series 2005 Putnam County Industrial Development Agency variable rate bonds (approximately \$8.4 million), the refinance two taxable mortgage loans (approximately \$1.1 million), and the refinancing of an outstanding line of credit (approximately \$330,000).

Based on a review of the attached Credit Summary Update, dated September 29, 2017, 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 2017 Bonds with terms not to exceed 25 years are expected to be sold through a private placement.

The refunding of all or a portion of the Putnam County Industrial Development Agency Variable Rate Civic Facility Revenue Bonds (United Cerebral Palsy of Putnam and Southern Dutchess Project), Series 2005A and Series 2005B (collectively, the "2005 Bonds"), currently outstanding in the aggregate principal amount of \$9,155,000. Proceeds of the 2005 Bonds were used to finance or refinance the acquisition, construction and equipping of a two-story, approximately 68,000-square-foot building on an approximately 11.6-acre site used for clinical, day programming and administrative purposes. This facility is HVCPA's headquarters, and is located at 15 Mount Ebo Road South in Brewster, Putnam County, New York.

Additionally, approximately \$350,000 of bond proceeds would be utilized to the deferred maintenance at following HVCPA facilities:

- 26 Coleman Rd., Garrison, New York, a one-story, approximately 6,500-gross-square-foot ("gsf") building containing an intermediate care facility ("ICF") serving a total of 12 individuals;
- 44 Kelly Ridge Rd., Carmel, New York a one-story, approximately 2,200-gsf building containing an individualized residential alternative ("IRA") facility serving a total of 4 individuals;

- 152 Myers Corners Rd., Wappinger Falls, New York, a one-story, approximately 13,231-gsf building containing an IRA facility serving a total of 14 individuals;
- 1 Jeanne Ct., Carmel, New York, a one-story, approximately 7,902-gsf building containing an IRA facility serving a total of 8 individuals;
- 265 Watermelon Hill, Mahopac, New York, a one-story, approximately 6,000-gsf building containing an ICF serving a total of 10 individuals;
- 75 Cross Rd., Patterson, New York, a one-story, approximately 3,900-gsf building containing an IRA facility serving a total of 7 individuals;
- 162 Doansburg Rd., Brewster, New York, a one-story, approximately 4,500-gsf building containing an IRA facility serving a total of 6 individuals;
- 172 Doansburg Rd., Brewster, New York, a one-story, approximately 4,500-gsf building containing an IRA facility serving a total of 6 individuals;
- 180 John Simpson Rd., Carmel, New York; a one-story, approximately 6,193-gsf building containing an IRA facility serving a total of 5 individuals;
- 13 Rebecca Lane, Pawling, New York, a one-story, approximately 5,700-gsf building containing an IRA facility serving a total of 6 individuals. Foy Hall: Replacement of the existing boiler;

United Cerebral Palsy Associations of New York State, Inc. (doing business as Cerebral Palsy Associations of New York State) (“CP of NYS”) was founded in 1946 to increase public awareness, sponsor parent and professional training, encourage research and engage in legislative advocacy to ensure the development of needed services for children with cerebral palsy and similar service needs. Over time, groups from several regions of New York State banded together for the common purpose of collective advocacy and best practices. CP of NYS and its 24 affiliates (collectively “UCP”) are each separately incorporated New York not-for-profit corporations. Each affiliate is a corporate member of CP of NYS, which status confers on the affiliate the right to vote at the annual meeting of CP of NYS and other membership meetings. The Board of Directors of CP of NYS is comprised of individuals nominated by the affiliates and the majority of the CP of NYS Board of Directors must be members of an affiliate’s board of directors. UCP employs 18,000 and provides services to over 100,000 people with disabilities and their families throughout New York State.

HVCPA would be the only UCP affiliate to participate in the issuance of the proposed bonds. HVCPA was originally formed on April 30, 1999 as a division of CP of NYS to provide services to persons with disabilities throughout the Hudson Valley. These services were previously provided directly by CP of NYS. In July 2002 HVCPA was separately incorporated from CP of NYS.

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 would 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

Cerebral Palsy Affiliates

September 29, 2017

United Cerebral Palsy Association of Putnam and
Southern Dutchess Counties Inc.

Program: Other Independent Institutions

Purpose: Refinancing/New Money
Private Placement

New Issue Details

One or more series of tax-exempt and/or taxable, fixed and/or variable rate Series 2017 Bonds in an amount not to exceed \$13,000,000, with terms not to exceed 25 years are to be sold through a private placement.

- Placement Agent – Gates Capital Corporation
- Co-Bond Counsel – Harris Beach PLLC and Ahmad Zaffarese LLC
- Purchaser – Oppenheimer Funds

Purpose

- Refund the Borrower's outstanding Series 2005 Putnam County Industrial Development Agency variable rate bonds (approximately \$8.4 million).
- Refinance two taxable mortgage loans (approximately \$1.1 million).
- Refinance a line of credit (approximately \$330,000).
- Fund certain capital improvements (\$350,000).

Security, as established by the Purchaser

- Pledge of certain revenues, including funds payable by any federal, state or local agency or municipality or social service district.
- Statutory authority to intercept funds from any state or local agency or social services district.
- Mortgage on real property.
- Debt Service Reserve Fund.
- Financial covenants.

Expected Ratings: NR/NR/NR

Overview

United Cerebral Palsy Associations of New York State, Inc. (d/b/a Cerebral Palsy Associations of New York State) ("CP of NYS") was founded in 1946 to increase public awareness, sponsor parent and professional training, encourage research and engage in legislative advocacy to ensure the development of needed services for children with cerebral palsy and similar service needs. Under the Public Authorities Law, DASNY is authorized to issue bonds on behalf of CP of NYS and its 24 affiliates. The statute provides DASNY with the authority to intercept funds from any state or local agency or social services district.

United Cerebral Palsy Association of Putnam and Southern Dutchess Counties, Inc. (d/b/a Hudson Valley Cerebral Palsy Association) ("HVCPA" or the "Borrower") will be the only UCP affiliate to participate in the issuance of the proposed bonds. The Borrower was originally formed on April 30, 1999 as a division of CP of NYS to provide services to persons with disabilities throughout the Hudson Valley. These services were previously provided directly by CP of NYS. In July 2002, HVCPA was separately incorporated from CP of NYS.

Description of the Series 2017 Bonds

- The Bonds are a special obligation of DASNY.
- The Loan Agreement is a general obligation of HVCPA.
- 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 – September 13, 2017
- PACB Approval – September 20, 2017
- TEFRA Hearings – September 22, 2017 and October 10, 2017*
- SEQR Filing – October 10, 2017*

*Anticipated date.



Credit Summary

Cerebral Palsy Affiliates
United Cerebral Palsy Association of Putnam and
Southern Dutchess Counties Inc.

August 31, 2017

Program: Other Independent Institutions

Purpose: Refinancing/New Money
Private Placement

New Issue Details

Approximately \$11,680,000 in one or more series of tax-exempt and/or taxable, fixed and/or variable rate Series 2017 Bonds with terms not to exceed 25 years are expected to be sold through a private placement to one or more Oppenheimer Funds (collectively, the "Purchaser").

Purpose

- Refund the Borrower's outstanding Series 2005 Putnam County Industrial Development Agency variable rate bonds (approximately \$8.4 million).
- Refinance two taxable mortgage loans (approximately \$1.1 million).
- Refinance a line of credit (approximately \$330,000).
- Fund certain capital improvements (\$350,000).

Security, as established by the Purchaser

- Pledge of certain revenues, including funds payable by any federal, state or local agency or municipality or social service district.
- Statutory authority to intercept funds from any state or local agency or social services district.
- Mortgage on real property.
- Debt Service Reserve Fund.
- Financial covenants.

Expected Ratings: NR/NR/NR

Overview

United Cerebral Palsy Associations of New York State, Inc. (d/b/a Cerebral Palsy Associations of New York State) ("CP of NYS") was founded in 1946 to increase public awareness, sponsor parent and professional training, encourage research and engage in legislative advocacy to ensure the development of needed services for children with cerebral palsy and similar service needs. Under the Public Authorities Law, DASNY is authorized to issue bonds on behalf of CP of NYS and its 24 affiliates. The statute provides DASNY with the authority to intercept funds from any state or local agency or social services district.

United Cerebral Palsy Association of Putnam and Southern Dutchess Counties, Inc. (d/b/a Hudson Valley Cerebral Palsy Association) ("HVCPA" or the "Borrower") will be the only UCP affiliate to participate in the issuance of the proposed bonds. The Borrower was originally formed on April 30, 1999 as a division of CP of NYS to provide services to persons with disabilities throughout the Hudson Valley. These services were previously provided directly by CP of NYS. In July 2002, HVCPA was separately incorporated from CP of NYS.

Strengths

- Essential Services: The programs and services provided by HVCPA are State mandated and supported.
- Standby Intercept of Public Funds: Standby intercept of certain funds payable to HVCPA by State and local entities.
- Long History and Experience: CP of NYS and HVCPA have a long history and experience providing needed services to this population.

Risks / Challenges

- State Appropriation: HVCPA receives funding through governmental appropriations, which, if decreased, would have a negative impact on its revenues.

Recommendation

The attached staff report recommends that the Board adopt a Resolution to Proceed for this financing in an amount not to exceed \$13,000,000.

Cerebral Palsy Affiliates Program

THE PROGRAM: United Cerebral Palsy Associations of New York State, Inc. (d/b/a Cerebral Palsy Associations of New York State) (“CP of NYS”) was founded in 1946 to increase public awareness, sponsor parent and professional training, encourage research and engage in legislative advocacy to ensure the development of needed services for children with cerebral palsy and similar service needs. Over time, groups from several regions of New York State banded together for the common purpose of collective advocacy and best practices. CP of NYS and its 24 affiliates (collectively “UCP”) are each separately incorporated New York not-for-profit corporations. Each affiliate is a corporate member of CP of NYS, which status confers on the affiliate the right to vote at the annual meeting of CP of NYS and other membership meetings. The Board of Directors of CP of NYS is comprised of individuals nominated by the affiliates and the majority of the CP of NYS Board of Directors must be members of an affiliate’s board of directors. UCP employs 18,000 and provides services to over 100,000 people with disabilities and their families throughout New York State.

Under the Public Authorities Law, DASNY is authorized to issue bonds on behalf of CP of NYS and its 24 affiliates. The statute provides DASNY with the authority to intercept funds from any state or local agency or social services district.

BORROWER: United Cerebral Palsy Association of Putnam and Southern Dutchess Counties, Inc. (d/b/a Hudson Valley Cerebral Palsy Association) (“HVCPA” or the “Borrower”) was originally formed on April 30, 1999, as a division of CP of NYS, to provide services to persons with disabilities throughout the Hudson Valley. These services were previously provided directly by CP of NYS. In July 2002, HVCPA was separately incorporated from CP of NYS. HVCPA addresses the needs of developmentally disabled individuals and their families by providing, promoting, and assisting in the establishment of residential, educational, training, treatment, and rehabilitation facilities throughout the Hudson Valley.

HVCPA is headquartered at 15 Mt. Ebo Road South in Brewster, New York, which is the primary site of its day programs and provides clinic space. HVCPA also operates two Intermediate Care Facilities (“ICF”) and eight Individualized Residence Alternatives (“IRA”). HVCPA services include primary care, behavioral health including

psychiatry, psychology and behavioral therapy, specialty medical care including psychiatry, neurology, orthopedics, podiatry, cardiology, pulmonology, as well as specialized dental services. In addition, the agency provides rehab services including Occupational Therapy, Physical Therapy, Speech and Language and audiological services. Additional services include: Early Intervention, Pre-School Education, Day Care, Adult Day Programming, Traumatic Brain Injury Structured Day Program, Residential, Service Coordination and Home Service Program and Transportation.

HVCPA programs are funded through the New York State Office for People with Developmental Disabilities (“OPWDD”) (63%), New York State Department of Health (“DOH”) (17%), New York State Education Department (“SED”) (13%) and other funding (7%). For the fiscal year ending December 31, 2016, HVCPA had total operating revenues of approximately \$17.7 million.

DASNY Financing History: DASNY’s first bond issue for UCP was in 1992 for UCP of Westchester County. In total DASNY has issued bonds on behalf of twelve UCP affiliates through eight bond issues.

The outstanding indebtedness for UCP affiliates that have issued bonds through DASNY as of June 30, 2017 is shown in Table 1.

Series	Number of Borrowers	Defeasance or Maturity	Amount Issued (000's)	Amount Outstanding (000's)
1992	1	2005	\$ 5,630	\$ -
1994	1	1996	10,700	-
1996	1	2013	12,210	-
2002	6	2024	16,520	600
2005	6	2034	12,685	3,560
2010	2	2038	13,400	11,052
2014	6	2034	26,436	18,348
2017	1	2050	34,915	34,915
			\$ 132,496	\$ 68,475

DASNY has issued a total of \$4.7 million for HVCPA with the 2002 and 2014 Bond issues. HVCPA has repaid all its obligations under the Series 2002 Bonds and as of June 30, 2017 had approximately \$800,000 of Series 2014 Bonds outstanding.

All UCP affiliates have always met their obligations to DASNY on time and in full.

PURPOSE: The Expected Project List is provided in Attachment I. The anticipated use of bond proceeds is described below.

- Refund the Borrower's outstanding Series 2005 Putnam County Industrial Development Agency variable rate bonds (the "IDA Bonds") (approximately \$8.4 million). The bonds being refunded were issued for the site acquisition and construction of the facility at 15 Mt. Ebo Road South in Brewster NY. This is the primary site of HVCPA's day programs and clinic space. The IDA Bonds are currently in a variable rate mode with a direct pay letter of credit from TD Bank with a maturity of December 1, 2030. The Borrower anticipates a final maturity for the refunding bonds beyond 2030, but within the limit imposed by tax law.
- Refinance taxable mortgage loans for the Borrower's IRA facility located at 44 Kelly Ridge Road in Carmel NY and its ICF facility located at 26 Coleman Road in Garrison NY (approximately \$1.1 million).
- Refinance a line of credit used at the Borrower's IRA facility in Wappinger Falls (\$330,000).
- Fund certain capital improvements at the Borrower's IRAs and ICFs (\$350,000).

FINANCING DETAILS: The Bonds are expected to be privately placed with one or more Oppenheimer Funds (collectively, the "Purchaser"), which is a Qualified Institutional Buyer. The Bonds will be fixed rate and are expected to have a final maturity in 2042. Tax-exempt maturities through 2027 are expected to have a rate of 4.625% and maturities beyond 2027 are expected to have a rate of 5.375%. If taxable bonds are required they are expected to have a final maturity in 2022 and a rate of 6.000%. The Bonds will be subject to upward rate adjustments prior to closing based upon movement of The Bond Buyer 40 Yield to Maturity Index.

A total bond issue of approximately \$11.7 million is anticipated. Approximately \$10.3 million is expected to be used for the refunding, the refinancings, and the capital improvements. Approximately \$800,000 is expected to fund the debt service reserve fund and \$600,000 is expected to pay costs of issuance. An estimate of the sources and uses of funds for the proposed bond issue is provided in Attachment II.

Security Provisions: The Bonds will be secured by a pledge of certain revenues of HVCPA. DASNY has the right to intercept funds payable by any state

or local agency or social services district which would be otherwise payable to HVCPA to meet its debt service obligations. DASNY may enter into agreements with OPWDD, the New York State Department of Health, and/or the Office of the New York State Comptroller to effectuate an intercept of funds under certain circumstances.

It is expected that the Bonds will be further secured by mortgages on 15 Mount Ebo Road South, 44 Kelly Ridge Road, and 26 Coleman Road. HVCPA is also expected to be subject to financial covenants and a Debt Service Reserve Fund as established by the Purchaser.

PPA Funding: Prior to initiating the development of a project to serve developmentally disabled individuals, a non-profit provider is required to obtain a Prior Property Approval ("PPA") from OPWDD. The PPA identifies funding and financing sources for capital costs and the level and method of reimbursement to the provider. Medicaid reimbursement represents a substantial source of OPWDD revenue for service providers.

PPA approval establishes reciprocal commitments on the parts of New York State and the provider. The provider commits to develop the program to serve a specific number of individuals in a program within an approved budgetary limit. OPWDD agrees to support the operation of the project and to reimburse, for the useful life of the project, the previously approved capital costs.

As reflected in Attachment 1, the 15 Mt. Ebo Road South project is partially supported by a PPA originally issued in 2005 for approximately 35% of the project. This PPA was amended in 2008, increasing the PPA coverage to approximately 41% of the project. The PPA provides for reimbursement through 2030. If the proposed bond issue extends the final maturity of the IDA Bonds and the PPA is not amended, the amortization of the bonds associated with this project may not be coterminous with the reimbursement provided for by the PPA.

The projects at 44 Kelly Ridge Road and 26 Coleman Road are each fully supported by a PPA and overall, approximately 45% of the proposed financing is supported by PPAs.

Non-PPA Funding: Certain capital costs, including the capital improvements at the IRA's and ICF's and the refinancing of the line of credit for the IRA in Wappinger Falls are not supported by a PPA. In addition, a portion of the 15 Mt. Ebo Road South project is not supported by a PPA. However, HVCPA receives funds from OPWDD to pay for administrative and replacement reserve costs

which are available to pay debt service. HVCPA also receives fees for service from DOH and SED which are available to pay debt service. Approximately 55% of the proposed financing is not supported by PPAs. Under the UCP statute, non-PPA revenues are also subject to intercept and are included in the pledged revenues.

SUMMARY: The proposed issuance will provide the Borrower with long-term fixed rate capital financing through a private placement. The availability of the intercept of public funding provides a secure source of revenues. Staff recommends the adoption of a Resolution to Proceed with a private placement financing in an amount not to exceed \$13,000,000.