MEMORANDUM

September 25, 2019

TO: Members of the Board of Trustees

FROM: Kristina M. Johnson, Chancellor

SUBJECT: Residence Hall Program Bonds Issue for State Fiscal Year 2019/20

Action Requested

The proposed resolution approves and authorizes the issuance of new money bonds in an amount not to exceed $175 million during the State fiscal year 2019/20 and authorizes the refinancing of prior bonds, where beneficial. The resolution also authorizes the dissemination of financial information in the form of a Preliminary Official Statement and Official Statement and other pertinent documentation in connection with the issuance of new and refinanced bonds.

Resolution

I recommend that the Board of Trustees adopt the following resolution:

Whereas pursuant to Resolution 95-181, adopted September 20, 1995, the State University of New York and the Dormitory Authority of the State of New York (“DASNY”) entered into a Lease and Agreement, dated as of September 20, 1995, in support of a financing program for State University residence halls and related facilities (“1995 Lease and Agreement”); and

Whereas pursuant to Resolution 2003-82, adopted September 16, 2003, and in connection with a restructuring of the residence hall program, DASNY and the State University entered into an Eighth Supplemental Lease and Agreement, dated as of September 24, 2003, amending and restating in its entirety the 1995 Lease and Agreement (the “2003 Lease and Agreement”); and

Whereas pursuant to Resolution 2013-014, adopted March 19, 2013, authorizing the restructuring of the financing program for the State University in accordance with Chapter
57 of the Laws of New York 2013, Part B, the State University and DASNY executed the 2013 Lease Amendment and 2013 Financing and Development Agreement; and

Whereas DASNY and the State University intend to finance the acquisition, construction, renovation, development, and equipping of certain dormitory facilities (collectively, the "Projects") and/or refinance prior bonds, where beneficial for the State University to do so; and

Whereas in order to finance the Projects and/or refinance prior bonds, DASNY expects to issue one or more series of revenue bonds (the "Bonds"); now, therefore, be it

Resolved that the Chancellor, or designee, be and hereby is authorized to undertake and complete the financing of the Projects, in an amount not to exceed $175 million, and to refinance prior bonds, where beneficial, during the State fiscal year 2019/20; and, be it further

Resolved that the Chancellor, or designee, be and hereby is authorized, in the name and on behalf of the State University to negotiate, execute, deliver and/or approve the following documents, and any other documents necessary in connection with the sale and issuance of the Bonds:

a) Preliminary Official Statement and Official Statement to be distributed in connection with the offering and sale of the Bonds;

b) Agreement to Provide Continuing Disclosure; and

c) any further instruments, agreements, certificates, evidence of indebtedness or other documents which may be necessary or appropriate to complete the issuance of the Bonds or to carry out the foregoing.

Background

This resolution authorizes the issuance of new money and refinanced bonds. It also authorizes the dissemination of pertinent financial information under the existing financing program, established in 1995 and restructured in 2003 and 2013, to finance new residence halls and improvements on existing residence halls.

Bondholders under the previous bonding program will have a prior pledge of rents and fees derived from the residence hall program over bondholders
under the 2013 bonding program. The bonds issued under the previous bonding program will remain subject to the State-wide bonding cap, but bonds issued under the new bonding program will not be subject to such cap. Refinancing of bonds issued under the previous program will remove them from the State-wide bonding cap, leaving more room for the Ed Facility program and other State debt. While approval from NYS Division of the Budget (DOB) is not required for issuance of new, or refinancing of existing bonds, the Residence Hall program does follow DOB guidelines for determining if bond refinancing is in the best interest of the program, including that bond terms are not to be extended in the process of a refinancing.

Under the current dormitory financing program, debt service on bonds is paid from rents and other income derived from the use of the financed facilities, and not from State appropriations.

It is anticipated that the Bonds will be issued in one or more series, and may be issued in both fixed and variable rate modes, depending upon market conditions at the time of issue. The amount of new money bonds to be issued is not expected to exceed $175 million.