

Empire State Development

FOR CONSIDERATION

November 17, 2014

TO: Bond Financing Committee

FROM: Margaret Tobin

SUBJECT: State Personal Income Tax Revenue Bonds

REQUEST FOR: Approval of Application to the Public Authorities Control Board for State Personal Income Tax Revenue Bonds Series 2014 (the "Bonds") and Appointments of Bond Counsel

I. INTRODUCTION/BACKGROUND

The Bond Financing Committee of the New York State Urban Development Corporation ("UDC" or the "Corporation") is being asked to approve the submission of an application (the "Application") to the Public Authorities Control Board ("PACB") in connection with the proposed issuance of State Personal Income Tax Revenue Bonds, and to approve the appointment of bond counsel.

II. THE BONDS

The Bonds are authorized by multiple Project Acts, as amended and supplemented, and related appropriations acts, as amended and supplemented, and the Tax Revenue Act (collectively, the "Project Acts"). Pursuant to the Project Acts, UDC is authorized to assist in financing certain correctional facilities, economic development projects, housing, various capital projects and equipment projects (the "Projects"). In addition, the Corporation may issue bonds to refund bonds previously issued by the Corporation or other state entities in accordance with the State Finance Law.

In accordance with the Project Acts, UDC intends to issue one or more series of its revenue bonds pursuant to a general resolution of the Corporation entitled State Personal Income Tax Revenue Bonds (General Purpose) General Resolution as well as appropriate Series and Bond Financing Committee Resolutions.

The proceeds of the Bonds will be used to fund Projects and pay all costs and expenses of UDC incurred in connection with the issuance of the Bonds.

III. FINANCING

The Corporation intends to issue one or more series or sub-series of the Bonds in accordance with the Project Acts. The Bonds will be fixed rate debt in an amount not to exceed \$1,550,000,000 including Bonds issued to pay costs of issuance.

The Bonds will be special obligations of the Corporation and will be payable from and secured by amounts paid to the Corporation by the State, acting by and through the Division of the Budget pursuant to a financing agreement between the Corporation and the State.

IV. BOND COUNSEL

It is recommended that Harris Beach PLLC ("Harris Beach") serve as bond counsel and that Lewis & Munday LLC be appointed as co-bond counsel for this bond transaction. Harris Beach has not served as bond counsel since 2010. This is a large transaction financing multiple projects requiring experienced counsel and extensive tax counsel due diligence. Harris Beach has substantial PIT Bond experience. Lewis & Munday LLC is a certified MWBE and has not previously served as bond counsel for the Corporation. The appointment of the firms represents an equitable distribution of work among UDC's rotating slate of law firms to handle the Corporation's appropriation debt in terms of size of transaction, fees received, length of time since their last engagement and total number of transactions.

V. REQUESTED ACTION

At this time you are being requested to approve the submission of the attached application to the PACB and the appointment of bond counsel. If the application is approved, you will be requested at a future date to approve, among other things, the terms of a proposed Bond sale, and the form of certain additional Bond documents.

Attachment

Resolution

Application to the PACB with Resolution

November 17, 2014

RESOLUTION APPROVING APPLICATION TO THE PUBLIC AUTHORITIES CONTROL BOARD
FOR ISSUANCE OF STATE PERSONAL INCOME TAX REVENUE BONDS SERIES 2014 AND
APPROVING THE APPOINTMENTS OF BOND COUNSEL

WHEREAS, the State of New York has authorized the New York State Urban Development Corporation (the "Corporation") in various project acts (collectively, the "Project Acts") to finance multiple projects as defined in the Project Acts (the "Projects");

WHEREAS, the Corporation has determined to issue its bonds to finance the Projects;

WHEREAS, the Corporation is authorized to issue bonds supported by State appropriations to finance the Projects and to refund bonds previously issued by the Corporation or other authorized state entities; and

WHEREAS, in accordance with Chapter 38 of the Laws of 1976, the Corporation is seeking approval of the Public Authorities Control Board (the "PACB") for the proposed sale and issuance under the Project Acts of one or more series or sub-series of its bonds (the "Bonds").

WHEREAS, in order to facilitate the issuance of the Bonds the officers of the Corporation propose the retention of bond counsel.

I. PACB Application

RESOLVED, the Corporation's application to the PACB for the Bonds, substantially in the form attached to this resolution, is approved for submission to the PACB.

II. Appointment of Bond Counsel

RESOLVED, that in connection with the sale of the Bonds, the Corporation hereby appoints the law firms of Harris Beach PLLC as bond counsel and Lewis & Munday LLC as co-bond counsel (collectively, "Bond Counsel") based on the following:

- (i) Bond Counsel's experience with tax-exempt financing;
- (ii) the number of attorneys, their relevant experience and how responsibility for the proposed financing will be assigned by Bond Counsel;
- (iii) analysis of any potential conflicts of interest;

(iv) Bond Counsel's facilities, including copying and word processing capacity and meeting areas; and

(v) Bond Counsel's low fees in relation to their vast experience in the area of tax-exempt financing; and further

IV. Authorized Officers

RESOLVED, that each of the President and Chief Executive Officer, any Senior Vice President, any Vice President, the Senior Vice President – Legal and General Counsel, Deputy General Counsel, the Controller, the Chief Financial Officer, the Treasurer, the Secretary and the Assistant Secretary of the Corporation, and any person duly authorized to act in such capacity, is designated an "Authorized Officer" for the purposes of this resolution; and further

V. Further Action

RESOLVED, that the Authorized Officers are each hereby authorized and directed to approve and execute such documents, make such payments and take such other actions, in the name of the Corporation and on its behalf, as he or she may reasonably deem necessary or appropriate to carry out the foregoing resolutions, and that all such actions heretofore taken in connection with the Bonds by any Authorized Officer, or his or her designee(s), are hereby ratified and approved. Delivery of any documents authorized hereunder shall constitute conclusive evidence of the Corporation's due authorization and approval thereof.

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NEW YORK STATE PUBLIC AUTHORITIES CONTROL BOARD

R E S O L U T I O N No. 14-UD-APPROVING A SPECIFIED PROJECT OF THE URBAN DEVELOPMENT
CORPORATION
(Personal Income Tax Revenue Bonds) Series 2014

WHEREAS, the New York State Public Authorities Control Board ("PACB") created pursuant to Chapter 38, Laws of 1976, as amended, is empowered by section 51 of the Public Authorities Law to receive applications from the Urban Development Corporation ("UDC"), for the approval of the acquisition, construction or financing of any project proposed by any such public benefit corporation; and

WHEREAS, pursuant to Section 44 of Part HH of Chapter 57 of the laws of 2013, UDC is authorized to issue PIT Revenue Bonds for any authorized purpose of any other authorized issuer of PIT Revenue Bonds but not in excess of any statutory authorization for authorized programs including the refunding of debt issued by certain other State entities through the issuance of refunding bonds; and

WHEREAS, the UDC and other authorized issuers have been authorized by Part I of Chapter 383 of the Laws of 2001, as may be amended or supplemented from time-to-time, to issue Personal Income Tax Revenue Bonds (General Purpose) ("PIT

Revenue Bonds") to assist in the financing of capital expenditures on behalf of the State for certain programs for which the UDC and other authorized issuers are authorized respectively to issue State-supported bonds, (collectively referred to herein as the "Project", and the authorizations therefore, the "Project Acts"); and

WHEREAS, PACB has duly received an application from the UDC for the approval of the PIT Revenue Bonds as described below in accordance with the Project Acts through the issuance of PIT Revenue Bonds; and

WHEREAS, the UDC intends to issue one or more series or sub-series of fixed-rate tax-exempt and/or taxable bonds, notes or other obligations at one or more times for the Project; and

WHEREAS, the PIT Revenue Bonds attributable to the Project will have a maximum maturity not to exceed thirty years; and

WHEREAS, the total amount of PIT Revenue Bonds attributable to the Project, and any services or subsidiary to be authorized by the UDC for Project purposes shall not exceed \$1,550,000,000; and

WHEREAS, the PIT Revenue Bonds will be issued pursuant to a State Personal Income Tax Revenue Bonds (General Purpose) General Resolution (the "General Resolution"), and pursuant to one or more Supplemental Resolutions pursuant to the General

Resolution, authorizing the issuance by UDC of one or more series or sub-series of tax-exempt and/or taxable PIT Revenue Bonds for Project purposes; and

WHEREAS, the PIT Revenue Bonds Financing Agreement with the Director of the Division of the Budget obligates the State to make periodic payments, subject to appropriation by the Legislature, of interest, principal and other costs related to the issuance of PIT Revenue Bonds, including expenses of the UDC, in amounts and at all times that such payments are sufficient to pay principal and sinking fund installments of and interest on all outstanding PIT Revenue Bonds and all other costs associated therewith; and

WHEREAS, such periodic payments will be made by the State from the Revenue Bond Tax Fund after appropriation by the Legislature; and

WHEREAS, a copy of such application has been filed with the Comptroller and he has had the opportunity to comment.

NOW THEREFORE BE IT RESOLVED that PACB approves the Project identified below, in accordance with section 51 of the Public Authorities Law:

PROJECT IDENTIFICATION

Description of Project

Economic Development and Housing Projects, State Facilities and Transportation Projects and refunding of previously issued State-supported debt.

<u>Source of Funds</u>	<u>Estimated Amount</u>
Par Amount of Bonds	\$1,435,146,079
Total Sources	\$1,435,146,079

Uses of Funds

Buffalo Bills	24,615,792
Buffalo Regional Innovation Center	106,534,000
Cap Project Fund-Nanotech	121,417,172
Cap Project Fund-University	941,622
Economic Transformation Program	1,679,626
Empire Opportunity Fund	3,564,625
New York Genome Center	32,875,000
Regional Council Capital Fund	3,143,242
State and Muni Facilities Program	20,000,000
Correctional Facilities	75,000,000
OGS State Buildings (BSC Project)	20,000,000
Homeland Security (Interoperable Communications)	50,000,000
IT Projects	31,400,000
CHIPs	245,000,000
Housing	<u>120,000,000</u>
 Total	 \$856,171,079
Deposits to Refunding Escrows	\$558,975,000
 COSTS OF ISSUANCE INCLUDING UNDERWRITERS DISCOUNT	 20,000,000
Total Uses	\$1,435,146,079

Amount of Bonds to be issued:
not to exceed \$1,550,000,000

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This resolution shall become effective upon the sale of the Bonds by the UDC at a true interest cost not to exceed 7.5 percent on fixed rate, tax-exempt bonds or at a true interest cost not to exceed 10.0 percent on fixed rate, taxable bonds.

Robert L. Megna, Chair
Public Authorities Control Board

Sheldon Silver, Member of the Board

John D. Francisco, Member of the Board