Special Board of Trustees Public Meeting and Calendar of Agenda Items
Apr 12, 2021 4:30 PM - 5:00 PM EDT

Table of Contents

I. The City College of New York - Authorize a Support Agreement with the Dormitory Authority of the State of New York in order to Restructure the Revenue Bond Financing for the Student Residential Building: .................................................................2

II. CUNY Central Office - Authorize a Contract with McKinsey & Company to provide Consulting Services for CUNY Fall Reopening Readiness Plan:.............................................................5
RESOLUTION

TO

Authorize a Support Agreement with the Dormitory Authority of the State of New York in order to Restructure the Revenue Bond Financing for the Student Residential Building at The City College of New York

April 12, 2021

WHEREAS, At its meeting on September 27, 2004, the Board of Trustees of The City University of New York (the “University”) approved the creation of a dormitory facility at The City College of New York (“CCNY”) by requesting that the Dormitory Authority of the State of New York (“DASNY”), as ground lessor, enter into a ground lease with the Educational Housing Services, Inc., a not-for-profit corporation that provides housing to students at public and private colleges (predecessor in interest to EHS Towers, LLC, an affiliated entity) (“EHS”), in support of the development and operation of a student housing facility at CCNY; and

WHEREAS, DASNY issued Educational Housing Services -- CUNY Student Housing Project Insured Revenue Bonds, Series 2005 (the “Series 2005 Bonds”) on March 2, 2005, with EHS as the obligor, to fund the construction of a 589-bed student housing facility on the campus of CCNY, named The City Towers at CCNY; and

WHEREAS, The University is the guarantor of the Series 2005 Bonds under a Support Agreement, which was approved by the University Board of Trustees on January 24, 2005; and

WHEREAS, The City Towers opened in Fall 2006 and is managed by Capstone On-Campus Management (“Capstone”) pursuant to a project management agreement among Capstone, EHS, DASNY and the University; and
WHEREAS, Since the Fall 2006 semester, The City Towers generated revenue sufficient to meet its operating costs and debt service obligations under its financing agreements; and

WHEREAS, As a result of the COVID-19 public health emergency, Governor Andrew M. Cuomo declared a State Disaster of Emergency for the entire State of New York on March 7, 2020 and the University transitioned from on-campus to remote-based instruction for the remaining portion of the 2020 Spring semester and has continued in a mostly remote-based instruction for the Fall 2020 and Spring 2021 semesters; and

WHEREAS, Occupancy at The City Towers has been significantly diminished as a result of the COVID-19 public health emergency, negatively impacting the revenues needed to cover associated operating costs and debt service obligations; and

WHEREAS, The continuation of the COVID-19 public health emergency creates added uncertainty to the occupancy rate of The City Towers for near future; and

WHEREAS, In order to offset the impact of the COVID-19 public health emergency on the University’s obligations to The City Towers under the financing agreements, the University has worked with DASNY and EHS on a debt restructuring plan whereby debt service payments will be suspended through July 1, 2023; and

WHEREAS, DASNY will be restructuring the debt associated with this project with the issuance of Series 2021 Bonds (the “Series 2021 Bonds”), with EHS as obligor, to defease all principal and interest payments due on the Series 2005 Bonds from July 1, 2021 through July 1, 2023; and

WHEREAS, As a result of this restructuring, the final maturity date for all outstanding bonds in connection with The City Towers at CCNY will be extended from July 1, 2035 to July 1, 2038.

NOW, THEREFORE, BE IT

RESOLVED, That Board of Trustees of The City University of New York authorize the University’s entering into a support agreement in respect of the Series 2021 Bonds, including any amendment to the existing support agreement on the Series 2005 Bonds, with the Dormitory Authority of the State of New York to restructure the bond financing of the student residential building at The City College of New York and relating to the project known as The City Towers, with the University continuing to serve as guarantor of the Series 2005 Bonds and the guarantor of the Series 2021 Bonds; and

BE IT FURTHER
RESOLVED, That Board of Trustees of The City University of New York authorize the University’s General Counsel and Chief Financial Officer, or their designees, to execute all legal and financial documents associated with the above agreement, including a management agreement with Capstone and any and all other related contracts and agreements necessary to give effect to the foregoing transaction; and to take any and all such other actions, as the officials so acting may deem necessary or appropriate, and that any such signature by the General Counsel, Chief Financial Officer, or their designees shall be conclusive evidence of their authority to perform all such acts and to sign and deliver all such agreements, documents and instruments on behalf of the University, and

BE IT FURTHER

RESOLVED, That any subsequent material changes to the terms and conditions of the support Agreement, management agreement and such other agreements, documents and instruments related thereof shall be submitted to the University Board of Trustees for its consideration and approval.

EXPLANATION: The University has worked with DASNY and EHS to pursue a restructuring of the outstanding bond payments for the dormitory facility on the campus of The City College of New York. The primary reason for the proposed restructuring is the significant loss in revenue that the dormitory has incurred, and likely will continue to incur in the next academic year, as a result of the pandemic.

The revenue bonds for this facility were initially issued in 2005, with EHS as the obligor and ground lessee, and the University as the guarantor through a Support Agreement. Capstone is serving as the management agent for the facility pursuant to a project management agreement among Capstone, EHS, DASNY and the University.

Under the restructuring, the University would receive a debt service payment “holiday” from July 1, 2021 through July 1, 2023, which would aid the University in its ability to meet its future debt service obligations with respect to The City Towers Dormitory and the underlying revenue bonds. In return for this debt service payment “holiday”, three years would be added to the overall term of the bond financing, from 2035 to 2038.
RESOLUTION TO

Authorize a Contract with McKinsey & Company to provide Consulting Services for CUNY Fall Reopening Readiness Plan
CUNY Central Office

April 12, 2021

WHEREAS, The City University of New York (the “University”) is committed to providing every student, faculty member and staff with a high-quality education in a safe environment for in-person learning and general work; and

WHEREAS, The University plans to safely reopen its facilities and be ready to receive students, faculty and staff members by the beginning of the 2021-2022 academic school year; and

WHEREAS, A changing public health environment and potential changes to state guidelines will require thorough and rigorous reopening plans for every school and college of the University, considering different levels of occupancy; and

WHEREAS, The characteristics and settings of the various facilities are inherently different, requiring specific plans tailored to each campus’ unique infrastructure; and

WHEREAS, In accordance with Governor Cuomo’s the Executive Order 202, certain procurement requirements such as advertising and external approvals are waived for contracts that are in direct response to the global pandemic; and

WHEREAS, The National Cooperative Purchasing Alliance, a leading national government purchasing cooperative, leverages the purchasing power of public agencies in all 50 states for Strategic Management Consulting Services; and

WHEREAS, The University solicited proposals from two firms from this cooperative to provide consulting services for the safe reopening of its campuses; and

WHEREAS These proposals were evaluated based on the consulting firms’ understanding of federal, state, and local law and policies and the ways such laws and policies can be effectively implemented for safe reopening within a large
university system in the current and evolving public health environment; and

WHEREAS, The University has identified McKinsey and Company to provide these services based on their overall understanding of the challenges, their strategic method and approach to solving these challenges, their focus on capacity constraint and its impact on planning, and their allocation of resources and detailed flexibility in staffing models.

NOW, THEREFORE, BE IT

RESOLVED, That the Board of Trustees of The City University of New York (the “Board of Trustees”) authorize the General Counsel or his designees, and that they hereby are, and each of them hereby is, authorized to execute, seal, and deliver a contract with McKinsey and Company for a period beginning as of the date of the approval of the Board of Trustees of this Resolution and ending on September 6, 2021, provided that, all deliverables to the University shall be completed on or before June 14, 2021, and McKinsey and Company shall remain available for the remainder of the term for additional consultation; for an amount not to exceed $2,974,800, together with any and all agreements, and that such execution by such duly authorized officer of the University shall be conclusive evidence of his or her authority to perform all such acts and to execute and deliver all such agreements, documents, and instruments on behalf of the University; and

BE IT FURTHER

RESOLVED, That any material changes to the terms and conditions of the agreements, documents, and other instruments hereby approved by the Board of Trustees shall be submitted to the University Board of Trustees for its consideration and approval.

EXPLANATION: A comprehensive reopening plan that considers the different needs and current levels of readiness of each of the campuses is required for a safe reopening. Individual colleges are expected to submit their plans to the Office of the Executive Vice Chancellor and Chief Operating Officer. Prior to this submission, McKinsey & Company will work with the colleges in the preparation of such plans, including a step-by-step, planning sequence to complete the “Campus Plan Outline,” benchmarking, financial and operational implications and other activities to support development of such plans.

McKinsey and Company’s project plan involves 5 phases: Assessment, Planning Support, Rollout, Refinement and Plan Submission. They will also survey campuses to identify common areas of need, identify utilities and services that will ease the burden on campus staff and facilitate better/faster plan development, to ultimately develop fully functional campus capacity models, including a comprehensive set of constraint inputs, that campus leaders can easily use to determine what their capacity is under different density constraints. A communications plan, including a calendar for critical communications between central offices and the campuses will be created, as well as
between the campuses and their students, faculty, and staff to support different scenarios and options for return.

The pricing for this engagement is based on the negotiated rates under their agreement with the National Cooperative Purchasing Alliance, a leading national government purchasing cooperative that leverages the purchasing power of public agencies in all 50 states, for Strategic Management Consulting Services. McKinsey & Company has agreed to an additional discount of 50% for Phases 1 and 2, and 12% for phases 3 to 5, resulting in a total overall discount of 33% for the total project.