

**52810**

**DATE:** September 27, 2016

**TO:** Board of Acquisition and Contract

**FROM:** Thomas J. Lauro, P.E.  
Acting Commissioner of Public Works and Transportation

Adam Rodriguez  
Director of Real Estate

**RE:** Authority is requested for the County of Westchester to enter into a Second Amendment to the Lease and Agreement dated December 17, 1998 with the Dormitory Authority of the State of New York for the Daronco Courthouse property in order to refinance the Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 2006A and 2006B and apply the resulting debt service savings to reduce the rent paid by the County pursuant to the Lease.

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Authority is requested for the County of Westchester (“the County”) to enter into a second amendment to the Lease and Agreement dated December 17, 1998 (the “Lease”) with the Dormitory Authority of the State of New York (“DASNY”) for the Daronco Courthouse property in order to allow DASNY to refinance its Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 2006A and 2006B (collectively the Series 2006 Bonds) and apply the resulting debt service savings to reduce the Basic Rent paid by the County pursuant to the Lease.

In 1997, pursuant to the State of New York's mandate that all court facilities in the State meet certain criteria for safety, security, and the administration of justice as set forth in Section 39(3)(a) of the New York State Judiciary Law, the County Board of Legislators (“BOL”) adopted Local Law No. 19-1997 authorizing the County to: (1) convey the property on which the Courthouse is constructed to DASNY; (2) enter into the Lease by which DASNY leased the Courthouse property back to the County and issued bonds to finance the reconstruction of the rehabilitation of the existing Courthouse facility and the construction of an annex to that facility (the “Project”); and (3) execute the necessary financing documents pursuant thereto. Pursuant to that Local Law and the resulting Lease with DASNY, the County also agreed to pay Basic Rent covering the debt service and associated costs in connection with a principal bond amount of \$135,000,000 over a term of twenty-five (25) years, in the total not-to-exceed amount of \$270,000,000.

In 2004 the BOL adopted Local Law No. 9-2004 authorizing the County to execute amendments to the Lease and other documents related to the Project and increase the authorization for payment of rent to DASNY in order to reimburse DASNY for the cost of an additional \$21,000,000 bond issue required to pay for the completion of the Project and the debt service on those bonds. The Series 2006A Bonds were originally issued to refund a portion of DASNY's Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 1998. The proceeds of the Series 2006B Bonds were used, together with other available moneys, to pay a portion of the costs of the completion of renovation of the existing Richard J. Daronco Westchester County Courthouse, a 20-story, 292,900 square foot tower, which, accommodates the civil division of Westchester County's Supreme Court as well as the Surrogate Court, County and Family Courts, including related administrative facilities, and the District Attorney and Probation Department.

The County Commissioner of Finance has requested that DASNY explore the refinancing of its Series 2006 Bonds which financed the Project. The County has been in communication with Citigroup, as underwriter for the bonds, and with the County's bond counsel, Hawkins Delafield & Wood LLP, in connection with the available refinancing opportunities. Based on these communications, the parties estimate that refinancing DASNY's Series 2006 Bonds will result in debt service savings and a consequent reduction of aggregate Basic Rent payable by the County of approximately \$3,800,000 (\$1,200,000 refunding savings and \$2,600,000 unspent proceeds), including the cost of refinancing, over the remaining years of the bond issue (2017-2023). The exact amount of the rent reduction will be known when the refinanced bonds are sold. On September 26, 2016 the BOL adopted a Local Law authorizing this second amendment to the Lease.

Accordingly, it is necessary to amend the Lease in order to allow DASNY to refinance its Series 2006 Bonds and apply the resulting debt service savings to reduce the Basic Rent paid by the County. Additionally, DASNY has determined to reduce the Debt Service Reserve Fund Requirement previously in place to zero. All other terms and conditions of the Lease, as amended, will remain unchanged.

An appropriate Resolution is attached for your consideration and approval.

TJL/AR/TSA  
Attachment

**RESOLUTION**

Upon a communication from the Acting Commissioner of Public Works and Transportation and the Director of Real Estate, be it hereby:

**RESOLVED**, that the County of Westchester (the "County") is authorized to enter into a second amendment to the Lease and Agreement dated December 17, 1998 (the "Lease") with the Dormitory Authority of the State of New York ("DASNY") for the Daronco Courthouse property in order to allow DASNY to refinance its Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 2006A and 2006B and apply the resulting debt service savings to reduce the Basic Rent paid by the County pursuant to the Lease; and, be it further

**RESOLVED**, that except as modified herein, all other terms and conditions of the Lease shall remain the same; and, be it further

**RESOLVED**, that the County Executive or his authorized designee is hereby authorized and empowered to execute all instruments and to take all action necessary and appropriate to effectuate the purposes hereof.

Account to be Charged/Credited

Fund	Dept.	Major Program, Program & Phase Or Unit	Object/ Sub Object	Trust Account	Dollars
					N/A

Budget Funding Years N/A Start Date \_\_\_\_\_ End Date \_\_\_\_\_  
 (must match resolution)

Funding Source \$N/A Tax Dollars: \_\_\_\_\_  
 (must match resolution) State Aid: \_\_\_\_\_  
 Federal Aid: \_\_\_\_\_  
 Other: \_\_\_\_\_

APPROVED BOARD OF ACQUISITION & CONTRACT - 01/29/2016 LESLIE R. BIAJ, SECRETARY