



SCIENCE



EDUCATION



HEALTH



RESILIENCY

DASNY

2016 Annual Report

2016 DASNY Highlights: A Record-Breaking Financing Year for DASNY

\$8.3 billion

Record Bonds Delivered

\$1.52 billion

Largest Public Financing

\$691.4 million

Largest Private Higher Education Financing

\$503.6 million

Largest Private Health Care Financing

\$47.3 billion

Outstanding Bond Portfolio

\$111.9 billion

Total Financed Since Founding

\$236.4 million

Tax Exempt Leasing Program (TELP) Leases

\$60 million

Largest TELP Lease

\$306 million

New Construction Contracts

1,068

Construction Projects

\$5.8 billion

Construction Pipeline

\$118.1 million

MWBE Expenditures

Table of Contents

Letter from Governor Cuomo	1
Letter from the Chair and President	2
<i>Education: Winning the competition for the world's best minds</i>	4
Columbia's Manhattanville Campus	6
Partnering with SUNY	9
<i>Science: Developing world-class centers of scientific research</i>	14
CUNY's Advanced Science Research Center	16
<i>Health Care: Transforming health care delivery</i>	20
Bronx Behavioral Health Campus	22
<i>Resiliency: Building a strong and sustainable New York</i>	28
Community Redevelopment Projects	29
LEED Projects	31
Bonds Delivered	33
TELP Program	36
New Construction Projects	38
Completed Construction Projects	44
Governance	48
Board Members	49
Executive Staff	52
Appendix: Audited Financial Statements	55



Dear Fellow New Yorkers,

The Dormitory Authority of the State of New York (DASNY) was founded in 1944 to finance and build residence halls for New York's public colleges as they rapidly expanded to accommodate our soldiers who were returning from World War II and going to college under the GI Bill.

DASNY has been responding to New York's challenges ever since. Its proven ability to deliver for New York has led Governors and Legislators to expand its responsibilities.

Over the last several years, I have called on DASNY to help New York recover from storms and prepare us for their increasing power. Through my New York Works initiative, DASNY is working with the New York Department of Environmental Conservation to prevent river flooding and rehabilitate dams. It is partnering with the New York Office of Parks, Recreation and Historic Preservation to beautify our parks and expand their attractions.

Today, DASNY is the number one issuer of low-interest, tax-exempt bonds in the nation and one of its biggest public builders.

DASNY represents the government New Yorkers deserve, one that is focused on performance and integrity. I thank the DASNY Board, its Chair, Alfonso L. Carney Jr. and its President & CEO, Gerrard P. Bushell, for once again answering the call of duty with dynamism. I commend DASNY's executive team and its entire staff for their leadership and commitment to serving the people of New York.

Sincerely,

A handwritten signature in black ink, appearing to be "A. Cuomo".

Andrew M. Cuomo, Governor
State of New York

The Honorable Andrew M. Cuomo
Governor, State of New York

The Honorable Thomas P. DiNapoli
Comptroller, Office of the State
Comptroller, State of New York

The Honorable John J. Flanagan
Temporary President and
Majority Leader,
New York State Senate

The Honorable Carl E. Heastie
Speaker, New York State Assembly

The Honorable Jeffrey D. Klein
Senate Coalition Leader and
Independent Democratic
Conference Leader,
New York State Senate

**The Honorable Andrea Stewart-
Cousins**
Democratic Conference Leader,
New York State Senate

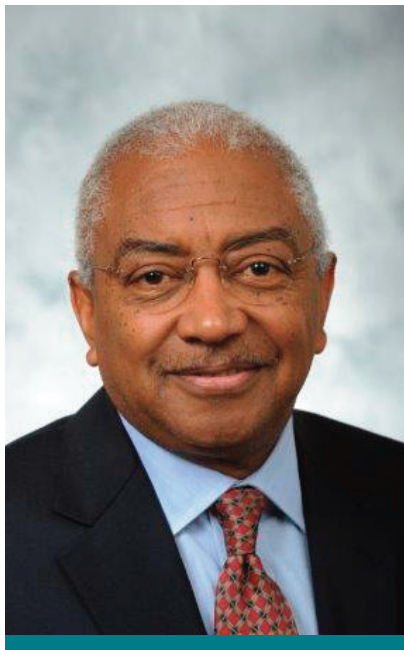
The Honorable Brian M. Kolb
Minority Leader, New York State
Assembly

The Honorable Catharine Young
Chair, Senate Finance
Committee

The Honorable Herman D. Farrell, Jr.
Chair, Assembly Ways and
Means Committee

The Honorable Liz Krueger
Ranking Minority Member,
Senate Finance Committee

The Honorable Bob Oaks
Ranking Minority Member,
Assembly Ways and Means
Committee



Alfonso L. Carney, Jr.
Chair



Gerrard P. Bushell, Ph.D.
President and CEO

Dear Governor Cuomo and Distinguished Leaders,

We are excited to introduce the 2016 Annual Report from the Dormitory Authority of the State of New York (DASNY). Before you is a new approach, focusing less on data and more on accomplishments. These are the facts.

We have made significant changes at DASNY. One of the most important is strengthening our ties to our clients and partners. Therefore, it is important the Fiscal 2016 report tell the story of who we are and what we do through the eyes of DASNY's clients and partners. The story unfolding in DASNY's 72nd year is about our powerful role in economic development across New York, a role achieved while delivering on the promise of broadening opportunity.

It is a story about how DASNY's issuing billions of dollars in low-cost bonds helps hospitals save lives and universities compete for the best and brightest students. It is a story about DASNY constructing havens for New York's most vulnerable residents to find recovery and renewal. It is a story about how when these two powerful forces – finance and construction – merge, they lead to the rise of a science-focused industrial system in the world's most dynamic city. It is a story about building for a sustainable and resilient future.

It is a story of DASNY meeting its clients' needs. The articles reflect DASNY's achievements through the lenses of our clients. Our efforts and solutions generate positive results, and help our clients fulfill their objectives. This is the true meaning of partnership. This partnership was demonstrated in many forms throughout the year; one of which was changing DASNY's financing guidelines and policies to provide borrowers with greater speed, certainty, and flexibility.

By doing more for our clients, DASNY expands opportunity across New York. This leads to positive outcomes for communities, stronger infrastructure, more jobs, and more work for minority, women, and service disabled veteran-owned businesses.

The results of these efforts could not be clearer. DASNY is recognized by *The Bond Buyer* and *Reuters* as the top tax-exempt bond issuer in the nation in calendar year 2015. We set a fiscal year financing record with \$8.3 billion delivered in Fiscal 2016. DASNY ended the fiscal year with a construction pipeline with more than 1,000 projects valued at almost \$6 billion.

In Fiscal 2016, DASNY completed the highest value project in its history for CUNY and the City College of New York with the approximately \$700 million Advanced Science Research Center and the CCNY Center for Discovery and Innovation. We also surpassed Governor Cuomo's 30 percent MWBE contracting goal on the New York State Office of Mental Health's \$350 million Bronx Behavioral Health Campus, which formally opened in January.

These initiatives have strengthened the role DASNY plays as the bridge between New York State and its preeminent health and education institutions.

As you will see in this report, DASNY's work falls into four main categories:

- **Winning the competition for the world's best minds:**

DASNY's financing and construction services – delivered at every level of New York's education system – are expanding learning options and broadening opportunities. DASNY is helping New York win the competition for the world's top students and teachers.

- **Developing world-class centers of scientific research:**

DASNY is supporting Governor Cuomo's economic development strategy by financing and constructing research centers where scientists are making ground-breaking advances in medicine and technology.

- **Transforming health care delivery:**

The low-cost financing DASNY provides to hospitals, nursing homes and other organizations enables the transformation of health care delivery. DASNY is also constructing health care facilities that enable providers to deliver services in community settings and build connections to surrounding neighborhoods.

- **Building a resilient and sustainable New York:**

DASNY's work with the Governor's Office of Storm Recovery and other agencies is preparing communities for the unpredictability of storms.

This work builds on DASNY's legacy as an Authority developed and prepared to meet and overcome New York State's greatest challenges. As the economy evolves, DASNY will continue to press the envelope as it delivers jobs for today that lay the foundation for a strong and sturdy tomorrow.

We are driven by a committed, dedicated and talented work force that consistently puts the needs of New York State first. Because of them, Governor Cuomo, the Legislature, and DASNY's clients and partners can continue to rely on us to deliver at the highest level.

Sincerely,



Alfonso L. Carney, Jr.
Chair



Gerrard P. Bushell, Ph.D.
President and CEO

An architectural rendering of a modern university building. The building features a prominent glass facade with a grid pattern, reflecting the sky and surrounding environment. The ground floor is a large, open-plan space with glass walls, showing people walking and sitting. The building is situated on a city street with a crosswalk, a yellow taxi, and many pedestrians. There are trees and a clear blue sky with some clouds in the background.

EDUCATION:

Winning the competition for the world's best minds

DASNY is helping Columbia University keep down financing costs, maximizing its ability to execute on its campus expansion and neighborhood revival mission.

Photo credit: Renzo Piano Building Workshop – design architect; Davis Brody Bond, LLP – executive architect.



To compete in the 21st Century, global economy, New York State must develop, attract and retain the best and brightest. To achieve this, Governor Cuomo has made it a top priority to have a world-class educational system from pre-kindergarten through the highest levels of academia. This includes wrap-around services provided by community centers, such as libraries. DASNY delivers finance and construction services for educational institutions to help make that possible.

Columbia's Manhattanville Campus Revives West Harlem

In the one-time industrial area of West Harlem known as Manhattanville, Columbia University is building a new campus, which will serve as an open, dynamic hub for both the university and local community.

“Columbia’s campus in Manhattanville is a vital new venture that provides the physical space necessary for a great urban university to thrive in the 21st Century,” said Columbia University President Lee C. Bollinger. “Critically, it will also keep us firmly grounded in our surrounding community, which has been Columbia’s home for more than a hundred years.”

Starting in 2003, Columbia began working with West Harlem community leaders to develop a blueprint for the old manufacturing zone a half-mile north and west of its existing Morning-side campus. It would provide Columbia with much-needed space that would enable the expansion of academic research. At the same time, it would connect students, faculty and the physical campus structure to the community while delivering middle-income jobs.



When it came to financing the new campus, DASNY has helped Columbia to raise significant low-cost, tax-exempt funds. In that role, DASNY is helping the University keep down costs, maximizing Columbia's ability to execute on its campus expansion.

The campus will span more than 17 acres, from Broadway and 125th Street west to a revitalized Hudson River waterfront. It includes more than a full acre of new, publicly accessible open spaces with pathways and seating on former industrial blocks.

Trees are being planted along cross streets between Broadway and 12th Avenue. Buildings are being set back from the side street, and sidewalks are being widened to let in more light and make the area more pedestrian-friendly. Ground level restaurants and stores will be among the commercial space highlights in Manhattanville, where Columbia will continue its long-standing policy of favoring local entrepreneurs serving local needs. There



will also be greater access to the new West Harlem Piers waterfront park, which Columbia helps fund. The University will also be contributing \$20 million toward affordable housing as part of a \$150 million community benefits package.

The Manhattanville campus will serve as a center of innovation as the home of the Jerome L. Greene Science Center. DASNY issued \$50 million in Green Bonds on Columbia's behalf in April 2016 in support of the science center.

Left: Rendering from Renzo Piano Building Workshop – design architect; Davis Brody Bond, LLP – executive architect.

Above, right: Rendering from Renzo Piano Building Workshop – design architect; Davis Brody Bond, LLP – executive architect.

By the numbers:

In Fiscal 2016, DASNY provided approximately

\$1.8 billion

in **low-cost financing**

for **New York's colleges and universities.**

Borrowers include:

- Columbia University
- New York University
- Rockefeller University
- Barnard College
- St. John's University



Columbia University's Manhattanville campus will span 17 acres, from Broadway and 125th Street west to a revitalized Hudson River waterfront. Photo credit: Columbia University Facilities and Operations.

The nine-story, 450,000 square-foot Greene Science Center will house the Mortimer B. Zuckerman Mind Brain Behavior Institute, which will build on the University's distinguished history in the study and treatment of the brain as well as form the hub of an even larger collaborative network of academics stretching across all disciplines – including the arts, economics, law, and medicine.

Columbia's expanded investment in West Harlem builds on the University's broad and long-standing commitment to partnerships in the community — from faculty members who are among the most renowned scholars of Harlem history and culture, to thousands of students serving and learning

in programs that improve the health-care, education and quality of life for those who live and work in Upper Manhattan.

The Manhattanville campus will also be home to the Lenfest Center for the Arts, which will contain state-of-the-art performance, screening, and presentation spaces as well as a vibrant, publicly accessible venue for Columbia's Miriam and Ira D. Wallach Art Gallery.

Also on site: the University Forum and Academic Conference Center at the intersection of 125th Street and Broadway. The forum will give Columbia University a world-class meeting space to host an array of academic conferences and public forums.


The Columbia Business School will relocate from Morningside Heights to the innovative new Henry R. Kravis Building and the Ronald O. Perelman Center for Business Innovation.

A renaissance is underway, and Columbia University is at the center of it. The Manhattanville campus will enhance Columbia's stature as a world-leading institution and serve as a model for community development. The project also gives a jump-start to the local economy, generating thousands of construction and university jobs. The Manhattanville Campus will move the community, the city and the state forward into a promising future. **D**

Partnering with SUNY to Enhance Students' Lives

In 1944, Governor Thomas E. Dewey signed a law to create the Dormitory Authority of the State of New York (DASNY) to finance and build new residence halls to house soldiers as they returned from World War II and went to college under the GI Bill. This partnership has expanded dramatically over the last 70+ years.

Today, DASNY is integral in campus

capital planning through its suite of services to carry a project from start to finish. Together, DASNY and SUNY have created smart, safe and sustainable buildings that provide modern, healthy living spaces for students from across the State, country and globe. These facilities make campuses more attractive, giving them a leg up in the world-wide competition for the best and brightest students. 



More than 30 registered architects and 35 professional engineers and other professional staff at DASNY manage projects on behalf of clients statewide.



DASNY Combines Sustainability with Community at SUNY Oswego

SUNY Oswego's \$11.5 million renovation of Waterbury Hall is giving new meaning to campus life with energy-efficient community spaces for the 224 students who live there.

As sunlight floods the lake-view rooms at Waterbury Hall, lighting automatically dims to conserve energy. Bright and airy spaces allow students to congregate, study and interact.

The sustainable renovation included:

- sorting construction waste
- reclaiming refrigerants from drinking fountains
- reusing existing stone
- optimizing natural light
- integrating timed, low-energy LED lights

"Waterbury Hall is much more than just a residence hall. It is a home away from home, a family," said Tamika Austin, Resident Hall Director. "It's clear from recent renovations; DASNY understands the importance of community and our environment. Thanks to DASNY, students flock to Waterbury Hall and are proud to call the space home."

The sustainable design focuses on community interactions and creates interactive spaces, said Daniel Jackson, Resident Assistant.

"I can come here to play Ping-Pong or pool, watch a movie in the lounge or just relax with friends," Jackson said.

"To me, this is like a breath of fresh air after a long day of learning." **D**

DASNY completed an \$11.5 million renovation at SUNY Oswego's Waterbury Hall which provides a sleek and energy-efficient new home for more than 200 students.

By the numbers:

In Fiscal 2016,
DASNY delivered almost
\$232 million in
construction projects
for **SUNY** and **CUNY**.

Projects started during the
fiscal year included:

- **CUNY's Medgar Evers College, \$19 million** to create a central plant for heating and cooling, and HVAC upgrades at its Bedford Building.
- **SUNY's Buffalo State College, a \$16 million** conversion of an academic facility to a residence hall.



At the University at Buffalo, DASNY Puts a 21st Century Twist on Cleaning Clothes

PING – that’s the sound of a new text message. Thanks to DASNY, at the University at Buffalo (UB), students are now getting PINGed for a whole new reason – when their laundry is done!

Since 2014, DASNY has been transforming outdated laundry rooms into tech-savvy gathering spaces. Students can now check the status of their laundry, view machine wait times and reserve a machine from their smartphones.

As part of its ongoing SUNY summer work, DASNY is overseeing gut renovations of all existing UB laundry spaces. By the end of August 2016, nine laundry rooms in the Ellicott and Governors complexes will be fully overhauled.

DASNY Field Representative Amber Gorzynski said Fargo, the first of UB’s 21st Century laundry facilities completed in 2015 is, “the most amazing laundry room I have ever seen. The sleek new lighting, central air and fireplace make the space cozy and inviting – I actually want to go there on the weekends and do my laundry!”

Design includes study and lounge space, televisions, fireplaces and comfy couches all focused on creating community spaces. DASNY is proud to have partnered with UB to provide students with the latest technology and a venue to learn, socialize and flourish. **D**

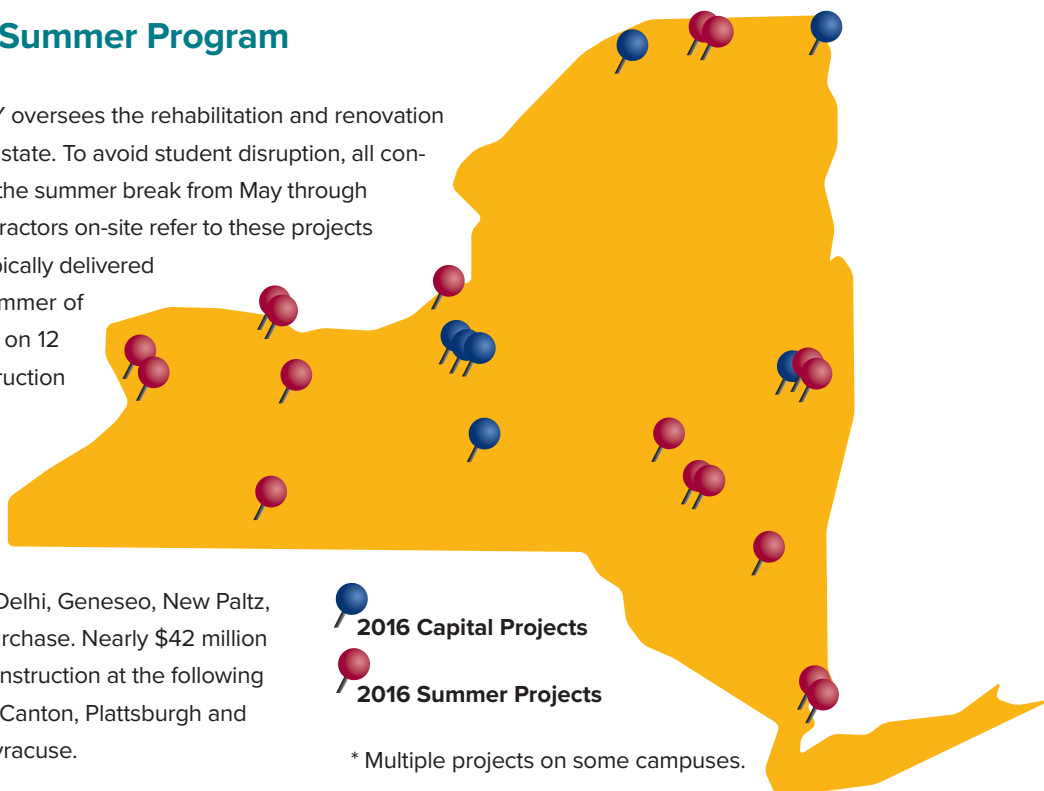


Victor E. Bull, University at Buffalo’s mascot, throws in his laundry. Students can check the status of their laundry with a “Laundry Alerts” app.

SUNY Residence Hall Summer Program

Beginning in May each year, DASNY oversees the rehabilitation and renovation of SUNY residence halls across the state. To avoid student disruption, all construction work is completed during the summer break from May through August. DASNY’s team and the contractors on-site refer to these projects as “90-day wonders” as they are typically delivered in less than 90 days. During the summer of 2015, DASNY delivered 31 projects on 12 SUNY campuses* with a total construction value of nearly \$43 million.

2016 summer projects are underway at campuses across New York State: Albany, Alfred, Brockport, Buffalo State, University at Buffalo, Delhi, Geneseo, New Paltz, Oneonta, Oswego, Potsdam and Purchase. Nearly \$42 million in capital projects are also under construction at the following SUNY campuses: Albany, Cortland, Canton, Plattsburgh and the Upstate Medical University in Syracuse.



Low-Cost Bonds Mean Savings for Schools and Libraries

In Fiscal 2016, DASNY issued over \$298 million in bonds on behalf of school districts and other educational program providers such as libraries and Boards of Cooperative Educational Services (BOCES). The savings from low-interest financing has helped schools keep taxes down, provide increased educational opportunities and put people to work. It is part of the important role DASNY plays at every level of New York's educational system.

This work for libraries in particular is helping them grow into community

Rogers Memorial Library Company, shown here, joined its Suffolk County library counterparts, Comsewogue Public Library and Smithtown Special Library District, to refund bonds through DASNY, and saved more than \$430,000.

centers for the 21st Century. Today, libraries are key platforms for economic empowerment, a place to conduct a job search and learn new skills. They provide safe places for study and room for neighborhood meetings. They are models for

resource-sharing. And in times of emergency, they are essential havens. Through its important work on libraries, DASNY is helping New York's communities grow, attract and retain talent by making them a better place to live, work and learn. [D](#)



SUNY has partnered with the Institute of International Education (IIE) with the goal of doubling the number of U.S. college students studying abroad by the end of the decade. For many of these students, residence halls built by DASNY provide a home very far away from home.

DASNY Helps Suffolk County Libraries Reinvest in Their Communities

Smithtown Special Library District, Rogers Memorial Library Company and Comsewogue Public Library will collectively save \$2.8 million in debt service payments by refunding through DASNY in bond deals that closed in March 2016.

By bundling Smithtown Special Library District, Long Island's largest library system, Rogers Memorial Library Company and Comsewogue Public Library, DASNY enabled all three to achieve economies of scale by sharing the costs of issuance.

Smithtown Library saved more than \$2 million in the refunding to the benefit of residents, said Robert Lusak, Director of Smithtown Special Library District. The savings will allow the library to redefine itself to reach community demand in more ways, including through dynamic programming, increased electronic downloadable items, 3D printers and scanning devices at all four of the districts buildings, he said.

"The Smithtown Library thanks DASNY for helping us refinance the Series 2008 bonds," said Lusak.

Liz Burns, Director of Rogers Memorial Library Company, said the \$430,000 in savings from the refunding is important to the library's mission to inspire life-long learning. "These savings are tremendous for our small library and translate into enhanced adult programs, computer classes, family services, childhood activities and special programs,"

Smithtown Library is one of three libraries in Suffolk County that collectively saved almost \$2.8 million by refunding more than \$21 million in bonds through DASNY.

“ On behalf of the residents of our communities, we thank DASNY. Their work will touch many lives. ”

Liz Burns,
Rogers Memorial Library Company

Burns said. "On behalf of the residents of our communities, we thank DASNY. Their work will touch many lives."

Debra L. Engelhardt, Director of Comsewogue Public Library, said DASNY is playing an important role by reducing costs.

"We can do more to help our veterans learn about healthcare programs," Engelhardt said. "We can provide a wider array of services to residents such as website building tutorials and greater access to online educational programs. We are able to deepen our connection with our community and enhance the lives of residents." **D**





SCIENCE:

Developing world-class centers of scientific research

Y ADVANCED SCIENCE RESEARCH

ASRC is DASNY's largest project to date.



Governor Cuomo's support of the sciences and their connection to private enterprise is reviving the economy across the state. DASNY is supporting that strategy by financing and building world-class, university-based, scientific research and educational facilities. In these facilities, scientists and other professionals are making groundbreaking advances in medicine, technology and other fields. This work is contributing to New York's economy of the present and creating its industries of the future.

CUNY's Advanced Science Research Center: A Catalyst

City University of New York

Chancellor Matthew Goldstein pledged a resurgence of science in 2001. He and the Board of Trustees set in motion what would become CUNY's "Decade of Science."

The \$2 billion effort to attract and retain the best and brightest scientists included a vision of a capstone science center where researchers would reach across disciplines to deliver high-value breakthroughs. This flagship enterprise would help lead CUNY, and New York City with it, into a future defined by discovery and economic prowess.

Dr. Gillian Small, CUNY's Vice Chancellor for Research, was designated to lead a team of 50 scientists from throughout the University to help plan the center, a process that produced a building whose design is as inventive as the research to be pursued within it.

CUNY Vice Chancellor for Research Dr. Gillian Small is joined by Dr. Rein V. Ulijn, (left) and Dr. Kevin H. Gardner (right).

CUNY's vision became the Advanced Science Research Center (ASRC). The glass-enclosed laboratory, meant to breed discoveries that will take medicine and technology in new directions, was financed and built by DASNY. It is adjacent to a new, state-of-the-art science building at City College of New York (CCNY), the Center for Discovery and Innovation, also financed and built by DASNY. The two facilities combine to a value of approximately \$700 million, making them the highest value project

in DASNY's history. The work was completed in DASNY's Fiscal Year 2016.

For New York City and the Harlem community that immediately surrounds it, the ASRC represents a promising economic future. As a strategic element of New York State's commitment to science, innovation and economic development, the ASRC is located on the south campus of CCNY, a home of Governor Andrew Cuomo's Start-Up New York business program.

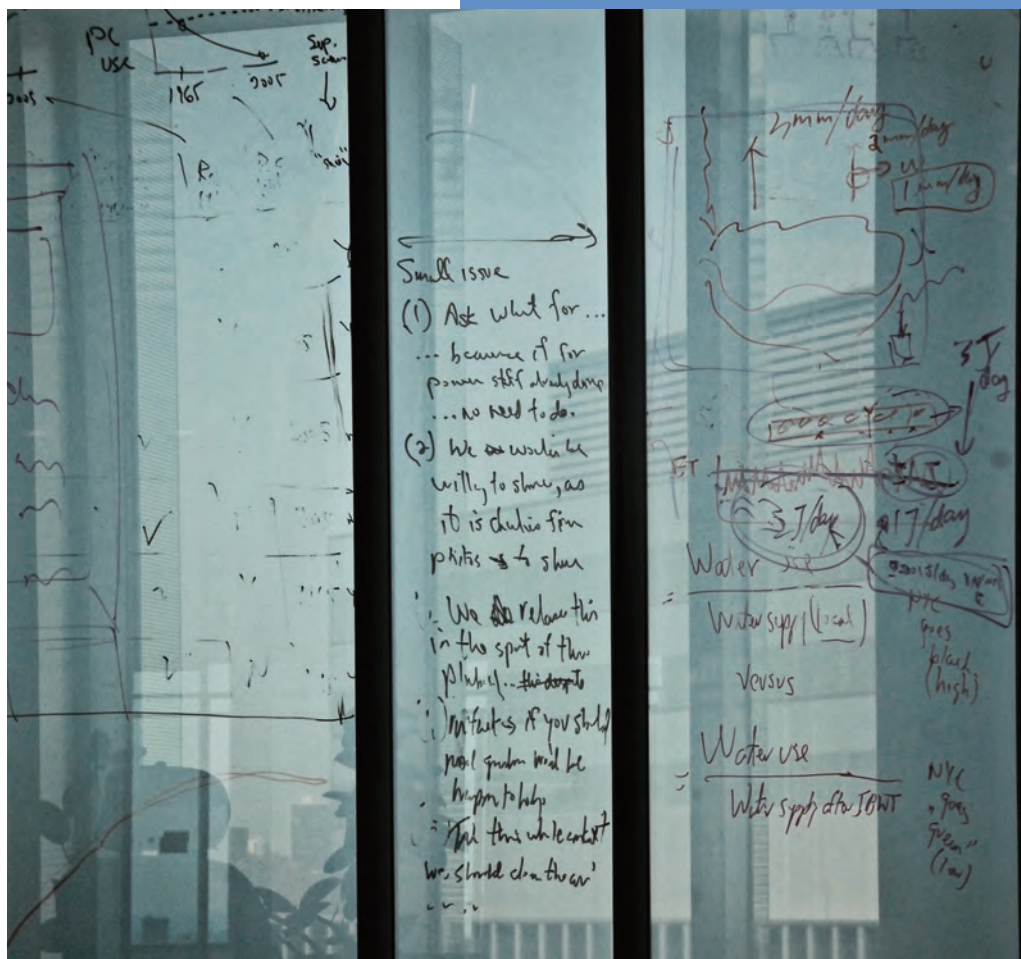


The facility's promise for the future will be grasped by scientists who work with others outside their fields of study to make the connections that lead to discoveries, Small said.

"You can get scientists who are fantastic scientists and do wonderful work, but they shutter themselves away until they shout 'Eureka,'" said Small, a cell biologist who has made breakthroughs in how cells break down fat. "That's great, but that's not what we are looking for at the ASRC. We are looking for people who are collaborative and interactive. We want to go beyond great science and extend the possibilities of science by scientists collaborating with other scientists across the disciplines."

Together, Small and her collaborators conceived the DNA of a uniquely collaborative research culture. DASNY's construction management team helped bring their vision to reality.

With its flowing floor plans and open central stairway, the building promotes intellectual cross-pollination and partnerships between labs – a literal vertical integration of big ideas. Researchers from all initiatives work side-by-side in



the ASRC's core facilities, sharing equipment that is among the most advanced in the world.

The structure is a shift from tradition where each discipline is typically in a different wing or even a different building. Communal spaces like a café and tea rooms offer the opportunity for scientists to mingle and discuss their work.

In a standard building, "I might know who another program director was, but wouldn't have lunch with him and talk up a crazy idea. Here that happens," said Dr. Kevin H. Gardner.

Gardner is the Director of the ASRC's Structural Biology Initiative: the convergence of biology, chemistry, physics and

The writing is literally on the wall at ASRC where researchers are developing new treatments for Alzheimer's and Parkinson's diseases.

engineering. The other four initiatives being pursued at the ASRC include:

- Environmental CrossRoads: Where humans and ecology meet.
- Nanoscience: Using microscopic building blocks to create new materials.
- Neuroscience: Mapping the brain's biochemistry.
- Photonics: The creation and impact of radiant energy.

These initiatives are seeking new medicines to combat Alzheimer's and Parkinson's diseases, and solutions to the world's water problems. They're

also examining how light can be used to detect bacteria in a terrorist attack and find cancer without a biopsy, among other avenues of research.


Since taking on her leadership role at CUNY, Small has made it her priority to prepare the next generation of scientists and to support discoveries by her researchers all the way to the marketplace.

Successful discoveries by CUNY scientists will be patented, spun-off and developed as new companies at an incubator facility CUNY established on 125th Street in Harlem.

Those that are successful "will stay in New York, develop a larger science

community, contribute to society and provide new jobs for New Yorkers," Small said.

Before discoveries can be marketed, they must be made.

"Being in the same building here, communicating with people who are in different areas, you don't know what you will find," said Dr. Charles J. Vörösmarty, Director of the Environmental Cross-Roads Initiative. "It will occur with environmental people talking to the cell biology people who then talk to the nanoscience people. Then everyone comes back to the table and talks about human health, the provision of water supply. That kind of thing is catalytic and we are set up to do that." 



Building for Sustainability

CUNY's Advanced Science Research Center achieved a Leadership in Energy and Environmental Design (LEED) rating of Gold under guidelines developed by the U.S. Green Building Council. Its successes in reaching this high standard included:

- The ASRC was built on a brownfield site. This required remediation of toxic soil that would otherwise have been unusable for construction.
- 82 percent of construction waste was diverted from landfills using designs that produced less waste from the start by employing modular sizes and smart ordering. Centralized cutting, using cut ends and re-use/recycling of building products were all a part of this achievement.
- The facilities water use reduction is estimated to be 43 percent better than requirements developed in 1992. This is "exemplary" performance under LEED.
- CUNY purchased Renewable Energy Certificates for 35 percent of predicted electricity use over the next two years. Each certificate represents proof that one megawatt-hour of electricity was generated from a renewable source. This supports state goals for renewable energy use and green-house gas emissions reductions.

A Rising Research Corridor

CUNY's Advanced Science Research Center is the leading element of a rising research corridor in Manhattan supported by DASNY.

Just a few blocks south of the ASRC, Columbia University is building its Manhattanville Campus. It will house the Jerome L. Greene Science Center and its Mortimer B. Zuckerman Mind Brain Behavior Institute. DASNY issued \$50 million in Green Bonds on Columbia's behalf in April 2016 to support the science center and has also played a significant role in financing the Manhattanville Campus.

In June 2016, DASNY issued \$829 million in bonds for New York University, a \$200 million portion of which is being used to fund a new science building for the NYU School of Medicine's Langone Science Building.

All three universities are working together to create a "national innovation ecosystem" supported by a \$3.75 million National Science Foundation grant to move research into commercial businesses.

Right: ASRC researchers are examining how they can use light to detect bio-terrorism bacteria and cancer without a biopsy.

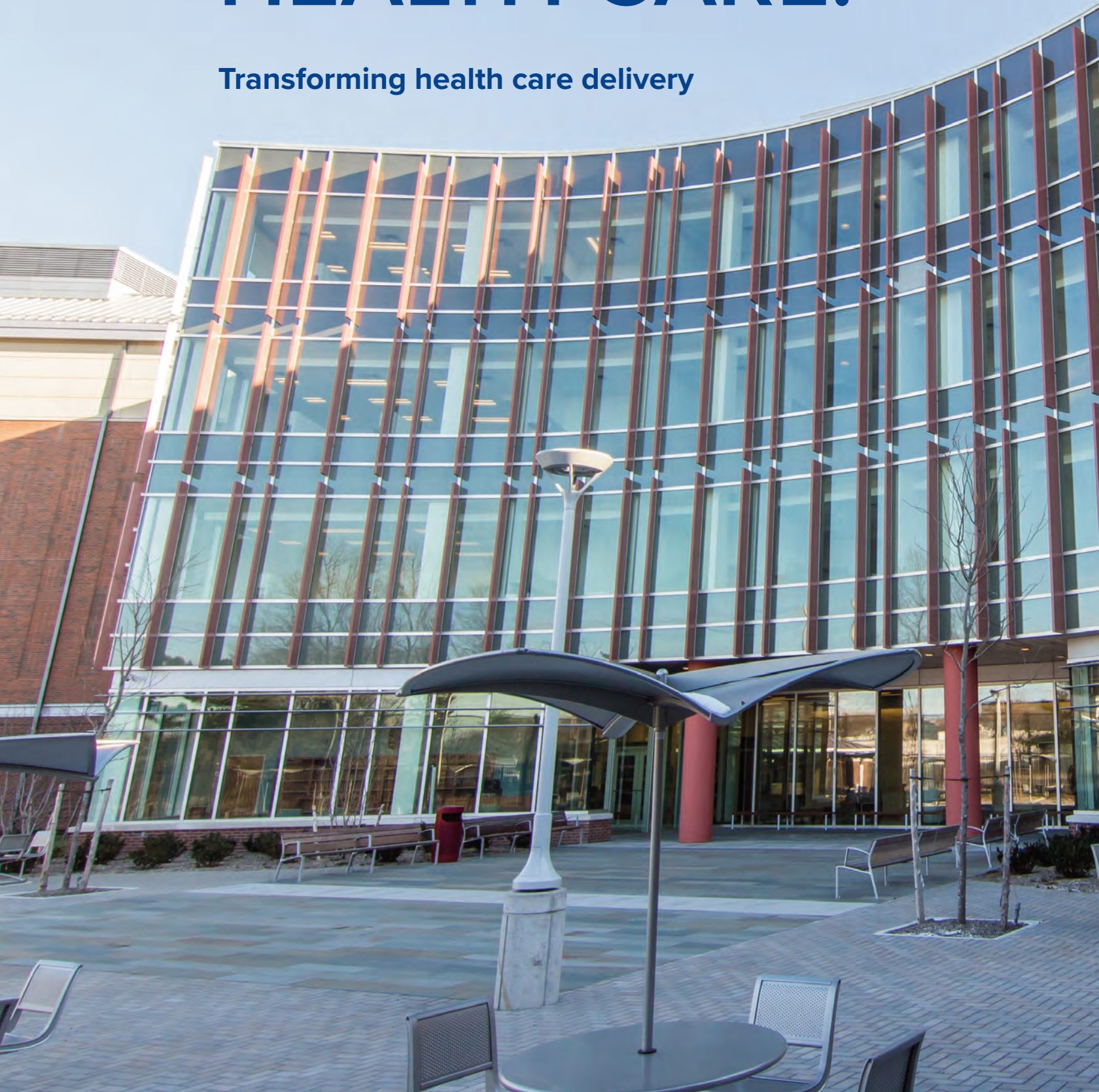


DASNY served as the conduit for the New York State bonds that were issued to finance the ASRC, then worked with CUNY to build it. Photo credit: Jeremy Bittermann.



HEALTH CARE:

Transforming health care delivery





A strong health care system underpins the economy of our great state by keeping New York competitive and healthy. DASNY provides low-cost financing to hospitals, nursing homes and other health care organizations. It supports transformative capital investments that are improving patient care statewide. DASNY works closely with the New York State Department of Health and health care providers to invest in New York's health care system and improve access for all New Yorkers. DASNY helps fund critical capital and infrastructure investments, allowing clients to meet changing needs, provide high quality care and attract patients from around the world.

DASNY surpassed Governor Cuomo's MWBE contracting goal on the New York State Office of Mental Health's \$350 million Bronx Behavioral Health Campus.

Bronx Behavioral Health Campus: A Vision of Hope

The New York State Office of Mental Health (OMH) needed a new behavioral health facility in the Bronx that would provide New York's most vulnerable residents with a place to heal, recover and find independence.

DASNY delivered it to them with the \$350 million Bronx Behavioral Health Campus on a 35-acre site in Morris Park. The campus is a model for using design and structure to transform mental health care from the long hos-

pital stays that were the norm when the Bronx Psychiatric Center was first built in 1963. Today's modern facilities focus their attention on transitioning patients back to the community. They're part of a continuum of care.

"Our vision is one of hope, recovery and leading a full and complete life," said Dr. Ann Marie Sullivan, Commissioner of OMH.

Spread over six buildings and more

than 436,000 square feet, the campus provides different intensities of care. The inpatient buildings feature secure indoor and outdoor recreation areas, cutting-edge electronic monitoring technologies, motivational education settings and comfortable living quarters. Patients can progress to a residential village, which expands the availability of much-needed supported, transitional and crisis housing. The village houses three OMH residential programs.





Community Connection

The Bronx Behavioral Health Campus is linked to the surrounding community by those who built it and its design.

Of the more than 5,000 workers on the project, approximately 18 percent were from the Bronx.

The facility is also integrated into the community, transforming it from a secluded campus. Adjacent to the campus is a recently constructed Residence Inn and Applebee’s Restaurant, providing visiting family members with lodging and dining options. New baseball and soccer fields were constructed for public use. Land not being used for the new campus is being privately developed to bring facilities needed by the surrounding community, including shops, restaurants and offices.

“The new architecturally welcoming space, brightened by natural light from hundreds of windows and surrounded by thoughtful landscaping, will help our patients feel connected to the outside world and feel hopeful for the future,” said Bronx Psychiatric Center’s Acting Executive Director Anita Daniels, RN-BC, MS. “The open design of the treatment units will enable our employees to provide better supervision of patients and have the space they need to provide safe one-on-one care.”

The design was approached with great care. Over its five years of development, teams of designers visited behavioral health facilities across the nation, bringing back the best ideas and incorporating them into the Bronx campus.

“It is on the cutting edge of design for psychiatric care,” said Ron Gecsed, Chief Project Manager at DASNY. **D**

Above: A new playground at the Children’s Center, part of the Bronx Behavioral Health Campus.

Left: A mural wall is the centerpiece of the Adult Building café on the Bronx Behavioral Health Campus.

Right: DASNY is proud to have partnered with the Office of Mental Health to deliver a state-of-the-art, 436,000 square-foot facility in the Bronx.





DASNY President and CEO Gerrard P. Bushell, speaking with Barbara Armand, President of Professional Women in Construction, has incorporated MWBE contracting into every level of project delivery.

\$1 Billion in MWBE contracting

Since 2011, when Governor Cuomo took office, DASNY has facilitated more than \$1 billion in work to Minority-owned and Women-owned Business Enterprises.

More than 10 percent of the \$1 billion was achieved while DASNY managed the construction of the Office of Mental Health’s \$350 million Bronx Behavioral Health Campus. DASNY exceeded Governor Cuomo’s 30 percent MWBE participation goal on the project.

The more than \$1 billion was earned by prime construction firms, sub-contractors and suppliers, construction-related professional services firms, commodities and services firms, accounting companies, and legal firms.

DASNY President and CEO Gerrard P. Bushell is aiming higher. In February, he realigned DASNY to streamline the organization and create efficiencies. Among the key changes was taking DASNY’s Opportunity Programs Group, which oversees MWBE contracting, out of a silo and placing it alongside the Procurement Unit. The combination formed a new unit, Resource Acquisition. It sits in the Construction Division, DASNY’s biggest spending area.

The change incorporates MWBE contracting into every stage of project delivery. It ensures that working with MWBEs is a focus even before a contract is drafted and remains so until it is closed. This will help replicate the successful participation of MWBE firms in the Bronx Behavioral Health Campus in all projects DASNY delivers.



Michael M. Clay, Senior Director, Opportunity Programs Group, and Louis R. Cirelli, Jr., Director, Procurement, head the new Resource Acquisition unit, where MWBE participation is integrated into the procurement process throughout the life of a project.

DASNY Delivers for New York’s Hospitals

There is a reason Northwell Health, the largest health care system in New York State, turns to DASNY to issue low-interest bonds. In Fiscal 2016, the Long Island-based health care provider financed more than \$503 million through DASNY.

“The DASNY team remains firmly committed on serving our best interests throughout every phase of the financing,” said John McGovern, Northwell’s Senior Vice President, Financial Planning. “DASNY serves

as our advocate with the Department of Health on both the Certificate of Need and financing issues, which ultimately results in a seamless process.”

The bonds issued by DASNY on Northwell’s behalf in previous years have gone toward meaningful capital improvement projects. Projects included Katz Women’s Hospital, an 88-bed tower, which accommodates families with space for them to stay close. Northwell also used bond pro-

ceeds to fund Zucker Hillside Hospital to provide 115 new patient beds. Additional projects include an education and conference center at Staten Island University Hospital and the construction of a parking garage at Huntington Hospital to better serve the needs of patients, doctors and visiting friends and family.

Under the leadership of DASNY President and CEO Gerrard P. Bushell, DASNY collaborated in Fiscal 2016 with its NYS Department of Health



North-Shore Long Island Jewish, now known as Northwell Health, issued more than \$503 million in bonds during Fiscal 2016.

(DOH) partner to make working with both entities even easier. DASNY and DOH will be able to significantly expedite reimbursements from bond proceeds for New York State’s hospitals, nursing homes and other health care institutions.

“This joint effort by DASNY and the Department of Health will enable health care facilities to focus on delivering the best possible care to their patients and residents, not on getting reimbursements for their capital projects,” said Health Commissioner Dr. Howard A. Zucker. “By streamlining

the process, we are making it easier for these facilities to do the work they set out to do.”

“By streamlining the process, we are making it easier for these facilities to do the work they set out to do.”

**Dr. Howard A. Zucker,
Health Commissioner**

DASNY sells tax-exempt bonds on behalf of these institutions, enabling

them to obtain lower interest rates. To requisition the funds from these bond sales, health care institutions must demonstrate that they are seeking reimbursement or payment for appropriate capital expenditures. The streamlined process developed by DASNY and DOH maintains DOH’s important watchdog role of determining that funds are spent on projects that deliver for New York’s health care system.

DASNY and DOH have transformed a once cumbersome and lengthy requisition process into one that is efficient. **D**

Low-cost Financing Through DASNY Helps Hospitals Save Lives

DASNY delivered \$225 million in low-cost leases through its Tax-Exempt Equipment Leasing Program (TELP) to health care organizations in Fiscal 2016. These leases make it possible for health care providers to deploy the latest medical equipment. This technology makes electronic record-sharing possible, improves delivery of vital services and leads to better patient outcomes.

In Fiscal 2016, the DASNY Board approved TELP leases totaling \$8.8 million for two Southern Tier hospitals that help comprise United Health Services Hospitals, Inc. (UHS).

“This partnership is built on trust, loyalty and confidence.”

Carmen Mazzotta,
UHS Advisor and President,
Health Capital Partners, LTD

The deal delivered significant savings to the hospitals. Through TELP, Wilson Medical Center in Johnson City obtained a \$2 million CT scanner, digital X-ray equipment and a replacement phone system for its clinic, among other items. Binghamton Gen-

eral Hospital in Binghamton obtained a comprehensive financial planning system. Binghamton will share with



Wilson new surgical lights and tools, anesthesia medication carts and IT infrastructure applications. UHS will own the equipment at the end of the five-year lease.

Carmen Mazzotta, as advisor to UHS and Health Capital Partners LTD President, said UHS uses TELP on an annual basis and has executed deals totaling almost \$100 million.

“This partnership is built on trust, loyalty and confidence,” Mazzotta said. “The annual interest savings achieved through TELP helps participating hospitals like UHS to provide quality hospital services and technologies at a lower cost.”

Through TELP, DASNY partners with its clients and private businesses that provide the funds for capital equipment leases. DASNY’s ability to enter into tax-exempt leases lowers interest rates for its clients. DASNY guides clients through every step of the process, including obtaining approvals from the NYS Department of Health. **D**

DASNY’s Tax-Exempt Equipment Leasing Program (TELP) helps its customers to finance vital medical equipment.

By the numbers:

In Fiscal 2016, DASNY issued more than **\$590 million** in **new, low-interest tax exempt bonds**

for several of New York’s **critical health care providers.**

Clients included:

- North Shore–Long Island Jewish (now, Northwell Health)
- Orange Regional Medical Center
- United Health Services Hospitals, Inc.






Changing Lives in Rockland County

At Helen Hayes Hospital in Rockland County, DASNY partnered with the NYS Department of Health (DOH) to overhaul the façade on the 35-year-old main hospital building. The project transformed the exterior. It is part of DASNY's commitment to deliver for its clients.

Edmund J. Coletti, the hospital's Chief Executive Officer, said DASNY was picked for the job because of its skill in handling a project of this size.

"Working with our colleagues in DOH's Office of Health Facilities Management,

we determined that DASNY's expertise was well matched to the needs of this large-scale project," Coletti said. "The DASNY team worked in tandem with us to stay on budget and accommodate our patient and operational needs."

The 155-bed Helen Hayes Hospital offers inpatient acute rehabilitation services to individuals recovering from spinal cord and brain injuries, joint and orthopedic surgeries, stroke and neurological and cardiopulmonary disorders. Helen Hayes also provides comprehensive outpatient services to more than 200 patients each day. 

After more than three decades, the exterior of Helen Hayes Hospital was in need of a facelift, but in this case, it's what's on the inside that counts.

“ The DASNY team worked in tandem with us to stay on budget and accommodate our patient and operational needs. ”

Edmund J. Coletti,
Chief Executive Officer
Helen Hayes Hospital



DASNY transformed the hospital's exterior allowing the outside to represent the patient metamorphosis happening daily on the inside.



RESILIENCY:

Building a strong and sustainable New York

When Governor Cuomo led the State's strong response to Superstorm Sandy, Hurricane Irene and Tropical Storm Lee, DASNY was at the forefront, managing damage assessments for more than 15,000 residences and businesses. This included 5,168 homes in 27 days. As a result, the State has been able to provide over 11,500 homeowners more than \$680 million for home repairs. DASNY is now answering the call to prepare New York for increasingly powerful storms and to alleviate climate impacts.

GOSR Community Redevelopment Projects

DASNY is partnering with the Governor's Office of Storm Recovery (GOSR) to deliver on GOSR's approximately \$166 million in requests for at least 60 projects that will strengthen communities against the damage from powerful storms. In Fiscal 2016, DASNY began design work on these projects. Those designs are now becoming reality.

During the summer of 2016, DASNY and GOSR began installing six emer-

gency generators in Amsterdam, NY, the first project to start construction in this storm preparation effort.

Other projects include, strengthening beach heads in Staten Island, resiliency improvements at volunteer fire departments across Long Island, dock repair in Breezy Point, Queens, and upgrades to the fire department in Rotterdam Junction in upstate New York (Schenectady County), to name a few. [D](#)

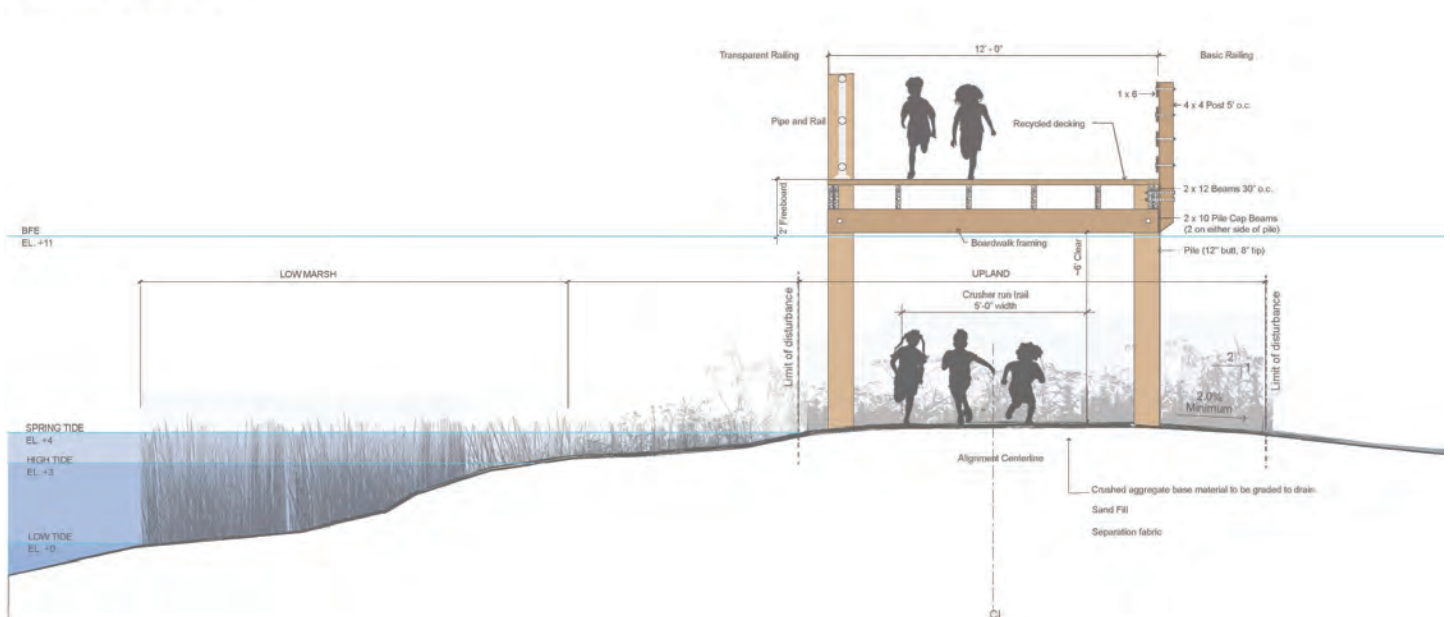


Governor Cuomo surveys the damage at Breezy Point, one of the communities hardest hit by Superstorm Sandy.

Left: Governor Andrew M. Cuomo visits a NYS beach following Superstorm Sandy.

Below: Rendering of the boardwalk at the Oyster Cove Overlook in Sunset Cove Park in Queens. The project will include an oyster habitat and enough room for a classroom. DASNY is managing the design.

BOARDWALK SECTION



Preparing Infrastructure

DASNY's work on enhancing New York's resiliency includes a partnership with the Department of Environmental Conservation (DEC). This partnership was authorized in 2012 as part of Governor Cuomo's New York Works initiative. Overall, DASNY has 22 projects valued at \$47.5 million under construction for DEC. This includes overseeing nearly \$14 million of dredging projects; the recently completed project at Smokes Creek in Lackawanna (Erie County), and studies for the Ithaca Creek (Thompson County) and the Onondaga Creek (Onondaga County), just south of Syracuse.




Above: On behalf of the Governor's Office of Storm Recovery (GOSR), DASNY will construct a \$6.75 million dune system on Staten Island's Tottenville shoreline to reduce erosion. The project also includes American with Disabilities Act-compliant beach access points.

Left: SUNY New Paltz's new \$31.1 million Ridgeview Hall earned Leadership in Energy & Environmental Design (LEED) Silver certification under guidelines developed by the U.S. Green Building Council.



Building for Sustainability and Resiliency

DASNY has been constructing projects to the Leadership in Energy and Environmental Design (LEED) standard since 2008. As of March 31, 2016, 34 projects have achieved the U.S. Green Building Council's LEED rating of Silver or higher, including the new construction of Dragon Hall at SUNY Cortland (LEED Platinum), new construction at Binghamton University's East Campus Housing Complex, Phase 2 (LEED Gold), new construction at CUNY's Lehman College – Science Complex (LEED Platinum), the renovation of Monroe Hall at SUNY Geneseo (LEED Gold), renovations of Crispell and LeFevre halls at SUNY New Paltz (LEED Gold), the renovation of the Delaware Avenue Branch of the Albany Public Library System (LEED Gold) and the LEED Gold for Existing Buildings rating for DASNY's Albany headquarters.

Sustainable, energy-efficient buildings not only alleviate environmental and climate impacts, they also serve to prepare communities for harsh weather. For example, a facility constructed for heating efficiency is more likely to remain a comfortable and safe home when a winter storm knocks out power and eliminates transportation options. 

Leaders in LEED Certified Building



Top: CUNY – Lehman College, Science Facility Phase I, LEED Platinum (left)
 Albany Public Library, Delaware Avenue Branch, LEED Gold (right)

Bottom: SUNY – Cortland, Dragon Hall, LEED Platinum (left)
 SUNY – Binghamton University, East Campus Housing Phase I, LEED Silver (right)

DASNY IS PROUD TO HAVE RECENTLY PARTNERED WITH THESE WORLD-CLASS INSTITUTIONS



Bonds delivered during the fiscal year ended March 31, 2016

<u>Issue and Purpose</u>	<u>Amount</u>
<p>Alliance of Long Island Agencies, Inc. PSCH, Inc. Private Placement Bonds, Series 2015A-C</p> <p>The Series 2015 Bonds were issued (i) to finance or refinance the costs associated with the construction of various Individualized Residential Alternatives as well as other costs related to the acquisition, renovation or equipping of various facilities, (ii) the refinancing of debt issued by various IDAs, and (iii) the refunding of the DASNY Interagency Council Pooled Loan Program Revenue Bonds, Series 2011B-1. (June 4, 2015)</p>	\$41,900,000
<p>Barnard College Revenue Bonds, Series 2015A</p> <p>The Series 2015A Bonds were issued (i) to finance a portion of the demolition of an existing facility and the construction of a new approximately 133,000 gross square foot, multi-purpose facility at the College, as well as other campus-wide renovations and maintenance projects and (ii) to refund all of the DASNY Series 2004 and a portion of the DASNY Series 2007A Bonds. (April 24, 2015)</p>	109,035,000
<p>Barnard College Private Placement Bonds, Series 2015B</p> <p>The Series 2015B Bonds were issued to finance a portion of the demolition of an existing facility and the construction of a new approximately 133,000 gross square foot, multi-purpose facility at the College, as well as other campus-wide renovations and maintenance projects. (May 29, 2015)</p>	36,200,000
<p>Columbia University Revenue Bonds, Series 2015A</p> <p>The Series 2015A Bonds were issued to finance or refinance various construction and renovation projects throughout the University system. (April 23, 2015)</p>	92,535,000
<p>Columbia University Revenue Bonds, Series 2015B</p> <p>The Series 2015B Bonds were issued to refinance indebtedness outstanding under the University's taxable commercial paper program. The commercial paper was issued to redeem the DASNY Series 2004B Bonds. (April 23, 2015)</p>	47,780,000
<p>Icahn School of Medicine at Mount Sinai Revenue Bonds, Series 2015A</p> <p>The Series 2015A Bonds were issued to advance refund of all or a portion of DASNY's Mount Sinai School of Medicine of New York University Revenue Bonds Series 2007 and the Mount Sinai School of Medicine of New York University Revenue Bonds Series 2009 Bonds and to fund renovation of research laboratory, research support services, infrastructure and other capital space in the School's portion of the 40-year old Annenberg Building and minor renovations to an adjacent building. (August 20, 2015)</p>	512,410,000
<p>InterAgency Council Pooled Loan Program Revenue Bonds, Series 2016A</p> <p>The Series 2016A Bonds were issued to finance, refinance or reimburse a portion of the costs of the acquisition, renovation and furnishing of certain facilities. (February 10, 2016)</p>	16,435,000
<p>Library Refunding Bonds Consisting of Comsewogue Public Library Revenue Bonds, Series 2016, Smithtown Special Library District Revenue Bonds, Series 2016, Rogers Memorial Library Company Revenue Bonds, Subseries 2016A, and Rogers Memorial Library Company Revenue Bonds, Subseries 2016B</p> <p>The Comsewogue Series 2016 bonds were issued to refund Comsewogue Public Library's DASNY issued Series 2005 bonds. The Smithtown Series 2016 bonds were issued to advance refund Smithtown Special Library District's DASNY issued Series 2008 bonds. The Rogers Subseries 2016A&B bonds were issued to refund Rogers Memorial Library Company's DASNY issued Series 1998 bonds. (March 2, 2016)</p>	20,100,000
<p>Master BOCES Program Lease Revenue Refunding Bonds, Series 2015 (Delaware, Chenango, Madison and Otsego Issue and St. Lawrence-Lewis Issue)</p> <p>The Series 2015 Bonds were issued to advance refund the Master BOCES Program Lease Revenue Bonds (Delaware, Chenango, Madison and Otsego Issue), Series 2007. The SLL BOCES Series 2015 Bonds were issued to advance refund the Master BOCES Program Lease Revenue Bonds (St. Lawrence-Lewis Issue), Series 2007. (June 5, 2015)</p>	40,485,000
<p>Master BOCES Program Lease Revenue Bonds (Onondaga-Cortland-Madison Issue), Series 2015</p> <p>The Series 2015 Bonds were issued for the acquisition and renovation of an approximately 110,100 square-foot building located at 110 Elwood Davis Road in the Town of Salina, New York. (June 30, 2015)</p>	5,890,000

Bonds delivered during the fiscal year ended March 31, 2016, continued

<p>Memorial Sloan-Kettering Cancer Center Revenue Bonds, 2015 Series 1 The 2015 Series 1 Bonds were issued to refund all of DASNY’s Memorial Sloan-Kettering Cancer Center Revenue Bonds, 2006 Series 1 Bonds. (July 16, 2015)</p>	<p>100,000,000</p>
<p>The New School Revenue Bonds, Series 2015A The Series 2015A Bonds were issued to refund all of DASNY’s outstanding Series 1999 Bonds, Series 2001 Bonds, Series 2005 Bonds and Series 2006 Bonds as well as a portion of DASNY’s Series 2010 Bonds. (May 1, 2015)</p>	<p>124,290,000</p>
<p>New York University Revenue Bonds, Series 2015A The Series 2015A Bonds were issued (i) to refund portions of DASNY’s New York University Revenue Bonds, Series 2007A, Series 2008A, Series 2008B and, Series 2008C and (ii) to refinance a commercial bank loan, the proceeds of which were applied by the University to acquire a building located at 60 Fifth Avenue; (iii) to finance pre-renovation site preparation for portions of a building located at 370 Jay Street, Brooklyn, New York; and (iv) to finance renovation, deferred maintenance, and the purchase of equipment at various existing University buildings. (April 22, 2015)</p>	<p>691,435,000</p>
<p>North Shore – Long Island Jewish Obligated Group Revenue Bonds, Series 2015A The Series 2015A Bonds were issued to finance projects for Huntington Hospital and Southside Hospital, refund the North Shore-Long Island Jewish Obligated Group Revenue Bonds, Series 2005A, Series 2005B, Series 2007A and the Series 2009A Bonds, pay a portion of the interest on the Series 2015A Bonds, and pay costs of issuance incurred in connection with the issuance of the Series 2015A Bonds. (June 23, 2015)</p>	<p>503,640,000</p>
<p>NYSARC, Inc. Revenue Bonds, Series 2015 The Series 2015 Bonds were issued to refund all or a portion of DASNY’s outstanding NYSARC, Inc. Insured Revenue Bonds, Series 2004A and NYSARC, Inc. Insured Revenue Bonds, Series 2005A. In addition, bond proceeds were issued to finance or refinance taxable indebtedness for the costs of individual capital projects for certain NYSARC, Inc. Chapters. (October 8, 2015)</p>	<p>36,355,000</p>
<p>Orange Regional Medical Center Obligated Group Revenue Bonds, Series 2015 The Series 2015 Bonds were issued to construct a 152,800 square foot medical office building, an approximate 22,150 square foot oncology center to consolidate ORMC physician, outpatient and oncology services onto one campus and site development, including parking. Additionally, proceeds of the Series 2015 Bonds together with other available funds will also be used to make a deposit to a Debt Service Reserve Fund. (May 13, 2015)</p>	<p>66,100,000</p>
<p>Personal Income Tax Revenue Bonds (General Purpose), Series 2015B-C and Series 2015D (Federally Taxable) The Series 2015B and C Bonds were issued to finance or reimburse all or a portion of the costs of programs and projects throughout the State, including capital projects for educational facilities, mental health facilities, environmental facilities projects and grants for educational and economic development programs. The Series 2015D Bonds were issued to refund certain outstanding DASNY-issued Personal Income Tax Revenue Bonds, Series 2006A. (June 19, 2015)</p>	<p>1,170,800,000</p>
<p>Personal Income Tax Revenue Bonds (General Purpose), Series 2015E The Series 2015E Bonds were issued to refund certain outstanding Personal Income Tax Revenue Bonds and other State-supported debt. (September 11, 2015)</p>	<p>1,128,930,000</p>
<p>The Rockefeller University Private Placement Bonds, Series 2015A The Series 2015A Bonds were issued (i) to finance a portion of construction costs associated with the “River Building,” an expansion over Franklin D. Roosevelt Drive which will add two acres to the University’s existing 14 acre campus and (ii) to refund DASNY’s Series 2005A Bonds. (May 20, 2015)</p>	<p>119,190,000</p>
<p>The Rockefeller University Private Placement Bonds, Series 2015B The Series 2015B Bonds were issued to finance a portion of construction costs associated with the “River Building,” an expansion over Franklin D. Roosevelt Drive which will add two acres to the University’s existing 14 acre campus. (May 20, 2015)</p>	<p>44,000,000</p>

<p>St. John’s University Revenue Bonds, Series 2015A The Series 2015A Bonds were issued to advance refund the DASNY issued St. John’s University Series 2007A bonds. (April 15, 2015)</p>	<p>104,705,000</p>
<p>Sales Tax Revenue Bonds, Series 2015A The Series 2015A Bonds were issued to refund certain outstanding State-supported debt previously issued by the Thruway Authority under the Second General Highway and Bridge Trust Fund Bond Resolution. (July 30, 2015)</p>	<p>1,523,100,000</p>
<p>Sales Tax Revenue Bonds, Series 2015B The Series 2015B Bonds were issued to finance or reimburse all or a portion of the costs of programs and projects throughout the State, including capital projects for educational facilities, Highway and Bridge Trust Funds, Transportation Initiatives, High Speed Rail and grants for Library facilities. (October 22, 2015)</p>	<p>936,375,000</p>
<p>School District Revenue Bond Financing Program Revenue Bonds, Series 2015A-C The Series 2015A Bonds were issued to refund a portion of DASNY’s outstanding School District Revenue Bond Financing Program Revenue Bonds, Series 2006A, Series 2008C and Series 2008D. The Series 2015B Bonds were issued to refund a portion of DASNY’s outstanding School District Revenue Bond Financing Program Revenue Bonds, Series 2007A, Series 2007B, Series 2008C and Series 2008D. The Series 2015C Bonds were issued to refund a portion of DASNY’s outstanding School District Revenue Bond Financing Program Revenue Bonds, Series 2008C. (April 29, 2015)</p>	<p>104,215,000</p>
<p>School District Revenue Bond Financing Program Revenue Bonds, Series 2015D-F The Series 2015A-D Bonds were issued to finance all or a portion of the costs of school district capital facilities and school district capital equipment and/or to refinance certain bond anticipation notes issued to finance all or a portion of the costs of school district capital facilities and school district capital equipment. (June 10, 2015 Series D and F; July 2, 2015 Series F)</p>	<p>128,290,000</p>
<p>State University of New York Dormitory Facilities Revenue Bonds, Series 2015A The Series 2015A Bonds were issued to refund certain DASNY-issued Lease Revenue Bonds (State University Dormitory Facilities Issues), Series 2003A, 2003C, 2004A, 2005A, 2005B, 2005C, 2006A and Series 2007. (May 20, 2015)</p>	<p>268,825,000</p>
<p>State University of New York Dormitory Facilities Revenue Bonds, Series 2015B The Series 2015B Bonds were issued to fund one year of SUNY’s capital plan for the construction and rehabilitation of various Dormitory Facilities and to refund certain DASNY-issued Lease Revenue Bonds (State University Dormitory Facilities Issues), Series 2007, 2008A and Series 2009A. (December 16, 2015)</p>	<p>286,225,000</p>
<p>United Health Services Hospitals, Inc. Obligated Group Private Placement Bonds, Series 2015 The Series 2015 Bonds were issued to finance the construction of an approximately 70,000 square-foot hospital extension clinic, fund a capitalized interest account and pay for certain costs of issuance. (July 28, 2015)</p>	<p>22,900,000</p>
<p>Total Bonds Delivered</p>	<p><u>\$8,282,145,000</u>*</p>

* A record financing year with almost \$1.5 billion more issued than the previous record set in 2009.

Tax-Exempt Equipment Leasing Program (TELP) for Fiscal Year ended March 31, 2016

Lease and Purpose	Amount
<u>Tax-Exempt Leasing Program I (Health Care)</u>	
Montefiore Medical Center \$60 million lease for an electronic medical records system, phase 1. (April 29, 2015)	\$59,972,818
Mary Imogene Bassett Hospital \$8.6 million lease for cardiology, radiology and operating room equipment. (June 18, 2015)	8,650,000
Hospital for Special Surgery \$18 million lease for nursing, imaging, surgical and information technology equipment. (June 24, 2015)	17,974,978
State University of New York University Hospital at Syracuse \$19.1 million lease for imaging, radiology, operating room and Information technology equipment. (June 25, 2015)	19,125,000
United Health Services Hospitals, Inc. \$7.7 million lease for cardiology, nursing, radiology and information technology equipment. (August 26, 2015)	7,740,000
State University of New York Stony Brook University Hospital \$19.7 million lease for security, nursing, information technology and general medical equipment. (October 28, 2015)	19,700,000
Columbia Memorial Hospital \$2.4 million lease for imaging and information technology equipment. (November 24, 2015)	2,417,564
Montefiore Medical Center \$50.1 million lease for an electronic medical records system, phase 2. (December 3, 2015)	50,095,000
St. Barnabas Hospital \$13.3 million for radiology, ICU, laboratory and operating room equipment. (December 23, 2015)	13,297,587
Montefiore Medical Center \$15.1 million lease for imaging, anesthesia, surgical and information technology equipment. (December 29, 2015)	15,077,593
Mary Imogene Bassett Hospital \$9.7 million lease for information technology equipment. (January 20, 2016)	9,750,000
Oswego Hospital \$2.1 million lease for imaging and information technology equipment. (March 15, 2016)	2,096,140
Total TELP I Leases	<u>\$225,896,679</u>

Tax-Exempt Leasing Program II (Higher Education & Other Not-for-Profits)

NYSARC, Inc.	\$10,505,916
\$10.5 million lease for information technology, telecommunications, manufacturing and transportation equipment. (January 22, 2016)	
Total TELP II Leases	<u>\$10,505,916</u>
Grand Total TELP Leases	<u>\$236,402,595</u>



Health care facilities, higher education institutions and certain other eligible not-for-profit institutions receive the benefit of tax-exempt financing by using TELP.



Northwell Health, a long-time client of DASNY, used bond proceeds to build the Katz Women's Hospital at North Shore University Hospital.

New Construction Projects Fiscal Year ended March 31, 2016

Project and Purpose	Amount
<u>City University of New York (CUNY)</u>	
Bernard M. Baruch College Address the water damage in Mason Hall in the 17 Lexington Avenue Building. (March 2016)	\$1,000,000
Bernard M. Baruch College Elevator modernizations at the Information Technology Building (ITB). (March 2016)	\$1,590,000
City College of New York Remediation of all areas affected by a fire in the Facilities Office, located in the basement of Compton-Goethals Hall. (June 2015)	\$2,068,000
City College of New York Rehabilitate Schiff House, a landmark building on campus, to provide a state-of-the-art daycare and child development facility. (February 2016)	\$2,374,200
City College of New York Upgrade interior spaces at Harris Hall. (March 2015)	\$4,250,000
CUNY Graduate School and University Center Upgrade the existing cooling towers at the Graduate Center. (February 2016)	\$2,000,000
Hunter College Upgrades to the North Building boiler plant and steam traps replacement. (November 2015)	\$1,800,000
John Jay College of Criminal Justice Reorganization and renovation of the existing library facilities within Haaren Hall to provide enhanced space for students to work. (January 2016)	\$1,838,000
Medgar Evers College Creation of a central plant to provide heating and cooling to the Bedford Building, as well as upgrades to the Bedford HVAC System. (April 2015)	\$19,000,000
Medgar Evers College Reconstruction of the building site work along Crown Street. (May 2015)	\$6,800,500
Queens College Replacement of the Fitzgerald Gymnasium roof. (May 2015)	\$6,575,000
Various Community Colleges* Implementation of an Operations and Maintenance Support Program at CUNY Community Colleges. (February 2015)	\$1,036,010
<u>Housing Trust Fund Corp (HTFC) **</u>	
Vollies Hall and Gerritsen Beach Fire Department Station* Reconstruction of Vollies Hall, installation of an emergency generator and mechanical work at the fire station. (September 2014)	\$2,400,000
Mastic Beach Stormwater management study. (November 2014)	\$1,400,000

* These projects were new to DASNY in prior fiscal years, and received funding in the 2015-16 fiscal year that qualified them for the Annual Report list.

** Projects being performed under the Governor's Office for Storm Recovery Community Redevelopment Program.

<p>Broad Channel* The Broad Channel Resiliency Improvement Project will harden and improve three existing community facilities, all of which provided recovery services immediately post-Sandy. (January 2015)</p>	\$1,850,000
<p>Breezy Point* Dock repair. (February 2015)</p>	\$3,200,000
<p>Rotterdam Junction Firehouse* Development of the firehouse as an emergency center with improvements required to meet recommended standards of the Federal Mass Care Service Delivery System and Schenectady County Emergency Operations Plan, in order to function as an emergency operations center for the Western Mohawk River Valley Region of Schenectady County. (February 2015)</p>	\$1,400,000
<p>Addabbo Health Center Local Health Center Resiliency Program* The project would retrofit and harden the following four facilities within the Rockaway East NY Rising Community Reconstruction (NYRCR) Planning Area (February 2015): Joseph P. Addabbo Family Health Center on Beach Channel Drive, Arverne, Joseph P. Addabbo Family Health Center on Central Avenue, Far Rockaway, St John's Episcopal Hospital BOCES Center on Beach 20th Street, Far Rockaway, and St John's Episcopal Hospital Ambulatory Care Center on Beach 20th Street, Far Rockaway.</p>	\$1,000,000
<p>Tottenville Dunes Project* Construction and landscaping of a permanent dune system along the Tottenville shore line to aid in reducing wind and water erosion, including Americans with Disabilities Act (ADA) accessible access points to the beach. (March 2015)</p>	\$6,750,000
<p>Edgewater Volunteer Fire Department Retrofit of the North Tower firehouse. (October 2015)</p>	\$1,000,000
<p>Suffern Village Public Infrastructure Resiliency Project Survey the existing water treatment plant, wastewater treatment facility and Department of Public Works to determine the need and opportunities for hardening and flood proofing these facilities. (October 2015)</p>	\$1,200,000
<p>Town and Village of New Paltz Project Wastewater and stormwater systems improvements. (February 2016)</p>	\$4,000,000
<u>New York City Housing Authority (NYCHA)</u>	
<p>NYCHA Ten security system and lighting upgrades projects at eight NYCHA properties. (January 2016)</p>	\$7,620,000
<u>Department of Health (DOH)</u>	
<p>Helen Hayes Hospital An analysis of the chilled water piping that feeds the Hospital's cooling towers and chillers. (May 2015)</p>	\$1,107,000
<p>Helen Hayes Hospital Replacement of the existing HVAC system to include fan coil heaters, piping, and all associated components and hardware. (May 2015)</p>	\$1,723,000
<p>Helen Hayes Hospital Installation of a boiler for reduced electrical and heating demands throughout the summer months. (May 2015)</p>	\$1,198,796

New Construction Projects, continued

Office of Mental Health (OMH)

Binghamton Psychiatric Center Roof replacement at Garvin Building 75. (January 2016)	\$2,600,000
Bronx Psychiatric Center Decommissioning and remediation of four vacated buildings. (January 2016)	\$2,000,000
Capital District Psychiatric Center Replace chiller plant equipment and controls in Building 2. (January 2016)	\$1,500,000
Central New York Psychiatric Center* Install an emergency generator with switchgear at Building 39. (March 2015)	\$7,757,843
Elmira Psychiatric Center Replacement of windows and exterior doors in Buildings 1 through 9. (March 2016)	\$1,280,000
Hutchings Psychiatric Center Replace deteriorated exterior doors in twelve buildings. (January 2016)	\$1,500,000
Mohawk Valley Psychiatric Center Renovate all bathrooms in Building 64. (May 2015)	\$1,500,000
Rochester Psychiatric Center Install automatic transfer switch, switchgear and wiring to provide utility and standby power to Buildings 16, 45 and 48. (June 2015)	\$1,153,000
Rochester Psychiatric Center Replace roofs at Buildings 48 and 60. (February 2016)	\$1,713,000

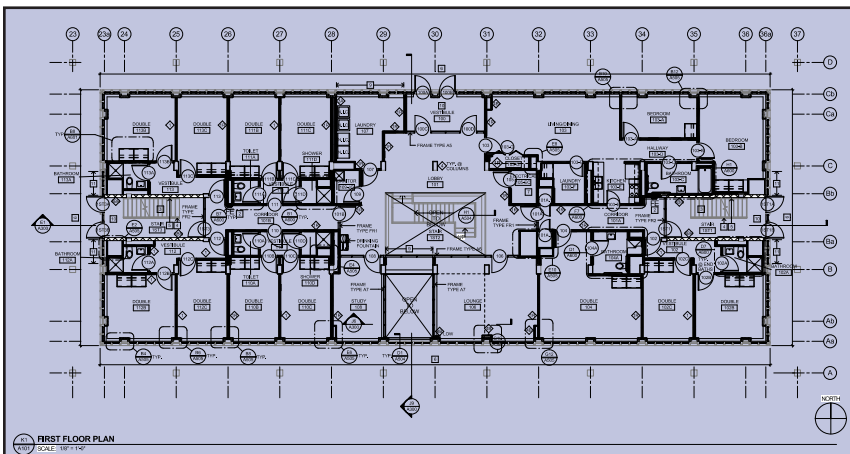
DASNY financed and recently completed a \$4.9 million renovation for Crawford Library in Monticello.



<p>Rochester Psychiatric Center Convert three floors of the G Wing to forensic inpatient services for a total of 79 beds. Work will include providing an exterior forensic perimeter fence and interior reconfigurations as necessary for the program. (March 2016)</p>	<p>\$8,100,000</p>
<p>Rochester Psychiatric Center* Provide electric service, emergency generator and automatic transfer switch for Buildings 1 and 41. (February 2014)</p>	<p>\$1,500,000</p>
<p>South Beach Psychiatric Center Exterior building preservation at Buildings 6 through 11. (November 2015)</p>	<p>\$2,585,000</p>
<p><u>Office for People with Developmental Disabilities (OPWDD)</u></p>	
<p>Brooklyn Developmental Disabilities Services Office (DDSO) Exterior rehabilitation and improvements, and roof replacement at 286 New York Avenue. (November 2014)</p>	<p>\$1,050,000</p>
<p><u>State University of New York (SUNY)</u></p>	
<p>Alfred State College* Removal of existing high temperature hot water equipment, abatement and installation of new boilers and utility connections in Main Gate A, Main Gate B and Burdick Hall. (November 2014)</p>	<p>\$2,250,000</p>
<p>Alfred State College Installation of satellite boilers in the Mackenzie Complex and removal from existing campus centralized system, including abatement, upgrades to the existing mechanical systems, and an emergency generator. (June 2015)</p>	<p>\$3,500,000</p>
<p>Alfred State College Redesign and reconstruct a partially constructed facility at Pioneer Landing to become a residence hall to house approximately 55 student beds. (June 2015)</p>	<p>\$3,500,000</p>
<p>Alfred State College Phase I of the MacKenzie Complex renovations, including new roof systems, student bedroom and bathroom facility upgrades, updated student lounges, study spaces and new amenities. (June 2015)</p>	<p>\$10,000,000</p>
<p>Buffalo State College Asbestos abatement on five floors in Tower 2, and floor tile and ceilings in student bedrooms, student suites, common hallways and stairwells. (March 2015)</p>	<p>\$1,197,500</p>
<p>Buffalo State College Porter Hall roof replacement. (August 2015)</p>	<p>\$1,031,800</p>
<p>Buffalo State College Conversion of an academic facility back to a residence hall. Improvements will include amenity space upgrades throughout building, additional student rooms on the lower level, renovation of community bathrooms, upgrades to mechanical, electrical, plumbing and fire protection systems, and improvements to the exterior quad through enhanced landscaping. (September 2015)</p>	<p>\$16,104,000</p>
<p>SUNY College of Technology at Canton Interior renovations to the East Wing of Mohawk Hall. (March 2016)</p>	<p>\$3,500,000</p>
<p>SUNY New Paltz Roof replacement of at Esopus Hall. (February 2015)</p>	<p>\$1,213,500</p>

New Construction Projects, continued

<p>SUNY Oneonta Construction of residence hall amenities including upgrading cooking facilities, installation of kitchenettes, upgrade to the fitness center HVAC systems, and installation of two laundry rooms. (March 2015)</p>	<p>\$1,263,685</p>
<p>SUNY Plattsburgh Hazardous materials removal, system upgrades, space redesign, upgrades to finishes and site upgrades at McComb Hall. (January 2016)</p>	<p>\$12,531,633</p>
<p>SUNY Plattsburgh Bathroom renovations in Mason and Harrington Halls. (May 2015)</p>	<p>\$2,745,946</p>
<p>SUNY Purchase Repair and replacement of brick and window sills at Fort Awesome residence hall. (November 2015)</p>	<p>\$1,212,056</p>
<p>SUNY Purchase Phase I of the apartment housing repairs and replacement of the complex's roof, roof drains and coping. (March 2016)</p>	<p>\$4,634,000</p>
<p>The College at Brockport Removal of floor tile in resident bedrooms and living rooms, painting and installation of new carpet tile and resilient base. (February 2015)</p>	<p>\$1,075,000</p>
<p>The College at Brockport Investigation and remediation of water infiltration at upper floors of Bramley, Briggs and Perry Halls. (January 2016)</p>	<p>\$1,667,400</p>
<p>The College at Brockport Replace existing doors and hardware and install a wireless card access system at each suite entry door at Bramley, Briggs and Perry Halls. (January 2016)</p>	<p>\$1,545,985</p>
<p>The College at Brockport Abatement and interior renovations in Benedict and Dobson Halls. (March 2016)</p>	<p>\$3,500,000</p>
<p>University at Albany Replacement of hallway light fixtures and ceiling tiles, bathroom repairs including shower stalls, ceiling repairs and replacement of diffusers, and replacement of exterior doors. (February 2016)</p>	<p>\$1,300,000</p>
<p>University at Albany Complete renovation of Herkimer Hall Low Rise, including abatement, reconfiguration of existing common spaces, bathrooms and windows replacement. (September 2015)</p>	<p>\$10,322,347</p>



Work is getting underway at Herkimer Hall at the University at Albany for a complete \$10.3 million renovation. This new floor layout includes bathrooms for each suite and features two-story spaces, which adds height and natural light to the space. This design is a new standard for low-rise dormitories at UAlbany.

Modified Service Programs

Homeless Housing Assistance Corporation (HHAC) Thirty-four projects for homeless housing located in Albany, Bronx, Dutchess, Erie, Franklin, Jefferson, New York, Oneida, Orange, Rensselaer, Suffolk, Westchester and Yates counties.	\$574,159,230
Office of Alcoholism and Substance Abuse Services (OASAS) Four renovation and new construction projects in Clinton, Orange, Orleans and Queens counties.	\$19,818,000
Office of Parks, Recreation and Historic Preservation (OPRHP) Seven projects in Erie and Niagara Counties.	\$32,742,038
Special Education School Districts One project in Westchester County	\$1,647,038

DASNY has completed work at Terrapin Point at the Niagara Falls State Park. Over the last several years, more than \$73.8 million has been invested to improve New York State’s oldest park. Tourists have a prime view of the falls and the city of Niagara Falls, Ontario, Canada. Photo courtesy: Explore Niagara Falls USA.



Completed Construction Projects Fiscal Year ended March 31, 2016

Project and Purpose	Amount
<u>City University of New York (CUNY)</u>	
Bernard M. Baruch College Modernization of three elevators in the Administration Building. (June 2015)	\$2,180,653
Brooklyn College Construct a new roof and sidewalls, and the reconstruction of all damaged interior finishes. (October 2015)	\$3,430,547
Center for Discovery and Innovation & Advanced Science Research Center Construction of the new 195,000 gross square feet CCNY Center for Discovery and Innovation and the 206,000 gross square feet CUNY ASRC Building. (July 2015)	\$687,088,137
CUNY Graduate School of Journalism Energy conservation improvements including mechanical systems installations, and upgrade HVAC systems and add an additional A/C unit. (October 2015)	\$4,628,792
Hunter College Replacement of the auditorium rigging counter weight system with a new motorized system. (October 2015)	\$1,497,678
Hunter College Design and construction of a multi-purpose outdoor play area at the Hunter College Campus School, including areas for basketball, handball and a running track, as well as upgraded lighting, a snow melt system and new plantings. (November 2015)	\$1,310,573
John Jay College of Criminal Justice Upgrade of four passenger elevators and one service cab. (December 2015)	\$1,696,247
Lehman College Removal and replacement of façade limestone panel joints at the Concert Hall, Library and Speech Theater Buildings to stop water infiltration. (January 2014)	\$1,759,838
Medgar Evers College Install a new master keying system to eliminate cross-keying and minimize maintenance issues, as well as ensure higher security and a safer working environment campus-wide. (October 2015)	\$1,563,131
Medgar Evers College Fire alarm and egress project at the Carroll Street Building. (December 2015)	\$1,715,719
Queens College Renovations to the chemical waste storage lab.. (April 2015)	\$1,321,646
Queens College New science building upgrade, including mechanicals, roofing and interior renovations. (January 2016)	\$24,759,371
<u>Miscellaneous Programs</u>	
Ethelbert B. Crawford Public Library Renovate a two-story building to accommodate the existing library. (September 2015)	\$4,936,825
<u>New York State Department of Health (DOH)</u>	
NYS Veterans Home at Batavia Emergency generator replacement and associated automatic transfer switches, a new building to house the generator and miscellaneous site. (November 2015)	\$1,203,044

Helen Hayes Hospital	\$3,989,598
Masonry replacement, repointing of masonry joints, coping stone removal and resetting, and cleaning and sealing of the entire façade. (November 2015)	
 <u>New York State Department of Environmental Conservation (NYSDEC)</u>	
Lackawanna State Park	\$5,125,354
Shoal removal and dredging at Smokes Creek. (October 2015)	
 <u>Office of Mental Health (OMH)</u>	
Bronx Psychiatric Center	\$2,794,568
Provide utilities connection to Buildings 5, 12 and 13. (July 2015)	
Bronx Psychiatric Center	\$6,099,538
Construct a new campus-wide fire alarm system. (November 2015)	
Bronx Psychiatric Center	\$72,069,580
Construct a new Residential Village that includes a four-story, 96-bed Transitional Living Residence, a new five-story, 44-bed Horizon House - Haven House, and a new five-story, 48-bed Studio Apartments Building. (January 2016)	
Bronx Psychiatric Center	\$7,045,873
Construct a new campus-wide security system. (January 2016)	
Bronx Psychiatric Center	\$3,481,345
Provide new elevator systems and associated equipment consisting of 12 new elevators in six new buildings. (January 2016)	
Rockland Psychiatric Center	\$2,603,909
Demolition of Building 11 and site preparation for a new power plant. (October 2015)	
 <u>Office for People with Developmental Disabilities (OPWDD)</u>	
Bernard Fineson Developmental Disabilities Services Office (DDSO)	\$1,328,164
Improvements for a new supervised eight-bed Individualized Residential Alternative in Queens. (December 2015)	
Bernard Fineson DDSO	\$1,670,851
New seven-bed Individualized Residential Alternative in Queens. (February 2016)	
Central NY DDSO	\$1,061,465
Interior reconstruction of a one-story, 2,650 sq. ft., six-bedroom group home previously gutted by fire, including selective demo, exterior siding, roofing repairs, new exterior doors and windows, minor structural repairs, insulation, interior finishes, kitchen, bathrooms, mechanical, electrical, plumbing and fire protection systems. (June 2015)	
Central NY DDSO	\$3,327,686
Construct fire sprinkler system replacements and fire alarm system upgrades in 12 community residences. (July 2015)	
Finger Lakes DDSO	\$3,432,579
Sprinkler replacement at 13 homes. (May 2015)	

Completed Construction Projects, continued

Finger Lakes DDSO Upgrade of the air handling system at Building 58. (May 2015)	\$1,103,250
Western New York DDSO Excavation and removal of landfill materials. (November 2015)	\$2,558,236
Various Facilities Replacement of sprinkler systems at various OPWDD facilities statewide. (April 2015)	\$4,720,711
 <u>State University of New York (SUNY)</u>	
Alfred State College Rehabilitation of public spaces in Shultz Hall. (September 2015)	\$2,328,468
Buffalo State College Gut renovation of Tower 1, including new bathrooms, new HVAC equipment, new sprinklers, new laundry rooms, new study lounges, a new Resident Director apartment, and painting of existing student room walls and ceilings. (October 2015)	\$11,268,570
Buffalo State College Asbestos abatement on floors 5 through 10 of Tower 3, and installation of new carpet and flooring throughout these floors. (October 2015)	\$934,655
Buffalo State College Parapet removal and replacement at the Moore Complex, including new gravel stop, abatement, removal and replacement of brick and relieving angles, miscellaneous lighting and minor roofing work. (October 2015)	\$2,732,026
SUNY College of Agriculture and Technology at Cobleskill Fire alarm replacement at various residence halls. (July 2015)	\$1,956,349
SUNY New Paltz Construct the new 200-bed Ridgeview residence hall. (October 2015)	\$31,138,496
SUNY Oneonta Rehabilitate 12 bathrooms, update the Residence Director apartment and convert a study lounge to a kitchenette in Grant Hall. (October 2015)	\$1,580,256
SUNY Oneonta Rehabilitate 13 bathrooms and update the hot water and heating distribution systems in Grant Hall. (October 2015)	\$2,298,816
SUNY Oswego Interior renovations to Waterbury Hall, including doors, windows and finishes. (October 2015)	\$11,288,342
SUNY Plattsburgh Rehabilitation and associated asbestos abatement at Mason Hall, including the reconfiguration of the ground floor and lower level public spaces, new public bathrooms, new interior finishes, and the renovation of the existing elevators, heating and ventilation system, electrical and communications systems and replacement of lighting. (May 2015)	\$5,131,715
SUNY Plattsburgh Roof replacement at MacDonough Hall. (September 2015)	\$2,593,970
SUNY Purchase Window and skylight replacement, and repairs to the exterior masonry. (December 2014)	\$3,242,093

The College at Brockport Remove asbestos floor tile and mastic in resident bedrooms and living rooms, install new carpet tile and resilient base, and patch and paint all walls and ceilings. (September 2015)	\$1,073,906
The College at Brockport Replacement of the boiler plant and domestic hot water system in Harmon Hall. (November 2015)	\$1,534,307
University at Albany Window replacement and facade restoration at Livingston Tower. (July 2015)	\$6,643,186
University at Buffalo Renovation of the laundry facilities in the Ellicott Complex. (October 2014)	\$2,810,606
University at Buffalo Phase I of laundry renovations in the Governors Complex, including demolition and installation of new mechanical systems, dryer venting, new bathrooms and finishes, miscellaneous sprinkler and fire alarm work and furniture and appliances. (October 2015)	\$1,368,730
University at Buffalo Laundry renovations at Ellicott Complex, including demolition and installation of new mechanical systems, dryer venting, new bathrooms and finishes, miscellaneous sprinkler and fire alarm work, and furniture and appliances. (October 2015)	\$3,078,115
 <u>Modified Service Programs</u>	
Homeless Housing Assistance Corporation (HHAC) Eight projects for homeless housing located in Albany, Bronx, New York, Suffolk and Westchester counties.	\$120,259,255
Office of Alcoholism and Substance Abuse Services (OASAS) Four projects in Columbia, Kings and Nassau counties.	\$15,144,000
Office of Parks, Recreation and Historic Preservation (OPRHP) Four projects in Erie and Niagara counties.	\$15,585,946

Children at Hunter College Campus Schools enjoying the new multi-purpose outdoor play area, which includes basketball, handball and a running track, located in Manhattan.



Governance

DASNY is governed by an eleven-member board. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five mem-

bers appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at DASNY meetings. The members of DASNY's Board serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties. One of the

appointments to the Board by the Governor is currently vacant, as is the member appointed by the Speaker.

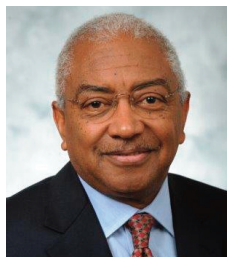
The Governor appoints a Chair from the members appointed by him or her and the members of DASNY annually choose the following officers, of which the first two must be members of DASNY: Vice-Chair, Secretary, Treasurer, Assistant Secretaries and Assistant Treasurers.



DASNY BOARD MEMBERS

ALFONSO L. CARNEY, JR.

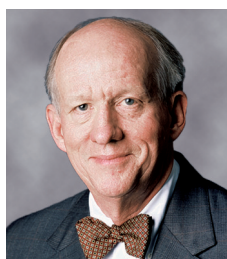
Chair, New York



Alfonso L. Carney, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical consulting services in New York City. He has served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he managed the staff of the Foundation, provided strategic oversight of the administration, communications and legal affairs teams, and developed selected Foundation program initiatives. Mr. Carney has held senior level legal positions with Altria Group Inc., Philip Morris Companies Inc., Philip Morris Management Corporation, Kraft Foods, Inc. and General Foods Corporation. Mr. Carney holds a Bachelor's degree in philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

JOHN B. JOHNSON, JR.

Vice-Chair, Watertown



John B. Johnson, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Johnson is Chairman of the Board of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

SANDRA M. SHAPARD

Secretary, Delmar



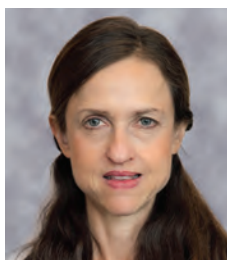
Sandra M. Shapard was appointed as a Member of DASNY by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of the Budget from 1991 to 1994. She began her career in New York State government with the Assembly where she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

JONATHAN H. GARDNER, ESQ.
Buffalo



Jonathan H. Gardner was appointed as a Member of DASNY by the Governor on June 17, 2014. Mr. Gardner is a partner of the law firm Kavinoky Cook, LLP in Buffalo, New York. His practice areas include corporate and securities law, commercial transactions, private placements, venture capital financing and business combinations representing private and public companies. Mr. Gardner is also an adjunct professor at the University at Buffalo Law School. He holds a Bachelor of Arts degree from Brown University and a Juris Doctor degree from the University of Chicago Law School. Mr. Gardner's term expired on March 31, 2015 and by law he continues to serve until a successor shall be chosen and qualified.

BERYL L. SNYDER, J.D.
New York



Beryl L. Snyder was reappointed as a member of DASNY by the Governor on June 19, 2013. Ms. Snyder is a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expires on August 31, 2016.

GERARD ROMSKI, ESQ.
Mount Kisco



Gerard Romski was reappointed as a Member of DASNY by the Temporary President of the State Senate on May 9, 2016. He is Counsel and Project Executive for "Arverne by the Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, New York. Mr. Romski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

ROMAN B. HEDGES, Ph.D.
Delmar



Roman B. Hedges was appointed as a Member of DASNY by the Speaker of the State Assembly on February 24, 2003. Dr. Hedges serves on the Legislative Advisory Task Force on Demographic Research and Reapportionment. He is the former Deputy Secretary of the New York State Assembly Committee on Ways and Means. He was an Associate Professor of Political Science and Public Policy at the State University of New York at Albany where he taught graduate and undergraduate courses in American politics, research methodology, and public policy. Dr. Hedges previously served as the Director of Fiscal Studies of the Assembly Committee on Ways and Means. Dr. Hedges holds a Doctor of Philosophy and a Master of Arts degree from the University of Rochester and a Bachelor of Arts degree from Knox College.

* Dr. Hedges resigned from DASNY's Board effective May 25, 2016.

MARYELLEN ELIA

*Commissioner of Education
of the State of New York
Loudonville, ex-officio*



MaryEllen Elia was appointed by the Board of Regents to serve as Commissioner of Education and President of the University of the State of New York effective July 6, 2015. As Commissioner of Education, Ms. Elia serves as Chief Executive Officer of the State Education Department and as President of the University of the State of New York which is comprised of public and non-public elementary and secondary schools, public and independent colleges and universities, libraries, museums, broadcasting facilities, historical repositories, proprietary schools and services for children and adults with disabilities. Prior to her appointment in New York, Ms. Elia served as Superintendent of Schools in Hillsborough County, Florida for 10 years. She began her career in education in 1970 as a social studies teacher in Buffalo's Sweet Home Central School District and taught for 19 years before becoming an administrator. She holds a Bachelor of Arts degree in History from Daemen College in Buffalo, a Master of Education from the University at Buffalo and a Master of Professional Studies from SUNY Buffalo.

HOWARD A. ZUCKER, M.D., J.D.

*Commissioner of Health
of the State of New York
Albany, ex-officio*



Howard A. Zucker, M.D., J.D., was appointed Commissioner of Health on May 5, 2015 after serving as Acting Commissioner of Health since May 5, 2014. Prior to that, he served as First Deputy Commissioner leading the State Department of Health's preparedness and response initiatives in natural disasters and emergencies. Before joining the State Department of Health, Dr. Zucker was professor of Clinical Anesthesiology at Albert Einstein College of Medicine of Yeshiva University and a pediatric cardiac anesthesiologist at Montefiore Medical Center. He was also an adjunct professor at Georgetown University Law School where he taught bio-security law. Dr. Zucker earned his medical degree from George Washington University School of Medicine. He also holds a Juris Doctor degree from Fordham University School of Law and a Master of Laws degree from Columbia Law School.

ROBERT F. MUJICA, JR.

*Director of the Budget
of the State of New York
Albany, ex-officio*



Robert F. Mujica Jr. was appointed Director of the Budget by the Governor and began serving on January 14, 2016. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio. Prior to his appointment, Mr. Mujica was Chief of Staff to the Temporary President and Majority Leader of the Senate and concurrently served as the Secretary to the Senate Finance Committee. For two decades, he advised various elected and other government officials in New York on State budget, fiscal and policy issues. Mr. Mujica received his Bachelor of Arts degree in Sociology from Brooklyn College at the City University of New York. He received his Master's degree in Government Administration from the University of Pennsylvania and holds a Juris Doctor degree from Albany Law School.

DASNY EXECUTIVE STAFF



GERRARD P. BUSHELL, Ph.D. was appointed by Governor Andrew Cuomo and confirmed by the New York State Senate in June 2015 to serve as the President & CEO of DASNY. Dr. Bushell is responsible for the overall management, operations, and policies of DASNY and brings broad experience from both the private and public sectors. He has served as an investment advisor who has counseled state and local governments, corporations, endowments, and labor unions on their public and private investment strategies. His cross-cutting experiences provide him with a set of insights and strategic skills for leading DASNY as an innovator and partner to the state's public and private universities, hospitals, state and local governments, and not-for-profits. Prior to joining DASNY, Dr. Bushell was a Senior Relationship Advisor in BNY Mellon's investment management business covering some of the bank's largest clients. He has also held a number of Senior Advisory roles; including: Director in the Client and Partner Group at Kohlberg Kravis Roberts & Co. (KKR), Managing Director at Arden Asset Management, and the Head of Institutional Sales at the Legg Mason affiliate, ClearBridge Advisors. Dr. Bushell has experience working in New York State Government. He served as a Senior Officer to the former New York State Comptroller H. Carl McCall, a sole trustee of the New York State Common Retirement Fund, and a leading institutional investor. Dr. Bushell is a graduate of Columbia University where he received a B.A., M.A. and Ph.D. in Political Sciences. He also serves as an appointee of Governor Andrew Cuomo on the Board of Directors for the Moynihan Station Development Corporation.



MICHAEL T. CORRIGAN is the Vice President of DASNY, and assists the President in the administration and operation of DASNY. Mr. Corrigan came to DASNY in 1995 as Budget Director, and served as Deputy Chief Financial Officer from 2000 until 2003. He began his government service career in 1983 as a budget analyst for Rensselaer County and served as the County's Budget Director from 1986 to 1995. Immediately before coming to DASNY, he served as the appointed Rensselaer County Executive for a short period. Mr. Corrigan holds a Bachelor of Arts degree in Economics from the State University of New York at Plattsburgh and a Master of Arts degree in Business Administration from the University of Massachusetts.



KIMBERLY J. NADEAU, CPA, J.D. is the Chief Financial Officer and Treasurer of DASNY. As Chief Financial Officer and Treasurer, Ms. Nadeau is responsible for supervising DASNY's investment program, general accounting, accounts payable, accounts receivable, financial reporting functions, budget, payroll, and insurance, as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. She previously was Vice President-Accounting and Controller for US Light Energy. Prior to that she was Vice President-Accounting and Controller for CH Energy Group, Inc. and held various positions culminating in a director level position at Northeast Utilities. Ms. Nadeau also held various positions with increasing responsibility at Coopers & Lybrand LLP. She holds a Bachelor of Science degree in Accounting, a Master of Business Administration with a concentration in Management and a Juris Doctor degree from the University of Connecticut. She is licensed to practice law in New York and Connecticut.



MICHAEL E. CUSACK is General Counsel to DASNY. Mr. Cusack is responsible for all legal services including legislation, litigation, contract matters, and the legal aspects of all DASNY financings. He is licensed to practice law in the State of New York and the Commonwealth of Massachusetts, as well as the United States District Court for the Northern District of New York. Mr. Cusack has over twenty years of combined legal experience, including management of an in-house legal department and external counsel teams (and budgets) across a five-state region. He most recently served as of counsel to the Albany, New York law firm of Young/Sommer, LLC, where his practice included representation of upstate New York municipalities, telecommunications service providers in the siting of public utility/personal wireless service facilities and other private sector clients. He holds a Bachelor of Science degree from Siena College and a Juris Doctor degree from Albany Law School of Union University.



PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing DASNY bond issuance in the capital markets, implementing and overseeing financing programs, overseeing DASNY's compliance with continuing disclosure requirements and monitoring the financial condition of existing DASNY clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice

President and Senior Credit Officer in the Public Finance Housing Group. She holds a Bachelor of Arts degree from the State University of New York at Albany.



STEPHEN D. CURRO, P.E. is the Managing Director of Construction. Mr. Curro is responsible for DASNY's construction groups, including design, project management, resource acquisition, contract administration, interior design, and engineering, as well as other technical services. Mr. Curro joined DASNY in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and has worked in the construction industry for more than 30 years. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.



CAROLINE V. GRIFFIN is the Chief of Staff of DASNY. She is responsible for overseeing intergovernmental relations and managing the Communications & Marketing Department, as well as coordinating policy and operations across DASNY's multiple business lines. Ms. Griffin most recently served as the Director of Intergovernmental Affairs for Governor Andrew M. Cuomo where she worked as the Governor's liaison with federal, state and local elected officials and managed staff serving in various capacities in the Governor's Office. Prior to that she served as the Assistant Executive Deputy Secretary for Governor Andrew M. Cuomo overseeing the operations staff and Assistant Secretary for Intergovernmental Affairs for both Governor David A. Paterson and Governor Eliot Spitzer. She holds a Bachelor of Arts degree in Communications from Boston College.



CAPRICE G. SPANN is the Managing Director of Specialized Services and Client Solutions (SSCS). Ms. Spann provides leadership and direction for the four SSCS departments which include: Information Technology, Real Property, Environmental Affairs and Sustainability. Most recently Ms. Spann worked as an Executive Consultant, on behalf of venture capital and private equity firms, to private companies particularly in capital generation and fund placement, as well as business operation and execution and capital projection improvement. She has over 20 years of experience in finance and insurance at American International Group (AIG) where she held many positions including Director of Alternative Risk and Account Executive for General Motors. Ms. Spann holds a Bachelor of Arts in International Relations from the University of Wisconsin-Madison and a Master in Business Administration from Fordham University in New York.

NGHP HOLDING CORPORATION

A subsidiary of the Dormitory Authority of the State of New York

NGHP Holding Corporation (the “Corporation” or “NGHP”) is a separate public benefit corporation established as a subsidiary by the Dormitory Authority of the State of New York. NGHP has the authority, in accordance with Section 1678 (25) of the Public Authorities Law, to hold title to, dispose of, and perform the functions of an owner of certain real and personal property formerly owned by North General Hospital (“NGH”).

On July 2, 2010, NGH filed a voluntary petition for relief under the United States Bankruptcy Code. The Bankruptcy Court issued an order (the “Confirmation Order”), confirming the Plan of Liquidation, pursuant to which NGH’s real estate was conveyed to NGHP, as

the Authority’s designee. Certain parcels of the real estate were sold by NGHP and NGHP and the New York City Health and Hospitals Corporation (“HHC”) entered into a Lease Agreement (the “HHC Lease”), pursuant to which NGHP leased the Main Building to HHC to be renovated by HHC for use as a Long Term Acute Care Hospital.

Pursuant to the Confirmation Order, a liquidation trustee (the “Liquidation Trustee”) appointed by the Bankruptcy Court liquidated all of the other assets of NGH and settled and paid or reserved for remaining claims of creditors. The Liquidation Trustee continues to resolve claims submitted by unsecured creditors. When the Liquidation Trustee makes final distribu-

tions to the unsecured creditors it will likely result in a distribution to DASNY that would be used, after the payment of costs, toward debt service on the outstanding DASNY Bonds issued for the benefit of North General Hospital. Subsequent distributions may be used to offset losses from other loans DASNY made to NGH.

Rental payments from HHC to NGHP under the HHC Lease are not due until HHC receives Medicaid reimbursement for NGH’s capital expenditures at the Main Building and no such reimbursement has been received to date. When received, such rental payments will also be used by NGHP toward debt service on the outstanding DASNY Bonds.

ATLANTIC AVENUE HEALTHCARE PROPERTY HOLDING CORPORATION

A subsidiary of the Dormitory Authority of the State of New York

Atlantic Avenue Healthcare Property Holding Corporation (“Atlantic Avenue”) is a separate public benefit corporation established as a subsidiary by the Dormitory Authority of the State of New York. Atlantic Avenue has the authority, in accordance with Section 1678 (25) of the Public Authorities Law, to hold title to, dispose of, and perform the functions of an owner of certain real and personal property formerly owned by Interfaith Medical Center (“IMC”).

IMC filed a petition under Chapter 11 of the Bankruptcy Code on December 2, 2012. On June 11, 2014, the Bankruptcy Court confirmed a Chapter 11

Plan that became effective on June 19, 2014. The Chapter 11 Plan provided for, among other things, a restructured Interfaith (“New IMC”) to operate a hospital subject to a lease and related agreement with Atlantic Avenue, with Atlantic Avenue receiving title to IMC’s real property.

New IMC has been generally timely with its rent payments since Atlantic Avenue became the owner of the property. In February 2016 funds from the rental payments were transferred by Atlantic Avenue and used toward debt service payments then due on the DASNY bonds issued for the benefit of IMC.

APPENDIX

Audited Financial Statements

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DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Basic Financial Statements

March 31, 2016

(With Independent Auditors' Report Thereon)



KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Directors
Dormitory Authority of the State of New York:

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Dormitory Authority of the State of New York (DASNY), a component unit of the State of New York, which comprise the statement of net position as of and for the year ended March 31, 2016, and the statements of revenues, expenses, and changes in net position, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DASNY, as of March 31, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in note 2(a) to the financial statements, as of April 1, 2015, DASNY adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 82, *Pension Issues*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management’s discussion and analysis on pages 3–21, the schedule of funding progress for the retiree health plan on page 55, the schedule of proportionate share of the net pension liability on page 56, and the schedule of pension contributions on page 57, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of DASNY. The other information accompanying the basic financial statements listed in the table of contents of DASNY’s annual report is presented for purposes of additional analysis and is not a required part of the basic financial statements. This other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2016 on our consideration of DASNY’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DASNY’s internal control over financial reporting and compliance.

Albany, New York
June 22, 2016

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

(A Component Unit of the State of New York)

Management's Discussion and Analysis

March 31, 2016

(Unaudited)

The following discussion and analysis of the Dormitory Authority of the State of New York's (DASNY) financial performance provides an overview of DASNY's activities as of and for the year ended March 31, 2016. It should be read in conjunction with DASNY's financial statements that follow this section. This discussion and analysis is intended to serve as an introduction to DASNY's basic financial statements, which are comprised of the financial statements and the notes to the financial statements.

Background

DASNY is a public benefit corporation, an independent corporate agency with governmental functions delegated to it by the State of New York (the State), and is authorized to finance, design, construct or rehabilitate buildings for use by various public and private not-for-profit corporations.

DASNY is governed by an eleven member Board composed of the Director of the Budget of the State, the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her, five members appointed by the Governor, with the advice and consent of the Senate, one member appointed by the Temporary President of the State Senate, and one member appointed by the Speaker of the State Assembly. All bonds and notes issued by DASNY must also be approved by the New York State Public Authorities Control Board.

DASNY Lines of Business

DASNY's two primary lines of business are debt issuance and construction management, which are supported by DASNY's operating activities. Both lines of business derive the majority of their business from public clients (88% average over the last 5 years), the majority of which comes from our construction management activities (81% average over the last 5 years).

As a part of its operating activities, DASNY also devotes significant efforts to the administration of grants authorized by the State and payable to a variety of public and private grantees from proceeds of bonds issued by DASNY. DASNY has a staff of approximately 500 located in three main offices (Albany, New York City and Buffalo) and at approximately 60 field sites across the State. DASNY provides services to various clients within two major categories: private institutions, which generally include clients qualified under Section 501(c)(3) of the Internal Revenue Code (e.g. not-for-profit healthcare clients and independent colleges, universities and other not-for-profits), and public entities, which include the State University of New York (SUNY), the City University of New York (CUNY), New York State (NYS) agencies and municipal facilities. DASNY's clients, both public and private, typically have alternatives to using the debt issuance and construction management services offered by DASNY.

DASNY Operating Activities

DASNY operating revenues primarily result from financing fees related to debt issuances, annual administrative fees related to ongoing bond management, and construction fees related to project management and other construction-related services provided. Generally, private institutions and the State's mental hygiene program pay a financing fee upon issuance of the bonds and notes and an ongoing annual administrative fee throughout the term of the bonds and notes based on a percentage of either the original par amount or the par amount outstanding, depending on the fee structure in place when the bonds or notes were issued. Other public clients (e.g., CUNY,

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

(A Component Unit of the State of New York)

Management's Discussion and Analysis

March 31, 2016

(Unaudited)

SUNY, NYS agencies, and court facilities) pay financing and administrative fees in amounts equal to their respective allocable share of DASNY operating expenses applicable to financing and ongoing bond management activities. Construction fees for public and private clients are generally equal to the allocable amount of DASNY operating expenses attributable to the construction services provided.

Construction Management

DASNY's Construction Management business consists of two levels of service – DASNY-Managed and reimbursement based (Certified Construction).

For DASNY-Managed projects, these services include direct project management as well as ancillary services including design preparation and review, bidding, negotiating, and administering contracts for construction, acquisition of furniture, fixtures and equipment, and on-site project management. DASNY generally provides project management services on the projects that are funded from bonds and notes issued by DASNY on behalf of most of its public clients. DASNY also provides its Construction Management services to certain other public clients, with the cost of such projects funded from amounts provided by the clients. DASNY's statutorily authorized client base continues to grow. At any given time, DASNY actively manages 600-1,000 projects of varying sizes ranging from several thousand dollars to several hundred million dollars.

Certified Construction Disbursements represent disbursements for projects where DASNY does not provide any construction services, but rather, the individual clients manage the construction and DASNY reimburses the clients for expenditures made. This category includes construction disbursements made on behalf of most not-for-profit healthcare, independent colleges, universities, and other not-for-profits, as well as SUNY educational facilities, certain State grant programs, public school districts, Boards of Cooperative Educational Services (BOCES) and Special Act School Districts.

Debt Issuance

DASNY is a conduit debt issuer. Under existing law, and assuming continuing compliance, interest on most bonds and notes issued by DASNY has been determined to be excludable from gross income for federal tax purposes. DASNY issues debt for three purposes, for both its public and private clients:

New money debt – to fund new money projects and grants;

Refunding debt – to refund previously issued DASNY bonds; and

Refinancing debt – to refund or refinance non-DASNY bonds and commercial loans

DASNY's Debt Issuance activities also include various types of bond retirements:

Scheduled redemptions – bonds retired in accordance with their respective amortization schedules

Refundings – bonds redeemed or defeased through DASNY's issuance of refunding bonds; and

Defeasances and early redemptions – bonds redeemed or defeased with:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

March 31, 2016

(Unaudited)

1. funds deposited by institutions of which some amounts have been funded through the issuance of debt by other issuers or financial institutions;
2. proceeds from the sales of mortgages securing the related bonds; or
3. existing assets in bond accounts.

As a means to lower borrowing costs for the State and New York City (the City) and to cost effectively support their strategies to diversify their debt portfolios with a combination of fixed and variable-rate debt and more closely match their assets and liabilities, DASNY enters into interest rate swap agreements at various times. DASNY's swaps are undertaken as a part of the State's and City's overall debt management programs. DASNY is only obligated to make swap payments from monies paid to it by the State or City pursuant to lease and financing agreements related to the State and City-supported bonds. More detailed information regarding DASNY's interest rate exchange agreements, including their requirements and risks, are presented in notes 7 and 8 to the basic financial statements.

All of DASNY's outstanding bonds and notes are special obligations payable solely from payments required to be made by or for the account of the client for which the particular special obligations were issued. Such payments are pledged or assigned to the trustees for the holders of the respective special obligations. DASNY has no obligation to pay its special obligations other than from such payments. In addition, certain bond and note issues are also secured by other forms of credit enhancement, including municipal bond insurance and bank letters of credit. DASNY monitors the ratings of credit enhancers and takes appropriate actions as required under the provisions of the related bond documents. DASNY also works closely with its clients to identify and implement strategies, including refunding bonds, converting interest rate modes, and adding or substituting liquidity facilities, to mitigate the effects of market changes as well as downgrades to credit enhancer ratings. See note 7 to the basic financial statements for a further discussion of bonds and notes outstanding.

Executive Summary

During 2016 DASNY's construction management clients expanded. The 2015-16 State budget authorized \$100 million to the New York City Housing Authority for a public housing modernization and improvements for security upgrades and quality of life improvements for the residents. DASNY was specified as the entity to provide the construction services. DASNY is also providing direct design and construction services for various projects in both the upstate and downstate regions for the Community Redevelopment Program for the Governor's Office of Storm Recovery (GOSR). Overall project budgets for the approximately 60 GOSR projects that have either been formally authorized or are being planned for assignment total approximately \$166 million.

DASNY's debt issuance activities had a record year, issuing over \$8 billion in debt, almost \$1 billion more than the previous record, set in 2009.

In support of its debt issuance activities, in December 2015 DASNY revised its financing guidelines and policies based on feedback from DASNY's private higher education and health care clients. The changes are intended to provide borrowers with enhanced speed, certainty and flexibility, in order to make DASNY more consistent with market practices.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

March 31, 2016

(Unaudited)

From a reporting perspective, DASNY adopted new accounting rules related to pensions provided to employees through its participation in the New York State and Local Employees' Retirement System (ERS). The new rules require that DASNY recognize its proportionate share of the ERS collective net pension liability, which represents the expected future pension liability for services performed to-date by ERS members, offset by the net assets accumulated by ERS for payment of these benefits. Under the prior rules, the annual pension expense reflected the amount DASNY was required to contribute to the plan in the current year and a liability was only recognized to the extent such contribution was not made. Under the new rules, only a portion of the annual change in the net pension liability is recorded as a current year expense with the remainder reflected as a deferred outflow of resources or deferred inflow of resources on the Statement of Net Position. As a result of the new rules there were several impacts on DASNY's financial statements. (See note 2a to the financial statements for more detailed information.)

- Pension expense decreased by \$3.2 million from 2015. This represents the difference between the amount DASNY contributed to the pension plan in 2015 and the estimated amount of future retirement benefits attributable to service provided by DASNY's employees during 2016.
- Unrestricted Net Position as of March 31, 2015 was restated by an increase of approximately \$1 million.
- The data necessary to restate its financial statements for 2015 was not available, therefore comparative statements have not been provided for the current year.

Overview of Basic Financial Statements

DASNY is considered a special-purpose government entity engaged in business-type activities and follows financial reporting for enterprise funds. The basic financial statements provide information about DASNY's overall financial condition. The notes provide explanations and more details about the content of the basic financial statements.

DASNY has elected the option under Governmental Accounting Standards Board (GASB) Interpretation No. 2, *Disclosure of Conduit Debt Obligations*, to report conduit debt in its basic financial statements. Pursuant to this election, DASNY's basic financial statements are a compilation of almost two thousand separate self-balancing accounts related to both the individual series of outstanding bonds and notes and the individual operating accounts for nonbonded projects, various special purposes and operations. DASNY does not commingle cash and investments.

As a result of the inclusion of conduit debt, the majority of the activity reflected in the financial statements does not reflect DASNY's own financial position or health. Rather, the vast majority of activity reflected in the basic financial statements relates to:

1. monies held in the restricted accounts associated with the issuance of bonds and notes;
2. the collection of monies in accordance with the provisions of the underlying loan or financing agreements;
3. the payments to the holders of the bonds and notes in accordance with the provisions of the underlying bond and note resolutions; and
4. disbursements for construction and other loan activity

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

(A Component Unit of the State of New York)

Management's Discussion and Analysis

March 31, 2016

(Unaudited)

This report consists of three parts: management's discussion and analysis, financial statements, and the notes to the financial statements. The three financial statements presented are as follows:

- **Statement of Net Position** – This statement presents information reflecting DASNY's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Net position represents the amount of total assets and deferred outflows of resources less liabilities and deferred inflows of resources and is one way to measure DASNY's financial position. Net position is comprised of Unrestricted Net Position, related to DASNY's operating activities, Restricted Net Position, related to monies held in the restricted bond and note accounts, and Net Investment in Capital Assets, primarily related to its Albany headquarters building. Restricted Net Position remains in the accounts of each of the individual bond or note issues and accrues to the benefit of the respective client institutions. At final maturity, the restricted net position of an individual bond or note issue will be \$0.
- **Statement of Revenues, Expenses, and Changes in Net Position** – This statement reflects DASNY's operating and nonoperating revenues and expenses for each year. The majority of DASNY's revenue and expense activity does not relate to operations, rather it relates to activity in the restricted accounts of the individual series of bonds and notes. In some years, revenues exceed expenses in restricted bond and note accounts. In other years, expenses exceed revenues in restricted bond and note accounts as accumulated revenues are utilized for various purposes. Restricted net position remains in each of the individual bond or note issues and accrues to the benefit of the respective client institutions.
- **Statement of Cash Flows** – The statement of cash flows is presented using the direct method of reporting which reflects cash flows from operating, noncapital financing, capital financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for each year. The statement also includes a reconciliation between operating income or loss per the Statement of Revenues, Expenses, and Changes in Net Position to net cash from operating activities per the Statement of Cash Flows.

Discussion of DASNY Lines of Business Activities

DASNY Operating Activities

DASNY's internal operating expenses totaled approximately \$75 million during 2016, of which 13% was allocable to private institutions and 87% was allocable to public programs. DASNY's internal operating expenses totaled approximately \$74 million during 2015, of which 12% was allocable to private institutions and 88% was allocable to public programs. In both 2016 and 2015 approximately 82% of DASNY's personal service expense was associated with Construction Management activities.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

March 31, 2016

(Unaudited)

Debt Issuance Activities

Bonds and Notes Issued

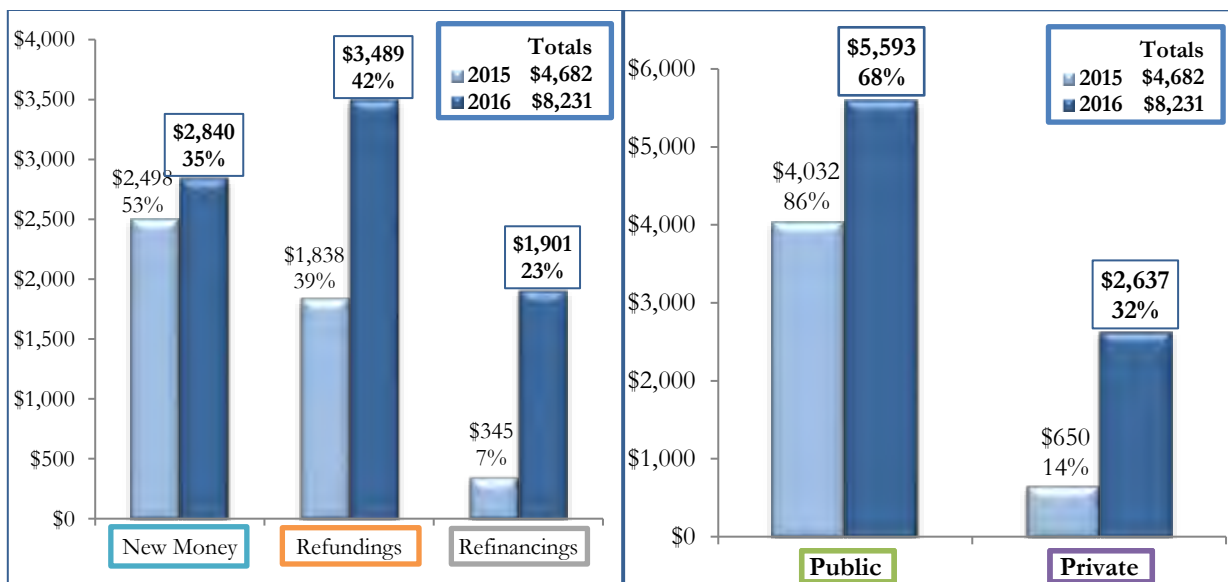
As the charts below illustrate, DASNY's Debt Issuance activity for the last two years has been primarily for new money and refundings with two thirds of the activity coming from public clients. During 2016, the par value of bonds issued increased \$3.5 billion (75%) over the prior year to \$8.2 billion. While new money and refunding issuances continued to represent the majority of DASNY's debt issuances, an increase in refinancings in 2016 reduced the relative size of combined new money and refunding issuances to 77% (from 92%). The charts on the following page provide additional detail regarding the three types of issuances by client type.

The 2016 increase in par value of bonds issued was due primarily to refundings (\$1.7 billion) and refinancings (\$1.6 billion). The refundings were primarily among DASNY's private clients, with two clients constituting the majority (73%) of the year's total activity. The increase in refinancings of debt previously issued by non-DASNY entities was primarily due to the refinancing of Highway Bridge and Trust Fund bonds issued by the NYS Thruway Authority under the Sales Tax Revenue Bond program.

An additional \$441 million and \$38 million par of reofferings occurred during 2016 and 2015 respectively, and are not included in the debt issuance activities discussed above. The reofferings were carried out to effectuate conversions of variable to fixed rate bonds, changes in interest rate modes for variable rate bonds, and changes in liquidity facilities for variable rate bonds.

Par Amount of Bonds and Notes Issued (\$ in millions)

These amounts vary from the amounts reflected in Proceeds from Issuance of Bonds and Notes on the Statement of Cash Flows due to the inclusion of the net premium received on the bonds and notes issued in the Statement of Cash Flows.



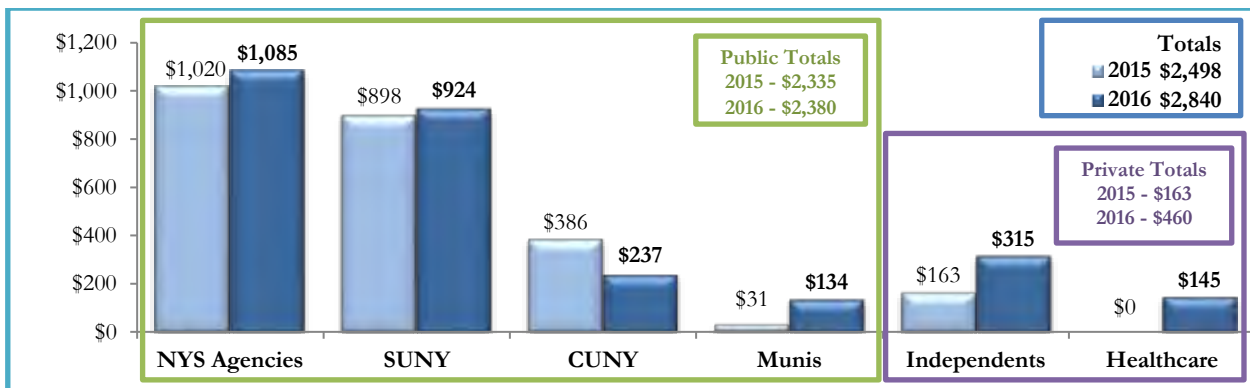
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

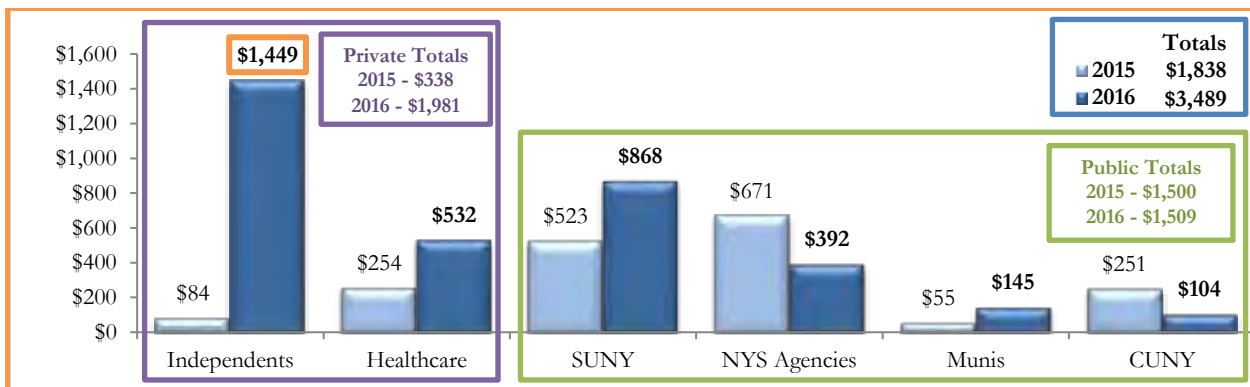
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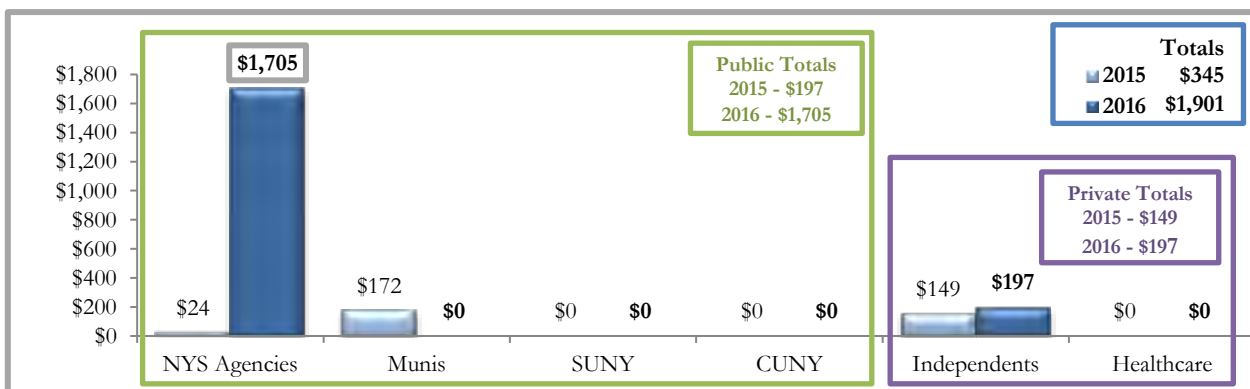
New Money (\$ in millions)



Refundings (\$ in millions)



Refinancings (\$ in millions)



DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

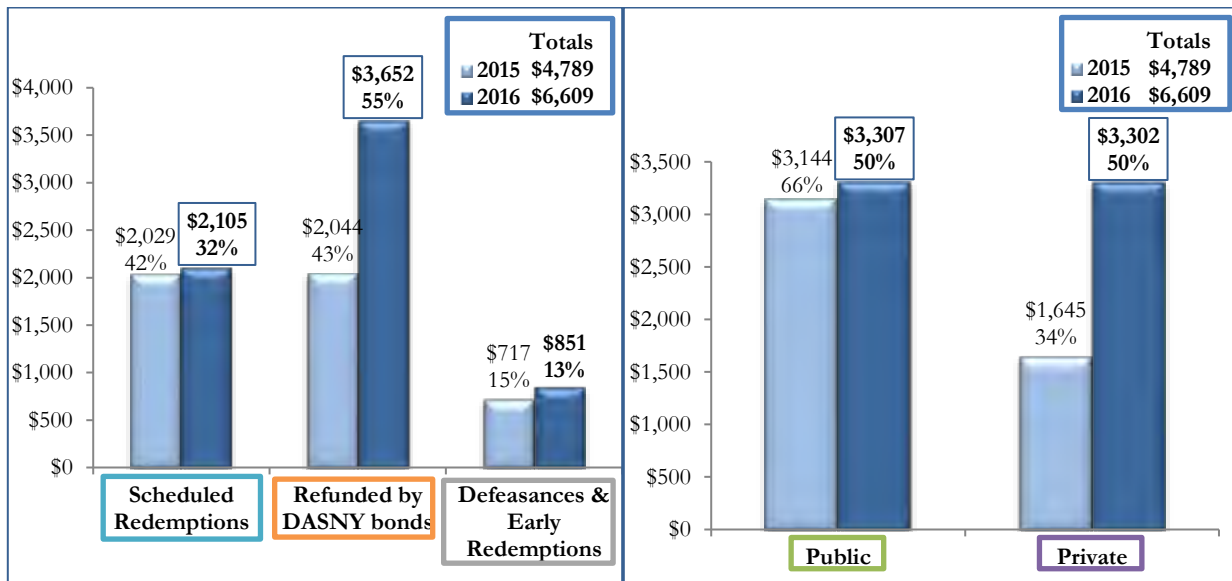
March 31, 2016

(Unaudited)

Bonds and Notes Retired

As shown in the charts below, refundings of DASNY bonds contributed more than half of DASNY's bond retirement activity in 2016 and were the primary driver of the \$1.8 billion increase in retirement activity over 2015. As shown in the charts on the next page, over half of the 2016 refundings were for DASNY's private clients (with two clients constituting the majority (73%) of the year's total activity), increasing the private client share of retirement activity to 50% in 2016, up from just over one third in 2015. These refundings were primarily the result of private clients leveraging lower interest rates to reduce their outstanding debt and interest expense.

Par Amount of Bonds Retired (\$ in millions)



The amount refunded by DASNY presented above varies from the amount of refunding debt issued shown in the previous chart due to several factors. Original issue premium on the new bonds issued, balances available in existing bond accounts, and lower interest rates on the new bonds as compared to interest rates on the prior bonds each reduce the amount of new bonds required to refund the prior bonds. The need to fund bondholder interest on the prior bonds through the final redemption dates increases the amount of new bonds required to refund prior bonds. Generally, the amount of refunding debt issued by DASNY is less than the amount of bonds refunded by DASNY.

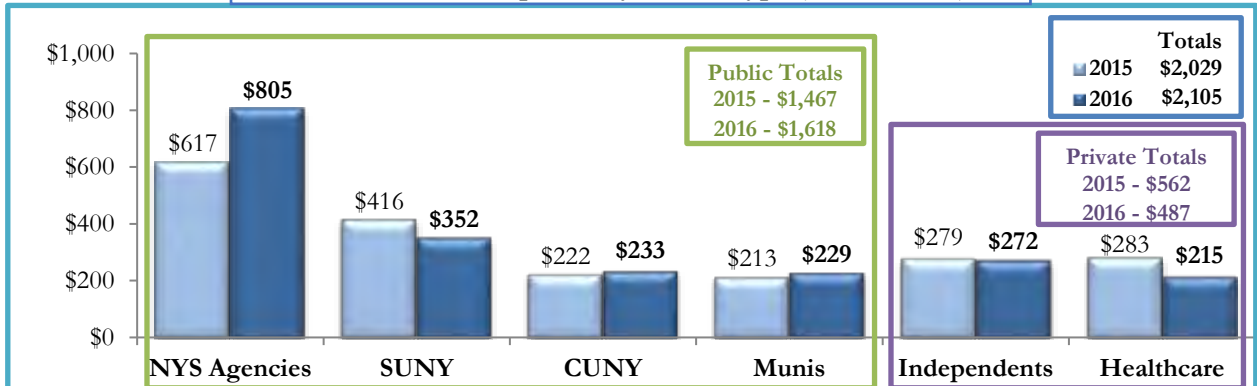
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

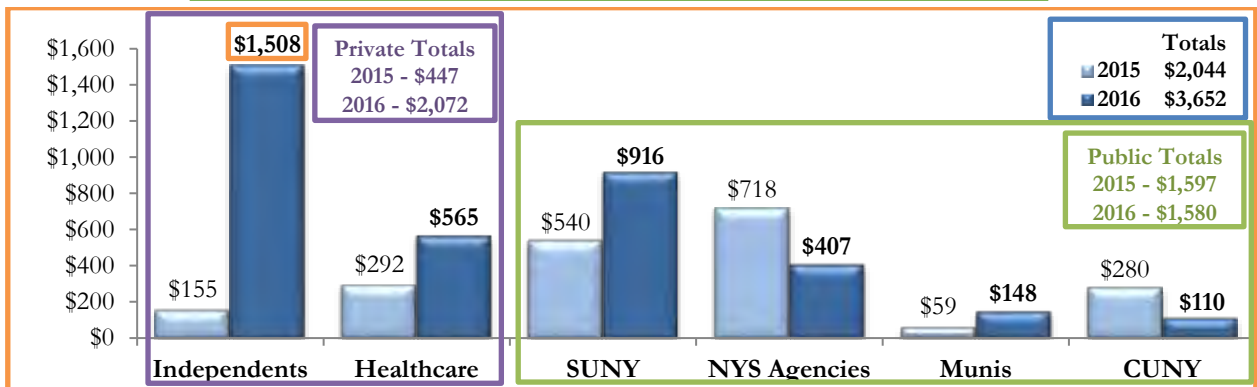
March 31, 2016

(Unaudited)

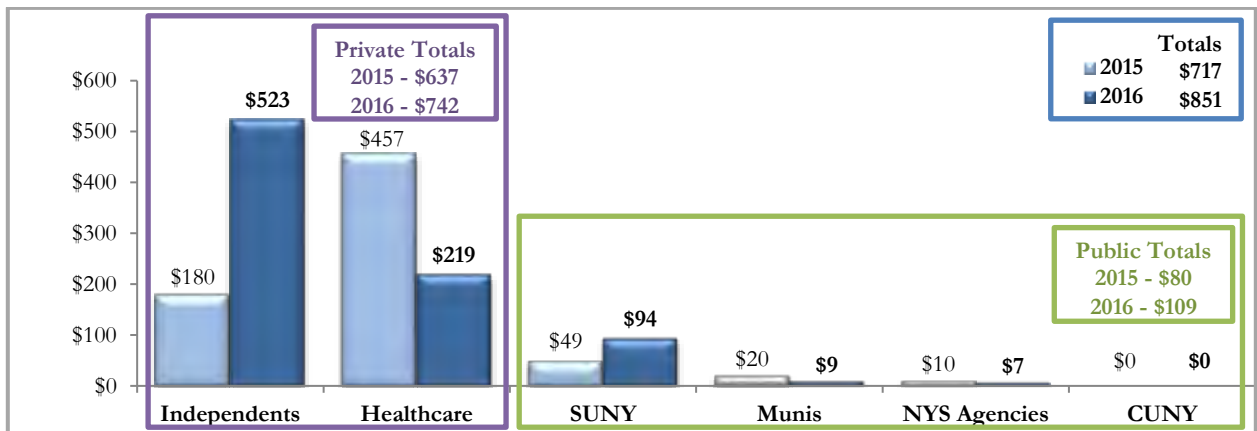
Scheduled Redemptions by Client Type (\$ in millions)



Refunded by DASNY Bonds by Client Type (\$ in millions)



Defeasances & Early Redemptions by Client Type (\$ in millions)



DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

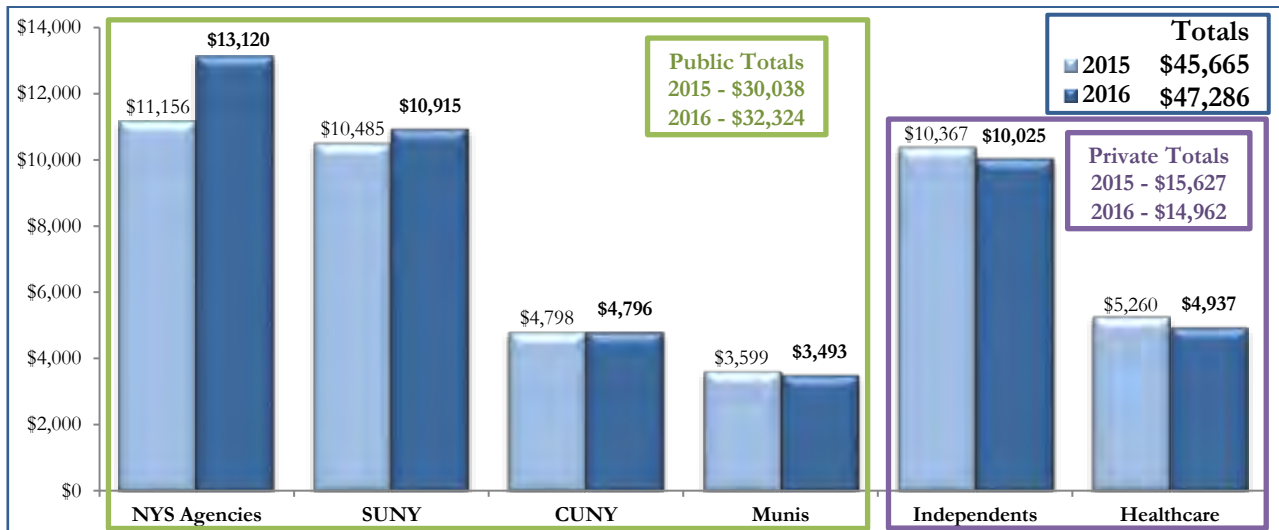
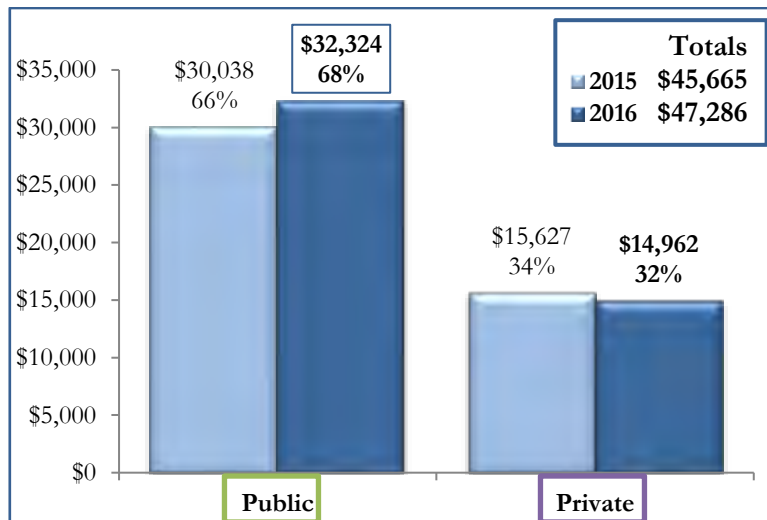
March 31, 2016

(Unaudited)

Bonds and Notes Outstanding

As shown below, approximately two thirds of DASNY's outstanding bonds and notes are related to its public clients, with approximately three quarters of that portion related to NYS agencies and SUNY. During 2016, the outstanding balance increased by \$1.6 billion (4%) primarily due to new issuances for NYS agencies. (See note 7 to the financial statements for more detailed information.)

Bonds and Notes Outstanding by Program as of March 31
(\$ in millions)



DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

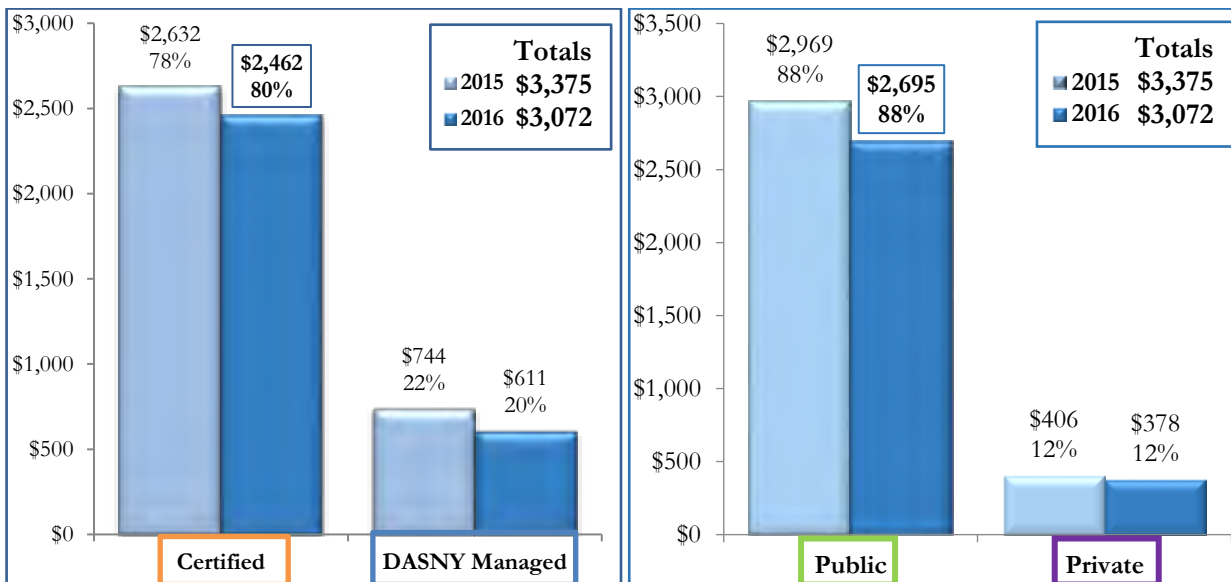
March 31, 2016

(Unaudited)

Construction Management Activities

As described in the Background section, DASNY's Construction Management activities consist of two types of disbursements – reimbursements to clients for projects they manage internally (Certified Construction Disbursements) and vendor payments for projects DASNY manages (DASNY-Managed Projects). As shown below, the majority (approximately 80%) come from reimbursements to clients for their internally managed projects. From a customer perspective, DASNY's Construction Management activities are concentrated (nearly 90%) with its public clients.

Construction and Loan Disbursements* (\$ in millions)



* Included in the captions "Construction, Loan and Other Disbursements" and "Project Funds Disbursed" on the Statement of Cash Flows. These captions also included loan payoffs, defeasance of non-DASNY debt, costs of issuance, and capitalized fees and expenses.

The charts on the next page provide additional detail regarding the two types of construction disbursements, by client type. They show that even within the public clients there is a clear concentration of business, with the majority of DASNY's Construction Management activities coming from CUNY, SUNY and NYS Agencies.

In 2016 and 2015, Certified Construction Disbursements for SUNY and NYS Agencies programs totaled \$1,945 million and \$2,033 million, accounting for nearly 80% of the Certified Disbursements in each year and over 60% of each year's total construction disbursements.

While the DASNY-Managed Projects represent only 20% of the total construction disbursements, this activity is significant in terms of DASNY's operations. At any point in time, DASNY is actively managing 600-1,000 construction projects with the personnel needed to support this work accounting for more than 80% of DASNY's operating expenses. DASNY generates fees from these clients that are generally equal to their allocable amount of DASNY operating expenses attributable to the construction services provided.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

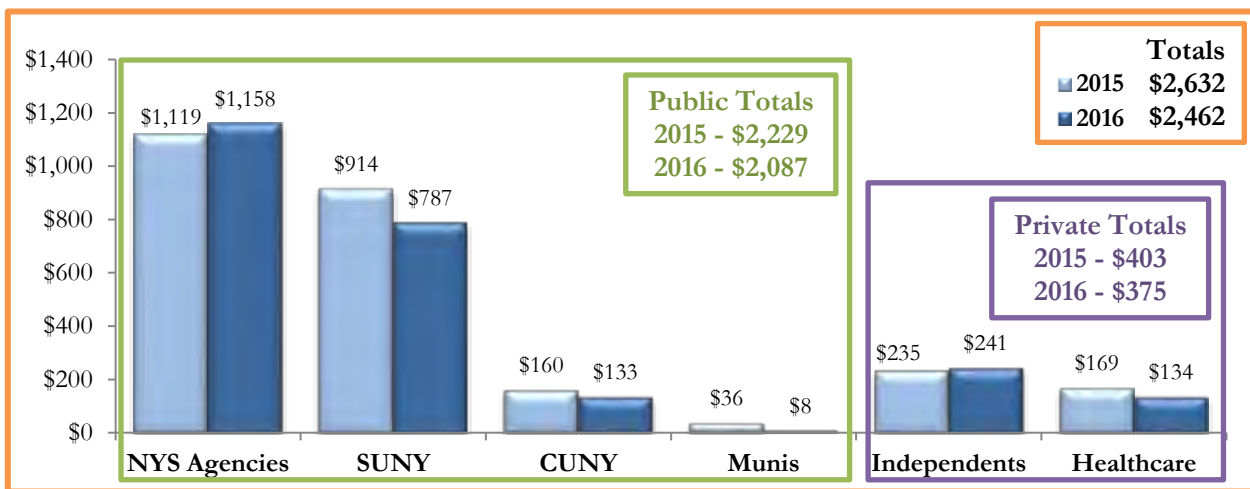
March 31, 2016

(Unaudited)

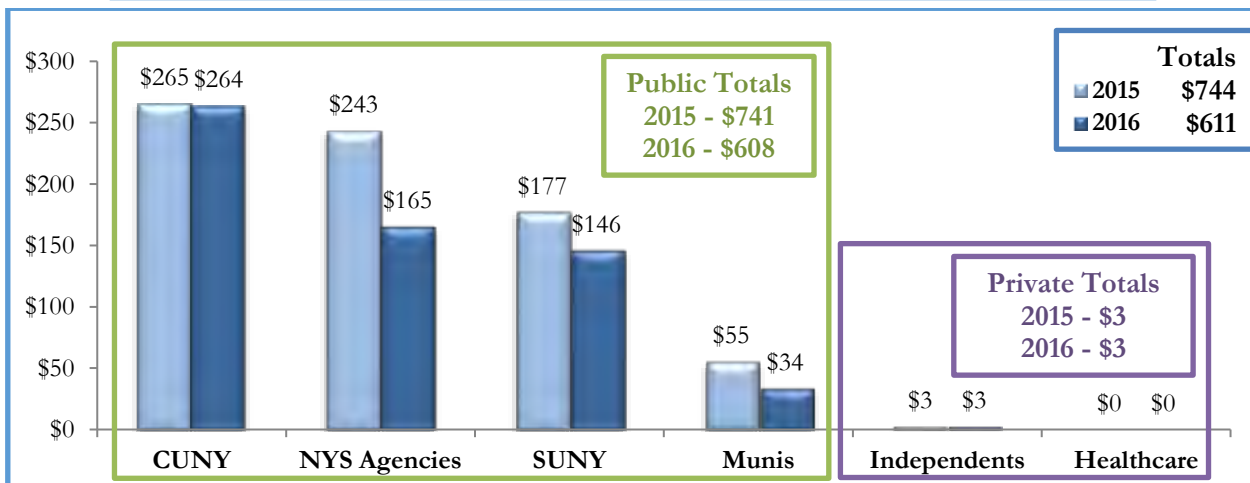
During 2016, total construction disbursements decreased by \$303 million (9%), with the Certified Disbursements and DASNY-Managed Projects each contributing roughly half of the decrease, with the majority of the decrease coming from public customers.

Lower spending on projects at SUNY contributed approximately one half of the decrease with the balance primarily due to decreases for NYS Agencies and municipal facilities. In each case, the reductions were due to normal fluctuations in the scope of each entity's capital project programs.

**Certified Construction Disbursements by Program
(\$ in millions)**



**Construction Disbursements for DASNY-Managed Projects by Program
(\$ in millions)**



DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

March 31, 2016

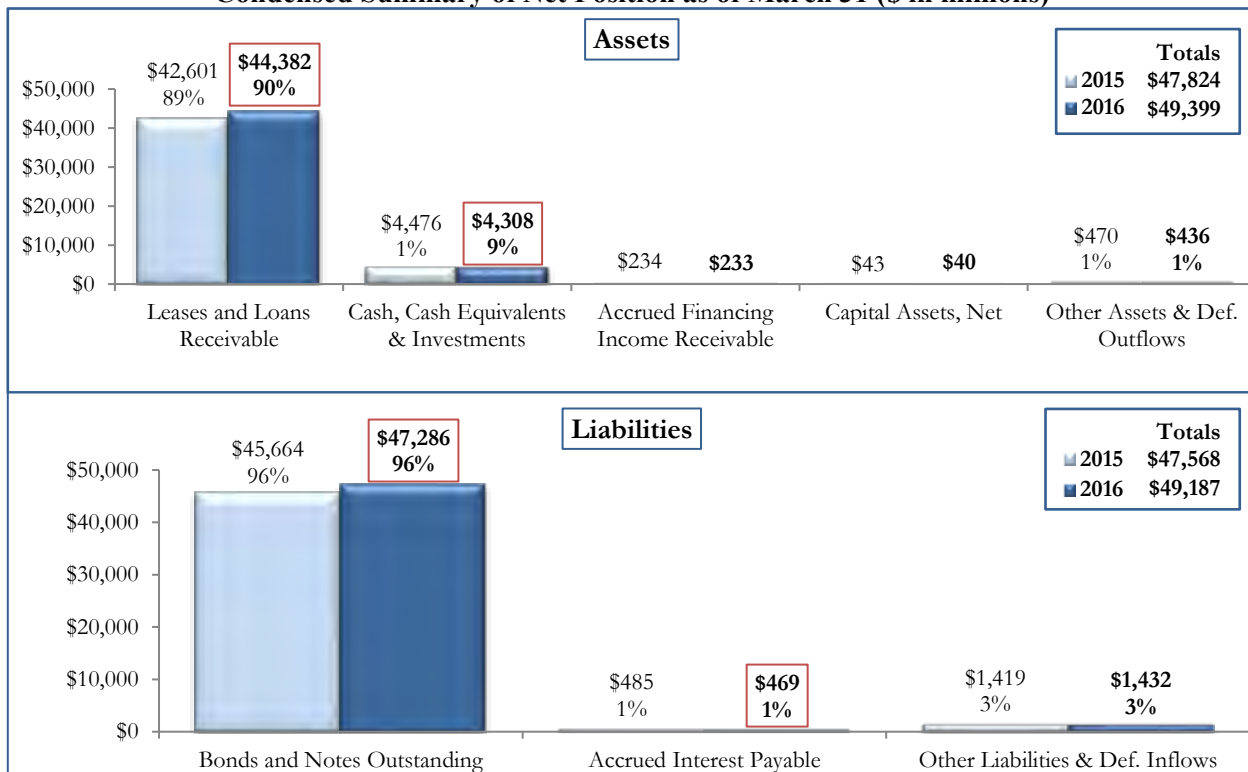
(Unaudited)

Financial Analysis

Statement of Net Position

As shown by the red boxes in the charts below, and as described in the Background section, DASNY's conduit debt comprises the majority of DASNY's Statement of Net Position, making up nearly all of the Assets (essentially all of the Cash, cash equivalents and investments are related to conduit debt) and Liabilities and nearly two thirds of the Net Position balances. Note 2015 amounts have not been restated to reflect the implementation of the previously discussed new accounting rules related to pensions.

Condensed Summary of Net Position as of March 31 (\$ in millions)

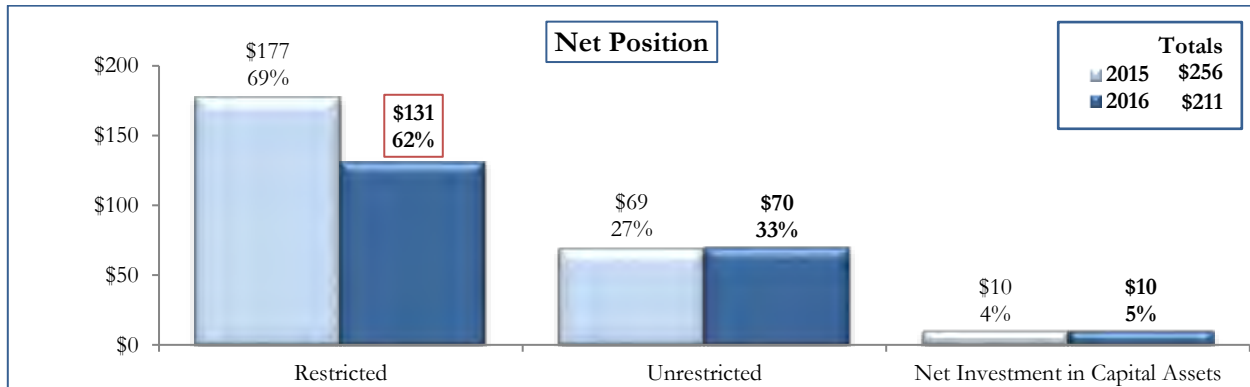


DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

March 31, 2016

(Unaudited)



Assets

DASNY's assets are comprised primarily of (1) Leases and Loans Receivable, and (2) Cash, Cash Equivalents and Investments. The balance of DASNY's assets include (1) Accrued Financing Income Receivable, (2) DASNY's capital assets and those of its subsidiary Atlantic Avenue Holding Corporation, and (3) Other Assets.

Leases and Loans Receivable represents accumulated construction costs for each project, net of principal repayments from clients, client contributions, and investment earnings on construction accounts. When a project is completed, the receivable will equal the bonds or notes outstanding net of any bond proceeds deposited in reserve accounts. Fluctuations result primarily from the timing of disbursements for construction, loan, and other disbursements versus receipts of principal on leases and loans receivable, project contributions and income on investments in construction accounts. (See note 4 to the financial statements for more detailed information.)

Cash, Cash Equivalents and Investments primarily represent monies held for construction, reserves, or for payment of debt service on outstanding bonds and notes. Such monies are held in trust by a trustee bank for the benefit of bondholders. DASNY records investments at fair value. Fluctuations result primarily from differences between the timing of receipt of proceeds from new money bond issues and the disbursement of those proceeds for construction and other activities.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

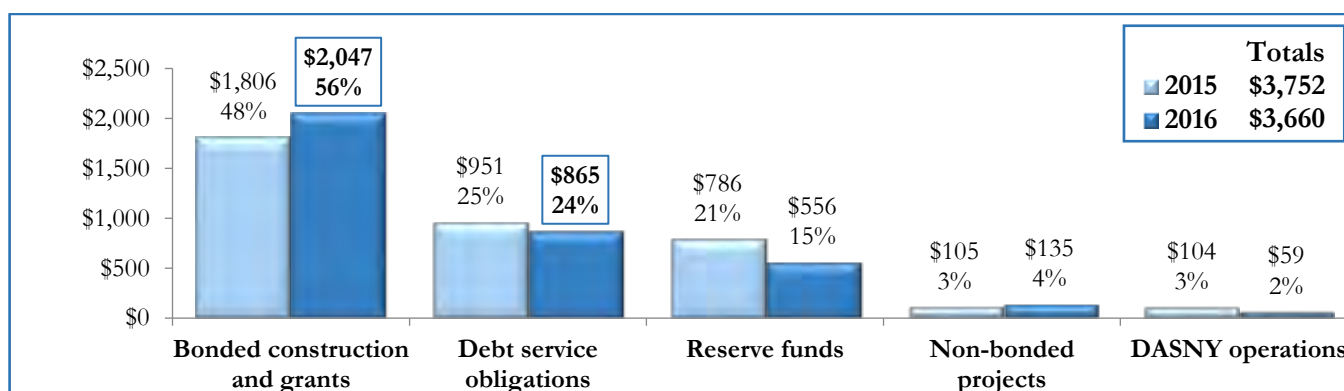
Management's Discussion and Analysis

March 31, 2016

(Unaudited)

As highlighted in the chart below, DASNY's investment portfolio consists primarily (80%) of funds for (1) construction projects and grant programs financed by DASNY-issued bonds, and (2) debt service obligations. (See note 3 to the financial statements for more detailed information.)

Investment Balances by Purpose as of March 31* (\$ in millions)



* An additional \$257 million and \$279 million of money market funds as of March 31, 2016 and 2015, respectively, managed by DASNY is reflected in the Statement of Net Position as a component of Cash and Cash Equivalents.

Accrued Financing Income Receivable represents the amount of interest on bonds and notes due from clients since the last client loan repayment date through DASNY's fiscal year-end. Fluctuations result from accrued interest payable on new bond issues, changes in the balance of capital appreciation bonds, the conversion of variable rate bonds to fixed rate bonds and changes in the interest rate environment.

Capital assets represent the capital assets of a DASNY subsidiary (Atlantic Avenue Holding Corporation) and DASNY's Albany headquarters building (DASNY's Buffalo headquarters building is fully depreciated). Capital assets of DASNY's other subsidiary (NGHP Holding Corporation) are not reflected within this balance as the terms of this lease meet the criteria of a direct financing lease, and accordingly, is included in Other Receivables. DASNY's interest in capital assets financed through the issuance of bonds and notes on behalf of clients is recorded on the Statement of Net Position as a component of Leases and Loans Receivable. (See note 5 to the financial statements for more detailed information.)

Other Assets & Deferred Outflows include project funds receivables, accrued interest receivable on investments, deferred pension outflows, and other receivables.

Liabilities

DASNY's liabilities are comprised primarily of Bonds and Notes Outstanding. The balance of DASNY's liabilities include (1) Accrued Interest Payable, and (2) Other Liabilities.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

March 31, 2016

(Unaudited)

Accrued Interest Payable represents interest due, but not yet paid, to the holders of outstanding bonds and notes from the last interest payment date through DASNY's fiscal year-end. Fluctuations result from accrued interest payable on new bond issues offset by a net decrease in the balance of capital appreciation bonds outstanding due to scheduled maturities as well as changes in the interest rate environment.

Other Liabilities & Deferred Inflows include accounts payable, amounts due to NYS, unearned financing income, amounts held for institutions and unearned fees.

Net Position

DASNY's net position consists primarily of Restricted and Unrestricted Net Positions, as well as its Net Investment in Capital Assets.

Restricted Net Position relates to activity in the bonds and note accounts and is the largest component of DASNY's Net Position, accounting for more than two thirds of the total.

Unrestricted Net Position relates to DASNY's operating activities and accounts for nearly one third of DASNY's Net Position. The related assets include unrestricted cash and investments, including monies available to assist healthcare clients and program development accounts.

Net Investment in Capital Assets primarily relates to DASNY's headquarters building and related furniture and equipment.

2016 Activity

Overall DASNY's Statement of Net Position remained relatively stable in 2016. Increases in assets and liabilities (\$1.6 billion each) were driven by the net increase in bonds outstanding (issuances of \$8.2 billion less retirements of \$6.6 billion) and related Leases and Loans Receivable with the resulting Restricted Net Position decreasing \$52 million primarily due to transfers to escrow in connection with refundings and the utilization of prior years' accumulated earnings for debt service.

Statement of Revenues, Expenses, and Changes in Net Position

As shown on the charts on the next page, the majority of DASNY's revenues and expenses relates to activity associated with the bonds and notes DASNY issues rather than its own operations. The revenues generated in restricted bond and note accounts accumulate until needed. In some years, revenues exceed expenses in restricted bond and note accounts, usually as a result of income on investments and contributions of cash and investments. In other years, expenses exceed revenues in restricted bond and note accounts as accumulated revenues are utilized, usually for payment of debt service, redemption of bonds and notes or transfers to escrow in connection with refundings. Note 2015 amounts in the charts below have not been restated to reflect the implementation of the previously discussed new accounting rules related to pensions.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

March 31, 2016

(Unaudited)

The activity associated with the bonds and notes DASNY issues is reflected in the following categories:

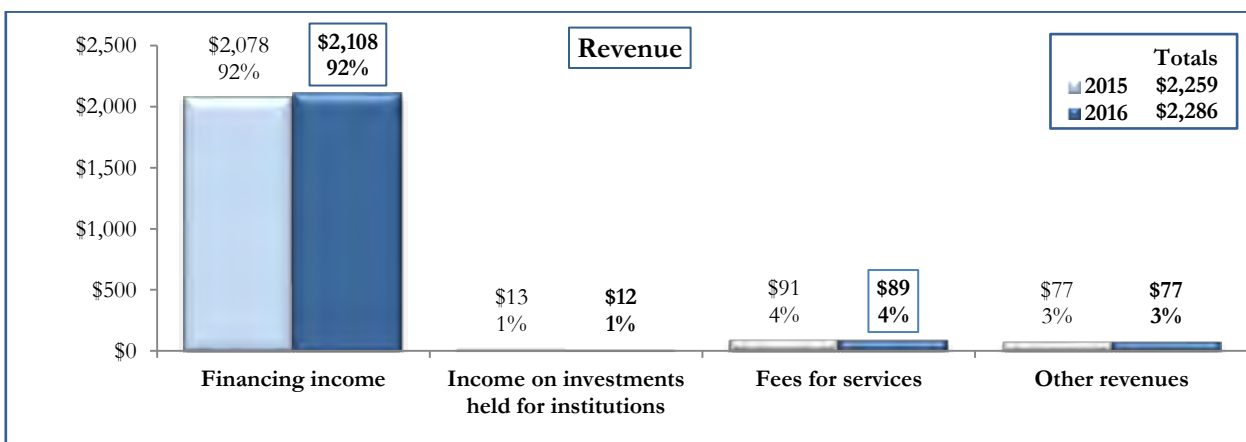
1. Financing Income – interest payments from clients
2. Income on Investments – primarily income on restricted bond and note accounts other than construction accounts
 - (1) Income on investments in construction accounts is reflected in the Statement of Net Position as a component of Leases and Loans Receivable since the earnings are generally used for project costs.
3. Other Revenues – primarily income on investments transferred from construction accounts and contributions of cash and investments
4. Interest on Bonds and Notes – interest payments to bondholders
5. Other Expenses – primarily transfers of accumulated Restricted Net Position and current year revenues to escrow in connection with refundings, amounts returned to institutions, reductions of leases and loans receivable due to redemption of bonds, arbitrage expense, uncollectible expenses, program expenses and administrative fees paid from restricted accounts.

Financing Income and Income on Investments on certain restricted bond and note accounts are used to pay interest on bonds and notes.

Fluctuations in Other Revenues reflect the relative amounts of contributions deposited to meet reserve requirements along with investment income available in construction accounts and transferred to other restricted bond and note accounts.

DASNY's operating activity is primarily reflected in the following categories:

1. Fees for Services – financing fees and annual administrative fees related to ongoing bond management and construction services; and
2. Costs of Operations (Personal Service, Employee Benefits, Maintenance and Operations) – primarily for employee service and related benefits and taxes

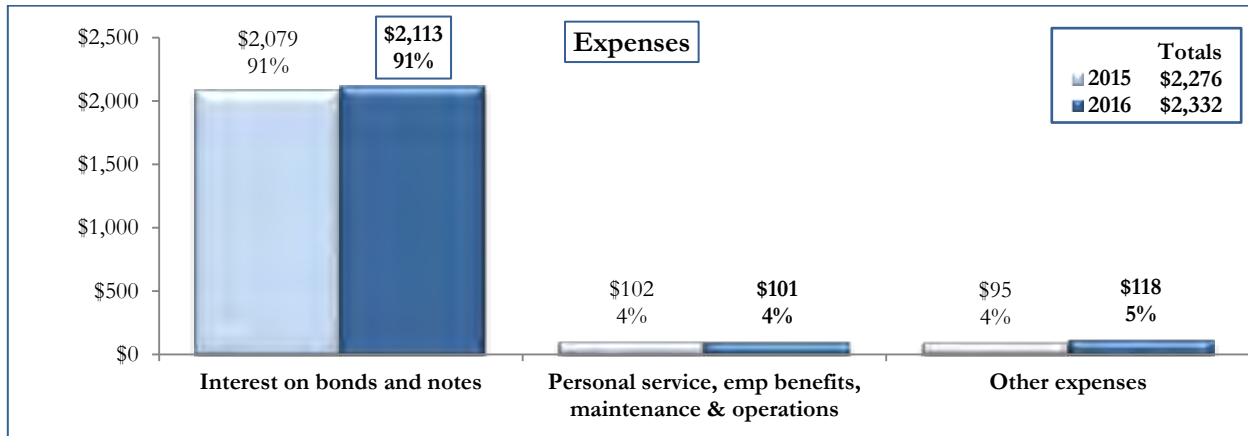


DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

March 31, 2016

(Unaudited)



2016 Activity

Financing Income and Interest on Bonds and Notes remained relatively stable during 2016, with slight increases primarily due to interest on new bond issues.

Fees for Services decreased by \$2 million (2%) during 2016, attributable to both DASNY's Debt Issuance and Construction Management activities. Nearly half (\$975 thousand) of the decrease was due to lower bond administration fees for private clients as a result of defeasances during the year. Within the Construction Management line of business, fewer hours spent on DASNY-Managed projects reduced revenues by \$600 thousand. The increase in amount of debt issued in 2016 discussed in Bonds and Notes Issued did not result in an increase in Fees for Services because the clients that were the primary drivers of the increase had previously reached their capped fee level.

Personal Service, Employee Benefits, and Maintenance and Operations decreased by \$1 million (1%) during 2016. As discussed in the Executive Summary, the change in accounting for pension costs reduced the current year expense by approximately \$3 million. This was largely offset by increases in personal services and employee benefits for retroactive pay increases resulting from the conclusion of contract negotiations with DASNY's unions.

Request for Information

DASNY's corporate headquarters is located at 515 Broadway, Albany, New York 12207-2964. The main telephone number is 518-257-3000. DASNY maintains an internet website which can be accessed from the following address www.dasny.org.

All required secondary market disclosures for DASNY's private not-for-profit clients are done through Digital Assurance Certification LLC (DAC) which can be accessed through the following website: www.dacbond.com. All required secondary market disclosures for DASNY's public clients are available on the Municipal Securities Rulemaking Board's (MSRB's) Electronic Municipal Market Access (EMMA) website which can be accessed through the following website: www.emma.msrb.org. DASNY also provides additional information on its website at www.dasny.org. In addition, while certain information pertaining to DASNY's debt issuances for certain of

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Management's Discussion and Analysis

March 31, 2016

(Unaudited)

DASNY's public clients is available on the DAC website, DASNY, the bond trustee and the applicable client each have responsibilities with respect to the filing of material event notices and providing updated financial and operational data with EMMA.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Statement of Net Position

March 31, 2016

(Dollars in thousands)

Assets and Deferred Outflows

Current assets:	
Cash and cash equivalents (note 3)	\$ 647,328
Investments (note 3)	982,595
Leases and loans receivable, net (note 4)	3,859,420
Project funds receivable	149,819
Accrued financing income receivable	233,220
Accrued interest receivable on investments	6,068
Other receivables (note 2g)	44,341
Total current assets	5,922,791
Investments (note 3)	2,677,675
Leases and loans receivable, net (note 4)	40,522,818
Project funds receivable	37,280
Other receivables (notes 2g and 12)	189,224
Capital assets, net (note 5)	39,796
Total assets	49,389,584
Deferred outflows related to pension	9,088
Total assets and deferred outflows	\$ 49,398,672

Liabilities

Current liabilities:	
Accounts payable and accrued expenses	\$ 324,635
Bonds and notes outstanding (notes 6 and 7)	3,859,420
Accrued interest payable	468,582
Unearned financing income	134,299
Amounts held for institutions (note 6)	269,375
Due to New York State (note 6)	161,270
Current portion of other long-term liabilities (note 6)	7,393
Unearned fees for services	43,641
Total current liabilities	5,268,615
Bonds and notes outstanding (notes 6 and 7)	43,426,590
Amounts held for institutions (note 6)	299,573
Due to New York State (note 6)	11,314
Other long-term liabilities (note 6)	181,250
Total liabilities	\$ 49,187,342

Net position

Net investment in capital assets (note 5)	\$ 10,179
Restricted	131,493
Unrestricted (note 13)	69,658
Total net position	\$ 211,330

See accompanying notes to basic financial statements.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended March 31, 2016

(Dollars in thousands)

Operating revenues:	
Financing income	\$ 2,107,507
Income on investments held for institutions	12,476
Fees for services	89,439
Contributions of cash and investments	45,680
Other	31,485
Total operating revenues	2,286,587
Operating expenses:	
Interest on bonds and notes	2,112,718
Amounts returned to institutions	3,751
Reduction of leases and loans receivable due to redemption of bonds	19,169
Personal service and employee benefits	77,987
Maintenance and operations	22,775
Transfers to escrow	69,277
Other	26,706
Total operating expenses	2,332,383
Operating loss	(45,796)
Nonoperating revenues:	
Income on investments held for DASNY	96
Decrease in net position	(45,700)
Net position, beginning of year	256,085
Cumulative effect of change in accounting principle (note 2)	945
Net position, beginning of year, restated	257,030
Net position, end of year	\$ 211,330

See accompanying notes to basic financial statements.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Statement of Cash Flows

Year ended March 31, 2016

(Dollars in thousands)

Cash flows from operating activities:	
Fees for services	\$ 87,799
Amounts received from institutions	46,970
Project funds received	360,392
Dormitory rent receipts	594,889
Permit and patient income receipts	1,614,077
Special purpose healthcare loan receipts	47,178
Other receipts	33,552
Personal service and employee benefits	(67,488)
Maintenance and operations	(19,911)
Permit and patient income transferred to New York State	(1,594,276)
Project funds disbursed	(355,392)
Dormitory rent disbursements	(594,472)
Amounts returned to institutions	(10,933)
Special purpose healthcare loan disbursements	(93,961)
Other disbursements	(34,979)
Net cash provided by (used in) operating activities	13,445
Cash flows from noncapital financing activities:	
Proceeds from the issuance of bonds and notes	9,280,335
Amounts transferred to escrow to defease debt	(3,958,578)
Principal repayments of bonds and notes	(2,505,009)
Interest paid on bonds and notes	(2,150,461)
Net cash provided by (used in) noncapital financing activities	666,287
Cash flows from capital financing activities:	
Acquisition of property and equipment	(598)
Net cash provided by (used in) capital financing activities	(598)
Cash flows from investing activities:	
Purchases of investments	(11,223,076)
Proceeds from sales and maturities of investments	11,297,780
Income on investments	17,713
Construction, loan, and other disbursements	(5,135,801)
Principal receipts on leases and loans receivable	2,189,595
Financing income	2,098,044
Net cash provided by (used in) investing activities	(755,745)
Net decrease in cash and cash equivalents	(76,611)
Cash and cash equivalents, beginning of year	723,939
Cash and cash equivalents, end of year	\$ 647,328

See accompanying notes to basic financial statements.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Statement of Cash Flows

Year ended March 31, 2016

(Dollars in thousands)

Operating loss	\$	(45,796)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense		4,271
Interest on bonds and notes		2,112,718
Income on investments held for institutions		(12,476)
Financing income		(2,107,507)
Reduction of leases and loans receivable due to redemption of bonds		19,169
Investment transfers		206
Amounts transferred to escrow to defease debt		69,277
Other expenses		333
Change in assets and liabilities:		
Increase in leases and loans receivable		(8,301)
Increase in deferred outflows of resources related to pensions		(1,108)
Decrease in project funds receivable		63,918
Increase in other receivables		(17,117)
Increase in accounts payable and accrued expenses and other long-term liabilities, net of construction funds		5,044
Decrease in due to New York State		(39,624)
Decrease in amounts held for institutions		(32,374)
Increase in unearned fees for services		2,812
		59,241
Total adjustments		59,241
Net cash provided by operating activities	\$	13,445

See accompanying notes to basic financial statements.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

(1) DASNY

The Dormitory Authority of the State of New York (DASNY) is a public benefit corporation established in 1944 and is governed by Title 4 and 4B, Article 8 of the Public Authorities Law of the State of New York. DASNY is an independent corporate agency with governmental functions delegated to it by the State of New York (the State). It is not a municipal corporation. DASNY employees are not employees of the State or of a civil service division thereof.

DASNY was established by the State as a public benefit corporation for the purpose of financing, designing, constructing, purchasing, reconstructing, and/or rehabilitating buildings (projects), including the acquisition of equipment, for a variety of public and private institutions. The private institutions for which DASNY is authorized to provide these services consist of colleges and universities, hospitals, nursing homes and various other entities that are specifically enumerated in DASNY's enabling legislation. The public institutions for which DASNY is authorized to provide these services include various agencies of the State, the City University of the City of New York (the City), the State University of the State of New York (SUNY), local school districts, cities and counties with respect to certain court and municipal facilities and for various other purposes as authorized by law. DASNY has also established lease financing programs that are used to finance the acquisition of equipment for various clients. DASNY is also authorized by statute to finance directly or indirectly certain student loans and on behalf of the State, to fund and administer grants to various public and private entities. To accomplish its purpose, DASNY has the power to borrow money and to issue negotiable bonds or notes, in conformity with the applicable provisions of the Uniform Commercial Code, and to provide for the rights of the holders of such debt instruments. DASNY's obligations are not a debt of the State. All bonds and notes issued by DASNY are subject to the approval of the Public Authorities Control Board of the State.

DASNY is authorized pursuant to Section 1678 (25) of the Public Authorities Law to establish subsidiaries for the purpose of limiting its potential liability when exercising its powers and duties in pursuit of remedies against a borrower that has defaulted in its obligations under a loan agreement or mortgage with DASNY.

On March 17, 2011, NGHP Holding Corporation (NGHP) was established as a subsidiary of DASNY in the form of a public benefit corporation as a result of North General Hospital's default under its loan agreements and mortgages with DASNY. North General Hospital filed a petition in bankruptcy and NGHP acquired certain real property assets subject to certain liabilities of North General Hospital on June 30, 2011 in accordance with the plan of liquidation approved by the Bankruptcy Court. NGHP is included in these basic financial statements as a blended component unit as DASNY's governing board serves as the governing board of NGHP and DASNY management has operational responsibility for NGHP.

On November 20, 2013, Atlantic Avenue Healthcare Property Holding Corporation (Atlantic Avenue) was established as a subsidiary of DASNY in the form of a public benefit corporation as a result of Interfaith Medical Center's default under its loan agreements and mortgages with DASNY. Interfaith Medical Center filed a petition in bankruptcy and Atlantic Avenue acquired certain real property assets subject to certain liabilities of Interfaith Medical Center on June 19, 2014 in accordance with the plan of reorganization approved by the Bankruptcy Court. Atlantic Avenue is included in these basic financial statements as a blended component unit as DASNY's governing board serves as the governing board of Atlantic Avenue and DASNY management has operational responsibility for Atlantic Avenue.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended, DASNY is included in the financial statements of the State as a discrete component unit.

(2) Summary of Significant Accounting Policies

(a) Basis of Reporting

DASNY's basic financial statements have been prepared in conformity with U.S. generally accepted accounting principles for governments as prescribed by the GASB, which is the primary standard-setting body for establishing governmental accounting and financial reporting principles. During fiscal year 2016, DASNY has adopted the following GASB Statements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* addresses accounting and financial reporting for pensions that are provided to the employees of state and local employers. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expenses related to pensions. For defined benefit pensions, it identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions are also addressed.

GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date* amends certain sections of GASB 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

The adoption of these standards required a restatement of beginning net position at April 1, 2015 in the amount of \$945 thousand representing the difference between deferred outflows of resources from contributions made subsequent to the measurement date of the beginning net pension liability (\$7.980 million) and the amount of the beginning net pension liability (\$7.035 million).

GASB Statement No. 82, *Pension Issues* addresses issues regarding 1) the presentation of payroll-related measures in required supplementary information, 2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and 3) the classification of payments made by employers to satisfy employee contribution requirements. The implementation of this standard had no financial statement impact.

(b) Basis of Accounting

DASNY follows the economic resources measurement focus and the accrual basis of accounting for revenues and expenses whereby revenues are recognized when earned and expenses are recognized when obligations are incurred.

The basic financial statements are a compilation of almost 2,000 separate self-balancing accounts, each related to either an individual series of outstanding bonds and notes or an individual operating account.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

DASNY has elected the option under GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations* to report conduit debt in its basic financial statements, other than certain tax-exempt equipment leases (see note 7(c)). The more significant of DASNY's accounting policies are described below.

DASNY's primary operating revenue is financing income, representing interest on indebtedness, received from institutions. DASNY also recognizes as operating revenue the income on investments held for institutions, except interest earned on construction account investments. Income on investments in construction accounts is recorded as a reduction to leases and loans receivable since the earnings are generally used for project costs. Fees charged to institutions for services and certain remaining bond proceeds transferred from refunded issues are also recognized as operating revenue. Operating expenses for DASNY include the interest expense on bonds and notes, reduction of leases and loans receivable, which represents bonds redeemed with earnings, administrative expenses and amounts returned to institutions.

The majority of DASNY's revenues and expenses does not relate to operations, rather, it relates to activity in the restricted debt accounts of the individual series of bonds and notes. The revenues generated in restricted debt accounts accumulate until needed. In some years, revenues exceed expenses in restricted debt accounts, usually as a result of income on investments and contributions of cash and investments. In other years, expenses exceed revenues in restricted debt accounts as accumulated revenues are utilized, usually for payment of debt service, redemption of bonds and notes, transfers to escrow in connection with refundings or amounts returned to institutions. Restricted net position remains in each of the individual bond or note issues and accrues to the benefit of the client institutions. At final maturity, the restricted net position of an individual bond or note issue will be \$0.

Any revenues and expenses that do not support DASNY's primary business functions are reported as nonoperating revenues and expenses.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit and money market funds.

(d) Investments

Investments are recorded at fair value, other than investment agreements and certificates of deposit, which are recorded at cost. DASNY uses an independent pricing source to determine the fair value of investments at quoted market prices. Changes in fair value are included in Income on Investments Held for Institutions and nonoperating Income on Investments Held for DASNY in the Statement of Revenues, Expenses, and Changes in Net Position, except for changes in fair value related to investments in the construction accounts, as described in note 2(e).

(e) Leases and Loans Receivable

Projects are financed primarily under either a lease (where the lease payments are pledged to the trustee for the benefit of the bondholders), a loan (where the loan payments are pledged to the trustee for the benefit of the bondholders), or other agreements, including service contracts and financing agreements with the State and municipalities, which provide for the payment of debt service dependent upon

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

annual appropriation, or for which specific revenues have been pledged in support of a collateralized borrowing. Additionally, in certain instances, revenues of the institutions have been pledged under the terms of the respective bond resolutions and certain restricted amounts are required to be maintained with the trustee in accordance with such resolutions.

Leases and Loans Receivable represents accumulated construction costs for projects financed through bond and note issues, net of principal repayments received from institutions, institution contributions, and income on investments on construction accounts. Income on investments on construction accounts is recorded as a reduction to this receivable since the earnings are generally used for project costs. The disbursement of project costs financed with bond proceeds is recorded as an increase to this receivable. The principal portion of debt service received from institutions is recorded as a reduction to this receivable. Also included in this receivable are bond issuance costs and premium or discount on the debt issued.

Interest paid from bond proceeds during the construction period, capitalized interest, is recorded as an increase to the receivables. Capitalized interest was approximately \$10 million for the fiscal year ended March 31, 2016. Income earned on construction fund investments during the construction period is recorded as a reduction of the receivables. Construction fund investment income was approximately \$2 million for the fiscal year ended March 31, 2016.

Leases and Loans Receivable, together with amounts held in construction accounts and amounts deposited in certain other restricted accounts, are generally equal to the face value of the associated bonds or notes outstanding. The effective interest rate on the receivables is generally imputed based on the effective rate on the bond or note, and the related income is included in Financing Income in the Statement of Revenues, Expenses, and Changes in Net Position.

DASNY maintains various asset management monitoring systems to evaluate the ability of institutions to meet their debt service payments and establishes loan loss reserves as necessary. All bond and note issues are special obligations of DASNY and many include credit enhancements to ensure payment of debt service to the bondholders (see note 7).

(f) *Project Funds Receivable*

Project Funds Receivable includes amounts due from institutions for projects funded from other than available bond or note proceeds. The amounts reported in this asset category also include construction costs for certain mental health projects and grants paid by the State in the first instance which will subsequently be funded from bond or note proceeds or other State appropriations and reimbursed to the State. The related liability for these costs is reported as Due to New York State in the Statement of Net Position. Additionally, the cost of retainage on construction contracts that will be funded in the future by institution contributions or additional bond or note proceeds is included in Project Funds Receivable.

(g) *Other Receivables*

Other Receivables consist of amounts due from institutions for various healthcare loans, DASNY administrative fees, other postemployment benefit obligations and accrued leave credits allocable to

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

public clients, prepaid expenses, and bond issuance costs and project costs advanced from DASNY operating funds. Also included in Other Receivables are amounts due to NGHP from New York City Health and Hospitals Corporation related to a building lease. At March 31, 2016 DASNY recorded \$188 million as an allowance for uncollectible accounts primarily related to advances made to assist healthcare institutions which, for the most part, do not impact the Statement of Revenues, Expenses, and Changes in Net Position and for which there are no associated bonds.

(h) Capital Assets

DASNY's capital assets include land, buildings and equipment. Land is reported at its original acquisition cost. Buildings and equipment are stated at cost, less accumulated depreciation determined using the straight-line method. It is DASNY's policy to capitalize buildings and equipment which have a cost in excess of \$50,000 at the date of acquisition. DASNY buildings are depreciated over 25 years, building improvements and renovations are depreciated over the remaining life of the building or lease, furniture and equipment are depreciated over 7 to 10 years, financial management system equipment, software and related costs are depreciated over 10 years, and other computer equipment and software are depreciated over 5 years. Atlantic Avenue's capital assets acquired from Interfaith Medical Center include land and buildings. Land is reported at its original acquisition cost. Buildings are stated at cost less accumulated depreciation using the straight-line method. Buildings will be depreciated over their remaining lives which range from 4 to 19 years (see note 5).

(i) Amounts Held for Institutions

Certain public institutions provide monies directly to DASNY to be used for the construction or renovation of capital projects. Monies are also released from trustee accounts to DASNY for rehabilitation and renovation of projects. These monies and related earnings are included in Amounts Held for Institutions in the Statement of Net Position and are restricted for the purpose of making future improvements to projects. Also included in Amounts Held for Institutions are monies received from the State for purposes of helping hospitals in need and improving the healthcare delivery system, as well as, deposits of room rents collected by SUNY campuses to cover debt service and required reserves related to the SUNY Dormitory Facilities Revenue bond program. In addition, the obligation of NGHP to pay costs incurred in connection with properties owned by NGHP, or to redeem a portion of the North General Hospital Series 2003 Bonds, as well as the rent collected from Interfaith Medical Center to pay costs incurred in connection with properties owned by Atlantic Avenue, or to pay a portion of the debt service for the Interfaith Medical Center Series 1998D Bonds are included in Amounts Held for Institutions.

(j) Due to New York State

The State pays construction costs for certain mental health projects managed by other State agencies, and advances funds for certain grant programs from its short-term investment pool (STIP), which are subsequently reimbursed by DASNY from bond or note proceeds, or other funds appropriated to DASNY. The unreimbursed balance of such State advances for construction costs and grant programs is included in Due to New York State in the Statement of Net Position. Patient income receipts related to the State mental health program and rent receipts from tenants leasing State-owned mental health facilities which have not yet been remitted to the State are also included in this liability. In addition,

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

unremitted proceeds from the sale of State-owned mental health properties are reported in Due to New York State.

(k) *Unearned Fees for Services*

As provided for in the various financing documents for all programs other than nonprofit health care institutions, independent colleges, universities and other nonprofit institutions, and certain New York State agencies, excess fees collected over expenses incurred relating to DASNY are obligations of DASNY to the institutions. Such amounts are included in the Statement of Net Position in Unearned Fees for Services.

Conversely, any excess of expenses over fees collected are claims of DASNY against the institutions. Such amounts are included in the Statement of Net Position in Other Receivables.

(l) *Compensated Absences*

Employees accrue vacation at varying rates ranging from 13 days per year to a maximum of 25 days per year. Overtime-eligible employees accrue compensatory leave when they work between 37.5 hours and 40 hours in a workweek. A maximum of 225 hours of accrued vacation leave and a maximum of 240 hours of accrued compensatory leave is payable upon separation. Accrued expenses of \$4.0 million were recorded at March 31, 2016 for the estimated obligation for vacation and compensatory leave and are included in Other Long-Term Liabilities in the Statement of Net Position. Related receivables of \$3.5 million, representing the portion of the liability allocable to public clients, are included in Other Receivables in the Statement of Net Position at March 31, 2016. In addition, DASNY is holding the remaining portion of the liability in a reserve established by the Board.

(m) *Derivative Instruments*

As a means to lower borrowing costs for the State and the City and to cost effectively support their strategies to diversify their debt portfolios with a combination of fixed and variable rate debt, at various times, DASNY enters into swap agreements. The related lease and financing agreements between DASNY and the State or the City include provisions that obligate the State or the City, subject to annual appropriation, to pay to DASNY all amounts due in connection with the swap agreements. Such swap repayment terms are considered derivative instruments with terms reciprocal to those of the swap agreements. When analyzed concurrently, because of the reciprocal terms, the swap agreements and the swap repayment terms in the lease and financing agreements with the State and the City are not considered associated with hedgeable items. Consequently, the swap agreements and the swap repayment terms in the lease and financing agreements are regarded as investment derivatives. Given that the fair value of the swap repayment terms offsets the fair value of the swap agreements and both are reported as investments, there is no net impact on the basic financial statements (see note 8).

(n) *Restricted Net Position*

The amounts reported in this net position category are restricted in accordance with the bond and note resolutions for the payment of outstanding bonds and notes and also may be used for the payment of project costs, arbitrage payments to the Internal Revenue Service and costs of issuance. Restricted net

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

position is held for the benefit of the institutions and bondholders. Monies remaining upon retirement of the bonds and notes are returned to the institutions.

(o) Revenue Recognition

DASNY recognizes revenue when earned. Financing income is recognized as the related interest on bonds and notes is incurred. Fees for services are recognized, and unearned fees for services are amortized, as the related personal service expense of DASNY is incurred.

(p) Income Taxes

DASNY is a component unit of the State of New York and is therefore generally exempt from Federal, State, and local income taxes.

(q) Use of Estimates

The preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting periods.

Significant items subject to such estimates and assumptions include the fair value of investments, the carrying value of capital assets, accrued expenses and other long-term liabilities. Actual results could differ from those estimates.

(3) Cash, Cash Equivalents and Investments

DASNY has a written investment policy that applies to all its investments. This policy allows for the following investments:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America;
- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by any agency or instrumentality of the United States of America that are rated in at least the second highest rating category by at least two nationally recognized statistical rating organizations;
- Certificates or other instruments which evidence the ownership of or the right to receive the payment of the principal and guaranteed interest on obligations, wholly comprised of such obligations listed above;
- Obligations of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, (i)(A) the interest on which is excludable from gross income under Section 103 of the Internal Revenue Code, which is not a "specified private activity bond" within the meaning of Section 57(a)(5) of the Internal Revenue Code (Exempt Obligations), or (B) which qualifies as a "Build America Bond" within the meaning of

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

Section 54AA of the Internal Revenue Code, and (ii) are rated in at least the second highest rating category by at least two nationally recognized statistical rating organizations;

- Shares or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, whose objective is to maintain a constant share value of \$1.00 per share, that is rated in the highest short-term rating category by at least one nationally recognized statistical rating organization, and at the time such investment is made, such fund had a minimum asset value of \$500 million;
- Commercial paper issued by a domestic corporation rated in the highest short-term rating category by at least two nationally recognized statistical rating organizations and having maturities of not longer than 270 days from the date they are purchased;
- Bankers' acceptances issued by a bank rated in the highest short-term rating category by at least two nationally recognized statistical rating organizations and having maturities of not longer than 365 days from the date they are purchased;
- Collateralized investment agreements; and
- Collateralized or insured certificates of deposit.

In addition, DASNY's Board and Treasurer may also specifically authorize, as deemed appropriate, other investments that are consistent with DASNY's investment objectives, and in the case of investments held in the restricted debt accounts of the individual series of bonds and notes, allowed under the provisions of the related bond or note resolution.

One of the primary objectives of DASNY's investment policy is to provide sufficient liquidity to meet the purposes for which the funds are being held. The majority of DASNY's investment portfolio consists of short-term investment securities to achieve its liquidity objective. Consequently, DASNY's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates since the majority of investments are short-term in nature. Most investments are held to pay for construction expenditures with maturities based upon expectations of when funds will be used, or held on behalf of the various institutions to fund specific reserves or payment of debt service, or held for general operating purposes which generally do not exceed maturities of more than one year. Investment securities maturing beyond five years generally relate to restricted reserves that are typically invested with maturity dates that coincide with those of the underlying bonds and notes and are held under guaranteed investment contracts.

The amount of investments by type and maturity, at March 31, 2016 is presented in the following table. Investment maturity classifications in the table are based on the maturity of the underlying investments, which differs from their classification on the Statement of Net Position. Investments reported as current on the Statement of Net Position generally have maturities of one year or less, unless they are restricted by the underlying bond and note resolutions and are expected to be reinvested upon maturity, or the proceeds at maturity are generally used to support construction activities, in which case they are reported as investments, other than current.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

Investments reported as current on the Statement of Net Position at March 31, 2016 include \$865 million for debt service payments to be made in the fiscal year ended March 31, 2017 which is restricted by the underlying bond and note resolutions. Also included in investments reported as current at March 31, 2016 are investments held for DASNY operations, nonbond related capital projects and rehabilitation and renovation of projects totaling \$118 million.

Investment type	Amount	Percentage of total	Maturities (in years)		
			Less than 1	1-5	More than 5
(Dollars In thousands)					
Recorded at fair value:					
Obligations of the United States					
Government:					
U.S. Treasury notes/bonds	\$ 849,483	23.2%	\$ 842,360	7,123	—
U.S. Treasury bills	552,030	15.1	552,030	—	—
U.S. Treasury strips	294,788	8.0	294,668	120	—
	<u>1,696,301</u>	<u>46.3</u>	<u>1,689,058</u>	<u>7,243</u>	<u>—</u>
Federal agency, notes and debentures:					
Federal National Mortgage Association (FNMA)	737,227	20.1	626,506	86,578	24,143
Federal Home Loan Bank (FHLB)	631,990	17.3	629,233	2,757	—
Federal Home Loan Mortgage Corp. (FHLMC)	372,355	10.2	348,320	24,035	—
Federal Farm Credit Bank	131,720	3.6	111,302	20,418	—
	<u>1,873,292</u>	<u>51.2</u>	<u>1,715,361</u>	<u>133,788</u>	<u>24,143</u>
Recorded at cost:					
Investment agreements	80,624	2.2	974	439	79,211
Certificates of deposit	10,053	0.3	10,053	—	—
Total	<u>\$ 3,660,270</u>	<u>100.0%</u>	<u>\$ 3,415,446</u>	<u>141,470</u>	<u>103,354</u>

Investment credit risk is the risk that an issuer or other counterparty will not fulfill its obligations.

Federal Agency notes and debentures are issued by Government-Sponsored Enterprises (GSEs), which carry the implicit guarantee of the United States federal government. At March 31, 2016, DASNY held approximately \$1.9 billion in agency securities issued by several GSEs, all of which are rated in at least the second highest rating category by at least two of the nationally recognized statistical rating organizations.

Under investment agreements, DASNY has invested monies with financial institutions at a fixed contract rate of interest. Because the security is essentially a written contract there is no rating available for such an instrument; however, at the time the agreements are entered into, the underlying providers are generally rated in at least the second highest rating category by at least one of the nationally recognized statistical rating organizations, in accordance with established investment policy and guidelines. All agreements are collateralized by investment securities held by a third-party custodian either in DASNY's name or the name of the bond trustee, at values ranging from 103% to 104% on required evaluation dates and no less than 100% at any given time.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

Under certain circumstances, if the credit ratings of the investment agreement provider fall below a certain level, the provisions of the specific agreement require additional collateral to be posted, a substitute provider to be obtained, or give DASNY the right to terminate the agreement. As of March 31, 2016, there were 8 investment agreements totaling \$79 million invested with three providers with credit ratings below the level allowing one or more such actions. DASNY has requested the providers to post additional collateral securities necessary to satisfy the guidelines published by nationally recognized credit rating agencies for investment grade collateralized transactions in accordance with the terms of the related investment agreements or as otherwise required pursuant to the particular agreement. As of March 31, 2016, there was one investment agreement totaling \$12 million with a single provider, who posted additional collateral securities in accordance with the terms of the agreement. DASNY has not terminated the remaining agreements, but has reserved all of its rights and remedies under the agreements, in part because of an increase in exposure to reinvestment risk since interest rates equivalent to the interest rates paid on deposits held under the agreements cannot be obtained in the current market.

A portion of DASNY's investment portfolio is invested in several money market funds, which are open-ended mutual funds that invest in short-term debt securities and whose objective is to carry a net asset value (NAV) of \$1.00, allowing for withdrawals equal to the amount of the original deposit plus an allocable portion of any interest that may have been earned by the fund. These funds are reflected in the Statement of Net Position as a component of Cash and Cash Equivalents. DASNY's investment policy requires at the time of investment, each fund have a minimum asset value of \$500 million and be rated in the highest short-term rating category by at least one nationally recognized statistical rating organization. At March 31, 2016, DASNY held approximately \$257 million in investments of this type which were all rated in the highest short-term rating category by at least one nationally recognized statistical rating organization.

Custodial credit risk for deposits is the risk that in the event of a bank failure, DASNY's deposits may not be returned. DASNY's deposit policy for custodial credit risk includes minimum equity and rating requirements of, and diversification among, trustee and custodian banks. Certain deposits held in DASNY bank accounts are collateralized with securities held by custodian banks and certain are insured by federal depository insurance. As of March 31, 2016, DASNY had bank deposits of \$154 million of which \$104 million was uninsured and uncollateralized. The uninsured cash balances were primarily the result of amounts temporarily held pending debt repayment, disbursement, or investment.

Concentration of credit risk is the risk of loss attributed to the magnitude of DASNY's investment in a single issuer. DASNY's investment policy places no limit on the amount it may invest in any one issuer; however DASNY does establish minimum ratings requirements for each underlying issuer other than the United States Government where they are generally required to be rated in no less than the second highest rating category by at least 2 nationally recognized statistical rating organizations. As of March 31, 2016, DASNY had more than 5% of its investments in FNMA, FHLB, and FHLMC. These investments were 20.1%, 17.3%, and 10.2% of the total investment portfolio, respectively, as of March 31, 2016.

(4) Leases and Loans Receivable

Leases and Loans Receivable represents amounts due in accordance with various financing agreements relating to the construction of projects.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

Leases and Loans Receivable at March 31, 2016 consisted of the following (dollars in thousands):

Minimum payments to be received during the fiscal years ending March 31:	
2017	\$ 4,508,335
2018	4,560,777
2019	4,410,843
2020	4,141,400
2021	4,363,345
Thereafter	<u>51,045,418</u>
Total minimum payments receivable	73,030,118
Less unearned financing income, unexpended bond proceeds, and other credits	<u>28,647,880</u>
Total leases and loans receivable, net	44,382,238
Less current leases and loans receivable, net	<u>3,859,420</u>
Long-term leases and loans receivable, net	<u><u>\$ 40,522,818</u></u>

Leases and loans receivable financed by bonds and notes are collectible through periodic payments. The collection of this receivable from institutions is dependent on the ability of each institution to generate sufficient resources to service its bonds and notes. For hospitals and nursing homes, this is predicated in large part on their ability to obtain Medicare, Medicaid, or other third-party reimbursement rates sufficient to offset operating costs. For higher education institutions, this is predicated in large part on their ability to maintain enrollment and tuition at levels adequate to offset operating costs. For certain public institutions, payment is dependent upon annual appropriation. In certain situations, various credit structures are in place to reduce the risk of nonpayment to bondholders should an institution be unable to pay its debt service (see note 7). Based on continuous monitoring of collectability, it has been determined that there is no need to establish reserves for loan losses at March 31, 2016.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

(5) Capital Assets

Capital assets, net at March 31, 2016 consisted of the following (dollars in thousands):

DASNY	
Capital assets, not being depreciated:	
Land	\$ 1,083
Capital assets, being depreciated:	
Buildings	23,388
Equipment	9,734
Total capital assets, being depreciated	33,122
Less accumulated depreciation	(24,026)
Net value of capital assets, being depreciated	9,096
Net value of DASNY capital assets	10,179
Atlantic Avenue	
Capital assets, not being depreciated:	
Land	1,306
Capital assets, being depreciated:	
Buildings	34,366
Less accumulated depreciation	(6,055)
Net value of capital assets, being depreciated	28,311
Net value of Atlantic Avenue capital assets	29,617
Net value of all capital assets	\$ 39,796

During the fiscal year ended March 31, 2016, DASNY recorded depreciation expense of \$793 thousand and Atlantic Avenue recorded depreciation expense of \$3.5 million. Depreciation expense is included in Maintenance and Operations expense in the Statement of Revenues, Expenses, and Changes in Net Position.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

(6) Long-Term Liabilities

DASNY's long-term liabilities as of March 31, 2016, including the current portion, are comprised of the following (dollars in thousands):

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Bonds and notes payable	\$ 45,664,534	8,230,503	(6,609,027)	47,286,010	3,859,420
Other long-term liabilities:					
Accrued retainage	\$ 72,902	23,793	(51,504)	45,191	5,481
Accrued arbitrage	334	58	(147)	245	245
Compensated absences	4,135	—	(78)	4,057	—
OPEB liability	97,064	17,067	(3,896)	110,235	—
Net pension liability	7,035	6,204	(7,980)	5,259	—
Other	21,576	3,600	(1,520)	23,656	1,667
Total other long-term liabilities	\$ 203,046	50,722	(65,125)	188,643	7,393
Due to New York State	\$ 212,208	1,796,882	(1,836,506)	172,584	161,270
Amounts held for institutions	\$ 603,622	1,060,671	(1,095,345)	568,948	269,375

(7) Bonds and Notes Outstanding

(a) Description of Bonds and Notes

Bonds and notes are special obligations of DASNY payable solely from payments required to be made by or for the account of the institution for which the particular special obligations were issued. Such payments are pledged or assigned to the trustees for the holders of the respective special obligations. DASNY has no obligation to pay its special obligations other than from such payments. In certain instances, DASNY has a lien on certain land and buildings and revenues to secure the payment of principal and interest on the outstanding bonds and notes. In addition, certain bond and note issues

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

include credit enhancements. The following summarizes bonds and notes outstanding at March 31, 2016 by primary security feature (dollars in thousands):

	<u>Amounts of debt outstanding</u>
Backed by letters of credit	\$ 1,357,590
Insured by municipal bond insurance	2,739,298
Backed by mortgages insured by the State of New York Mortgage Agency	125,695
Backed by mortgages insured by agencies of the federal government	887,840
Payable from State and local government appropriations, state service contracts or designated income funds	28,294,246
Backed by pledged assets and revenues or payments	<u>13,881,341</u>
Total	<u>\$ 47,286,010</u>

Fixed rate and variable rate bonds and notes are due in various installments through the fiscal year ending March 31, 2051 and bear interest at variable rates currently ranging from 0.075% per annum to 5.0% per annum, and fixed interest rates currently ranging from 0.837% per annum to 7.875% per annum.

As of March 31, 2016, DASNY had a total of \$2.2 billion outstanding variable rate demand bonds, of which \$1.3 billion was secured by direct pay bank letters of credit, \$492 million was secured by appropriations or by pledged assets and revenues or by payments of the respective clients and with liquidity provided by standby purchase agreements, \$154 million was secured by agencies of the federal government, and \$230 million was secured by pledged assets and revenues or by payments of the respective clients acting as their own liquidity provider.

The variable rate demand bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest upon notice and delivery (tender) of the bonds to the remarketing agent being provided within a period of time as specified under the respective bond documents. The remarketing agent is required to use its best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate. For those bonds secured by a direct pay letter of credit, the trustee is required to draw an amount sufficient to pay the purchase price of bonds delivered to it and to reimburse the letter of credit provider from monies available from remarketing and from monies held under the bond resolution. The direct pay letters of credit relevant to variable rate bonds expire at various times through July 16, 2020. For those bonds with liquidity provided by a standby bond purchase agreement, secured by an agency of the federal government, or where the conduit borrower is acting as its own liquidity provider, the trustee is required to draw from monies held under the bond resolution or from the liquidity provider an amount sufficient to pay the purchase price of bonds delivered to it which are unable to be remarketed. The standby bond purchase agreements expire at various times through November 23, 2020.

DASNY issues debt on behalf of both public, primarily the State, and private institutions. DASNY has elected the option under GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations*, to report

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

conduit debt, primarily issued on behalf of private institutions, in its basic financial statements. In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended, DASNY is included in the financial statements of the State as a discrete component unit. As such, bonds issued on behalf of the State are not considered conduit debt. Under GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, variable rate demand bonds should be reported as long-term debt if certain conditions are met; otherwise, they should be reported as a current liability. In the case of its conduit variable rate demand bonds, DASNY is not a party to the liquidity or takeout agreement with the provider. All liquidity provider fees are paid directly by the conduit borrower and are not DASNY's obligation, and, in some cases, the conduit borrower acts as its own liquidity provider. Such bonds, and the related leases and loans receivable, are classified as current on the Statement of Net Position. With respect to variable rate demand bonds issued on behalf of its public clients, those bonds secured by liquidity or takeout agreements that expire within one year are also classified as current on the Statement of Net Position. All variable rate demand bonds, and the related leases and loans receivable, are disclosed in note 7(b) Maturities of Bond and Notes and note 4 Leases and Loans Receivable. As of March 31, 2016, approximately \$1.6 billion of variable rate demand bonds were classified as current on the Statement of Net Position.

DASNY, on behalf of the State, has purchased letters of credit and standby purchase agreements from various providers to ensure the liquidity needs of variable rate demand bonds can be met. As of March 31, 2016, these agreements covered \$650 million of variable rate demand bonds outstanding with costs ranging from 0.44% per annum to 0.475% per annum of the amount of credit provided. In addition, remarketing agents receive annual fees ranging from 0.05% per annum to 0.1% per annum of the outstanding principal amount of the bonds. These agreements have expiration dates ranging from January 9, 2017 to December 11, 2017.

If the remarketing agent is unable to resell any bonds that are tendered by the bondholders within six months of the tender date, each agreement with the applicable liquidity provider requires the bonds to accelerate and be payable in 6 to 10 equal semi-annual principal repayments bearing an adjustable interest rate equal to the higher of the bank's prime lending rate or an index tied to the Federal Funds rate. If all the takeout agreements were to be exercised because all outstanding \$650 million demand bonds were put and not resold, DASNY would be required to pay between \$97 million and \$152 million per year in principal repayments plus interest for 5 years under the installment loan agreements. DASNY is only obligated to make such payments from monies paid to it by the State pursuant to financing agreements related to the bonds.

DASNY, on behalf of the City, has purchased a standby purchase agreement from a provider to ensure the liquidity needs of variable rate demand bonds can be met. As of March 31, 2016, this agreement covered \$126 million of variable rate demand bonds outstanding at a cost of 0.57% per annum of the amount of credit provided. In addition, the remarketing agent receives annual fees of 0.08% per annum of the outstanding principal amount of the bonds. This agreement expires on November 23, 2020.

If the remarketing agent is unable to resell any bonds that are tendered by the bondholders within three months of the tender date, the agreement with the liquidity provider requires the bonds to accelerate and be payable in 20 equal quarterly principal repayments bearing an adjustable interest rate equal to the higher of the bank's prime lending rate or an index tied to the Federal Funds rate. If the

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

takeout agreement was to be exercised because all outstanding \$126 million demand bonds were put and not resold, DASNY would be required to pay \$25 million per year in principal repayments plus interest for 5 years under the installment loan agreement. DASNY is only obligated to make such payments from monies paid to it by the City pursuant to financing agreements related to the bonds.

Certain bonds and notes have the respective institution's cash and investments, surety bonds, or letters of credit pledged to collateralize certain reserve requirements and are not included in the Statement of Net Position. As of March 31, 2016, the amounts pledged are as follows (dollars in thousands):

Cash and investments (at fair value)	\$	50,216
Surety bonds		169,177
Letters of credit		29,491

Under certain circumstances, if the credit ratings of the surety bond provider fall below a certain level, the related reserve funds are required to be funded with cash and investments, deposits of which are to be made by the ultimate obligor on the bonds in ten equal semi-annual installments beginning on the first day of the bond year following such downgrade. As of March 31, 2016, the credit ratings of five surety bond providers, who had issued a total of \$52 million in surety bonds, had fallen below the level requiring such actions. Funding of the related reserve funds commences on varying dates based on the provisions of the respective bond resolutions. There are no similar provisions under the terms of letters of credit. If the rating of the letter of credit provider is downgraded, the ratings on the related bonds may be downgraded.

(b) Maturities of Bonds and Notes

Maturities of bonds and notes are as follows (dollars in thousands):

	Principal	Interest	Total
Fiscal years ending March 31:			
2017	\$ 2,313,753	2,194,582	4,508,335
2018	2,474,783	2,085,994	4,560,777
2019	2,429,053	1,981,790	4,410,843
2020	2,268,075	1,873,325	4,141,400
2021	2,594,846	1,768,499	4,363,345
2022–2026	11,367,766	7,153,447	18,521,213
2027–2031	9,093,770	4,622,894	13,716,664
2032–2036	7,178,286	2,679,767	9,858,053
2037–2041	5,399,395	1,152,105	6,551,500
2042–2046	2,011,176	217,740	2,228,916
2047–2051	155,107	13,965	169,072
Total	\$ 47,286,010	25,744,108	73,030,118

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

Bonds and notes maturing during the fiscal year ending March 31, 2016 as shown in the table above do not correspond to the amount reported as the current portion of bonds and notes outstanding in the Statement of Net Position due to a difference in classification of certain variable rate demand obligations. The amount reflected above is based on the stated maturity dates for all bonds and notes outstanding while the current portion of bonds and notes outstanding in the Statement of Net Position also includes the entire principal amount outstanding of variable rate demand obligations issued on behalf of DASNY's conduit borrowers as well as those variable rate demand obligations relevant to public programs that have liquidity agreements expiring during the upcoming fiscal year and private placement bonds in term rate mode with a mandatory tender during the upcoming fiscal year.

Interest reflected above for variable rate debt was projected using the interest rates in effect as of March 31, 2016.

(c) Tax-Exempt Leasing Program

DASNY offers a tax-exempt leasing program (TELP) that utilizes DASNY's tax exempt financing authority. In a TELP lease, DASNY, as the lessee, subleases the equipment to the borrower and thereafter has no security interest in the equipment. The repayments are assigned to and made directly to the lessor. The repayments are nontaxable income to the lessor. The leases do not constitute DASNY or State debt. Since DASNY assigns both its security interest in the equipment and its rights to receive sublease repayments to the lessor, and DASNY has no active role in managing or administering the leases, the TELP leases are not included in the Statement of Net Position. The total amount of TELP leases outstanding as of March 31, 2016 was approximately \$690 million.

(8) Derivative Instruments

Article 5-D of the State Finance Law authorizes the State and various public authorities that issue State-supported bonds to enter into interest rate exchange agreements (swap agreements) up to certain limits and also limits the amount of outstanding variable rate State-supported bonds. Additionally, Section 2926 of the Public Authorities Law authorizes DASNY to enter into swap agreements up to certain limits in connection with bonds and notes issued on behalf of a municipality for court facilities and combined occupancy structures and bonds and notes issued on behalf of a municipality for health facilities. Pursuant to these authorizations, as a means to lower borrowing costs for the State and the City and to cost effectively support their strategies to diversify their debt portfolios with a combination of fixed and variable rate debt, at various times, DASNY enters into swap agreements. The lease and financing agreements entered into by DASNY with the State or the City include terms that obligate the State or City, subject to annual appropriation, to pay to DASNY all amounts due in connection with these swap agreements and obligate DASNY to pay the State or City any amounts received in connection with the swap agreements. These swap repayment terms in the lease and financing agreements are considered derivative instruments with terms reciprocal to those of the swap agreements. When analyzed concurrently, because of the reciprocal terms, the swap agreements and the swap repayment terms in the lease and financing agreements with the State and the City are not considered to be associated with hedgeable items. Consequently, the swap agreements and the swap repayment terms in the lease and financing agreements are regarded as investment derivatives.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

At March 31, 2016, DASNY had a total of 25 pay-fixed, receive-variable swap agreements outstanding with a total notional amount of \$751 million and a negative fair value of \$144 million and reciprocal swap repayment terms in lease and financing agreements with like values. DASNY did not enter into any new swap agreements or related lease and financing agreements during the fiscal year ended March 31, 2016.

The table below summarizes the fair values, notional amounts and changes in fair value of derivative instruments outstanding as of March 31, 2016. Bracketed amounts denote negative values.

<u>Type of derivative instrument</u>	<u>Notional amounts (in thousands)</u>	<u>Fair value classification</u>	<u>Swap fair value (in thousands)</u>	<u>Change in fair value classification</u>	<u>Change in fair value (in thousands)</u>
Investment derivatives:					
Pay-fixed, receive-variable swaps:					
Swap agreements	\$ 751,369	Investment	\$ (143,917)	Investment income	\$ (4,551)
Pay-variable, receive-fixed swaps:					
Lease and financing agreements	751,369	Investment	143,917	Investment income	4,551
			<u>—</u>		<u>—</u>
Grand total			<u>\$ —</u>		<u>\$ —</u>

Fair value – The fair values of the swap agreements and the swap repayment terms in the lease and financing agreements were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the agreements, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the agreements.

Credit risk – As of March 31, 2016, DASNY was not exposed to credit risk on the swap agreements with \$144 million in negative fair values. Since changes in interest rates affect the fair values of swap agreements, it is possible that swap agreements with negative fair values become positive, and that swap agreements with positive fair values increase in value, which would expose DASNY to increased credit risk. DASNY's potential credit risk on the swap agreements is reduced due to the lease and financing agreements in place that obligate the State or City to pay DASNY, subject to annual appropriation, all amounts due in connection with the swap agreements. Certain swap agreements include setoff provisions should a swap agreement terminate. These setoff provisions permit, at DASNY's option, or in some cases, at the option of the nondefaulting or nonaffected party, all swap agreements with the given counterparty related to the bonds to terminate and to net the transactions' fair values so that a single sum will be owed by, or owed to, DASNY. Should the counterparties fail to perform according to the terms of the swap contracts, as of March 31, 2016, DASNY faces a maximum credit risk exposure related to the swaps' net positive fair value of \$0.

As of March 31, 2016, DASNY was exposed to credit risk on the swap repayment terms with \$144 million in positive fair values because the State's and the City's obligations under the lease and financing agreements are subject to annual appropriation.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

DASNY guidelines require that, for swap agreements entered into under provisions of Article 5-D of the State Finance Law, counterparties have credit ratings from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories and ratings which are obtained from any other nationally recognized statistical rating agency for such counterparty shall also be within the three highest investment grade categories, or the payment obligations of the counterparty are unconditionally guaranteed by an entity with such credit ratings. DASNY guidelines require that, for swap agreements entered into under the provisions of Section 2926 of the Public Authorities Law, counterparties have credit ratings from at least two nationally recognized statistical rating agencies that are within the three highest investment grade categories, or the payment obligations of the counterparty are unconditionally guaranteed by an entity with such credit ratings. In the event that a counterparty's ratings are reduced below certain ratings thresholds, the counterparty is required to comply with the collateral requirement provisions whereby the counterparty will be required to post collateral in an amount equal to 102% of the swap termination value under certain conditions. Collateral is required to be posted at any time that the counterparty does not have at least one rating in the second highest rating category, or any of the ratings assigned to the counterparty are below the three highest rating categories, and credit exposure exists on the valuation date. DASNY monitors the values of the related swap agreements on a daily basis to determine if collateral is required to be posted. As of March 31, 2016, there was no requirement for collateral to be posted. Collateral on all swap agreements related to State-supported bonds is to be held by a third-party custodian. Collateral on all swap agreements related to City-supported bonds may be held by either a third-party custodian or DASNY. All collateral may be in the form of direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, or other securities permitted by law and agreed upon in writing by DASNY and the counterparty.

The credit ratings for DASNY's counterparties at March 31, 2016 are as follows:

	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>
Counterparties:			
Citibank, N.A., New York	A1	A	A+
Goldman Sachs Mitsui Marine Derivative Products, L.P.	Aa2	AA+	N/A
JPMorgan Chase Bank	Aa3	A+	AA-
Merrill Lynch Derivative Products AG	Aa3	AA-	NR
Morgan Stanley Capital Services, Inc.	A3	BBB+	A
UBS AG	A1	A	A
New York State General Obligations	Aa1	AA+	AA+
New York State Mental Health Services Facilities Improvement Revenue Bonds	NR	AA	AA
New York City General Obligations	Aa2	AA	AA

Additionally, certain swap agreement payments made by DASNY are insured by various municipal bond insurance companies.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

(9) Debt Refundings

DASNY has issued bonds on behalf of various institutions to defease existing revenue bonds. Under the terms of the resolutions for the defeased bonds, investments have been deposited in irrevocable trusts with trustee banks to provide sufficient amounts to be used solely for the payment of scheduled debt service on these bonds. As a result, the refunded bonds, certain of which are still held by investors, are considered to be defeased pursuant to the applicable bond resolutions and the liabilities for those bonds and related investments have been removed from the Statement of Net Position. As of March 31, 2016, outstanding revenue bonds of approximately \$4.9 billion were considered defeased under existing accounting standards; accordingly, such bonds and the related investments placed in trust are not included in the basic financial statements.

The refundings during the fiscal year ended March 31, 2016, involved the issuance of fixed rate bonds to refund previously issued fixed and variable rate bonds. The refundings totaled \$3.3 billion par value of bonds (new bonds) to refund \$3.5 billion par value of outstanding bonds (refunded bonds). The proceeds of \$3.7 billion from the sale of new bonds, including net original issue premium, plus \$152 million of refunded bond monies and deposits from institutions, were deposited in irrevocable trusts (escrow accounts) and used to purchase United States Government securities as described above. The new bonds also funded reserve requirements and provided for costs of issuance. These refundings included the issuance of \$3.3 billion par value of new fixed rate bonds with an average interest rate of 4.23% to refund \$3.49 billion par value of outstanding fixed rate bonds with an average interest rate of 5.29%. The proceeds of \$3.7 billion from the sale of new fixed rate bonds, including net original issue premium, plus an additional \$152 million of refunded fixed rate bond monies and deposits from institutions, were used to fund the related escrow accounts. These fixed rate refundings resulted in a decrease of \$495 million in aggregate future debt service payments and a net present value economic gain of \$279 million for the fiscal year ended March 31, 2016. The remaining refundings involved either the issuance and/or the refunding of variable rate bonds and included a total of \$163 million par value of new bonds to refund \$163 million par value of outstanding bonds. The proceeds of \$163 million from the sale of these bonds, including net original issue premium, were used to fund the related escrow accounts. Since these refundings involved variable rate bonds, neither the difference between the cash flows required to service the new bonds and those required to service the refunded bonds, nor the present value gain or loss can be reasonably determined as of March 31, 2016.

(10) Commitments and Contingencies

(a) Litigation

DASNY has been named as a defendant in various pending actions which seek to recover damages for alleged wrongful death, personal injuries, loss of service or medical expenses, and violation of civil rights. There are other pending or threatened actions or matters with regard to breach of contract, retained percentages, damages, work at certain projects, liens filed with DASNY, and other claims involving DASNY contracts. It is management's opinion, based upon the advice of General Counsel, that these pending or threatened matters are covered either by DASNY's insurance program, surety bonds filed with DASNY, indemnification from the State or its agencies and municipalities under applicable statutes or other agreements (subject to the availability of funds), are recoverable from institutions, or DASNY has sufficient resources to meet any potential liability associated with such

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

pending or threatened actions or matters and, therefore, could not be deemed to have a material adverse effect on DASNY.

(b) Construction Commitments

In the normal course of business, DASNY enters into various commitments for construction costs. Such commitments, when added to the costs already incurred, are not expected to exceed the total amount of indebtedness issued and other available funding, including future authorized bond issues. Commitments for future construction costs totaled approximately \$601 million at March 31, 2016.

(c) Risk Management

DASNY is exposed to various risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; accidents; and natural disasters. DASNY maintains commercial insurance coverage, subject to certain limits and deductible/retention provisions, for each of these risks of loss through the purchase of general liability, excess liability, property, builder's risk, directors and officers, blanket crime, business travel accident, auto liability, and workers compensation.

(11) Retirement Plans

(a) New York State and Local Employees' Retirement System

(1) Description of Plan

DASNY participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance Plan (the Systems) administered by the New York State and Local Retirement System. These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller promulgates rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their monies. The Systems issue a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12236 or on the Comptroller's website at www.osc.state.ny.us/pension. For financial reporting purposes, the Systems are presented on an aggregated basis.

(2) Benefits

The classes of employees covered under the ERS range from Tiers 1–6. In order to be eligible for retirement, all members must be at least age 55 and have a minimum of 5 years of service for Tiers 2–4, and 10 years of service for Tiers 5 and 6. There is no minimum service requirement for Tier 1 members. Generally, all members are eligible for early retirement at age 55 with a benefit calculation of 1.67% of final average salary. Benefit calculations for Tiers 1 and 2 members with greater than 20 years of service credit, or Tiers 3–5 members

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

between 20 and 30 years of service credit, is 2.0% of final average salary. Tier 3–5 members are eligible for an additional 1.50% of final average salary applied to each year of service over 30 years. Generally, Tier 6 member retirement benefits are 1.75% of final average salary with 20 years of service, with an additional 2.0% of final average salary for each year of service over 20 years. For Tiers 1–5, final average salary is the average of the wages earned in the three highest consecutive years of employment. Tier 6 final average salary is the average of the wages earned in the five highest consecutive years of employment.

Other benefits provided under the ERS include: ordinary disability, accidental disability, and post-retirement benefit increases.

(3) Funding Policy

Funding of ERS is accomplished through member and employer contributions and investment earnings, according to the New York State Retirement and Social Security Law.

Plan members who joined the System before July 27, 1976 are not required to make contributions. Those joining on or after July 27, 1976 and before January 1, 2010 who have less than 10 years of service or membership are required to contribute 3% of salary. Those joining on or after January 1, 2010, and before April 1, 2012, are required to contribute 3% throughout active service. Persons joining on or after April 1, 2012, are required to contribute between 3% and 6% throughout active service. Employers are required to contribute at an actuarially determined rate. Fully contributed average employer contribution rate for the Tiers of 20.1% was applicable to the annual covered payroll for the year ended March 31, 2015. DASNY's required contribution for the fiscal year ended March 31, 2016 was \$7,716 thousand and was 100% of the contribution required.

(4) Net Pension Liability

DASNY's proportionate share of the System's net pension liability reported as of March 31, 2016 was \$5,259 thousand. The net pension liability was measured as of March 31, 2015. DASNY's proportion of the net pension liability was based on DASNY's projected long-term contribution effort compared to the projected total long-term contribution effort of all employers in the System. At March 31, 2015 and 2014, DASNY's proportion of the net pension liability was 0.16%.

For purposes of measuring the net pension liability and related pension amounts, information about the fiduciary net position of the Systems and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms and investments are reported at fair value.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

(5) Actuarial Information

The total pension liability for the March 31, 2015 measurement date was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. This actuarial valuation used the following assumptions:

Actuarial cost method	Entry age normal
Inflation	2.7 percent
Salary scale	4.9 percent indexed by service
Investment rate of return, including inflation	7.5 percent compounded annually, net of investment expenses
Cost of living adjustments	1.4 percent annually
Decrements	Developed from the Plan's 2010 experience study of the Period April 1, 2005 through March 31, 2010
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 and 2014 are summarized below.

<u>Asset</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	38%	7.30%
International equity	13	8.55
Private equity	10	11.00
Real estate	8	8.25
Absolute return strategies	3	6.75
Opportunistic portfolio	3	8.60
Real assets	3	8.65
Bonds and mortgages	18	4.00
Cash	2	2.25
Inflation Indexed bonds	2	4.00
	<u>100%</u>	

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents DASNY's current-period net pension liability calculated using the current-period discount rate assumption of 7.5%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current assumption (dollars in thousands):

	1% Decrease (6.5%)	Current assumption (7.5%)	1% Increase (8.5%)
DASNY net pension liability (asset)	\$ 35,055	5,259	(19,896)

(6) Deferred Outflows of Resources and Deferred Inflows of Resources

At March 31, 2016, DASNY reported deferred outflows of resources related to pensions from the following sources (dollars in thousands):

Differences between expected and actual experience	\$ 168
Net difference between projected and actual earnings on plan investments	914
Changes in proportion and differences between DASNY contribution and proportionate share of contributions	290
Contributions subsequent to the measurement date	7,716
Total deferred outflows of resources	\$ 9,088

Deferred outflows of resources of \$7,716 thousand, resulting from contributions subsequent to the measurement date will be recognized as a reduction to net pension liability in the year ended March 31, 2017.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

The remaining amounts reported as deferred outflows of resources related to pensions will be recognized in future pension expense for the fiscal years ending March 31 as follows (dollars in thousands):

2016	\$	343
2017		343
2018		343
2019		343
Total	\$	1,372

(7) Total Pension Expense

Total pension expense includes certain current period changes in the total net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense reported for the period ended March 31, 2016 is \$4,832 thousand.

(b) Optional Retirement Plan

Unrepresented DASNY employees who have estimated annual salary of \$75,000 or greater may participate in an Optional Retirement Program (ORP) under IRS Section 401(a), which is a multiple-employer, defined contribution plan administered by separate vendors – TIAA-CREF, Fidelity, Metropolitan Life, VALIC, and VOYA. DASNY’s plan is administered exclusively by TIAA-CREF. ORP employer and employee contributions are dictated by State law. The ORP provides benefits through annuity contracts and provides retirement and death benefits to those employees who elected to participate in an ORP. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service if the employee is retained thereafter. Employer contributions are not remitted to an ORP plan until an employee is fully vested. As such there are no forfeitures reported by these plans if an employee is terminated prior to vesting. Employees who joined an ORP after July 27, 1976, and have less than ten years of service or membership are required to contribute 3% of their salary. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Employer contributions range from 8% to 15% depending upon when the employee was hired. Employee contributions are deducted from their salaries and remitted on a current basis to the respective ORP. Pension expense for the plan for the period ended March 31, 2016 is \$29 thousand.

(12) Postemployment Benefits

(a) Plan Description

DASNY is a participating employer in the New York State Health Insurance Program (NYSHIP), which is administered by the State of New York as an agent multiple employer defined benefit plan. Under the plan, DASNY provides certain health care benefits for eligible retired employees and their

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

dependents under a single employer noncontributory health care plan. Article XI of the New York State Civil Service Law assigns the authority to NYSHIP to establish and amend the benefit provisions of the plans and to establish maximum obligations of the plan members to contribute to the plan. Subject to collective bargaining agreements, DASNY's Board is authorized to establish the contribution rates of DASNY employees and retirees below those set by Civil Service Law.

Eligibility for DASNY's Plan requires employees to: be enrolled as a NYSHIP enrollee or a dependent of a NYSHIP enrollee at the time of retirement, be eligible to receive a pension from the ERS and to have ten years of State service. In calculating the ten year service requirement, all of the employee's service need not be with DASNY, but may be a composite of New York State service elsewhere, with a minimum of one year with DASNY immediately preceding retirement. Employees with no prior State service must work a minimum of ten years with DASNY before they and their dependents are eligible for the retirement medical benefits.

DASNY pays 100% of the cost of single coverage and 75% of the cost of dependent coverage for employees who retired before January 1, 1983. DASNY pays 90% of the cost of single coverage and 75% of dependent coverage for employees who retire on or after January 1, 1983. A vestee is a DASNY employee vested as a member of the retirement system administered by the State, who has withdrawn from State service after meeting DASNY's minimum service requirement but has not met the age requirement for continuing health insurance. During the fiscal year ended March 31, 2016, DASNY had an average of 284 retirees, 27 survivors and 1 vestee. At March 31, 2016, DASNY employed 152 employees eligible for retiree benefits. NYSHIP does not issue a stand-alone financial report and NYSHIP's agent activities are included within the financial statements of the State of New York.

DASNY accounts for its other postemployment benefits (OPEB) obligations in accordance with the provisions of GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The first actuarial valuation date was April 1, 2006 and the most recent actuarial valuation date was April 1, 2014. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment mortality and the healthcare cost trend rate. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about the plan.

DASNY's annual OPEB cost for the plan is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. On March 30, 2010 the Health Care and Education Reconciliation Act of 2010 (HCERA), which amends

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

certain aspects of PPACA was signed into law. The new laws have a financial impact on employers who sponsor postretirement healthcare benefits and therefore have been reflected in DASNY's actuarial valuations since April 1, 2010. An adjustment was made to reflect the effect of the benefit mandates as well as the excise tax that is applicable starting in 2018. The excise tax is 40% of the excess amount by which the plan's healthcare cost exceeds limits as defined in the legislation. The 2018 limits are \$10,200 for active employees with single coverage and \$11,850 for retirees with single coverage. The limits for family coverage are \$27,500 and \$30,950 for active employees and retirees, respectively. The limits are scheduled to increase with the Consumer Price Index (CPI) plus 1% in 2019 and with CPI for all years thereafter. Based on a comparison of projected premiums to these thresholds, DASNY expects to pay an excise tax in 2020.

(b) Funding

DASNY has not funded a qualified trust or its equivalent as required by GASB Statement No. 45, therefore, benefits are funded on a pay-as-you-go basis. DASNY's operating expenses are paid from fees collected from clients. As of March 31, 2016, the portion of the OPEB liability allocable to certain public clients was 86% and will be paid from future fees to be collected. A receivable in the amount of \$98.9 million is included in Other Receivables noncurrent in the Statement of Net Position at March 31, 2016. A reserve for the portion of the OPEB liability allocable to nonprofit health care institutions, independent colleges, universities, and other nonprofit institutions, and certain New York State agencies was funded with \$3.8 million as of March 31, 2016, and \$11.5 million was due to the reserve from client program operating funds for the related change in the OPEB liability.

(c) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 1, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.56% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.5% (net of administrative expenses) including inflation, declining each year to an ultimate trend rate of 5%. Both rates include a 3% inflation assumption. DASNY's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. DASNY elected to use an amortization period of thirty years.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

(d) Annual OPEB Cost and Net OPEB Obligation

DASNY's annual OPEB cost and net OPEB obligation of the plan as of March 31, 2016, 2015 and 2014 are as follows (dollars in thousands):

	2016	2015	2014
Annual Required Contribution:			
Normal cost	\$ 8,652	8,375	9,414
Amortization of unfunded AAL	8,458	8,022	8,194
Interest on net OPEB obligation	3,455	2,999	3,096
Adjustment to annual required contribution	(3,498)	(3,036)	(2,499)
Annual OPEB cost	17,067	16,360	18,205
Contributions made	(3,896)	(3,528)	(3,332)
Increase in net OPEB obligation	13,171	12,832	14,873
Net OPEB obligation, beginning of year	97,064	84,232	69,359
Net OPEB obligation, end of year	\$ 110,235	97,064	84,232
Percentage of Annual OPEB Cost contributed	22.83%	21.56%	18.30%

(e) Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial valuation, April 1, 2014, was as follows (dollars in thousands):

Actuarial Accrued Liability (AAL)	\$ 222,553
Funded OPEB plan assets	—
Unfunded Actuarial Accrued Liability (UAAL)	\$ 222,553
Funded ratio	—%
Covered payroll	\$ 42,781
UAAL as percentage of covered payroll	520.21%

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Notes to Basic Financial Statements

March 31, 2016

(13) Unrestricted Net Position

Unrestricted Net Position includes amounts that are not appropriable for operating expenses and are Board designated for a specific future use. Designations at March 31, 2016 are as follows (dollars in thousands):

Designated:		
Health care institution assistance	\$	25,845
Advance funding new projects		5,000
Coverage for financial risks associated with directors and officers liability insurance policies		2,000
Women/Minority Business Enterprises capital access, training and development		3,794
Reserve for replacement of corporate facilities		<u>6,833</u>
Total designated		43,472
Undesignated		<u>26,186</u>
Total net position unrestricted	\$	<u><u>69,658</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)
Required Supplementary Information
Schedule of Funding Progress for the Retiree Health Plan (Unaudited)
(Dollars in millions)

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) - entry age normal cost method (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll ((b - a)/c)</u>
April 1, 2014	\$ —	223	223	—%	\$ 43	520%
April 1, 2012	—	222	222	—	45	489
April 1, 2010	—	208	208	—	50	416

See accompanying independent auditors' report.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System

(Dollars in thousands)

	<u>2016</u>	<u>2015</u>
DASNY's proportion of the net pension liability	\$ 0.16%	0.16%
DASNY's proportionate share of the net pension liability	5,259	7,035
Covered payroll	44,162	45,270
Net pension liability as a percentage of covered payroll	11.91%	15.54%
Plan fiduciary net position as a percentage of the total pension liability	97.9%	97.2%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Required Supplementary Information

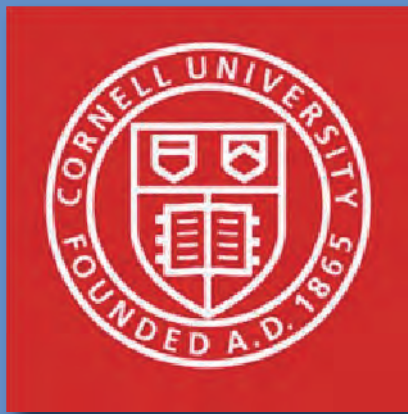
Schedule of Pension Contributions
New York State and Local Employees' Retirement System

(Dollars in thousands)

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,716	7,980
Contributions in relation to the contractually required contribution	(7,716)	(7,980)
Contribution deficiency (excess)	<u>—</u>	<u>—</u>
Covered payroll	45,656	44,162
Contributions as a percentage of covered payroll	16.90%	18.07%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

DASNY IS PROUD TO HAVE RECENTLY PARTNERED WITH THESE WORLD-CLASS INSTITUTIONS



SCIENCE:

Researchers inside CUNY's Advanced Science Research Center. The approximately \$700 million facility is the highest value project in DASNY's history.



EDUCATION:

In fiscal 2016, DASNY provided over \$1.8 billion in low-cost financing for New York's colleges and universities. (Photo Courtesy: University at Buffalo)

HEALTH:

The low-cost financing DASNY provides to hospitals, nursing homes and other organizations enables the transformation of health care delivery across New York State. (Photo Courtesy: University at Buffalo)



RESILIENCY:

DASNY's work with the Governor's Office of Storm Recovery (GOSR) and other agencies is preparing communities for increasingly powerful storms.



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515 Broadway
Albany, NY 12207-2964
t 518.257.3000
f 518.257.3100

One Penn Plaza, 52nd Floor
New York, NY 10119-0098
t 212.273.5000
f 212.273.5121

539 Franklin Street
Buffalo, NY 14202-1109
t 716.884.9780
f 716.884.9787

www.dasny.org