



## **Dormitory Authority of the State of New York (DASNY)**

### **ABO Annual Report – Operations and Accomplishments**

**Fiscal Year April 1, 2015 – March 31, 2016**

#### **MISSION STATEMENT**

*We commit to deliver exceptional service and professional expertise on every financing and construction project for our clients and the public, in a cost-effective manner, while advancing the policy goals of New York State.*

#### **OPERATIONS AND ACCOMPLISHMENTS**

DASNY is a public benefit corporation originally established in 1944 under the laws of the State of New York (the State) to finance and build dormitories at State teachers' colleges to house an influx of soldiers returning from World War Two and attending college under the GI Bill. DASNY successfully addressed this challenge and has been responding to challenges ever since. As a result, the scope of its responsibilities has greatly expanded.

Today, DASNY finances and builds the health and education institutions that anchor our communities and make New York competitive. It is supporting the expansion of university-based scientific research centers, enabling the transformation of health care delivery statewide, increasing the resiliency of New York's communities and strengthening all levels of New York State's education system. DASNY does all of this with a steadfast commitment to inclusion, and to its public and private clients.

#### **State Programs, Policies and Economic Development Initiatives**

Consistent with DASNY's mission statement and long-standing history of public service, DASNY's professional staff supported numerous State of New York programs, policies and economic development initiatives during FY 2016:

- Health Care Transformation (Department of Health) – Upon taking office, Governor Andrew M. Cuomo created the Medicaid Redesign Team (MRT) to craft a first year Medicaid budget proposal and develop a multiyear reform plan for the transformation of health care in New York State. New York finalized terms and conditions with the federal government for a waiver amendment that allocates \$6.42 billion dollars to the Delivery System Reform Incentive Payment (DSRIP) Program, the purpose of which is to fundamentally restructure the health care delivery system in New York using federal savings generated by the State's Medicaid reforms. Although DASNY does not have a direct role in the DSRIP Program, the enacted FY 2016 State Budget included several key provisions which advance the State's health care transformation goals and establish significant new responsibilities for DASNY:



## **Dormitory Authority of the State of New York (DASNY)**

### **ABO Annual Report – Operations and Accomplishments**

**Fiscal Year April 1, 2015 – March 31, 2016**

- Capital Restructuring Financing Program – The Capital Restructuring Financing Program (CRFP) is a new \$1.2 billion capital grant program originally included in the FY 2015 State Budget to provide funds to health care providers for the purpose of funding capital projects designed to improve population health, deliver care in the most appropriate setting, and be consistent with the State's mission to move from a fee-for-service environment. The FY 2016 State Budget re-appropriated \$1.2 billion from the FY 2015 budget to support this program. Additionally, the FY 2016 State Budget includes criteria related to the geographic distribution of funds so that, to the extent practicable, grant awards are regionally proportional to the applications received. The CRFP is jointly administered by DASNY and the New York State Department of Health (DOH), and the program will be financed through bonds issued by DASNY and/or Urban Development Corporation (UDC). To address program changes resulting from the 2015 amendments, a new Request for Applications was released by DOH and DASNY on April 10, 2015. On March 4, 2016, DOH and DASNY announced 135 grant awards totaling approximately \$1.2 billion to qualifying institutions. Post-award work on these grants will continue into 2016.
- Health Care Facility Transformation Program – To further advance the State's health care transformation goals, \$1 billion in new grant funding was authorized in the FY 2016 State Budget for capital investments to make infrastructure improvements and provide additional tools to stabilize health care providers in Kings and Oneida Counties. This investment includes \$700 million in capital funding to stabilize the health care delivery system of Kings County (including central and eastern Brooklyn), and \$300 million to create an integrated health care delivery system in Oneida County to reduce unnecessary inpatient beds and expand primary care services. This program is also jointly administered by DASNY and DOH, and will be financed through bonds issued by DASNY and/or Urban Development Corporation. DASNY continues to work with DOH on the implementation of this new capital grant program.
- Community Health Care Revolving Loan Capital Fund – The FY 2016 State Budget includes a new, DASNY-administered \$19.5 million Community Health Care Revolving Loan Capital Fund to make loans to eligible community health care providers, improve access to affordable capital financing, and expand and improve the State's health care capacity. DASNY continues to work with DOH on the implementation of this new revolving loan program.
- Public Housing Support (NYCHA) – The FY 2016 State Budget includes a new \$100 million appropriation for a public housing modernization and improvement program benefitting housing developments owned or operated by the New York City Housing Authority (NYCHA). The appropriation requires that a capital revitalization plan be developed by the



## **Dormitory Authority of the State of New York (DASNY)**

### **ABO Annual Report – Operations and Accomplishments**

**Fiscal Year April 1, 2015 – March 31, 2016**

Commissioner of the New York State Division of Housing and Community Renewal, in consultation with the Chair of NYCHA, for the use of such funds, and that NYCHA enter into a construction management agreement with DASNY for the scope, procurement and administration of all contracts associated with this funding. Further details on this program are included in the *Construction* section of this report.

- NY Works (OPRHP and DEC) – The FY 2016 State Budget extended DASNY’s authority to provide design and construction management services to the New York State Office of Parks, Recreation and Historic Preservation (OPRHP) and Department of Environmental Conservation (DEC) under the NY Works Program for two years, expiring on April 1, 2017. Further details on this program are included in the *Construction* section of this report.
- New York Rising Storm Recovery Program (GOSR/HTFC) – DASNY continues to work with the Governor’s Office for Storm Recovery (GOSR) and Housing Trust Fund Corporation (HTFC) to provide services for the New York Rising Storm Recovery Program. Further details on this program are included in the *Construction* section of this report.
- Service Disabled Veteran-Owned Business (SDVOB) – In January 2015, in accordance with Executive Law Article 17B, DASNY was selected to participate in the pilot process to assist in maximizing contractual opportunities for NYS Certified Service-Disabled Veteran-Owned Businesses in the areas of Construction, Construction Related Professional Services, Commodities and Services, and Financial Services. DASNY is dedicated to assisting SDVOB’s to compete successfully in its building services and procurement programs. To that end, in the fiscal year ending March 31, 2016, DASNY has employed numerous strategies/programs designed to identify, notify, educate and support SDVOB enterprises in DASNY’s complete platform of services. Accordingly based on the Division of Service-Disabled Veterans’ Business Development Annual Report, December 31, 2015, DASNY ranked 2nd among 19 Agencies and Authorities in dollar value of awards to SDVOB firms.
- Nonprofit Infrastructure Capital Investment Program (NICIP) – The FY 2016 State Budget includes a new \$50 million capital grant program to make targeted investments in capital projects that will improve the quality, efficiency, accessibility, and reach of nonprofit human services organizations that serve New Yorkers. Grants will be awarded through a competitive process to eligible nonprofits that provide direct services to New Yorkers through state contracts, state authorized payments, and/or state payment rates. The funding for this program was increased in the FY 2017 State budget and now DASNY and/or the UDC are authorized to issue up to \$100 million in new bonds to support this program. Work on this program is continuing through 2016.



## **Dormitory Authority of the State of New York (DASNY)**

### **ABO Annual Report – Operations and Accomplishments**

**Fiscal Year April 1, 2015 – March 31, 2016**

- Higher Education Capital Matching Grant Program (HECap) – DASNY’s bonding authorization under the HECap Program was increased from \$180 million to \$210 million. Additionally, certain sunset provisions contained in the HECap statute were removed, having the effect of making the HECap Program permanent, subject to the funding cap. DASNY, as staff to the HECap Board, undertook a competitive procurement during the fiscal year, and \$35.5 million in grants were awarded by the HECap Board in March 2016.
- The State and Municipal Facilities Capital Program (SAM) – The aggregate amount of bonds that may be issued by DASNY or UDC under the SAM program was increased from \$750 million to \$1.155 billion. DASNY administers SAM Grants awarded by the Senate Finance Committee, the Assembly Ways and Means Committee, and the Executive.

#### **DASNY Operations Overview**

DASNY has two main lines of business: public finance and construction services. During FY 2016, DASNY completed 28 bond financings for a total of approximately \$8.3 billion in bonds issued. DASNY also completed 13 lease transactions totaling approximately \$236.4 million under its Tax-Exempt Leasing Programs (TELP I and TELP II). The largest public, higher education and health care financings include:

- Sales Tax Revenue Bonds, Series 2015A (\$1,523,100,000);
- New York University Revenue Bonds, Series 2015A (\$691,435,000); and
- North Shore Long Island Jewish Obligated Group Revenue Bonds, Series 2015A (\$503,640,000)

Further information on these and other significant DASNY public finance accomplishments can be found in the *Executive Leadership* and *Finance* sections of this report.

DASNY is also authorized to offer a variety of construction project services to certain educational, governmental and not-for-profit institutions in the areas of planning, design and construction, construction monitoring, and purchasing of furnishings and equipment. During FY 2016, DASNY construction expenditures for DASNY-managed projects totaled approximately \$611 million, and awards of new professional services contracts, construction contracts and associated purchase orders for client programs totaled approximately \$306 million.

Construction-related accomplishments for FY 2016 include the following:

- DASNY completed the CUNY City College of New York Advanced Science Research Center and the Center for Discovery and Innovation (ASRC-CCNY), where work continues on fit-out and customization, pushing the total project value to over \$700 million. This represents the largest and most complex project ever undertaken by DASNY.



## **Dormitory Authority of the State of New York (DASNY)**

### **ABO Annual Report – Operations and Accomplishments**

**Fiscal Year April 1, 2015 – March 31, 2016**

- DASNY completed the \$350 million Bronx Mental Health Redevelopment project at the Bronx Psychiatric Center.
- DASNY completed the new 225-bed residence hall and café at the State University College at New Paltz, valued at \$31.6 million.
- DASNY completed \$11.2 million in renovations to Tower One at SUNY Buffalo State College.

### **CHALLENGES**

During FY 2016, DASNY experienced significant growth in the par amount of bonds issued in connection with public financing transactions, offset by private client refundings away from DASNY and continuing decline in construction expenditures.

Within the approximately \$8.3 billion in bond financings completed by DASNY during FY 2016, public borrowings totaled approximately \$5.6 billion in 10 transactions, as compared to approximately \$4.0 billion in public borrowings during the prior fiscal year. This increase is largely attributable to the refinancing of NYS Thruway Authority Highway Bridge and Trust Fund Bonds under the Sales Tax Revenue Bond Program. Private client business increased to 18 transactions valued at approximately \$2.7 billion, compared to 13 transactions valued at approximately \$650 million during the prior fiscal year. The volume of TELP financings was very similar with 13 leases valued at approximately \$236 million in FY 2016, compared to 13 transactions valued at approximately \$240 million for the prior year.

Challenges in the public finance sector include competition from non-State sources and market conditions. DASNY's business has been impacted significantly by the proliferation of local development corporations issuing tax-exempt debt, without having to comply with State oversight procedures applicable to DASNY. While significant progress has been made in the area of legislative fee relief, a number of DASNY private client customers have pursued alternatives and financed elsewhere. In addition, the interest rate spread between taxable and tax-exempt financing has been compressed. This has impacted demand for the issuance of tax-exempt bonds in general and a number of DASNY private client borrowers have elected to finance taxably on their own.

Consequently, a number of DASNY's existing private client borrowers have refunded outstanding DASNY debt away from DASNY. During FY 2016, there were 15 defeasances, resulting in a \$407,000 decrease in annual administrative fee revenue, and a \$7.0 million decrease in future administrative fees. This trend has resulted in a decrease in the total amount of DASNY bonds outstanding associated with private client financings when compared to the prior fiscal year. This loss of business, in combination with previous DASNY fee reduction actions taken to increase DASNY competitiveness, has resulted in a decline in annual revenue from private client bond administration fees from approximately \$7.5 million in FY 2015 to approximately \$6.7 million in FY 2016.



## **Dormitory Authority of the State of New York (DASNY)**

### **ABO Annual Report – Operations and Accomplishments**

**Fiscal Year April 1, 2015 – March 31, 2016**

Construction expenditures for DASNY projects have declined by approximately 17.9% when compared to the prior fiscal year (where DASNY experienced a decline of approximately 16% when compared to the prior year). During FY 16, DASNY construction expenditures declined to approximately \$611 million, as compared to approximately \$744 million during FY 2015. Similarly, awards of contracts for professional services, construction services and associated purchase orders of approximately \$306 million in FY 2016 represent a decline of approximately 1% when compared to awards of approximately \$309 million during FY 2015. This change reflects a decrease in dollar amount of new construction expenditures, as well as the completion and/or winding down of several large DASNY construction projects. For example, DASNY achieved substantial completion of the single largest project in its history, the Advanced Science Research Center and the Center for Discovery and Innovation at CUNY's City College of New York (over \$700 million).

While the dollar amount of construction expenditures is clearly decreasing, the number of DASNY construction projects increased by 4.9% in FY 2016 from the previous year. That follows an almost 18% increase from FY 2014 to FY 2015. The profile of projects is changing to a larger number of smaller renovation, rehabilitation, capital maintenance and/or energy-savings projects spread across wide geographic areas.

With the increase in project volume comes a tendency toward an increase in overhead cost to administer the projects, including the need for design and construction contractual arrangements, associated change order management and payment processing for each. The challenge DASNY faces is to maintain a competitive cost structure in managing these smaller projects, which by their nature can incur similar administrative burdens as larger scale projects, including costs associated with contract and payment management.

As discussed in the *Executive Leadership* section of this report, DASNY has responded to these challenges by containing operating expenses, changing its financing guidelines and policies, and realigning corporate resources to remain competitive in the market. DASNY has previously reduced the fees charged to its private clients.

### **EXECUTIVE LEADERSHIP**

In addition to the accomplishments above, several important management initiatives were undertaken and completed by DASNY during FY 2016:

- Operating Budget -- DASNY has taken steps to reduce operating costs and expenses while maintaining a professional staff capable of executing its mission and serving the public interest. On March 9, 2016, DASNY's Board approved DASNY's FY 2017 operating budget, which included a decrease of .4% in total spending compared to the adopted FY 2016 budget. Total internal operating expenditures increased 1.3%, or \$1.0 million.



## **Dormitory Authority of the State of New York (DASNY)**

### **ABO Annual Report – Operations and Accomplishments**

**Fiscal Year April 1, 2015 – March 31, 2016**

- Financing Guidelines Overhaul – In December 2015, DASNY’s Board approved changes to DASNY’s financing guidelines and policies. These improvements reflect feedback from DASNY’s private higher education and health care clients and will provide borrowers with enhanced speed, certainty and flexibility. Specifically, only a single Board approval is now required for higher education and health care clients rated in the A category or better. Previously, this option was only available to these clients if they had issued through DASNY in the prior 48 months.

Additionally, DASNY’s Higher Education clients rated in the A category no longer need to pledge revenues, grant a mortgage, or provide a debt service reserve fund. Similarly, debt service reserve funds are no longer required for DASNY’s health care clients rated in the A category or better. These changes provide greater predictability for borrowers, who will no longer need to seek an exception from the Board. Private placements will continue to reflect the security package as determined by the private placement purchaser. These new changes are in step with market practices.

For new transactions, higher education and health care borrowers rated in the AA category and AAA can now have more control over their trustee-held investments. These borrowers can now: direct the bond trustee to release funds as they need them; direct the investment of funds, consistent with the requirements of the bond documents; and engage their own arbitrage rebate consultants to undertake these calculations. Finally, for new transactions, all borrowers can use third-party bidding agents for their escrows rather than DASNY.

DASNY’s same high standards for document preparation and review prior to Board approval remain in place, including tax diligence and adherence to the responsibilities of the Tax Equity and Fiscal Responsibility Act (TEFRA) requirements, and the State Environmental Quality Review Act (SEQRA).

- Realignment -- In February 2016, DASNY realigned its organization to streamline processes and create efficiencies. Among the key changes was moving the Opportunity Programs Group, which is responsible for MWBE compliance, into the Construction Division. There it joined with the Procurement Unit, which is responsible for handling DASNY’s contracts, to form a new unit, Resource Acquisition. The move makes MWBE contracting a focus through the life of every DASNY project.

Additionally, a new Division, the Office of Specialized Services and Client Solutions, was established to focus on specialized services that DASNY may provide its clients.

- MWBE Training -- In early 2016, about 300 DASNY staff in the Construction Division, Accounts Payable Unit and Opportunity Programs Group were trained on updated procurement and procedures designed to increase MWBE participation in DASNY contracting. The changes were the product of a working group designed to improve DASNY’s MWBE functionality through the use of the New York State Contract System to improve collaboration between DASNY’s Opportunity Programs and Construction groups.



## **Dormitory Authority of the State of New York (DASNY)**

### **ABO Annual Report – Operations and Accomplishments**

**Fiscal Year April 1, 2015 – March 31, 2016**

#### **CORPORATE GOVERNANCE**

The Public Authorities Reform Act of 2009 requires each State authority to adopt a mission statement and performance measurements and to review them on an annual basis. At its March 9, 2016 meeting, the DASNY Board Governance Committee undertook its annual review of DASNY's Mission Statement and Performance Measures. The Governance Committee did not recommend any changes to the DASNY mission statement.

On December 9, 2015, the DASNY Board, amended the Metrics to Quantify Performance Goals to delete from the metrics the use of customer satisfaction surveys. DASNY has seen a significant drop in participation on behalf of its customers with respect to completing the surveys such that DASNY no longer receives enough data for the metric to be meaningful in any way. DASNY has other existing metrics from which it may measure performance.

On March 9, 2016, the DASNY Board amended its Performance Measurements to change its Goal 2 from "Employ a high-effective, professional and expert workforce," to "Employ a professional, highly-trained, and expert workforce," noting that "highly-trained" is more measurable than "highly-effective". The Board amended the corresponding metrics associated with that goal.

Additionally, on March 9, 2016, the Board made clarifying changes to both the Performance Measurement and the corresponding metrics related to DASNY's goal to advance the public policy goals of New York State, including changes to its MWBE corporate goal on contracts issued after March 31, 2015, which was changed to 30%.

#### **LEGISLATIVE MATTERS**

During 2016, DASNY continues to monitor legislative activity that would improve its ability to respond to client needs and advance sound policy for the State. In addition to matters referenced in the *Operations and Accomplishments*, *Executive Leadership* and *Finance* sections of this report, the following are highlights of recent legislation affecting DASNY:

- Health Care Facility Transformation Program Statewide – The FY 2017 State Budget included a new \$200 million statewide program that will strengthen and protect continued access to health care services in New York's communities. The program is part of New York State's wide-reaching health care transformation plan (also discussed on pp. 1 – 2 of this report), to create a financially sustainable health care system. The Statewide program complements the State's prior investment in health care transformation, including the \$1.2 billion Capital Restructuring Financing Program, the \$700 million investment in Kings County and the \$300 million investment in Oneida County. The program will be jointly administered by DOH and DASNY.

Following a new provision of the Unconsolidated Laws, the FY 2017 State Budget also authorizes DOH and/or DASNY to make grants or loans to support debt restructuring,





## **Dormitory Authority of the State of New York (DASNY)**

### **ABO Annual Report – Operations and Accomplishments**

**Fiscal Year April 1, 2015 – March 31, 2016**

capital and non-capital projects or purposes under the transformation programs (Kings County, Oneida County, Essential Health Care Provider and statewide programs). Under this separate authorization, the projects and purposes of these grants and loans must facilitate health care transformation and support a financially sustainable system of care. Grants and loans cannot be used to support general operating expenses that have no connection to the authorized projects or purposes.

- DASNY / OASAS Integrated Health Facilities – The FY 2017 Budget authorizes DASNY to finance integrated health facilities on behalf of the Office of Alcoholism and Substance Abuse Services (OASAS). This change in legal definition expands DASNY's role in assisting OASAS to create facilities that combine health care and recovery services. The expansion is part of the state-wide effort to integrate health care and reduce hospitalizations by providing improved and more expansive routine care.
- New York State Design and Construction Corporation Act (DCC) – The FY 2017 State Budget creates a new subsidiary for DASNY, the purpose of which is to extend project management expertise and oversight to significant public works projects, valued at \$50 million or greater, undertaken by state agencies, departments, public authorities and public benefit corporations throughout the state. The DCC will recommend improvements on those projects to help keep their delivery on time, on budget and of a high quality.
- DASNY Subsidiaries – The FY 2017 State Budget extends DASNY's authorization to form subsidiaries in the health care sector to July 1, 2018. This capability is critical to protecting DASNY from potential liabilities as it takes control of the assets of a health care entity in default. This authority was first used in connection with the federal bankruptcy proceedings for North General Hospital (NGHP Holding Corporation) and second, for Interfaith Medical Center (Atlantic Avenue Healthcare Property Holding Corporation).
- Transformational Economic Development Infrastructure and Revitalization Projects Act – The FY 2017 State Budget grants design-build authority to the Urban Development Corporation, the New York City Convention Center Development Corporation and their subsidiaries for key public works projects at the Jacob V. Javits Convention Center, Empire Station Complex, the James A. Farley Building Replacement and the Pennsylvania Station New York Redevelopment. The parties are evaluating a potential DASNY role as construction-permitting agency under the New York State Uniform Fire Prevention and Building Code and implementing regulations with respect to buildings that are owned by the State or State agencies.



## Dormitory Authority of the State of New York (DASNY)

### ABO Annual Report – Operations and Accomplishments

**Fiscal Year April 1, 2015 – March 31, 2016**

#### FINANCE

##### Bond Financings

DASNY delivered approximately \$8.3 billion par value of bonds during FY 2016, ending with an outstanding bond portfolio of approximately \$47.3 billion. Of the total bonds outstanding, approximately 68 percent are on behalf of public programs (such as State-supported debt and school districts); approximately 21 percent are on behalf of independent higher education institutions and other not-for-profits; and approximately 11 percent are for independent health care institutions.

During FY 2016, 67 percent of the \$8.3 billion total par value of bonds delivered by DASNY were for its public clients. DASNY delivered a total of \$5.6 billion of bonds in FY 2016 for its public clients:

• Master BOCES Program Lease Revenue Refunding Bonds, Series 2015 (Delaware, Chenango, Madison and Otsego Issue and St. Lawrence-Lewis Issue)	\$40,485,000
• Master BOCES Program Lease Revenue Bonds (Onondaga-Cortland-Madison Issue), Series 2015	5,890,000
• Personal Income Tax Revenue Bonds (General Purpose), Series 2015B-C and Series 2015D (Federally Taxable)	1,170,800,000
• Personal Income Tax Revenue Bonds (General Purpose), Series 2015E	1,128,930,000
• Sales Tax Revenue Bonds, Series 2015A	1,523,100,000
• Sales Tax Revenue Bonds, Series 2015B	936,375,000
• School District Revenue Bond Financing Program Revenue Bonds, Series 2015A-C	104,215,000
• School District Revenue Bond Financing Program Revenue Bonds, Series 2015D-F	128,290,000
• State University of New York Dormitory Facilities Revenue Bonds, Series 2015A	268,825,000
• State University of New York Dormitory Facilities Revenue Bonds, Series 2015B	<u>286,225,000</u>
	<b>\$5,593,135,000</b>

DASNY also delivered a total of \$ 2.7 billion of bonds in FY 2016 for its independent, private-sector clients.

• Alliance of Long Island Agencies, Inc. (PSCH, Inc. ) Revenue Bonds, Series 2015A-C	\$41,900,000
• Barnard College Revenue Bonds, Series 2015A	109,035,000
• Barnard College Revenue Bonds, Series 2015B	36,200,000
• Columbia University Revenue Bonds, Series 2015A	92,535,000
• Columbia University Revenue Bonds, Series 2015B	47,780,000
• Icahn School of Medicine at Mount Sinai Revenue Bonds, Series 2015A	512,410,000
• InterAgency Council Pooled Loan Program Revenue Bonds, Series 2016A	16,435,000
• 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	20,100,000



## Dormitory Authority of the State of New York (DASNY)

### ABO Annual Report – Operations and Accomplishments

**Fiscal Year April 1, 2015 – March 31, 2016**

Library Company Revenue Bonds, Subseries 2016B	
• Memorial Sloan-Kettering Cancer Center Revenue Bonds, 2015 Series 1	100,000,000
• The New School Revenue Bonds, Series 2015A	124,290,000
• New York University Revenue Bonds, Series 2015A	691,435,000
• North Shore – Long Island Jewish Obligated Group Revenue Bonds, Series 2015A	503,640,000
• NYSARC, Inc. Revenue Bonds, Series 2015	36,355,000
• Orange Regional Medical Center Obligated Group Revenue Bonds, Series 2015	66,100,000
• Rockefeller University Revenue Bonds, 2015A Issue	119,190,000
• Rockefeller University Revenue Bonds, 2015B Issue	44,000,000
• St. John’s University Revenue Bonds, Series 2015A	104,705,000
• United Health Services Hospitals, Inc. Obligated Group Revenue Bonds, Series 2015	22,900,000
	\$2,689,010,000

### **Tax-Exempt Equipment Leasing Program (TELP) Financings**

During FY 2016, DASNY executed \$236.4 million in 13 leases to finance DASNY’s clients’ equipment needs including medical, telecommunications and information technology equipment such as electronic medical records systems. Since the program’s inception, DASNY has helped clients secure 459 leases to finance more than \$3.4 billion in equipment including MRIs, CT scanners, computer systems, energy efficiency and other high-tech equipment.

#### **Tax-Exempt Leasing Program I (Health Care)**

• Montefiore Medical Center	\$59,972,818
• Mary Imogene Bassett Hospital	8,650,000
• Hospital for Special Surgery	17,974,978
• State University of New York University Hospital at Syracuse	19,125,000
• United Health Services Hospitals, Inc.	7,740,000
• State University of New York Stony Brook University Hospital	19,700,000
• Columbia Memorial Hospital	2,417,564
• Montefiore Medical Center	50,095,000
• St. Barnabas Hospital	13,297,587
• Montefiore Medical Center	15,077,593
• Mary Imogene Bassett Hospital	9,750,000
• Oswego Hospital	2,096,140
	\$225,896,679

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

• NYSARC, Inc.	\$10,505,916
	\$10,505,916
	\$236,402,595



## Dormitory Authority of the State of New York (DASNY)

### ABO Annual Report – Operations and Accomplishments

**Fiscal Year April 1, 2015 – March 31, 2016**

#### Finance Developments

- Financing Guidelines and Policy Changes: DASNY’s Board approved changes to DASNY’s financing guidelines and policies in December 2015, which were detailed in the *Executive Leadership* section of this report.
- Financial Management, Counsel’s Office and Public Finance continue to support the START-UP NY Program, which provides tax benefits to businesses that locate in vacant space or land of State public and private colleges and universities. As part of DASNY’s post-issuance compliance obligations as an issuer of tax exempt debt, DASNY has initiated a process to protect against the inadvertent loss of the tax-exempt status of outstanding DASNY bonds vis-à-vis the usage of property in the START-UP NY Program that has been improved with bond proceeds.
- On March 13, 2015, due to federal debt ceiling requirements, the United States Treasury Department closed the market for subscriptions to State and Local Government Securities (SLGS). These securities are often used by DASNY and other issuers to fund escrow requirements for refunded or defeased bonds. With the suspension of SLGS sales, refunding/defeasance escrows needed to be funded with either cash or open market securities to meet the cash flow needs of the bonds being refunded. The Finance Division successfully executed an escrow bidding process to meet client refunding / defeasance requirements and competitively procure efficient securities portfolios to satisfy escrow requirements. The SLGS “window” re-opened on November 3, 2015.

#### CONSTRUCTION

##### Construction Statistics

At the close of FY 2016, DASNY had a total construction workload of 1,068 full and modified services projects valued at over \$5.8 billion. Expenditures on projects for which DASNY provided full services during FY 2016 totaled \$611 million.

**Projects in the pipeline as of March 31, 2016 are summarized in the table below:**

Type of DASNY Service	Number of Projects	Total Value of Projects
Full and modified (all phases)	1,068	\$ 5,822,964,822
Preliminary phase	275	\$ 1,228,700,935
Design phase	493	\$ 2,068,633,946
Construction phase	300	\$ 2,525,629,941
Full Service Projects >\$5 million	116	\$ 2,837,762



## **Dormitory Authority of the State of New York (DASNY)**

### **ABO Annual Report – Operations and Accomplishments**

**Fiscal Year April 1, 2015 – March 31, 2016**

DASNY-managed projects completed in FY 2016 include:

- City College of New York, a new CUNY Advanced Science Research Center and CCNY Center for Discovery and Innovation (over \$700 million).
- Bronx Mental Health Redevelopment project at the Bronx Psychiatric Center, major reconstruction of campus facilities (\$350 million)
- State University College at New Paltz, new construction of the 200-bed Ridgeview residence hall (\$31.1 million).
- Queens College, energy performance enhancements (\$24.7 million).
- SUNY Buffalo State College, gut renovation of Tower One (\$11.2 million)
- Ethelbert B. Crawford Public Library, renovations to existing building (\$4.9 million).

Major ongoing DASNY-managed projects include:

- Gouverneur Health, new construction and renovations (\$246.8 million)
- South Beach Psychiatric Center, new inpatient building (\$172.8 million)
- Hutchings Psychiatric Center, rehabilitation of Building 1 (\$22.4 million)
- LaGuardia Community College, Center 3 façade replacement (\$116.6 million)
- Bronx Family/Criminal Courthouse, interior renovations (\$60.4 million)
- Bronx Civil/Civil Supreme Courthouse, interior renovations (\$38.8 million)
- Hunter College, HVAC in East and West Buildings, Phase I (\$14 million)
- Queens College, new chiller plant (\$30.8 million)
- Hostos Community College, renovations to 500 Grand Concourse Building (\$10.2 million)
- Griffin Laboratory, rabies laboratory (\$6 million)
- Manhattan Psychiatric Center, renovations to the Dunlap Building (\$8.4 million)
- State University College at Plattsburgh, Moffitt Hall renovations (\$16.1 million)
- State University College at Plattsburgh, Whiteface Hall renovations (\$16.8 million)
- State University College at Plattsburgh, Wilson Hall renovations (\$16 million)
- State University College at Purchase, new residence hall (\$36 million)

New projects added to DASNY's construction pipeline during FY 2016 include:



## **Dormitory Authority of the State of New York (DASNY)**

### **ABO Annual Report – Operations and Accomplishments**

**Fiscal Year April 1, 2015 – March 31, 2016**

- Medgar Evers College, Academic Building 1 and Bedford Buildings Heating and Cooling (\$19 million)
- Queens College, roof replacement on Fitzgerald Gymnasium (\$6.6 million)
- Governor's Office of Storm Recovery resiliency projects in Bronx, Kings, Queens, Richmond, Rockland, Schenectady, Suffolk and Ulster Counties (\$24.2million)
- New York City Housing Authority, security and light system upgrades at eight properties (\$7.6 million)
- Central New York Psychiatric Center, emergency generator installation (\$7.7 million)
- Rochester Psychiatric Center, G-Wing Conversion to Forensic, Building 60 (\$8.1 million)
- SUNY College of Technology at Alfred, renovation at MacKenzie Complex (\$10 million)
- Buffalo State College, improvements will include amenity space upgrades throughout building; provide additional student rooms on the lower level, renovate community bathrooms (\$16.1 million)
- SUNY Plattsburgh, renovation of Macomb Hall (\$12.5 million)

New projects in programs where DASNY has various levels of oversight:

- Homeless Housing and Assistance Program: Thirty-four projects for homeless housing located in Albany, Bronx, , Dutchess, Erie, Franklin, Jefferson, , New York, Oneida, Orange, Rensselaer, Suffolk, Westchester and Yates (\$574.2 million)
- Office of Alcoholism and Substance Abuse Services: Four renovation and new construction projects in Clinton, Orange, Orleans and Queens Counties (\$19.8 million)
- Office of Parks, Recreation and Historic Preservation: Seven projects in Erie and Niagara Counties (\$32.7 million).
- Special Education School Districts: One project at Greenburgh-North Castle UFSD to replace heating units and repair exterior façade. (\$1.6 million)

### **Construction Developments**

- **New York City Housing Authority (NYCHA):** The FY 2016 State Budget authorized \$100 million for public housing modernization and improvement program to improve safety and quality of life for NYCHA residents. DASNY was specified as the entity to execute the program by providing construction services for all projects within the program. DASNY has contracted with three Job Order Contracting entities to perform proposed security installation work, scoped out the highest priority security projects, and continues to engage with each of these highest priority developments for approval of the proposed scope of



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services. In addition, scopes for the balance of the \$42 million in security upgrades were developed. \$8.4 million of the remaining \$58 million balance has been dedicated for new appliances, the delivery of which is currently in the planning stages. The projects for the balance of the \$49.6 million remaining are currently under review.

#### **Governor’s Office for Storm Recovery (GOSR):**

DASNY continues to successfully transition support of GOSR’s Housing, Multi-Family and Small Business Programs to GOSR-managed contracts. Additionally, DASNY continues to receive new project services requests related to the GOSR New York Rising Community Reconstruction Program. DASNY is providing direct design and construction services for various projects in both the upstate and downstate regions. GOSR has provided DASNY with an initial funding allocation of \$25 million to commence these projects through various stages of design and construction. Overall project budgets for the approximately 60 projects that have either been formally authorized or are being planned for assignment total approximately \$166 million. In addition, DASNY is also performing design review services on other Community Reconstruction projects that are being directly managed by the various localities in the Program.

- **NY Works:** The FY 2016 State Budget included a two-year extension of the authorization for DASNY to perform construction services for the NYS Department of Environmental Conservation (DEC) and the NYS Office of Parks, Recreation and Historic Preservation (OPRHP). As a result, DASNY can continue work for DEC (dams, flood control and dredging projects) and OPRHP (\$77.8 million Niagara Falls State Park project, and others) will continue into 2017.
- **Department of Health Certificate of Need Reviews:** DASNY continues to provide document review services. As of March 31, 2016, DASNY has contracted for 181 reviews for 91 hospitals and health care providers with a total project value of approximately \$7.4 billion. Projects reviewed include hospitals, nursing homes, ambulatory surgical centers, and diagnostic and treatment centers.
- **Office of People with Developmental Disabilities (OPWDD) Community Minor Maintenance Projects:** DASNY began working on another round of OPWDD Community Minor Maintenance projects in FY 2016. In total, over 200 downstate and upstate projects with a construction value of over \$8.0 million were given to DASNY to manage.
- **Construction Site Safety Initiatives:** DASNY is committed to maintaining a safe working environment at each of its construction sites. To support this commitment, DASNY holds contracts with two safety/loss control firms. The consultants assist DASNY staff and contractors in identifying ways to control hazards normally associated with an active construction site. In 2015, the safety/loss control consultants conducted 155 construction site surveys.



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#### MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE (MWBE) INITIATIVES

- MWBE 15-A Construction-Related Goal Results for FY 2016:** DASNY’s construction and commodity-related MWBE 15-A goals for contracts executed in FY 2016 totaled 30%; 18% MBE and 12% WBE. DASNY’s results for FY 2016 were: 25.20 percent; 15.57 percent MBE and 9.63 percent WBE. The total cumulative MWBE expenditures for FY 2016 were \$118,058,188. For FY 2016, Governor Cuomo announced a new 30 percent MWBE participation goal, which DASNY has implemented for construction and construction-related professional services contracts issued after April 1, 2015 with goals of 18 percent MBE and 12 percent WBE.

DASNY’s MWBE participation for FY 2016 was 25.20 percent compares favorably with the 20% goal that was in place when the applicable contracts were entered into. Taken together, these accomplishments position DASNY to better serve its clients, maintain and potentially reduce its costs, and assure even competition in the market.

- MWBE Financial and Professional Services:** The chart below outlines the MWBE participation for non-construction related professional services for FY 2016. Four categories, Legal, Accounting, Official Statement Printing and Risk Management are reported to Empire State Development (ESD). Financial Advisory, Swap Advisory, Underwriters for Public Transactions, Broker Dealer and Private Client Transactions with Multiple Underwriters are tracked by DASNY, but not reported to ESD.

#### Summary Fiscal Year April 1, 2015 - March 31, 2016

Non-Construction Professional Service	Total	MWBE Participation	% Participation
Legal <sup>(1)</sup>	\$ 10,452,641	\$ 1,288,843	12.33%
Accounting	\$ 369,000	\$ 88,700	24.04%
Financial Advisory	\$ 185,114	\$ 50,000	27.01%
Official Statement Printing	\$ 153,249	\$ 153,249	100.0%
Swap Advisory	\$ N/A	\$ N/A	N/A
Risk Management	\$ 9,617,394	\$ 110,730	1.15%
Underwriters for Public Transactions	\$ 6,968,962	\$ 2,396,966	34.39%

\*DASNY Legal has facilitated on private transactions fees totaling \$817,537 to NYS certified MWBE Legal firms.





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<b>Non-Construction Professional Service</b>	<b>Total</b>	<b>MWBE Participation</b>	<b>% Participation</b>
Broker-Dealer <sup>(2)</sup>	\$ 6,269,120,900	2,094,855,900	33.42%

<b>Non-Construction Professional Service</b>	<b>Number of Transactions</b>	<b>Transactions with MWBE Participation</b>	<b>% Participation</b>
Private Client Transactions with Multiple Underwriters	12	9	75%

<sup>(1)</sup> Blended rate including voluntary private client MWBE participation not required under Executive Law Article 15-A.

<sup>(2)</sup> Participation based upon par value transactions awarded to MWBE.

**SUSTAINABILITY PROGRAMS:**

- **DASNY Green Projects in Design and Construction**

As of January 1, 2008, all DASNY projects that are new construction, additions or significant renovations must include a goal of LEED Silver or higher and be fully submitted to the United States Green Building Council (USGBC) for a rating review. As of March 31, 2016, 36 projects have received a rating of Certified or better, including three Platinum, 11 Gold, 19 Silver and three Certified.

- **LEED Accredited Professionals at DASNY**

DASNY has 25 LEED-Accredited Professionals (AP) and two Green Associates on staff to assist DASNY and its clients with the LEED certification process. DASNY encourages all employees involved with design and construction to prepare for and take the test to achieve LEED-AP status.

- **DASNY Works to Advance New York State Policy Goals**

DASNY continues to work collaboratively with other State entities to further State Policy Goals, including Executive Orders No. 88 (relating to energy efficiency, commissioning and metering), No.18 (striving to eliminate single use water bottles), and No. 4 (pertaining to green procurement and waste reduction). Where possible, DASNY incorporates these policy goals into its construction projects by striving for extremely high efficiency in every project and discussing the potential benefits of net zero designs with clients, consultants, and contractors.



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DASNY incorporates the State's policy goals into its purchasing practices. The goals include: procurement from MWBE vendors, increase in energy efficiency and use of renewable energy strategies, use of State contracts for optimal pricing and increases in percentages of green procurement.

DASNY assists with achieving the goals of Executive Order No. 4 by training State agency staff and potential State vendors and developing the specifications and definitions to assist other entities in the development of their procurement processes to comply with the Executive Order.

#### **GRANTS AND INTERNAL OPERATIONS**

- **Grant Programs**

DASNY has been authorized to sell bonds to finance grants to build, expand or renovate community facilities throughout New York. In FY 2016, DASNY sold more than \$77 million in bonds to support community-based economic development, education, health care, high-technology, housing and public safety projects.

DASNY administers a number of grant programs for the Legislature, the Governor, and in cooperation with other State agencies. Since inception of the grant programs, DASNY has received 8,865 grants totaling over \$7.5 billion for processing and a total of approximately \$5.3 billion has been disbursed to Grantees. DASNY is currently administering approximately 2,900 grants totaling approximately \$1.5 billion at this time.

- **Systems Initiatives**

During FY 2016, DASNY implemented numerous systems initiatives throughout its Albany, New York City and Western New York offices. These changes increase staff efficiency, help to streamline operations, save energy and reduce printing costs.