



**Dormitory Authority of the State of New York (DASNY)**  
**ABO Annual Report – Operations and Accomplishments**  
**Fiscal Year April 1, 2017 – March 31, 2018**

**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 II 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 is among the nation's largest issuers of low-cost, tax-exempt bonds and one of its biggest public builders. DASNY is the premier financier, developer, and construction manager, making New York competitive and inclusive by financing and building the health care, education and scientific facilities that are the foundation of sustainable communities.

**OPERATIONS OVERVIEW**

DASNY has two main lines of business: public finance and construction services.

During FY 2017-18, DASNY completed 21 bond financings for a total of approximately \$8.5 billion. DASNY also completed 11 lease transactions totaling approximately \$148 million under its Tax-Exempt Leasing Programs (TELP I and TELP II). The largest public, higher education and health care financings were:

- State Personal Income Tax, Series 2017A (\$1,750,395,000);
- New York University Revenue Bonds, Series 2017A&B (\$678,005,000); and
- Memorial Sloan-Kettering Cancer Center, Series 2017, Series 1 (\$294,420,000).

DASNY is authorized to provide a broad range of construction project services to certain educational, governmental and not-for-profit institutions. DASNY works primarily in planning, design and construction, construction monitoring, and purchasing of furnishings and equipment. During FY 2017-18, DASNY construction expenditures for DASNY-managed projects totaled approximately \$857 million. DASNY also awarded new professional services contracts, construction contracts and associated purchase orders for client programs, totaling approximately \$309 million. In addition, DASNY issued term contract work authorizations, job order contract work orders and term purchase orders totaling approximately \$128 million. As such, new procurement activity for FY 2017-18 totaled \$437 million.



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Construction-related accomplishments for FY 2017-18 include:

- Delivering all 15 schedule-critical SUNY housing projects by the occupancy date, including the:
  - State University College at New Paltz, complete building renovation of Bevier Hall (\$19.1 million);
  - State University College at Plattsburgh, complete building renovation of Wilson Hall (\$16.0 million);
  - SUNY College of Technology at Alfred, renovation at MacKenzie Complex, Phase I (\$18.4 million)
- City College of New York, Shepard Hall Phase 11 and 12 Façade restoration is complete (\$23.3 million);
- NYC College of Technology, construction for the first-floor renovation and structural repairs in the Allied Health Center (\$15.2 million);
- LaGuardia Community College, renovation of the existing library on the first floor of the LGCC E Building and expansion of the library into part of the 2nd Floor (\$14.6 million);
- Rockland Psychiatric Center, design and construction of a new campus power plant (\$25.8 million);
- South Beach Psychiatric Center, project continued in construction phase with substantial completion of Building Packages 1, 2 and 3 (site preparations, piles and foundations, structural steel); Building Package 5 (base building) progressed to 24 percent complete.
- Progressed the new \$24 million SUNY Brockport design build residence hall project towards a summer 2018 completion.

Further information on these and other significant DASNY public finance and construction accomplishments can be found below.

**CHALLENGES**

DASNY challenges in the public finance sector include competition from other issuers of tax-exempt debt and market conditions. DASNY’s business continues to be impacted by the proliferation of local development corporations issuing tax-exempt debt, without having to comply with State oversight procedures applicable to DASNY. In addition, the interest rate spread between taxable and tax-exempt financing has remained relatively compressed minimizing the impact of the tax-exemption.

In FY 2017-18, 13 DASNY bond issues were defeased as private clients continued to refinance their bonds elsewhere. These defeasances have resulted in an overall reduction in total amount of DASNY bonds outstanding associated with private client financings when compared to the prior fiscal year. This



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loss of business has resulted in a decline in annual revenue from private client bond administration fees from approximately \$5.8 million in FY 2016-17 to approximately \$5.2 million in FY 2017-18.

Additionally, during FY 2017-18, DASNY experienced a decrease in private client transactions. Private client business decreased to 13 transactions valued at approximately \$1.4 billion, as compared to 22 transactions valued at approximately \$3.0 billion during the prior fiscal year.

In late 2017, DASNY’s public finance clients were also faced with the potential changes to the federal tax law which would have severely limited their ability to access tax-exempt financing. In particular, the elimination of private activity bonds would have driven up borrowing costs for not-for-profit entities, restricting their ability to create infrastructure and curbing growth of New York’s economy. DASNY’s challenge was to determine how best to assist its clients with addressing this possibility.

Within the construction sector of DASNY’s business, DASNY-managed construction expenditures increased to \$857 million, as compared to approximately \$634 million during FY 2016-17, an increase of approximately 35 percent. The profile of this work, however, continues to shift to a high number of smaller-sized projects. 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.

To address these challenges, DASNY has undertaken a number of initiatives during FY 2017-18 to improve efficiency and maintain growth while also properly managing risk. These initiatives are more fully discussed in the *Executive Leadership* section in this report.

**EXECUTIVE LEADERSHIP**

DASNY’s clients have an increasingly varied mix of project types, sizes and complexity. In order to meet its clients’ needs and effectively and efficiently manage risk, DASNY is continuously evaluating its processes and procedures to be more nimble and proactive, and conduct its business efficiently. This approach, known internally as *One DASNY*, includes:

- Evaluating financing policies and processes to identify opportunities for DASNY clients to enhance access to the financial markets with speed, certainty, and flexibility;
- Refining construction project coordination and communication by bringing key staff from all contributing units together in a team environment and integrating project delivery;
- Responding to the shift in construction workload by streamlining procurement processes for small projects and managing client budget, schedules, and priorities in yearly cycles; and
- Targeting the delivery process improvements of small projects to reduce the project durations by up to 50 percent.

It is envisioned that these continuous process improvements will assist DASNY in addressing many of the challenges outlined above.



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In addition to the accomplishments previously noted, management has also undertaken and completed the following initiatives:

Driving Innovative Solutions to Accelerate Financings – In December 2017, DASNY worked hand in hand with its health and higher education partners to help them meet their financing needs as the ability of these not-for-profit institutions to issue low-cost, tax-exempt private activity bonds had been in question as a result of various federal tax reform proposals. The DASNY Board met five times within a six-week period to undertake actions to ensure that its clients maintained their ability to finance and refinance the infrastructure that drives New York's economy.

Specifically, DASNY accelerated six issuances in December 2017:

- Fordham University: DASNY issued \$78 million of University Revenue Bonds, Series 2017 (refunding).
- St. John's University: DASNY issued more than \$42 million of 2017 Series Bonds (refunding).
- Touro College: DASNY issued \$64 million for the acquisition and renovation of a facility located in Manhattan to be used for student housing.
- Cerebral Palsy Affiliates Program (Jawono, Inc.): DASNY issued more than \$20 million to finance construction of a new health center and headquarters.
- Bronx-Lebanon Hospital: DASNY issued over \$32 million of 2017 Series Bonds (refunding).
- Memorial Sloan Kettering Cancer Center: DASNY issued \$294 million of Revenue Bonds, 2017 Series 1, to finance ambulatory care facilities and other improvements and to refund certain bonds.

Investing in a Skilled Workforce – To increase knowledge and properly manage risk, DASNY has increased focus on training for its professional and other staff, and unveiled a new learning management system. DASNY University (DASNY U) provides employees with one centralized training system and calendar, enabling staff to view learning events scheduled across divisions. With desktop and mobile accessibility DASNY U is empowering employees to participate in trainings from anywhere at any time. It is streamlining employee training requests and eliminating paper-based request forms. It also provides employees access to their own training transcripts.



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**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 7, 2018 meeting, the DASNY Governance Committee undertook its annual review of DASNY’s Mission Statement, Performance Measures and Metrics to Quantify Performance Goals. The Governance Committee did not recommend any changes to the DASNY Mission Statement and Performance Metrics, and made no substantive changes to the Metrics to Quantify Performance Goals.

**LEGISLATION**

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:

- NYS Life Sciences Public Health Initiative: The FY 2017-18 State Budget authorized \$150 million in capital funding for a new life sciences laboratory public health initiative in the Capital District pursuant to a plan developed by Urban Development Corporation (UDC) and the Department of Health (DOH). The FY 2018-19 enacted budget provides for Phase Two of the project by appropriating another \$600 million for a total of \$750 million. DASNY and UDC are authorized by the Infrastructure Investment Act to construct the project using design-build project delivery method, and to finance the capital costs of the project through the issuance of DASNY or UDC bonds.
- DASNY Health Care Subsidiaries: The FY 2018-19 State Budget extends DASNY’s authorization to form subsidiaries in the health care sector to July 1, 2020. This capability is critical to protecting DASNY from potential liabilities in the event that 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, additionally for Interfaith Medical Center (Atlantic Avenue Healthcare Property Holding Corporation).
- Raise The Age Facilities: The FY 2018-19 State Budget authorizes DASNY to provide capital construction services to the NYS Office of Children and Family Services (OCFS) and authorizes DASNY to provide construction and financing services for certain detention facilities certified by OCFS in conjunction with the “Raise the Age” legislation enacted in the 2017-18 State Budget.
- Cerebral Palsy Associations of New York State: The FY 2018-19 State Budget authorizes DASNY to finance and construct projects on behalf of the members and not-for-profit affiliates of Cerebral Palsy Associations of New York State. This new authorization supplements DASNY’s existing authorization to the 25 individual Cerebral Palsy affiliates across the State, by allowing future members and affiliates to work with DASNY without having to seek stand-alone legislation.



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**FINANCE**

**Bond Financings**

DASNY delivered approximately \$8.5 billion par value of bonds during FY 2017-18, ending with an outstanding bond portfolio of approximately \$50.5 billion. Of the total bonds outstanding, approximately 71 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 8 percent are for independent health care institutions.

During FY 2017-18, approximately 83 percent of the \$8.5 billion total par value of bonds delivered by DASNY were for its public clients. DASNY delivered a total of approximately \$7.1 billion of bonds in FY 2017-18 for its public clients:

Public clients:

• Master BOCES Program Lease Refunding Revenue Bonds, (Nassau County BOCES Issue), Series 2017	\$10,530,000
• Personal Income Tax Revenue Bonds (General Purpose), Series 2017A	\$1,750,395,000
• Personal Income Tax Revenue Bonds (General Purpose), Series 2017B, Series 2017C and Series 2017D (Taxable)	\$1,667,125,000
• School Districts Revenue Bond Financing Program Revenue Bonds, Series 2017A-E	\$302,510,000
• School Districts Revenue Bond Financing Program Revenue Bonds, Series 2017F-J	\$299,180,000
• State Sales Tax Revenue Bonds, Series 2017A (Bidding Groups A-C) and Series 2017B (Taxable)	\$1,380,550,000
• State Sales Tax Revenue Bonds, Series 2018A (Bidding Groups 1-4) and Series 2018B (Taxable)	\$1,329,725,000
• State University of New York Dormitory Facilities Revenue Bonds, Series 2017A	<u>\$344,665,000</u>
<b>Total public financings</b>	<b>\$7,084,680,000</b>



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DASNY also delivered approximately \$1.4 billion of bonds in FY 2017-18 for its independent, private-sector clients:

• Bronx-Lebanon Hospital Center Private Placement Revenue Bonds, Series 2017	\$32,911,000
• Cerebral Palsy Affiliates Program (Jawonio, Inc.) Private Placement Revenue Bonds, Series 2017A	\$20,720,000
• Cerebral Palsy Affiliates Program (United Cerebral Palsy Associations of New York State, Inc.) Private Placement Revenue Bonds, Series 2017A and Series 2017B (Taxable)	\$34,915,000
• Cerebral Palsy Affiliates Program (United Cerebral Palsy Associations of Putnam and Southern Dutchess Counties, Inc.) Private Placement Revenue Bonds, Series 2017A and Series 2017B	\$12,035,000
• Fordham University Revenue Bonds, Series 2017	\$78,050,000
• InterAgency Council Pooled Loan Program Revenue Bonds, Series 2017A (Subseries 2017A-1) and (Subseries 2017A-2) (Taxable)	\$17,145,000
• Jewish Theological Seminary of America Private Placement Revenue Bonds, Series 2017	\$51,000,000
• Memorial Sloan - Kettering Cancer Center Revenue Bonds, 2017 Series 1	\$294,420,000
• New York University Revenue Bonds, Series 2017A and Series 2017B (Taxable)	\$678,005,000
• Rockefeller University Private Placement Revenue Bonds, Series 2017A	\$100,445,000
• Silvercrest Center for Nursing and Rehabilitation Private Placement Revenue Bonds, Series 2017	\$15,766,981
• St. John's University Revenue Bonds, Series 2017A	\$42,580,000
• Touro College and University System Obligated Group Revenue Bonds, Series 2017	<u>\$64,015,000</u>
<b>Total private-client financings</b>	<b>\$1,442,007,981</b>
<b>Total financings</b>	<b>\$8,526,687,981</b>

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

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

Episcopal Health Services, Inc.	\$3,256,969
Hospital for Special Surgery	\$14,979,666
Maimonides Medical Center	\$19,408,390
Montefiore Medical Center	\$17,827,755
Montefiore Medical Center	\$9,990,258
Samaritan Medical Center, Watertown	\$5,555,790
State University of New York Stony Brook University Hospital	\$18,500,000
State University of New York University Hospital at Syracuse	\$23,200,000
United Health Services Hospitals, Inc,	\$10,240,000
White Plains Hospital Medical Center	<u>\$18,170,692</u>
<b>Total TELP I Leases</b>	<b>\$141,129,520</b>



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

NYSARC, Inc.		\$7,554,234
	<b>Total TELP II Leases</b>	<b>\$7,554,234</b>
	<b>Total TELP Leases</b>	<b>\$148,683,754</b>

**CONSTRUCTION**

**Construction Statistics**

At the close of FY 2017-18, DASNY had a total construction workload of 932 full and modified services projects valued at approximately \$6.16 billion. Expenditures on projects for which DASNY provided full services during FY 2017-18 totaled \$857 million.

**Projects in the pipeline as of March 31, 2018 are summarized in the table below:**

Type of DASNY Service	Number of Projects	Total Value of Projects
Full and modified (all phases)	932	\$ 6,157,495,107
Preliminary phase	253	\$ 1,473,365,469
Design phase	481	\$ 2,166,162,564
Construction phase	198	\$ 2,517,967,074
Full Service Projects >\$5 million	139	\$ 2,975,730,243

DASNY-managed projects completed in FY 2017-18 include:

- State University College at New Paltz, Bevier Hall (\$18.8 million)
- State University College at Plattsburgh, Wilson Hall renovations (\$15.3 million)
- State University at Albany, Herkimer Hall renovation (\$9.0 million)
- State University College at Oswego, Scales Hall renovation (\$13.3 million)
- State Office of Mental Health, Rockland PC, new power plant (\$25.8 million)
- NYC Court Facilities, Bronx Family / Criminal Court, interior renovations (\$53.6 million)
- NYC Health + Hospitals, Gouverneur Health, new construction and renovations (\$252.6 million)
- CUNY, City College of New York, Shepard Hall Façade Restoration, Phase 11 and 12 (\$23.3 million)
- CUNY School of Medicine's Sophie Davis Biomedical Program, interior renovations (\$12.6 million)
- CUNY, New York City College of Technology, Allied Health, First Floor renovations (\$15.5 million)
- CUNY, LaGuardia Community College, library expansion (\$14.6 million)





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- CUNY, College of Staten Island, roof replacement (\$7.0 million)
- CUNY, Hostos Community College, fourth floor renovation (\$9.2 million)
- CUNY, Borough of Manhattan Community College, pool deck repairs (\$10.9 million)
- CUNY, Kingsborough Community College, cooling tower and chilled water system upgrades (\$10.0 million)

Major ongoing DASNY-managed projects include:

- South Beach Psychiatric Center, new inpatient building (\$265.0 million)
- Hutchings Psychiatric Center, rehabilitation of Building 1 (\$25.0 million)
- LaGuardia Community College, Center 3 façade replacement (\$122.7 million)
- Queens College, new chiller plant (\$31.8 million)
- Queensborough Community College, electrical reconstruction (\$42.0 million)
- State University College at Brockport, new 250 bed residence hall (\$24 million)
- State University College at Plattsburgh, Whiteface Hall renovations (\$19.0 million)
- SUNY College of Technology at Alfred, renovation at MacKenzie Complex, Phase II (\$18.4 million)

New projects added to DASNY’s construction pipeline during FY 2017-18 include:

- Central New York Psychiatric Center, Renovations to Building 30 (\$133.0 million).
- Queensborough Community College, Center for Allied Health (\$10.0 million)
- College of Staten Island, campus roadway reconstruction (\$9.0 million)
- College of Staten Island, Big Data Consortium (\$13.0 million)
- Herbert H. Lehman College, Shuster Hall façade renovation (\$5.9 million)
- Bronx Community College, Advanced Transportation and Technology Center (\$8.4 million)
- City College of New York, Schiff House Daycare Center renovation (\$8.0 million)
- City College of New York, fire house renovation (\$7.3 million)
- Queens College, Renovation of Kiely Hall and Jefferson Hall (\$8.46 million).
- NYS Cultural Education Center, new storage facility (\$10.0 million)
- State University of New York at Purchase, Big Haus minor renovations (\$11.0 million)
- SUNY Albany, Dutch Quad G & H renovations (\$26.5 million)
- SUNY Buffalo State College, Renovations to Tower 3 (\$16.0 million).
- State University College at Plattsburgh, upgrades and site improvements to Kent Hall (\$12.0 million).



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

- Homeless Housing and Assistance Program: 11 projects for homeless housing located in Albany, Bronx, Erie, Kings, New York, Niagara, Ontario, and Steuben Counties (\$361.9 million).
- Office of Alcoholism and Substance Abuse Services: Five renovation and new construction projects in Bronx, Monroe, Niagara, and Tompkins Counties (\$43.9 million).
- Office of Parks, Recreation, and Historic Preservation: Two projects in Cattaraugus and Nassau Counties (\$24.7 million).

**Construction Developments**

- **State University of New York – Residence Hall Program:** DASNY completed six capital projects with an overall project value exceeding \$79 million and 34 summer projects with an overall project value of approximately \$30 million during the summer of 2017. In addition, the 2018 summer activity includes four capital projects with an overall project value of approximately \$59.5 million and 30 summer projects with a value of more than \$30.5 million.
- **New York City Housing Authority (NYCHA):** The FY 2015-16 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, which currently consists of three phases: (1) 77 security improvement projects; (2) 33 appliance replacement projects; and (3) 56 quality of life projects.
- **Governor’s Office of Storm Recovery (GOSR):** DASNY’s work for GOSR includes approximately 70 projects totaling over \$150 million in NYC and on Long Island along with the 19 Upstate projects totaling nearly \$24 million. DASNY continues to work closely with GOSR to advance the projects into the construction phase.
- **NY Works:** During FY 2017-18, DASNY continued to perform construction management services for the NYS Department of Environmental Conservation (DEC) and the NYS Office of Parks, Recreation, and Historic Preservation (OPRHP) under the NY Works Program, including dams, flood control and dredging projects (DEC) and the Niagara Falls State Park project (OPRHP).
- **Department of Health Certificate of Need Reviews:** DASNY continues to provide document review services. As of March 31, 2018, DASNY has contracted for 282 reviews for 114 hospitals and health care providers with a total project value of approximately \$10.5 billion. Projects reviewed include hospitals, nursing homes, ambulatory surgical centers, and diagnostic and treatment centers.
- **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 calendar year 2017, the safety/loss control consultants conducted 200 construction site surveys.



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**NEW YORK STATE PROGRAMS**

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 Fiscal Year 2017-18:

- Health Care Transformation (Department of Health) – Upon taking office, Governor Andrew M. Cuomo created the Medicaid Redesign Team to craft a first-year Medicaid budget proposal and develop a multiyear reform plan for the transformation of health care in New York State. In 2014, New York finalized terms and conditions with the federal government for a waiver amendment that allocates \$6.42 billion to the Delivery System Reform Incentive Payment (DSRIP) program. The purpose of the DSRIP program is to fundamentally restructure the health care delivery system in New York using federal savings generated by the State’s Medicaid reforms, creating a financially sustainable health care system. Although DASNY does not have a direct role in the DSRIP Program, DASNY has significant responsibilities under several programs which are central to achieving the State’s health care transformation goals including financing programs through issuance of bonds.
  - Capital Restructuring Financing Program – The Capital Restructuring Financing Program (CRFP) is a \$1.2 billion capital grant program originally included in the 2014-15 State Budget to provide funds to health care providers for funding capital projects. After program changes in 2015, a Request for Applications was released by DOH and DASNY on April 10, 2015 and 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 continued throughout 2017, and continues to date.
  - Health Care Facility Transformation Programs (HCFTP) – The State Budgets beginning in FY 2015-16 and to date include \$2.225 billion in appropriations and re-appropriations for Health Care Facility Transformation Program (HCFTP) capital grant funding, intended to strengthen and protect continued access to health care services in New York’s communities:
    - The **HCFTP Kings County** is a \$700 million capital grant program originally included in the FY 2015-16 State Budget to provide capital funding in support of projects that replace inefficient and outdated facilities as part of a merger, consolidation, acquisition or other significant corporate restructuring activity intended to create a financially sustainable system of care. A Request for Applications (RFA) was issued for the program on March 9, 2017, and an award of up to \$663,993,428 to One Brooklyn Health (OBH) was announced January 31, 2018. Post-award work on the OBH grant continues to date.
    - The **HCFTP Oneida County** is a \$300 million capital grant program originally included in the FY 2015-16 State Budget to provide capital funding in support of projects located in the largest population center of Oneida County that consolidate multiple licensed health care facilities into an integrated system of care. A Request for Applications (RFA) was issued by DOH for this program on November 22, 2016, and an award of up to \$300



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million was made to Mohawk Valley Health System (MVHS) on April 3, 2017. Post-award work on the MVHS grant continues to date.

- The FY 2016-17 State Budget included a new \$200 million **HCFTP Statewide** program, with up to \$195 million to provide capital grant funding in support of projects that replace inefficient and outdated facilities as part of a merger, consolidation, acquisition or other significant corporate restructuring activity that is part of an overall transformation plan intended to create a financially sustainable system of care, and up to \$5 million for the purchase of mammography equipped vehicles.
  - A Request for Applications (RFA) was issued for the program on July 20, 2016
  - Due to significant RFA response, State officials determined to seek additional funding for the applicants under this RFA during the 2017-18 State Budget process. Effective April 1, 2017, a new Statewide II program (also discussed below) included a feature allowing up to \$300 million from the new 2017-18 HCFTP Statewide II program authorization of \$500 million to be awarded to unfunded capital grant applications.
  - On April 20, 2018, DOH officials determined to award grants to 92 projects totaling approximately \$491 million for the HCFTP Statewide RFA. Post-award work on these grants continues to date, with approximately \$28 million (45 projects) awarded to community-based health care providers.

A Request for Applications (RFA) for the remaining balance in the HCFTP Statewide II program was issued on January 8, 2018, and the RFA remains in process.

- Finally, the FY 2018-19 State Budget includes a new \$525 million **HCFTP Statewide III** program to provide grant funding in support of capital projects, debt retirement, working capital or other non-capital projects that facilitate health care transformation activities.
- Community Health Care Revolving Loan Capital Fund – DASNY and DOH have established the \$19.5 million Community Health Care Revolving Capital Fund to improve access to capital for clinics and other organizations that have limited resources and are seeking to broaden access to primary care services. In February 2017, DASNY, in consultation with the Department of Health (DOH), selected the Primary Care Development Corporation to administer the fund. Borrowers will be chosen by Primary Care Development Corporation (PCDC) through an application process that is approved by DASNY and DOH. The funds will be used to provide loans for projects at eligible facilities. This new loan program was placed into operation during April 2018.
- New York Rising Storm Recovery Program (GOSR/HTFC) – In FY 2017-18, DASNY continued 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.
- Public Housing Support (NYCHA) – In FY 2017-18, DASNY continued to work with the New York State Division of Housing and Community Renewal (DHCR) and New York City Housing Authority



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(NYCHA) on a public housing modernization and improvement program benefitting housing developments owned or operated by NYCHA. Further details on this program are included in the *Construction* section of this report.

- NY Works (OPRHP and DEC) – In FY 2017-18, DASNY continued 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 and further details on this program are included in the *Construction* section of this report.
- State Transformational Economic Development Infrastructure and Revitalization Projects –
  - Jacob K. Javits Convention Center Expansion Project – Part G of Chapter 73 of the Laws of 2016 authorized the New York Convention Center Development Corporation (CCDC) to request that DASNY act as the construction-permitting agency, pursuant to Article 18 of the Executive Law and the regulations promulgated thereunder, for the Jacob K. Javits Convention Center project. Work on this project is continuing.
  - Moynihan Station/James A. Farley Building Replacement – Pursuant to Article 18 of the Executive Law and the regulations promulgated thereunder, in FY 2016-17 DASNY took on the responsibility to act as the construction-permitting agency for the Urban Development Corporation’s (UDC) adaptive reuse of the James A. Farley Post Office Building and Annex as part of UDC’s Moynihan Station Civic and Land Use Improvement Project. This work includes the creation of Moynihan Train Hall connected to Penn Station. Work on this project is continuing.
  - NYS Life Sciences Public Health Initiative – Pursuant to certain appropriations enacted in the 2017-18 State Budget and re-appropriations enacted in the 2018-19 State Budget, DASNY is authorized to provide design and construction services for a new (combined) Life Sciences Public Health Initiative in the Capital District that would provide opportunities to evolve the DOH Wadsworth Laboratory’s basic research; attract and retain sustainable partners in its current state without key enhancements; and serve as a focal point for the Capital Region’s life sciences industry cluster. The new facility will be in accordance with a plan developed and approved by the Chief Executive Officer of the New York State Urban Development Corporation jointly with the Commissioner of the New York State Department of Health. The New York State Infrastructure Development Act was amended to authorize DASNY and Urban Development Corporation to utilize the alternative delivery method know as design-build for the new life sciences laboratory. A total of \$750 million is appropriated for the capital portion of this project for which UDC and DASNY are authorized to issue bonds. DASNY and its State partners are evaluating potential alternative sites, and a 2018 Request for Qualifications (RFQ) pursuant to the New York State Infrastructure Development Act is anticipated.



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- State Capital Grant Programs – DASNY administers 18 capital grant programs on behalf of New York State that support community and economic development, including newer programs described below with recent legislative amendments:
  - Nonprofit Infrastructure Capital Investment Program (NICIP) – The FY 2015-16 State Budget created a \$50 million capital grant program to make targeted investments in capital projects that will improve the quality, efficiency, accessibility, and reach of not-for-profit human services organizations that serve New Yorkers. In the 2016-17 State Budget, funding for NICIP was increased by \$50 million, Pursuant to a competitive RFA process, on January 3, 2017, 237 applicants were awarded grants totaling approximately \$100 million. Due to significant response to the RFA, the FY 2017-18 State Budget authorized an additional \$20 million for the NICIP program to be awarded to unfunded capital grant applications submitted in response to the RFA. On January 23, 2018, an additional 31 grants were awarded, totaling approximately \$20 million. DASNY and/or UDC are authorized to issue bonds to support this program. Post-award work on all NICIP grants continues to date.
  - Higher Education Capital Matching Grant Program (HECap) – In FY 2017-18, DASNY, as staff to the HECap Board, continued to administer grants under the program’s \$240 million bonding authorization. A Request for Applications (RFA) was released on November 21, 2017, and awards to successful applicants are expected to be made in Summer 2018. The FY 2018-19 State Budget includes an additional \$30 million in support of the HECap program, and DASNY is currently developing an RFA for this new grant funding.
  - The State and Municipal Facilities Capital Program (SAM) – DASNY administers SAM Grants awarded by the Senate Finance Committee, the Assembly Ways and Means Committee, and the Executive. The FY 2017-18 State Budget expanded the entities eligible for SAM funding to include certain schools for students with disabilities. The legislation was further expanded to authorize a portion of SAM grant funds to be utilized for certain storm recovery efforts. The 2018-19 State Budget increased the aggregate amount of bonds that may be issued by DASNY and/or UDC under the SAM program from \$1.54 billion to \$2.32 billion, and expands the list of eligible SAM grantees to other entities including not-for-profit organizations, regional transportation authorities, special districts, and certain public authorities.

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

- **MWBE 15-A Contract Goals and Expenditure Results for FY 2018:** DASNY’s MWBE Article 15-A aspirational goal for contracts executed in FY 2018 was 30 percent (18 percent MBE and 12 percent WBE). DASNY’s cumulative MWBE expenditures for FY 2018 were \$174,391,411, which is 29.64 percent (18.51 percent MBE and 11.13 percent WBE) of DASNY’s total contract expenditures for FY 2018. This represents an increase of approximately \$35 million when compared to MWBE expenditures in the previous fiscal year. DASNY’s FY 2018 MWBE participation compares favorably with the 20 percent goal that was in place when many of the applicable contracts were awarded. Taken together, these accomplishments position DASNY to better serve its clients and promote inclusion in New York State contracting opportunities.



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- **MWBE Financial and Professional Services:** The chart below outlines the MWBE participation for non-construction related professional services for FY 2017-18. 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, 2017 - March 31, 2018**

Non-Construction Professional Service	Total	MWBE Participation	% Participation
Legal	\$ 12,085,094	\$ 2,242,878	18.56%
Accounting	\$ 375,682	\$ 96,128	25.59%
Financial Advisory	\$ 25,500	\$ 0	0% <sup>(1)</sup>
Official Statement Printing	\$ 79,505	\$ 79,505	100.0%
Swap Advisory	\$ N/A	\$ N/A	N/A
Risk Management	\$ 669,621	\$ 186,422	27.84% <sup>(2)</sup>
Underwriters for Public Transactions	\$ 5,990,253	\$ 1,897,372	31.64%

(1) \$25,000 engagement related to bond financing with an MWBE financial advisory firm which merged with a majority firm. This would have resulted in 98% MWBE Financial Advisory participation.

(2) Values include fees paid by DASNY and commissions paid by insurance carriers in association with policies placed for DASNY. Values do not include insurance premiums, which total \$11.9 million. Brokers do not retain any part of those funds, which are paid directly to insurance carriers on DASNY's behalf.

Non-Construction Professional Service	Total	MWBE Participation	% Participation
Broker-Dealer <sup>(3)</sup>	\$ 5,158,338,000	\$ 1,412,443,000	27.38%

Non-Construction Professional Service	Number of Transactions	Transactions with MWBE Participation	% Participation
Private Client Transactions with Multiple Underwriters	5	4	80.00%

(3) Blended rate including voluntary private client MWBE participation not required under Executive Law Article 15-A.



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**SERVICE-DISABLED VETERAN-OWNED BUSINESS (SDVOB) INITIATIVES**

- DASNY is dedicated to assisting SDVOBs to compete successfully in its building services and procurement programs. DASNY continues to employ numerous strategies/programs designed to identify, notify, educate and support SDVOB enterprises in DASNY’s complete platform of services. Based on the Division of Service-Disabled Veterans’ Business Development Annual Report, as of December 31, 2017, DASNY ranked seventh (7<sup>th</sup>) among ninety-eight (98) State Agencies and Authorities in disbursements to SDVOB firms.

**SUSTAINABILITY PROGRAMS**

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

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, 2018, 42 projects have received a rating of Certified or better, including three Platinum, 14 Gold, 22 Silver and three Certified.

- **LEED Accredited Professionals at DASNY**

DASNY has 25 LEED-Accredited Professionals (AP) and one Green Associate 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 Sustainability 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), No. 4 (pertaining to green procurement and waste reduction) and Executive Order No. 166 (with goals of statewide greenhouse gas (GHG) emissions reductions of 40 percent by 2030 and 80 percent by 2050). 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.

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.





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**SUBSIDIARIES REPORTS**

DASNY has two subsidiaries which hold real property acquired as a consequence of security agreement defaults by private not-for-profit health care institutions in DASNY's portfolio:

- NGHP Holding Corporation (former North General Hospital real property); and
- Atlantic Avenue Healthcare Property Holding Corporation (former Interfaith Medical Center real property).

The annual report for each subsidiary is annexed hereto for reference.

The FY 2016-17 State Budget established the New York State Design and Construction Corporation (DCC) as a statutory DASNY subsidiary. The purposes of the DCC are to provide: (i) additional project management expertise, monitoring, and oversight on significant public works projects undertaken by any state entity; and (ii) a means to implement and recommend improvements and other project changes on significant public works projects, in a more timely fashion, to ensure that such projects can be accomplished, to the extent practicable, on time, within budget, and at an acceptable overall quality and cost to the State of New York.

# NGHP Holding Corporation

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

Gerrard P. Bushell  
President

Alfonso L. Carney, Jr.  
Chair

**TO:** Mr. Alfonso L. Carney Jr.  
Mr. John B. Johnson, Jr.  
Ms. Sandra Shapard  
Jonathan H. Gardner, Esq.  
Beryl L. Snyder, Esq.  
Gerard Romski, Esq.  
Paul S. Ellis, Esq.  
Hon. Mary Ellen Elia  
Hon. Robert F. Mujica  
Dr. Howard A. Zucker

**FROM:** Gerrard P. Bushell  
President

**RE:** NGHP Holding Corporation

**DATE:** April 2, 2018

The purpose of this memo is to review the activities undertaken by NGHP Holding Corporation (the "Corporation" or "NGHP") since the Corporation's last Annual Meeting on April 12, 2017.

## History

You may recall that on July 2, 2010, North General Hospital ("NGH") filed a voluntary petition for relief under the United States Bankruptcy Code. On June 22, 2011 the Bankruptcy Court issued an order (the "Confirmation Order"), confirming the Plan of Liquidation.

In accordance with the Plan of Liquidation, on June 30, 2011, the Main Building, the Annex and the Parking Lot were conveyed to 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 ("LTACH"). On the same date, NGHP sold the Parking Lot to HHC for redevelopment as a skilled nursing facility and NGHP sold the Annex to the Institute for Family Health for use as a family practice center. In late December 2012, after the renovation of the Annex was completed, the family practice center was opened for business.

Pursuant to the Plan of Liquidation and the Confirmation Order, a liquidation trustee (the "Liquidation Trustee") appointed by the Bankruptcy Court liquidated all of the other assets of NGH and since June 30, 2011, has been settling and paying or reserving for remaining claims of creditors. A portion of the proceeds of the sale of the properties noted above in the amount of \$1,720,000, had been set aside in case it was needed to pay claims of creditors; the Liquidation Trustee determined these funds to be unnecessary for the payment of claims, and on October 30, 2013, they were used to redeem a portion of the DASNY Bonds issued for the benefit of North General Hospital.

### Current Activities

The Liquidation Trustee has now resolved all claims submitted by unsecured creditors. DASNY received an additional payment during the year and may receive one more small payment to close out the Liquidation Trustee accounts.

Reconstruction and renovation work on the Main Hospital Building was completed and it opened as a LTACH in November 2013. However, rental payments from HHC to NGHP were not due until HHC received capital Medicaid reimbursement for the leased facility at the LTACH. During the fiscal year, HHC made a rental payment for the period through June 30, 2016. That rent was sufficient to make the bondholder interest-only payment due on August 15, 2017, but payment by the State under the Service Contract was necessary for most of the February 15, 2018 principal and interest payment to bondholders. HHC has not adhered to the quarterly rental payment schedule provided by the lease, though we do anticipate an additional rental payment in the next few months.

cc: Charles Abel  
Adrian Swierczewski  
Elizabeth Berlin

# Atlantic Avenue Healthcare Property Holding Corporation

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

Gerrard P. Bushell  
President

Alfonso L. Carney, Jr.  
Chair

**TO:** Mr. Alfonso L. Carney Jr.  
Mr. John B. Johnson, Jr.  
Ms. Sandra Shapard  
Jonathan H. Gardner, Esq.  
Beryl L. Snyder, Esq.  
Gerard Ronski, Esq.  
Paul S. Ellis, Esq.  
Hon. Mary Ellen Elia  
Hon. Robert F. Mujica  
Dr. Howard A. Zucker

**FROM:** Gerrard P. Bushell  
President

**RE:** Atlantic Avenue Healthcare Property Holding Corporation

**DATE:** April 2, 2018

The purpose of this memo is to review the activities undertaken by Atlantic Avenue Healthcare Property Holding Corporation (the "Corporation" or "Atlantic") since the last Annual Meeting of the Board on April 12, 2017.

## History

Interfaith Medical Center ("IMC" or Interfaith") 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, Atlantic to receive title to Interfaith's real property and a restructured Interfaith ("New IMC") to operate a hospital at the premises subject to a lease and related agreement with Atlantic.

## Current Activities

To fund the ongoing operations following its emergence from Bankruptcy, New IMC has been receiving regular operating assistance from the State. In addition, following DOH's approval of a loan application from New IMC, during the previous fiscal year, DASNY made a new loan to New IMC from the Restructuring Pool to finance a combined heat and power cogeneration project for which New IMC had received significant grants from Consolidated Edison and the New York State Energy Research and Development Authority. This fiscal year, again following DOH's approval of a loan application, DASNY made an additional Restructuring Pool loan to New IMC for the purchase of new chillers; \$2.3 million of the \$4

million total has been disbursed to date. The purchase of the new chillers will enable New IMC to avoid having to rent chillers at a rental of approximately \$1 million per year. Ultimately, we anticipate that the cost of the new chillers will be paid from a grant and the loan will be repaid at that time.

New IMC is participating in the DSRIP Preferred Provider System led by Maimonides Medical Center. It has been awarded a Capital Restructuring Financing Program grant for a primary care / urgent care integration project at a clinic that it currently operates. New IMC, along with Brookdale University Hospital Medical Center and Kingsbrook Jewish Medical Center, have established One Brooklyn Health (their collective parent) – a new unified health care system designed to support the State’s ongoing efforts to transform the health care system and increase access to quality care through Central Brooklyn. In January, Governor Cuomo announced the award of \$664 million of funding to One Brooklyn Health, a portion of which is for improvements to the inpatient hospital operated by New IMC. Properties owned by Atlantic are associated with these public health initiatives, and staff is working with the Department of Health and other officials to ascertain the impact of and to coordinate these initiatives.

New IMC has been timely with all its rent payments at the agreed-upon reduced rental rate during the fiscal year. These rent payments were adequate for the August 15, 2017 bondholder interest-only payment, although not for the larger principal and interest payment due on February 15, 2018. We anticipate that the next fiscal year will have similar results.

cc: Charles Abel  
Adrian Swierczewski  
Elizabeth Berlin