



DASNY


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Governor

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Chair

GERRARD P. BUSHELL
President & CEO

Memorandum

TO: Robert S. Derico, R.A., Acting Director, Office of Environmental Affairs

FROM: Sara E. Stein, AICP, Senior Environmental Manager 

DATE: March 5, 2019

RE: *State Environmental Quality Review (SEQR) Type II Determination* for the Terence Cardinal Cooke Health Care Center *2019 Financing Project* (Other Independent Institutions Program)

The Dormitory Authority of the State of New York ("DASNY") has received a funding request from Terence Cardinal Cooke Health Care Center ("TCC" or the "Institution") for its *2019 Financing Project* (the "Proposed Project") pursuant to DASNY's Other Independent Institutions Program. Accordingly, the Proposed Project is subject to environmental review pursuant to the *State Environmental Quality Review Act ("SEQRA")*. Based on a review of the attached *Transaction Summary Update* dated February 25, 2019, and supporting documentation provided by a representative of TCC, the Proposed Action would consist of DASNY's authorization of the issuance of up to \$50,000,000 in fixed- and/or variable-rate, tax-exempt and/or taxable, Series 2019 bonds to be sold at one or more times through a negotiated sale and/or private placements on behalf of the Institution.

More specifically, the proceeds of DASNY's bond issuance would be used to finance various upgrades and capital improvements across TCC's campus, including replacing and relocating the main kitchen, installing a new generator, upgrading bathrooms and elevators, updating its fire alarm and sprinkler systems, lobby renovations, corridor enhancements, façade repairs and landscaping.

The bond proceeds would also be used for renovations associated with expanding and relocating TCC's Specialty Hospital for Children. Currently, the Specialty Hospital for Children is located on the 3rd and 4th floors of the adjacent Cohen Building. TCC would renovate the 7th and 8th floors of the Flower Hospital (Fifth Avenue) Building, relocate the Specialty Hospital for Children to that renovated space, and expand the unit from 56 beds to 72 beds. TCC's Specialty Hospital for Children provides comprehensive medical and skilled nursing care to children and young adults with profound neurological impairments and other complex medical conditions.

The Proposed Project is a component of TCC's Modernization Plan to consolidate and modernize its existing facility, which are the subject of an environmental review currently underway by the New York City Department of City Planning ("DCP").^{1,2} The Project Site is located at 1249 Fifth Avenue, Borough of Manhattan, New York County, New York.

About the Institution

TCC is a 615-bed facility located adjacent to Central Park, in the East Harlem section of New York City. The Institution's campus covers a full square block between Fifth Avenue and Madison Avenue and 105th and 106th Streets, along what is known as "Museum Mile" in the borough of Manhattan. The campus consists of three separately-constructed, connected structures and a parking garage. The Flower Hospital Building was constructed in 1922, the Annex Building was built in 1938, and the Cohen Building was constructed in 1962.

The Institution is a not-for-profit corporation that has served the tri-state area for nearly 160 years, tracing its origins to the founding of New York Medical College in 1860. The Medical College was affiliated with Flower Hospital and merged with Fifth Avenue Hospital in 1938 to form Flower and Fifth Avenue Hospital. In 1968, the Medical College was invited to participate in the development of Westchester County Medical Center. As a result of transferring teaching and research operations to Westchester and changes in health care delivery and reimbursement, Flower and Fifth Avenue Hospital began to transition into primarily long-term care from acute care. The Institution has been known as TCC since 1984.

TCC is a member of The Catholic Health Care System, also known as ArchCare. ArchCare is a health care delivery system that carries out the Catholic Church's health care mission within the Archdiocese of New York. ArchCare is a separate entity from the Archdiocese of New York with a separate management and Board, but ultimately is controlled by the Archbishop of New York. ArchCare operates five skilled nursing facilities, Calvary Hospital, and many homebased and community programs. ArchCare is the sole member of TCC and manages its operations. ArchCare has been providing management, finance, information technology, legal coordination of managed care contracts and other support services to TCC since 2004.

TCC has been issued operating certificates by the New York State Department of Health ("DOH") pursuant to Article 28 of the New York State Public Health Law and by the Office for People with Developmental Disabilities ("OPWDD") pursuant to Article 16 of the New York Mental Hygiene Law.

¹ DCP is conducting a *City Environmental Quality Review ("CEQR")* for the rezoning of the project site from R7-2 and R7-2/C1-5 Medium-Density Residential Districts to R8 and R8/C1-5 Medium-Density Residential Districts. The proposed rezoning would map a Mandatory Inclusionary Housing ("MIH") area on the project site to facilitate the modernization of TCC through the construction of a new residential tower, a new supportive housing building, and a new medical facility, as well as the consolidation of existing facility functions (CEQR No. 19DCP070M). DCP issued a Notice of Lead Agency Determination on October 24, 2018. DASNY would be an interested party in the DCP's CEQR process. The project being contemplated by DCP's CEQR would not be financed with the proceeds from this DASNY Bond Issue.

² It is permissible for the Proposed Project to undergo a separate *State Environmental Quality Review ("SEQR")* determination because: a) the proposed renovations have independent utility and do not commit the Institution to continuing with the other components of TCC's Modernization Plan; b) the Proposed Project reviewed for purposes of DASNY's bond financing does not preclude further review under DCP's CEQR of the TCC Rezoning project; and c) the permissibly segmented review is no less protective of the environment.

SEQR Determination

DASNY completed this environmental review in accordance with the SEQRA, codified at Article 8 of the New York *Environmental Conservation Law* (“ECL”), and its implementing regulations, promulgated at Part 617 of Title 6 of the *New York Codes, Rules and Regulations* (“N.Y.C.R.R.”), which collectively contain the requirements for the *State Environmental Quality Review* (“SEQR”) process.

The “*replacement, rehabilitation or reconstruction of a structure or facility, in kind, on the same site, including upgrading buildings to meet building, energy, or fire codes...*” is a Type II action as specifically designated by 6 N.Y.C.R.R. § 617.5(c)(2) of SEQR. “*Conducting concurrent environmental, engineering, economic, feasibility and other studies and preliminary planning and budgetary processes necessary to the formulation of a proposal for action, provided those activities do not commit the agency to commence, engage in or approve such action,*” is a Type II action as specifically designated by 6 N.Y.C.R.R. § 617.5(c)(27) of SEQR. Additionally, the “*purchase or sale of furnishings, equipment or supplies...*” is a Type II action as specifically designated by 6 N.Y.C.R.R. § 617.5(c)(31) of SEQR. Type II “actions have been determined not to have significant impact on the environment or are otherwise precluded from environmental review under ECL, Article 8 (6 N.Y.C.R.R. § 617.5[a]).” Therefore, no further SEQR determination or procedure is required for any component of the Proposed Project identified as Type II at this time.

The Proposed Project was also reviewed in conformance with the *New York State Historic Preservation Act of 1980* (“SHPA”), especially the implementing regulations of Section 14.09 of the *Parks, Recreation and Historic Preservation Law* (“PRHPL”), as well as with the requirements of the Memorandum of Understanding (“MOU”), dated March 18, 1998, between DASNY and the New York State Office of Parks, Recreation and Historic Preservation (“OPRHP”). The Flower Hospital Building is eligible for listing in the State and National Registers of Historic Places (“S/NR”). The Proposed Project was submitted to OPRHP for review and consultation continues. The Flower Hospital Building has been renovated over time, and few historic elements remain. The building’s “X”-shape quad design floor plan would not be altered. It is the opinion of DASNY that the Proposed Project would have no impact on historical or cultural resources in or eligible for inclusion in the S/NR.

Attachments

cc: Sara P. Richards, Esq.
Donna A. Rosen, Esq.
Stephen J. Kosier
SEQR File
OPRHP Letter

Transaction Summary Update

Terence Cardinal Cooke Health Care Center
New York, New York

February 25, 2019

Program: Other Independent Institutions

Purpose: New Money / Private Placement

New Issue Details

Approximately \$50,000,000 in fixed and/or variable rate, tax-exempt and/or taxable bonds with maturities not to exceed 30 years are to be sold at one or more times through a negotiated sale and/or private placement.

- Purchaser – Sterling National Bank, or affiliate
- Co-Bond Counsel – Squire Patton Boggs LLP and D. Seaton and Associates

Purpose:

- Financing renovations associated with expanding and relocating the Institution's specialty hospital for children which is licensed by OPWDD (\$20 million).
- Financing various upgrades across the Institution's campus, including replacing and relocating a kitchen, installing a new generator, upgrading elevators, and updating its fire systems (\$29.5 million).

Security:

The Purchaser, Sterling National Bank, is expected to require the following security provisions.

- Mortgage
- Pledge of revenues
- Pledge of assets

Overview

Terence Cardinal Cooke Health Care Center ("TCC" or the "Institution") is a not-for-profit corporation, adjacent to Central Park in the East Harlem section of New York City. The Institution's campus covers a full square block between Fifth Avenue and Madison Avenue and 105th and 106th Streets, along what is known as "Museum Mile". TCC has been issued operating certificates by the New York State Department of Health ("DOH") pursuant to Article 28 of the New York State Public Health Law and by the Office for People with Developmental Disabilities ("OPWDD") pursuant to Article 16 of the New York Mental Hygiene Law.

TCC is a member of The Catholic Health Care System, also known as ArchCare. ArchCare is a health care delivery system that carries out the Catholic Church's health care mission within the Archdiocese of New York. ArchCare is a separate entity from the Archdiocese of New York with a separate management and Board, but ultimately is controlled by the Archbishop of New York. ArchCare operates five skilled nursing facilities, Calvary Hospital, and many homebased and community programs. ArchCare is the sole member of TCC and manages its operations.

Description of the Series 2019 Bonds

- The Bonds are a special obligation of DASNY.
- The Loan Agreements are a general obligation of the Institution.
- The Bonds are payable from payments made under the Loan Agreements and all funds and accounts established under the Resolution.

Approvals

- PACB Approval – February 20, 2019
- SEQR Filing – March 5, 2019*
- TEFRA Hearing – March 13, 2019*

*Anticipated date.

Recommendation

Staff recommends that the Board adopt the necessary documents for one or more series of bonds with maturities not to exceed 30 years in an aggregate amount not to exceed \$50,000,000 on behalf of Terence Cardinal Cooke Health Care Center.

This Transaction Summary Update was prepared solely to assist DASNY in its review and approval of the proposed financing described therein and must not be relied upon by any person for any other purpose. DASNY does not warrant the accuracy of the statements contained in any offering document or any other materials relating to or provided by the Institution in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.

The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution pursuant to the Loan Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.

TERENCE CARDINAL COOKE HEALTH CARE CENTER

The Letter from Bond Counsel will be transmitted to the Members under separate cover.

Transaction Summary

Terence Cardinal Cooke Health Care Center
New York, New York

January 25, 2019

Program: Other Independent Institutions

Purpose: New Money / Private Placement

New Issue Details

Approximately \$50,000,000 in fixed and/or variable rate, tax-exempt and/or taxable bonds with maturities not to exceed 30 years are to be sold at one or more times through a negotiated sale and/or private placement.

Purpose:

- Financing renovations associated with expanding and relocating the Institution's specialty hospital for children which is licensed by OPWDD (\$20 million).
- Financing various upgrades across the Institution's campus, including replacing and relocating a kitchen, installing a new generator, upgrading elevators, and updating its fire systems (\$29.5 million).

Security:

The Purchaser, Sterling National Bank, is expected to require the following security provisions.

- Mortgage
- Pledge of revenues
- Pledge of assets

Overview

Terence Cardinal Cooke Health Care Center ("TCC" or the "Institution") is a not-for-profit corporation, adjacent to Central Park in the East Harlem section of New York City. The Institution's campus covers a full square block between Fifth Avenue and Madison Avenue and 105th and 106th Streets, along what is known as "Museum Mile". TCC has been issued operating certificates by the New York State Department of Health ("DOH") pursuant to Article 28 of the New York State Public Health Law and by the Office for People with Developmental Disabilities ("OPWDD") pursuant to Article 16 of the New York Mental Hygiene Law.

TCC is a member of The Catholic Health Care System, also known as ArchCare. ArchCare is a health care delivery system that carries out the Catholic Church's health care mission within the Archdiocese of New York. ArchCare is a separate entity from the Archdiocese of New York with a separate management and Board, but ultimately is controlled by the Archbishop of New York. ArchCare operates five skilled nursing facilities, Calvary Hospital, and many homebased and community programs. ArchCare is the sole member of TCC and manages its operations.

Additional Information

- Demand – Occupancy has been at approximately 96% in recent years.
- Income Statement – The Institution's operating gain or loss has fluctuated over the past five years. Operating margins have ranged from a low of -2.81% (-\$2.7 million) in 2016 to a high of 1.59% (\$1.7 million) in 2015.
- Working Capital – TCC operates with a working capital (current assets less current liabilities) deficiency.
- Net Assets – Total net assets have been positive in each of the past five years. As of December 31, 2017, the Institution reported total net assets of approximately \$9.5 million.
- ArchCare Support – ArchCare has indicated they are willing to provide financial support to TCC as necessary.
- Essentiality of Services – TCC is a unique health care service provider in New York State which operates a comprehensive range of services for complex clinical programs.

Recommendation

The attached staff report recommends that the Board adopt a Resolution to Proceed for one or more series of bonds with maturities not to exceed 30 years in an aggregate amount not to exceed \$50,000,000 on behalf of Terence Cardinal Cooke Health Care Center.

This Transaction Summary was prepared solely to assist DASNY in its review and approval of the proposed financing described therein and must not be relied upon by any person for any other purpose. DASNY does not warrant the accuracy of the statements contained in any offering document or any other materials relating to or provided by the Institution in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.

The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution pursuant to the Loan Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.



DASNY

DIVISION OF PUBLIC FINANCE AND PORTFOLIO MONITORING
PORTIA LEE, MANAGING DIRECTOR
PREPARED BY: STEPHEN J. KOSIER (518) 257-3157

Terence Cardinal Cooke Health Care Center

INSTITUTION: Terence Cardinal Cooke Health Care Center ("TCC" or the "Institution") is a not-for-profit corporation, adjacent to Central Park in the East Harlem section of New York City. The Institution's campus covers a full square block between Fifth Avenue and Madison Avenue and 105th and 106th Streets, along what is known as "Museum Mile". The campus consists of three separately-constructed, connected structures and a parking garage. The Hospital Building was constructed in 1922, the Annex Building was built in 1938, and the Cohen Building was constructed in 1962.

The Institution has served the tri-state area for nearly 160 years, tracing its origins back to the founding of New York Medical College in 1860. The Medical College was affiliated with Flower Hospital and merged with Fifth Avenue Hospital in 1938 to form Flower and Fifth Avenue Hospital. In 1968, the Medical College was invited to participate in the development of Westchester County Medical Center. As a result of transferring teaching and research operations to Westchester and changes in health care delivery and reimbursement, Flower and Fifth Avenue Hospital began to transition into primarily long-term care from acute care. The Institution has been known as Terence Cardinal Cooke Health Care Center since 1984.

TCC is a member of The Catholic Health Care System, also known as ArchCare. ArchCare is a health care delivery system that carries out the Catholic Church's health care mission within the Archdiocese of New York. ArchCare is a separate entity from the Archdiocese of New York with a separate management and Board, but ultimately is controlled by the Archbishop of New York. ArchCare operates five skilled nursing facilities, Calvary Hospital, and many homebased and community programs. ArchCare is the sole member of TCC and manages its operations. ArchCare has been providing management, finance, information technology, legal coordination of managed care contracts and other support services to TCC since 2004. The ArchCare Board consists of up to 22 trustees which meet quarterly. The TCC Board mirrors the ArchCare Board.

Licensure: TCC has been issued operating certificates by the New York State Department of Health ("DOH") pursuant to Article 28 of the New York State Public Health Law and by the Office for People with Developmental Disabilities ("OPWDD") pursuant to Article 16 of the New York Mental Hygiene Law to offer its various programs and services, as identified below.

DOH Services: TCC operates 559-beds licensed by DOH. The bed makeup consists of 403 skilled nursing facility beds (inclusive of a 57-bed residential dialysis unit and a 48-bed neurodegenerative disease unit) and a 156-bed HIV/AIDS unit.

TCC's HIV/AIDS unit was the first long-term nursing program in New York State dedicated exclusively to caring for people with HIV/AIDS. The unit has grown to be a nationally recognized center of excellence and is one of the largest programs of its kind in the country.

TCC's residential dialysis unit serves patients who require renal dialysis in a long-term skilled nursing setting. The unit provides on-site medical coverage, as well as specialized nutritional and mental health services.

The neurodegenerative disease unit was established in 1988 and cares for patients living with Huntington's Disease ("HD") and other neurodegenerative disorders. TCC is the largest provider of this complex and highly specialized care in the country. TCC is one of just four facilities in New York State that treats HD.

OPWDD Services: TCC operates a 56-bed specialty hospital for children (the "Specialty Hospital") licensed by OPWDD. The Specialty Hospital provides comprehensive medical and skilled nursing care to children and young adults with profound neurological impairments and other complex medical conditions. The Specialty Hospital is the only such inpatient acute care facility in New York State.

Service Area and Competition: As described above, TCC provides a comprehensive range of services and programs. This diversity of services and programs is uncommon among metropolitan health care providers, thus distinguishing TCC from other providers. TCC is not aware of any other provider within the New York City metropolitan area which offers a similar mix and range of services within one facility. As a member of ArchCare, TCC benefits from various partnerships which have been created and which continue to grow, allowing the Institution to maintain high occupancy levels.

DASNY FINANCING HISTORY: DASNY issued one series of bonds on behalf of the Institution. \$30,565,000 of Terence Cardinal Cooke Health Care Center Revenue Bonds, Series 1998 were issued to refinance bank loans and finance various renovations. The Series 1998 bonds defeased in 2014. TCC has always met its obligations to DASNY on time and in full.

THE PROJECT: The Specialty Hospital operates at capacity and the Institution is working with OPWDD to expand the Specialty Hospital from 56 beds to 72 beds to help meet a growing need for its services. To accommodate the larger program, the Specialty Hospital will move from the Cohen Building to the adjacent Hospital Building. Approximately \$20 million of bond proceeds will be used for the renovations associated with expanding and relocating the Specialty Hospital.

The relocation of the Specialty Hospital requires a Prior Property Approval ("PPA") from OPWDD. The PPA establishes reciprocal commitments on the parts of New York State and the Institution. TCC commits to operate the program within the approved budgetary limit and OPWDD agrees to support the operation of the program and to reimburse the approved capital costs. Medicaid reimbursement represents a substantial source of OPWDD revenue for the reimbursement. Under the PPA, OPWDD will reimburse TCC for all principal and interest associated with this portion of the Project.

In addition to Specialty Hospital project, approximately \$29.5 million of bond proceeds will be used for various upgrades across the campus which are not supported by a PPA. The upgrades include replacing and relocating a kitchen, installing a new generator, upgrading elevators, and updating its fire systems. These upgrades are considered "Notice Projects" in which the Institution must notify DOH but they do not require a Certificate of Need approval.

FINANCING DETAILS: The proposed issuance is expected to be sold through a private placement with Sterling National Bank, or affiliates, as the Purchaser. The bonds are expected to be drawdown bonds with a variable interest rate for a period up to three years and then convert to fixed rate for ten years, for a total hold period of 13 years. Principal is expected to amortize over a period of 25-years, upon conversion. The interest rate during the drawdown period is expected to be 75% of (Wall Street Journal Prime minus 70 basis points). Upon conversion, the rate will be fixed for 10 years at the greater of 4.00% or 75% of (10-year Treasury rate plus 215 basis points).

Project costs are expected to require a deposit to the Construction Fund of approximately \$49.5 million. Issuance costs, including DASNY's fee, counsel fees, and other fees,

are estimated to total approximately \$500,000. Staff is requesting bonding authorization in an amount not to exceed \$50.0 million. The estimated sources and uses of funds are provided in Attachment I.

Ratings: As a private placement, there will be no bond rating for the proposed transaction.

Security Provisions: Security, as required by the Purchaser, is expected to include a mortgage, pledge of revenues, and pledge of assets. The Purchaser will also require TCC to meet certain financial covenants.

Table 1
Utilization
Terence Cardinal Cooke Health Care Center

	Years Ended December 31,					2016	2016
	2013	2014	2015	2016	2017	Statewide Median	DASNY Median
Article 28 Beds	559	559	559	559	559		
Article 16 Beds	50	50	50	54	56		
Total Beds	609	609	609	613	615		
Occupancy Rate (%)	98.51%	96.86%	96.98%	96.38%	95.70%	94.50%	93.39%
Total Operating Revenue per Bed	\$168,890	\$169,224	\$173,191	\$157,839	\$159,424	\$117,634	\$150,900
Full-Time Equivalent (FTE) Employees	796.4	764.2	766	734.6	709.6		
FTE's per Bed	1.31	1.25	1.26	1.20	1.15	1.26	1.14

DEMAND: TCC has been rated a 5-star facility for quality (highest ranking) by the Centers for Medicare and Medicaid Services and is recognized in New York State for the variety of services it provides. The comprehensive range of services and programs the Institution provides is unique for health care service providers in New York State. The Institution operates complex clinical programs and, on average, TCC patients have more acute needs than a typical skilled nursing facility. TCC works with DOH and OPWDD to provide care that meets the changing health care needs of its constituency.

Overall occupancy has been at approximately 96% in recent years. For each of the past five years, TCC has operated 559 Article 28 beds and at the request of OPWDD, the Institution increased its Article 16 beds from 50 to 56 over this time period. The Project will further expand the Specialty Hospital from 56 beds to 72 beds. This will help meet the need for the services the Specialty Hospital provides. The Pediatric Complex Care Association and Journal of the American Medical Association have reported that the population served by the Specialty Hospital is growing at a rate of 5% annually.

There is currently a wait list and local strategic partners indicate the need to place patients at the Specialty Hospital.

Payor Mix: The following is the historical breakdown of the payor mix as a percentage of net revenue for the Institution over the past three years. The Institution has consistently generated its greatest source of net revenue from Medicaid.

	Payor Mix		
	2015	2016	2017
Medicare	12.7%	10.4%	11.3%
Medicaid	81.1%	83.4%	83.4%
Self-Pay & Other	6.2%	6.2%	5.2%
Total	100.0%	100.0%	100.0%

Table 2
Income Statement
Terence Cardinal Cooke Health Care Center

	Years Ended December 31,					2016	2016
	2013	2014	2015	2016	2017	Statewide	DASNY
						Median	Median
Net patient service revenue	\$100,306,560	\$101,121,515	\$101,408,272	\$95,874,015	\$95,757,241		
Other operating revenue	2,583,453	1,976,727	4,106,978	921,326	2,325,936		
Total operating revenue	102,890,013	103,098,242	105,515,250	96,795,341	98,083,177		
Total operating expense	104,112,310	102,724,611	103,791,815	99,476,247	100,272,908		
Operating gain (loss)	(\$1,222,297)	\$373,631	\$1,723,435	(\$2,680,906)	(\$2,189,731)		
Total non-operating	208,455	295,225	2,882,749	5,145,849	1,064,745		
Excess revenues over expenses	(\$1,013,842)	\$668,856	\$4,606,184	\$2,464,943	(\$1,124,986)		
Total other changes in Unrestricted net assets	2,871,796	(286,896)	(1,500,000)	0	0		
Increase in unrestricted net assets	\$1,857,954	\$381,960	\$3,106,184	\$2,464,943	(\$1,124,986)		
Depreciation	2,275,766	2,163,851	2,105,726	2,245,738	2,466,583		
Interest expense	503,365	424,331	233,790	197,040	866,100		
Adjusted change in net assets	\$4,637,085	\$2,970,142	\$5,445,700	\$4,907,721	\$2,207,697		
Cash provided by operating activities	\$6,277,711	\$9,438,534	\$6,304,419	\$5,807,949	\$3,682,772		
Total annual debt service	\$2,740,288	\$3,706,941	\$1,889,165	\$1,271,879	\$1,987,005		
EBIDA debt service coverage ratio	0.60	1.41	5.02	2.25	0.92	1.70	1.23
Operating Margin	-1.22%	0.32%	1.59%	-2.81%	-2.27%	-0.54%	-1.86%
Excess Margin	-0.98%	0.65%	4.25%	2.42%	-1.13%	1.09%	2.34%
Net Profit Margin	1.80%	0.37%	2.87%	2.42%	-1.13%	0.98%	2.34%

Income Statement: The Institution's operating gain or loss has fluctuated over the past five years. Operating margins have ranged from a low of -2.81% (-\$2.7 million) in 2016 to a high of 1.59% (\$1.7 million) in 2015. The 2016 Statewide Median for Operating Margin was -0.54% and the 2016 DASNY Median was -1.86%.

As can be seen in Table 2, above, operating revenues and operating expenses each declined in 2016. This was largely a result of the Institution closing a clinic and outsourcing certain dialysis services. After including non-operating gains and other changes in unrestricted net assets, TCC reported increases in unrestricted net assets from 2013 through 2016 and a decrease in unrestricted

net assets in 2017. Net profit margin ranged from low of -1.13% (-\$1.1 million) in 2017 to a high of 2.87% (\$5.4 million) in 2015. The 2017 occupancy rate was below budget by 1.5%, contributing to the negative net profit margin.

As of September 30, 2018, TCC's occupancy is on budget and the Institution has a modest unaudited operating gain. The Institution recently renovated a parking garage on its campus which is expected to contribute an additional \$1.5 million annually to TCC beginning in 2019.

Table 3
Balance Sheet
Terence Cardinal Cooke Health Care Center

	Years Ended December 31,					2016	2016
	2013	2014	2015	2016	2017	Statewide Median	DASNY Median
Assets:							
Current	\$18,700,161	\$17,143,213	\$18,968,952	\$19,084,772	\$17,560,523		
Limited Use	6,333,721	4,013,316	4,005,900	9,667,556	6,088,123		
Long-Term	23,671,729	25,786,095	28,977,268	35,131,630	36,217,356		
Total Assets	<u>\$48,705,611</u>	<u>\$46,942,624</u>	<u>\$51,952,120</u>	<u>\$63,883,958</u>	<u>\$59,866,002</u>		
Liabilities:							
Total Current Liabilities	\$20,991,835	\$22,125,045	\$25,028,704	\$26,487,704	\$26,579,814		
Long-Term	21,305,177	20,347,425	19,354,494	27,355,495	23,821,252		
Total Liabilities	<u>\$42,297,012</u>	<u>\$42,472,470</u>	<u>\$44,383,198</u>	<u>\$53,843,199</u>	<u>\$50,401,066</u>		
Total Net Assets	\$6,408,599	\$4,470,154	\$7,568,922	\$10,040,759	\$9,464,936		
Total Liabilities and Net Assets	<u>\$48,705,611</u>	<u>\$46,942,624</u>	<u>\$51,952,120</u>	<u>\$63,883,958</u>	<u>\$59,866,002</u>		
Detail							
Cash and Short-Term Investments	\$137,549	\$3,848,060	\$2,934,682	\$4,868,215	\$3,658,112		
Current Portion of Long-Term Debt	2,430,274	1,889,165	1,149,811	1,987,093	1,545,371		
Long-Term Debt	8,225,951	6,199,284	6,199,284	12,587,148	11,041,865		
Unrestricted Net Assets	\$1,035,878	\$1,417,838	\$4,524,022	\$6,988,965	\$5,863,979		
Current Ratio	0.89	0.77	0.76	0.72	0.66	1.31	1.35
Cushion Ratio	0.46	2.57	3.58	5.76	2.95	1.57	0.74
Days in Accounts Receivable	55.85	37.91	35.23	36.88	41.27	49.05	44.88
Days in Current Liabilities	73.48	78.83	88.84	97.71	97.65	72.95	108.17
Days Operating Cash Available	4.76	21.18	17.57	46.45	26.10	24.19	51.65
Cash to Debt	10.11%	61.08%	63.10%	86.39%	56.45%	17.68%	22.94%
Debt to Capitalization	92.85%	87.29%	63.43%	67.59%	68.22%	41.56%	56.13%

BALANCE SHEET: TCC operates with a working capital (current assets less current liabilities) deficiency. The Institution's 2017 current ratio was 0.66 vs the 2016 Statewide median of 1.31 and the 2016 DASNY median of 1.35. The Institution's only debt is with the Purchaser of the proposed bond issue. TCC has two loans with a total of approximately \$11 million outstanding. These loans are scheduled to amortize fully over the next five years. The Institution's 2017 cushion ratio, which measures its ability to repay debt, was 2.95 vs the 2016 Statewide median of 1.57 and the 2016 DASNY median of 0.74. Total net assets have been positive in each of the past five years. As of December 31, 2017, the Institution reported total net assets of approximately \$9.5 million. As of September 30, 2018, TCC reported unaudited total net assets of approximately \$11.8 million.

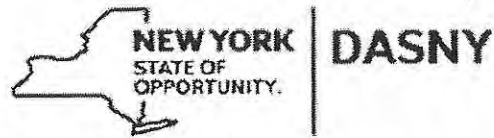
ArchCare has indicated they are willing to provide financial support to TCC as necessary. ArchCare's audited financial statements indicate that the Catholic Health Care Foundation of the Archdiocese of New York (the "Catholic Health Care Foundation") has committed to provide financial support to ArchCare. As of December 31, 2017, the Catholic Health Care Foundation reported cash and investments of \$37.1 million and liabilities of \$747,000.

FUTURE CAPITAL PLANS: TCC has no current capital plans that would require the incurrence of additional indebtedness.

SUMMARY: Staff recommends the Board adopt a Resolution to Proceed for one or more series of bonds on behalf of Terence Cardinal Cooke Health Care Center in an amount not to exceed \$50,000,000.

This report was prepared solely to assist DASNY in its review and approval of the proposed financing described therein and must not be relied upon by any person for any other purpose. DASNY does not warrant the accuracy of the statements contained in any offering document or any other materials relating to or provided by the Institution in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.

The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution pursuant to the Loan Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.



**Terence Cardinal Cooke Health Care Center, Series 2019
Sources and Uses of Funds**

Sources of Funds:

Bond Proceeds		
Par Proceeds	\$ 50,000,000	
<i>Total Sources</i>	\$ 50,000,000	

Uses of Funds:

		% of Par
Project Fund Deposit	\$ 49,480,000	
Costs of Issuance		
DASNY Fee	150,000	0.30%
Bond Counsel	125,000	0.25%
Bank Fee	100,000	0.20%
Bank Counsel	45,000	0.09%
Trustee & Counsel	5,000	0.01%
Institution's Counsel	25,000	0.05%
TEFRA Notice	15,000	0.03%
Title Insurance	50,000	0.10%
Rounding	5,000	0.01%
<i>Total Uses</i>	\$ 50,000,000	

Balance Sheets					
Assets:	2013	2014	2015	2016	2017
Cash and Investments	\$ 137,549	3,848,060	2,934,682	4,868,215	3,658,112
Patient Receivables (Net)	15,349,584	10,503,863	9,788,966	9,661,152	10,826,137
Due From Affiliates		63,250	148,700	62,780	268,232
Other Current Assets	<u>3,213,028</u>	<u>2,728,040</u>	<u>6,096,604</u>	<u>4,492,625</u>	<u>2,808,042</u>
Total Current Assets	18,700,161	17,143,213	18,968,952	19,084,772	17,560,523
Restricted By Debt	150,002				
Other	<u>6,183,719</u>	<u>4,013,316</u>	<u>4,005,900</u>	<u>9,667,556</u>	<u>6,088,123</u>
Total Assets Limited Use	6,333,721	4,013,316	4,005,900	9,667,556	6,088,123
Net Property Plant Equip.	17,871,211	18,250,468	20,151,662	22,832,235	27,670,548
Long Term Investments					
Due From Affiliates					
Other Non Current Assets	<u>5,800,518</u>	<u>7,535,627</u>	<u>8,825,606</u>	<u>12,299,395</u>	<u>8,546,808</u>
Total Assets	\$ 48,705,611	46,942,624	51,952,120	63,883,958	59,866,002
Liabilities:					
Accs. Payable/Accrued	8,585,754	9,552,257	9,218,576	8,823,333	11,981,398
Accrued Salary/Benefits	5,057,006	5,313,355	5,582,759	5,410,538	5,457,883
Curr Portion L-T Debt/Cap Lease/Note Payable	2,430,274	1,889,165	1,149,811	1,987,093	1,545,371
Short-term Borrowings	142,103				
Due to Third Parties	2,365,830	3,452,634	6,112,052	7,461,915	3,896,450
Due To Affiliates	700,000	810,051	1,567,262	1,784,204	2,555,428
Other Current Liabilities	<u>1,710,868</u>	<u>1,107,583</u>	<u>1,398,244</u>	<u>1,020,621</u>	<u>1,143,284</u>
Total Current Liabilities	20,991,835	22,125,045	25,028,704	26,487,704	26,579,814
Long Term Debt (Net)	8,225,951	6,199,284	6,199,284	12,587,148	11,041,865
Long Term Capital Leases/ Notes Payable	2,786,001	1,646,836	497,025		
Due To Third Parties, Long Term					
Due to Affiliates, Long Term	6,200,537	6,122,207	4,789,108	4,789,108	4,789,108
Insurance Plan Obligations					
Retirement Plan Obligations					
Other Noncurrent Liabilities	<u>4,092,688</u>	<u>6,379,098</u>	<u>7,869,077</u>	<u>9,979,239</u>	<u>7,990,279</u>
Total Liabilities	42,297,012	42,472,470	44,383,198	53,843,199	50,401,066
Unrestricted	1,035,878	1,417,838	4,524,022	6,988,965	5,863,979
Temporarily Restricted	1,195,281	1,122,544	1,115,128	1,122,022	1,671,185
Permanently Restricted	<u>4,177,440</u>	<u>1,929,772</u>	<u>1,929,772</u>	<u>1,929,772</u>	<u>1,929,772</u>
Total Net Assets	6,408,599	4,470,154	7,568,922	10,040,759	9,464,936
Total Liabilities and Net Assets	\$ 48,705,611	46,942,624	51,952,120	63,883,958	59,866,002

Statement of Activities					
Operating Revenue:					
Patient Service Revenue, Net	\$ 102,490,585	103,130,615	103,438,871	96,317,177	96,027,842
Less provision for bad debt	<u>-2,184,025</u>	<u>-2,009,100</u>	<u>-2,030,599</u>	<u>-443,702</u>	<u>-270,601</u>
NPSR less provision for bad debt	100,306,560	101,121,515	101,408,272	95,874,015	95,757,241
Unrealized Investment Gain/(Loss)					
Realized Investment Gain/(Loss) / Investment Income	35,878	40,726	41,954	40,117	37,194
Unrestricted Contributions					
Other Operating Revenue	<u>2,547,575</u>	<u>1,936,001</u>	<u>4,065,024</u>	<u>881,209</u>	<u>2,288,742</u>
Total Operating Revenue	\$ 102,890,013	103,098,242	105,515,250	96,795,341	98,083,177
Operating Expenses:					
Salaries and Benefits	62,014,718	59,537,125	61,701,332	60,626,688	59,757,304
Supply/Other General Admin	39,318,461	40,599,304	39,750,967	36,406,781	37,182,921
Interest Expense	503,365	424,331	233,790	197,040	865,100
Depreciation	<u>2,275,766</u>	<u>2,163,851</u>	<u>2,105,726</u>	<u>2,245,738</u>	<u>2,466,583</u>
Total Operating Expenses	104,112,310	102,724,611	103,791,815	99,476,247	100,272,908
Operating Income	-1,222,297	373,631	1,723,435	-2,680,906	-2,189,731
Non Operating Activities:					
Unrestricted Contributions	13,534	9,011	14,592	109,209	11,615
Realized Investment Gain/(Loss) / Investment Income	101,341	2,214	-23,099	-10,037	167,579
Unrealized Investment Gain/(Loss)					
Other Non Operating Gains/(Losses)	<u>93,580</u>	<u>284,000</u>	<u>2,891,256</u>	<u>5,046,677</u>	<u>885,551</u>
Total Non Operating Activities	208,455	295,225	2,882,749	5,145,849	1,064,745
Operating Excess	-1,013,842	668,856	4,606,184	2,464,943	-1,124,986
Unrealized Investment Gain/(Loss)					
Realized Investment Gain/(Loss) / Investment Income					
Unrestricted Contributions					
Pension and Post Retirement Related Changes	532,602				
Transfers (to)/from Affiliates			-1,500,000		
Other Changes	<u>2,339,194</u>	<u>-286,896</u>	<u>-1,500,000</u>		
Total Other Changes in Unrestricted	2,871,796	-286,896	-1,500,000		
Change in Unrestricted Net Assets	\$ 1,857,954	381,960	3,106,184	2,464,943	-1,124,986



Existing DASNY Debt		Region: New York City	
Bonds Issued:	\$0	Beds:	615
Bonds Outstanding:	\$0		
Credit Enhancement:			
Bond Rating:			

	Year					2016 Statewide Median	2016 DASNY Median
	2013	2014	2015	2016	2017		
LIQUIDITY RATIOS							
Current	0.89	0.77	0.76	0.72	0.66	1.31	1.35
Cushion (3)	0.46	2.57	3.58	5.76	2.95	1.57	0.74
Days Revenue in Accounts Receivable	55.85	37.91	35.23	36.88	41.27	49.05	44.88
Days Expenses in Current Liabilities	73.48	78.83	88.84	97.71	97.65	72.95	108.17
Days Operating Cash Available	4.76	21.18	17.57	46.45	26.10	24.19	51.65
Cash to Debt (3)	10.11%	61.08%	63.10%	86.39%	56.45%	17.68%	22.94%
CAPITAL RATIOS							
Average Age of Plant	41.25	44.36	46.58	44.68	41.68	18.86	15.90
Remaining Useful Life	7.85	8.43	9.57	10.17	11.22	9.85	12.69
Long Term Debt to Fixed Assets	61.62%	42.99%	33.23%	55.13%	39.90%	58.42%	63.27%
Assets Financed by Liabilities	86.84%	90.48%	85.43%	84.28%	84.19%	74.16%	70.17%
EBIDA Debt Service Coverage (2),(3)	0.60	1.41	5.02	2.25	0.92	1.70	1.23
Capital Expense	2.81%	2.26%	1.35%	2.20%	2.43%	3.85%	9.51%
Capital Spending	0.33	1.15	1.90	2.19	2.96	0.54	0.50
Debt to Capitalization	92.85%	87.29%	63.43%	67.59%	68.22%	41.56%	56.13%
PROFITABILITY RATIOS							
Operating Margin (1)	-1.22%	0.32%	1.59%	-2.81%	-2.27%	-0.54%	-1.86%
Excess Margin (2)	-0.98%	0.65%	4.25%	2.42%	-1.13%	1.09%	2.34%
Net Profit Margin	1.80%	0.37%	2.87%	2.42%	-1.13%	0.98%	2.34%
EBIDA Margin (1)	1.48%	2.83%	3.81%	-0.29%	1.13%	8.43%	7.72%
Return on Total Assets (2)	-2.08%	1.42%	8.87%	3.86%	-1.88%	1.38%	1.19%
PRODUCTIVITY AND COST RATIOS							
Occupancy	98.51%	96.86%	96.98%	96.38%	95.70%	94.50%	93.39%
Labor Expense : Net Patient Revenue	61.83%	58.88%	60.84%	63.24%	62.40%	61.13%	58.40%
FTE per Bed	1.31	1.25	1.26	1.20	1.15	1.26	1.14
Total Expense per Bed	\$170,956	\$168,678	\$170,430	\$162,278	\$163,045	\$119,212	\$152,228
Total Operating Revenue per Bed	\$168,890	\$169,224	\$173,191	\$157,839	\$159,424	\$117,634	\$150,900
Case Mix Index	1.06	1.12	1.11	1.15	1.13		1.08

- (1) Ratio calculation excludes any unrealized gain/(loss), realized investment gain/(loss) / investment income, and unrestricted contributions as reported in the Audit.
- (2) Ratio calculation includes realized investment gain/(loss) / investment income and unrestricted contributions, and excludes any unrealized gain/(loss), as reported in the Audit.
- (3) Regional Medians for these ratios are based on only those institutions with long term debt.

A RESOLUTION OF THE DORMITORY AUTHORITY OF THE STATE OF NEW
YORK (DASNY) AUTHORIZING STAFF AND BOND COUNSEL TO
PROCEED TO TAKE THE NECESSARY ACTION TO PREPARE
THE APPROPRIATE DOCUMENTS TO PROVIDE FOR THE
FINANCING OF FACILITIES FOR
TERENCE CARDINAL COOKE
HEALTH CARE CENTER

Resolved that the staff and bond counsel be authorized to proceed to take the necessary action and prepare the appropriate documents to provide for the financing of facilities for Terence Cardinal Cooke Health Care Center, provided, however, that the adoption of this Resolution imposes no duty on the part of DASNY to issue obligations for or on behalf of Terence Cardinal Cooke Health Care Center.

This Resolution shall take effect immediately.