

**Dormitory Authority of the State of New York (DASNY)
Fiscal Year April 1, 2012 - March 31, 2013 (FY 2012-13)
ABO Annual Report - Operations and Accomplishments**

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.

CHALLENGES

The par amount of new money debt issuances by DASNY for private institutions declined 58% from 2011 to 2012 and 41% from 2012 to 2013. This decline in new money issuances for private institutions is driven by various factors including the proliferation of other entities (primarily local development corporations) capable of issuing tax-exempt debt which compete with DASNY on the cost of issuance because they are not required to pay certain New York State fees. Also responsible for lower new money volume is the narrowing of the spread between taxable and tax-exempt interest rates, which minimizes the benefits of tax-exempt borrowing through DASNY. The significant reduction in private institution new money debt issuance has had an adverse impact on DASNY operating revenue from financing and bond administrative fees which the Authority has attempted to mitigate by modifying its fee structure and improving its policies and processes to remain competitive.

EXECUTIVE LEADERSHIP

During FY 2012-13, several important management initiatives were accomplished by DASNY:

- **Operating Budget**

DASNY continues to take steps to reduce operating costs and expenses, given the fiscal challenges facing New York State, while maintaining a professional staff capable of executing its mission and serving the public interest.

On March 13, 2013, the DASNY Board approved the Authority's FY 2013-14 operating budget, which includes an increase of .3% in total spending compared to the adopted 2012-13 budget. Despite a 17% increase to required annual retirement contributions, total internal operating expenditures only increased 1.31%, or \$1 million. Salaries were also reduced by 1%, or \$.5 million.

- **Amended Fee Structure**

In March 2013, the DASNY Board adopted a resolution to amend the fee structure that DASNY uses for its bond issuance and bond administration services. After an extensive internal review of the revenues and operating expenses associated with this area of DASNY's business, the new fee schedule reflects an annual institutional cap of \$250,000 on administrative fees for all private institutions, except that the annual institutional cap for bonds issue under the FHA program will remain at \$600,000.

- **Project Labor Agreement (PLA)**

In November 2012, we commenced our first project under the DASNY renovation Project Labor Agreement for CUNY's Medgar Evers College.

DASNY completed negotiation of a Memorandum of Understanding for two standard Project Labor Agreements (one for new construction projects and one for rehabilitation projects) with the Building and Construction Trades Council ("BCTC"). In addition to changing certain work rules to reduce the cost of projects covered by the PLA, there are particular areas where the DASNY PLAs break new ground. These provisions pertain to a "carve out" for small projects, MWBE utilization, workforce mobility, job site referrals for local workers, and recoupment of benefit payments for non-union labor.

- **Records Retention Project**

DASNY continues its Records Retention project. A number of records retention schedules were approved by State Archives and Records Administration during the reporting period with more in progress.

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. DASNY's Governance Committee met on March 12, 2013 and undertook its annual review of DASNY's By Laws, Mission Statement and Performance Measures, as well as selected other corporate policies.

LEGISLATIVE MATTERS

DASNY continues to monitor legislation that would improve its ability to respond to client needs and advance sound policy for the State. The following are highlights of authorizing legislation and other legislation affecting DASNY during this reporting period.

The SFY 2013-2014 State Budget was enacted within the reporting year; thus, we note provisions that will directly impact DASNY's operations in the upcoming reporting year:

- **New SUNY Dormitory Facilities Revenue Bond Program**

As described in detail below, the Budget authorizes a new, self-supporting program to finance dormitory facilities for the State University.

- **Sales Tax Revenue Bond Program**

The Budget authorizes a new sales tax revenue bond program. The program will provide the State with an additional financing vehicle, sales tax revenue bonds. The bonds are expected to be used interchangeably with Personal Income Tax ("PIT") bonds to finance State capital needs. Under this new program, DASNY, the Urban Development Corporation and the Thruway Authority are authorized issuers.

- **Workers' Compensation Assessments and Bond Program**

The Budget contains legislation to simplify and reform the State's system of workers' compensation. Included among these reforms is a new bond program to mitigate the impact of defaulted group self-insured trusts that provide Workers' Compensation insurance for self-insured employers and a new assessment methodology. DASNY is authorized to issue the bonds under the new program, in an amount not to exceed \$900 million.

PUBLIC FINANCE

Bond Financings

- DASNY delivered over \$5.93 billion par value of bonds and notes during FY 2012-13, ending with an outstanding bond portfolio of approximately \$45.33 billion. Of the total bonds outstanding, 62.04% are on behalf of public programs (such as State-supported debt and school districts), 23.41% are on behalf of independent higher education institutions and other not-for-profits, and 14.55% are for independent health care. Additionally, three bond reofferings/conversions comprised of five series of bonds, totaling \$218.71 million were sold during FY 2012-13.
- During FY 2012-13, 78.41% of the total par value of bonds delivered by DASNY was for its public clients. DASNY delivered a total of \$4.65 billion of bonds in FY 2012-13 for its public clients. The largest public client bond issues included: three issues of State Personal Income Tax Revenue Bonds for various programs and clients totaling \$3.8 billion; and \$594.0 million for two New York State Public School Districts issues.
- DASNY also delivered a total of \$1.28 billion of bonds in FY 2012-13 for its independent, private-sector clients. The largest issues on behalf of private-sector clients included: \$208.63 million for two separate New York University issues, \$146.03 million for Rochester Institute of Technology, \$137.94 million for Columbia University and \$115.51 million for Pace University.

Tax-Exempt Equipment Leasing Program (TELP)

- During FY 2012-13, DASNY executed \$182.9 million in 15 leases to finance DASNY's clients' information technology equipment including electronic medical records systems, medical and telecommunications equipment.

Public Finance Initiatives

- *DASNY's Policies and Processes:* Over the course of FY 2012-13, DASNY staff members worked with DASNY's Board to review and improve upon several of DASNY's policies and processes in an effort to better meet our clients' needs and give our clients greater flexibility in accessing the capital markets in a timely manner. In addition, DASNY changed its Board meeting schedule for 2013 to better align with the monthly Public Authorities Control Board (PACB) Meetings, which will enable borrowers to access the capital markets more quickly, and added an additional Board meeting in November for added customer support.
- *New SUNY Dormitory Facilities Revenue Bond Program:* The new SUNY Dormitory Facilities Revenue Bond Program, which was enacted as part of the 2013-14 Executive Budget, enables SUNY to continue to address the existing SUNY dormitory capital pipeline. Under this Program, SUNY is authorized to transfer or assign to DASNY all rights in the dormitory facilities revenues, and to require SUNY to immediately pay such revenues, without appropriation, to the Commissioner of Taxation and Finance for deposit to the new Dormitory Facilities Revenue Fund. Bonds issued under this new program will be supported solely by third party revenues generated by student rents. This will be a revenue-based credit with typical revenue based credit features, such as debt service coverage and an additional bonds test. These bonds will not be considered State-supported debt.

FINANCE INITIATIVES

Banking RFP

- Over the summer of 2012, DASNY issued an RFP for banking and custodial services. Bank of America Corporation was selected for the contract, which has an initial term of five years and two, one-year renewals. DASNY expects to save more than \$200,000 annually. The initial implementation phase, consisting of the core banking and custodial services, was completed in March 2013. Phase 2 will include some additional payment automation enhancements and consideration of other ancillary services such as corporate credit cards.

CONSTRUCTION

At the close of FY 2012-13, DASNY had a total construction workload of 873 projects valued at over \$5.6 billion. Expenditures on projects for which DASNY provided services during the fiscal year totaled over \$1 billion.

Projects in the pipeline as of March 31, 2013 are summarized in the table below:

Type of DASNY Service	Number of Projects	Total Value of Projects
Full and modified, (all phases)	873	\$5,634,421,471
Preliminary phase	395	\$783,146,043
Design phase	305	\$1,553,266,663
Construction phase	173	\$3,298,008,765
Full Service Projects >\$5 million	96	\$3,575,738,790

Major DASNY-managed projects completed in FY 2012-13 include:

- **Borough of Manhattan Community College**, replacement of Fiterman Hall and replacement of gymnasium and swimming pool roof (\$291.3 million).
- **City College of New York**, Shepard Hall stair pavilions rehabilitation, Rehab of Plaza at NAC Building and NAC kitchen HVAC/Plumbing renovation (\$20.8 million).
- **Lehman College**, New Science Facility (\$86.48 million, LEED Platinum intended.).
- **John Jay College of Criminal Justice**, expansion project, final Certificate of Occupancy and Haaren Hall roof replacement (\$582.9 million).
- **Jacobi Medical Center**, modernization projects (\$51.34 million).
- **SUNY Geneseo**, Monroe Hall renovations (\$14 million. LEED Silver intended).
- **SUNY Potsdam**, rehabilitation of three residence halls (\$22.8 million).
- **University at Albany**, new 500-bed residence hall (LEED Gold intended) and Dutch Quad roof rehab (\$68.3 million).

Major ongoing DASNY-managed projects include:

- **City College of New York**, a new CUNY Advanced Science Research Center and CCNY Science Facility (\$705.82 million, LEED Gold intended).
- **Medgar Evers College**, Bedford Library Expansion (\$21.73 million).

- **NYC College of Technology**, Voorhees Hall/Façade (\$38 million).
- **Harlem Hospital Center**, a major modernization (\$264.39 million).
- **Gouverneur Healthcare Services**, new construction and renovations (\$246.8 million).
- **Bronx Mental Health Redevelopment project at the Bronx Psychiatric Center**, major reconstruction of campus facilities (\$348.8 million).
- **Staten Island Courthouse**, a new court facility (\$208.21 million).
- **Bronx Family/Criminal Courthouse**, interior renovations (\$48.75 million).
- **Bronx Civil/Civil Supreme Court**, interior renovations (\$36.55 million).
- **Binghamton University**, four new residence halls, the final phase of the East Campus housing project (\$155.02 million, LEED Silver).
- **Bronx Community College**, North Instructional Building and related projects (\$102.3 million, LEED Silver intended).
- **Coler Hospital**, new sprinkler system (\$30.42 million).
- **SUNY Fredonia**, new townhouses (\$24.1 million, LEED for Homes Silver intended).
- **SUNY Cortland**, a 220-bed residence hall project (\$22.87 million, LEED Silver intended).

New projects added to DASNY's construction pipeline during FY 2012-13 include:

- **The New York State Justice Center, Delmar**, renovations to accommodate The Justice Center for the Protection of People with Special Needs (\$3.05 million).
- **Brownsville Community Court**, renovations and mechanical upgrades (\$10.25 million).
- **University at Albany**, Livingston and Eastman Tower façade and windows (\$10.16 million).
- **SUNY Plattsburgh**, Mason and Moffit Halls Rehabilitation (\$14.65 million).
- **Rockland Psychiatric Center**, New Power Plant and building automation systems (\$13.8 million).
- **New York City College of Technology**, design and construction for Namm Hall, various interior renovations (\$7.5 million).
- **Medgar Evers College**, Carroll St. Building Exterior Upgrades and design study (\$18 million).
- **John Jay College of Criminal Justice**, Haaren Hall HVAC systems, renovations and security systems (\$26.9 million).

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

- **Homeless Housing and Assistance Program:** Nineteen projects for new construction or renovation of supportive housing throughout New York State. Projects were awarded partial or full funding based on applications to HHAC (\$311.94 million).
- **Office of Alcoholism and Substance Abuse Services:** Technical assistance for renovation and new construction for five new projects in Suffolk, Kings, Albany, St. Lawrence and Columbia counties (\$22.58 million).

CONSTRUCTION DEVELOPMENTS

- **NY Works:** With regard to the Department of Environmental Conservation, pre-design and design services commenced on dam, flood control and dredging projects across New York State. We anticipate a minimum of 12 projects will move to the construction phase during the balance of calendar year 2013. The Niagara Fall State Park projects moved into construction during the fall of 2012 and will complete in time for the spring/summer 2013 tourist season. Design work for the continuation of the program was well underway, with a scheduled construction start date of fall 2013.
- **DOH Certificate of Need Reviews:** We have contracted with the Department of Health to provide services with respect to 41 projects with a total project value of approximately \$2.85 billion for 28 hospitals/health care facilities.
- **Library Projects:** Mamakating Library, located in Wurtsboro, New York is a new 4,800 square foot project with a \$1.4 million budget. In addition, Crawford Library in Monticello, New York has a two-story, 10,000 square foot renovation project with a \$5.3 million budget. DASNY will provide project management services for both projects.
- **Public Private Partnership (P3): DOH Wadsworth Laboratory Center:** At the request of the DOH, DASNY has engaged a consultant to develop short and long-term planning objectives for the DOH Wadsworth Laboratory Center. The short-term objectives include movement of critical functions from the Biggs Empire State Plaza lab and other locations, while the long-term objectives include developing a basis of design for a consolidated Wadsworth Laboratory Center.
- **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 2012, the safety/loss control consultants conducted 297 construction site surveys, visiting on average 20 construction sites per month.

MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE (MWBE) INITIATIVES

- **2012 New York State MWBE Forum:** DASNY was a major participant in the 2012 New York State MWBE Forum, held on October 25-27 at the Empire State Plaza with more than 1,700 registrants participating.
- **NYS Contract System:** During FY 2012-13, our team at DASNY was instrumental in the development of a new website (ny.newnycontracts.com) for procurements and contract compliance across all State agencies and authorities. The idea originated from Governor Cuomo's "MWBE Team" chaired by former NYC Comptroller Bill Thompson. DASNY President Paul Williams chaired the subcommittee on technology to help bring this improvement to fruition. The new site enables Minority and Women-Owned Business Enterprise (MWBE) firms not yet certified with New York State, to get certified online and participate in the process. The site also contains an up-to-date directory of all certified MWBEs. The system features also include an electronic payment verification of progress payments to MWBEs and non-MWBEs subcontractors/suppliers on all state contracts. The full implementation of the system will occur in FY 2013-14.
- **MWBE 15-A Construction-Related Goal Results for FY 2012-13:** DASNY's construction and commodity-related MWBE 15-A goals for 2012-13 were 20%; 13% MBE and 7% WBE.

DASNY's results for FY 2012-13: 21.66%, 13.54% MBE, 8.12% WBE. The total cumulative MWBE expenditures for FY 2012-13 were \$181,813,660.

- **DASNY's MWBE Surety Bond/Capital Assistance Program:** The Surety Bond/Capital Assistance Program restarted in the spring of 2013. The lack of available surety bond capacity for MWBE firms continues to be a major barrier for their development from subcontractors to prime contractors and limits the capacity of MWBE prime contractors to bid.
- **MWBE Financial and Professional Services:** The chart below outlines the MWBE participation for non-construction related professional services for FY 2012-13 as submitted for purposes of Empire State Development compliance reporting.

Summary Fiscal Year April 1, 2012 - March 31, 2013

Non-Construction Professional Service	Total	MWBE Participation	% Participation
Legal	\$ 23,227,914.40	\$ 1,403,444.13	6.04%
Accounting	\$ 312,000.00	\$ 99,169.22	31.79%
Financial Advisory	\$ 122,677.50	\$ 22,677.50	18.49%
Official Statement Printing	\$ 133,012.82	\$ 133,012.82	100.00%
Swap Advisory	\$ 5,000.00	\$ -	0.00%
Risk Management	\$ 1,089,578.25	\$ 201,739.00	18.52%
Underwriters	\$ 12,417,486.00	\$ 2,017,723.00	16.25%
Total Participation	\$ 37,307,669.47	\$ 3,877,765.67	10.39%

Non-Construction Professional Service	Total	MWBE Participation	% Participation
Broker-Dealer ¹	\$ 9,425,284,000.00	\$ 2,993,283,000.00	31.76%

Non-Construction Professional Service	Total	MWBE Participation	% Participation
Private Client Transactions ²	11	8	72.73%

- **Procurement Guidelines:** DASNY has updated its *Procurement Guidelines* to comply with the Business Diversification Act. These updates require, among other things: 1) the establishment of appropriate goals for participation of Minority and Women-Owned Business Enterprises in Procurement Contracts and the utilization of Minority and Women-Owned Business Enterprises as subcontractors and suppliers by entities having procurement contracts with DASNY; 2) the solicitation of offers from Minority and Women-Owned Business Enterprises known to have

¹ Participation based on the par value transactions awarded to MWBE.

² Transactions are sold with a sole underwriter or sole placement agent.

experience in the area of the goods or service to be provided, regardless of the type of contract; 3) the provision of notice of any procurement to appropriate professional organizations that serve Minority and Women-Owned Business Enterprises so that members of these organizations are apprised of potential opportunities to contract with DASNY; and 4) maintaining a database of Minority and Women-owned Business Enterprises that have expressed interest in doing business with DASNY and providing such entities direct notice of any impending procurements.

SUSTAINABILITY PROGRAMS

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

As of January 1, 2008, all DASNY construction projects qualify as sustainable opportunities, with the specific sustainable goals identified, or are registered with the United States Green Building Council (USGBC) with a goal of LEED Silver or higher. The numbers below represent all new buildings, additions, or significant renovation projects of any size that have entered DASNY’s pipeline and have been registered or certified as of March 31, 2013.

Projects registered with USGBC:	41
Projects certified by USGBC to date:	15

*LEED work is registered at the start of the project and certified after construction is completed.

- **DASNY Involvement with Executive Orders and Laws Promoting NYS Sustainability**

DASNY continues to work collaboratively with other state Agencies/Authorities on Executive Orders and laws in development, and to achieve the goals of Executive Orders No. 111 (energy efficiency and fleet management), No.18 (elimination of single use water bottles), No. 24 (greenhouse gas [GHG] emissions reductions by 2050) and No. 4 (green procurement and waste reduction). Please note that EO No. 111 was superceded by EO No. 88 in December 2012.

DASNY has consistently exceeded the requirements of Executive Order No. 111, initially signed in 2001, by purchasing hybrid and flex-fuel vehicles for all of DASNY’s passenger fleet vehicles, and by aggressively reducing DASNY’s energy usage and increasing DASNY’s purchase of Renewable Energy Credits. Our overhead lighting replacement project was completed in late 2012, reducing costs of lighting energy by about one third, and resulting (with a cost-share through National Grid) of a return on investment of less than one year.

DASNY involvement in Executive Order No. 4 relates to our continued reporting on DASNY’s waste, paper and sustainability planning. (Note: Reporting period is for previous fiscal year.) Reduction in waste generation in reporting year FY 2011-12 continued, with an additional 11% reduction over the previous reporting year. Our paper use reduction for that same period was nearly 5%. In addition, DASNY is part of the Executive Order No. 4 Training Sub-committee, and in the summer of 2012, this group rolled out important professional training for sustainability coordinators and facility managers of New York State buildings. The training provided the understanding and resources for 120 state staff to improve operational planning and building management in order to save money, improve health and well-being of staff, and respect limited natural resources. This training was developed by Urban Green (NYC Chapter of the USGBC) and was delivered by the NY Upstate Chapter of the USGBC. NYSERDA provided a cost share of 50%, and the USGBC Chapters adjusted their agreements to eliminate the cost for those state employees trained. DASNY provided venue and planning support, and a trainer.

- **LEED**

DASNY was awarded LEED-Gold certification under the LEED for Existing Buildings rating system for its main office at 515 Broadway in Albany. This achievement verifies the ongoing work in improving DASNY's building's performance and aligns with the receipt of an Energy Star rating of 92, which indicates our building is performing better than 92% of similar commercial office buildings in our geographic area. DASNY is only the second existing New York State government building listed in the Green Building Certification Institute's database to be awarded LEED Gold-EB. The first was the Executive Mansion in 2008. This success is due to careful monitoring, frequent adjustments and a concerted effort by staff along with building management's efforts to maximize energy conservation.

- **LEED Accredited Professionals at DASNY**

DASNY has 34 LEED Accredited Professionals on staff along with one LEED Green Associate. These professionals are staff that have learned about the LEED rating system and general aspects of sustainable design, and have passed a test to confirm their knowledge.

EXECUTIVE INITIATIVES AND OPERATIONS

- **Customer Satisfaction Initiative**

DASNY conducts a formal Customer Satisfaction Initiative program in which we interview all of DASNY's private financing, TELP (Tax-Exempt Equipment Leasing Program) and selected capital public construction customers. Personal interviews solicit the customers' views on DASNY's performance regarding quality, customer support, communication, cost, process and timeliness. Private financing customers are interviewed at the conclusion of each financing, while capital construction customers are interviewed at the completion of the design phase, as well as completion of the project. This feedback is used by DASNY's senior managers to improve the operations of DASNY, add value to its services and strengthen its customer relations.

In FY 2012-13, DASNY surveyed a total of 48 private financings, TELP, construction and design projects. Eighty-seven percent of the customers said DASNY met or exceeded their expectations providing a rating of 4.74 out of 6. Over ninety-three percent of the customers rated their product satisfaction and intention to use and/or recommend DASNY to others at 4.89 and 5.00 respectively.

- **Grant Programs**

DASNY has been authorized to sell bonds to finance programs created by the Legislature to build, expand or renovate community facilities throughout New York. In FY 2012-13, DASNY sold more than \$244.8 million in bonds to support community-based economic development, education, health care, high-technology, housing and public safety projects.

DASNY administers a number of grant programs for the Legislature, and in some cases, for the Governor or in cooperation with other State agencies. Since inception of the grant programs, DASNY has received 7,882 grants totaling over \$7.0 billion for processing. There are 4,794 active grants under consideration at this time, and a total of approximately \$4.7 billion has been disbursed to Grantees.