



DASNY

Annual Report 2017

DORMITORY AUTHORITY

STATE OF NEW YORK



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Dear Fellow New Yorkers,

This is an incredible time to be a New Yorker. New York State's private-sector jobs are at their highest point in history, cities across Upstate New York are rebounding after languishing for decades, and we are restoring the promise that the next generation will be better off than the last.

The Dormitory Authority of the State of New York (DASNY) plays a crucial role in this progress. It is a valuable bridge between the State and New York's education and health care institutions as it finances and builds the infrastructure that broadens opportunity, bolsters our middle class, and expands access to services that keep New Yorkers healthy.

DASNY has proven its ability to help New York State's communities thrive. As the nation's leader in the municipal bond market and one of its most prominent public builders, DASNY sets the tone for sustainable, resilient construction and the participation of minority- and women-owned business enterprises.

New Yorkers deserve an organization like DASNY with its focus on performance and integrity. I thank the DASNY Board, its Chair, Alfonso L. Carney, Jr. and its President and CEO, Gerrard P. Bushell, for continuously answering the call of public service with dedication. I commend DASNY's executive team and its entire staff for their leadership and commitment to the people of New York.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Cuomo', followed by a long horizontal line extending to the right.

Andrew M. Cuomo, Governor
State of New York



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

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

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

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

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

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

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

The Honorable Catharine Young
Chair, Senate Finance Committee

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

The Honorable Liz Krueger
Ranking Minority Member
Senate Finance Committee

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



Alfonso L. Carney, Jr.
Chair



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

Dear Governor Cuomo and Distinguished Leaders,

We are proud to introduce the 2017 Annual Report of the Dormitory Authority of the State of New York (DASNY). This year's report brings life to the incredible impact DASNY has on our clients and communities across New York State. The report shows how DASNY, in its 73rd year, is further enhancing its partnerships to create innovative, educated, healthy, resilient, and inclusive communities that can better compete on the global stage to continue to grow our economy.

The 2017 DASNY Annual Report builds on improvements made last year, much like our effort to redirect DASNY to better meet the needs of our health care and higher education clients whose sectors are undergoing rapid change. We are telling stories as seen through our clients' eyes and have developed a magazine-style format to bring those stories to life.

These stories also tell of the changes we are making to maximize our added value to our partnerships. One valuable impact is our broadening use of a hybrid financing structure that combines tax-exempt and taxable bonds. The hybrid structure helps meet the needs of higher education and health care sectors as not-for-profit institutions focus more of their strategic planning on their core missions and expanded partnerships.

New York University made use of this structure when it issued through DASNY \$829 million in tax-exempt and taxable bonds in June 2016, the largest private client issuance in DASNY's history. The structure is helping maximize the economic benefits to New York State from NYU's investment. It enables NYU to include private uses in its capital projects, which the University is doing at its new technology and digital arts center at 370 Jay Street in

Brooklyn that graces the cover of the report. For example, the taxable bonds can support start-up space at 370 Jay Street for companies developing technology created by the University's researchers, further enhancing the project's economic impact.

Similarly, we are deploying a wider variety of alternative project delivery methods to speed construction delivery and keep costs down. This includes creating a new contract structure for design-build, which we are applying to a \$21 million residence hall project at The College at Brockport, which Governor Andrew M. Cuomo announced in March 2017. It is expected to be among the fastest delivered residence halls in DASNY's history thanks to this procurement method.

As you will see in the following pages, the results of these efforts are playing a powerful role in creating the infrastructure across New York State that serves as a bedrock to our communities.

We are working with our partners in State government to fight the opioid crisis, develop housing for homeless veterans, and renew and enhance New York State Parks. We are delivering on the Governor's promise to rebuild New York State's infrastructure, stronger and more resilient against the increasing threat of powerful storms. And we are doing it all with a focus on increasing the MWBE contract participation rate and growing the capacity of minority- and women-owned business enterprises.

As we move into a new era for DASNY, it is paramount that we also remember how we got here, and there is no better way to do that than celebrating the 50th anniversary of our partnership with the City University of New York. Inside this report, you will find a detailed history of that partnership, which displays the power infrastructure can play in creating opportunity.

DASNY's commitment to New Yorkers is driven by our dedicated and talented work force. We are enormously thankful for the energy they put into every endeavor. It is their knack for delivering solutions that keeps DASNY and New York State moving ever upward.

Sincerely,



Alfonso L. Carney, Jr.
Chair



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

Highlights of 2017

\$6.7 billion
Bonds Delivered

\$1.12 billion
Largest Public Financing

\$829.1 million
Largest Private Higher Education
Financing

\$237.1 million
Largest Private Health Care
Financing

\$47.9 billion
Outstanding Bond Portfolio

\$125.2 billion
Total Financed Since Founding

\$144.2 million
Tax Exempt Leasing Program
(TELP) Leases

\$33.7 million
Largest TELP Lease

\$633.7 million
Construction Expenditures

949
Construction Projects in Pipeline

\$5.98 billion
Construction Pipeline

\$137.8 million
MWBE Expenditures

INNOVATIVE COMMUNITIES

NYU's 370 Jay Street: Where Cool Stuff Happens





370 Jay Street: Opposite: Exterior; Above: Lobby and Media Garage; Photo Credit Mitchell/Giurgola Architects

+\$1,000,000,000

in NYU annual wages

+100

companies created based on NYU technology

\$375 million

NYU spends yearly on construction and renovation

86%

of NYU graduates remain in the Tri-State area annually

When New York University's 370 Jay Street opens its doors in the fall of 2017, its 500,000 square feet spread over 14 floors will almost double the University's footprint in Brooklyn and bring scientists, engineers and digital artists together to drive innovation at the heart of the borough's blooming technology sector.

The facility at 370 Jay Street in Downtown Brooklyn is central to NYU's expansion in the sciences and technology, which builds in part on the strong foundation of NYU's nearby Tandon School of Engineering. In particular, 370 Jay Street will be the hub of the University's vision to merge technology and creative arts, spawning advancements in communications, media and social science that will help drive the economy and make cities better places to live. In

reviving a vacated office building, keeping the original limestone façade that matches the neighborhood's character, and opening the first floor to the public, NYU has fully integrated 370 Jay Street with the surrounding community.

To date, DASNY has issued a total of \$352 million in low-cost tax-exempt and taxable bonds on NYU's behalf for this project. NYU utilized a hybrid tax-exempt and taxable financing structure that provided greater efficiency as well as future flexibility. The 370 Jay Street project was part of an \$829 million bond issue in June 2016 that made history for being the largest single issuance DASNY has ever conducted on behalf of a private client, as well as for the monumental impact the financed projects will have on the University's and New York City's future.

“Innovation and entrepreneurship have propelled Brooklyn’s economic trajectory and earned the borough bragging rights as the epicenter of New York’s burgeoning technology industry,” said NYU President Andrew Hamilton. “NYU’s expanded presence in Downtown Brooklyn will lead to innovative solutions to real challenges facing the world’s urban centers and create new opportunities that the University can develop collectively with the technology industry. We thank DASNY for its partnership in helping bring our vision to reality.”

Part of the Community

370 Jay Street’s design promotes collaboration with open layouts, creating a cohesive space occupied by the various disciplines that it will house, from engineering to computer programming to digital art. The facility will also serve the goal of commercializing NYU technology developed there and elsewhere throughout NYU’s growing scientific network, further enhancing economic impact. The first floor will include opportunities for the local community to learn about new technologies, explore innovative art forms, and engage with data on their neighborhoods and city functions.

“The work at 370 Jay Street will not be dominated by a single discipline or approach so that it can provide solutions to those problems that can only be tackled by putting people together,” said Bob Berne, NYU’s Executive Vice President for Health who has been shepherding the project. “It will be the epitome of collaboration among engineers and artists all working side-by-side in what will be a very vibrant and dynamic building.”



370 Jay Street Workspace interior; Photo Credit Mitchell/Giurgola Architects

Hybrid Financing Structure Provides Flexibility to NYU: The bond financing for 370 Jay Street and other New York University projects supported by last year’s historic \$829 million issuance and a prior \$691 million transaction was a mix of tax-exempt and taxable bonds executed through a hybrid financing structure, which gives NYU the flexibility to fund portions of mixed-use projects with taxable bonds.

This funding approach allows the University to efficiently tap the capital markets through a consolidated transaction. For example, taxable debt enables the University to utilize a portion of its space for start-ups and other private uses, further enhancing NYU’s role in growing New York’s economy.

Resilient Communities: A sustainability strategy at 370 Jay Street will reduce the building’s energy footprint, limiting the demands it will place on local utility grids and lowering emissions. The strategy includes:

- The limestone and steel façade will be restored rather than replaced – thereby reducing the amount of waste that would be sent to a landfill by approximately 4,000 cubic yards, the equivalent of 133, 30-yard dumpsters.
- Annual utility usage will be cut by more than 37% thanks to a “dedicated outdoor air” HVAC system with heat recovery, a microturbine that generates electricity on site, and advanced metering and control system.
- The building lighting system will utilize a daylight harvesting system to automatically dim the electric lighting levels in response to how much natural lighting is coming into the building.
- Green roofing and reflective rooftop surfaces will reduce the heat island effect.

Making Urban Data Tangible

The top two floors will house NYU’s Center for Urban Science and Progress (CUSP). NYU developed the proposal for CUSP as part of New York City’s Applied Sciences NYC initiative. The City’s embrace of NYU’s proposal included providing 370 Jay Street – a moribund former headquarters for the MTA – as a home for CUSP and other NYU programs. They will contribute to a new and very different “MTA” – Brooklyn’s burgeoning mash-up of media, technology, and the arts.

In 2015, the Center for an Urban Future reported that jobs in the tech sector in New York City had increased by 71 percent from a decade earlier, and that Brooklyn led the way, with more growth than any other borough.

Founded against that backdrop, the Center for Urban Science and Progress uses New York City as its laboratory and integrates engineering, data informatics and social sciences to understand and improve cities throughout the world.

The ability to collaborate with NYU researchers including those developing video games and apps will enhance the Center’s ability to address concerns in urban environments, such as noise pollution and traffic, in part by putting tools in

the hands of citizens, said Executive Director Michael Holland. CUSP is working closely with New York City to apply data that city agencies already collect to its search for solutions, an increasingly valuable opportunity as cities become home to more of the world’s population.

“One of the challenges with urban data is if you present it in tables, it only makes sense to a limited number of people,” Holland said. “Our potential for interaction with digital artists and media can help us take that data and make it tangible so that citizens and agency employees alike can interact with it in a more intuitive, expectable way.”

Sounds of New York City

For example, a team of scientists from NYU, in collaboration with Ohio State University, has launched a comprehensive research initiative to understand and address noise pollution. *Sounds of New York City* will combine a network of sensors and a cell phone app to more effectively monitor, analyze and mitigate noise pollution.

The data collected can help cities generate policies to reduce noise pollution, which has been shown to negatively affect health, including cognitive development in children.

NYU by the Numbers

+86%

NYU graduates that remain in the Tri-State Region annually

+\$1 billion

Annual wages paid to employees based at NYU in New York

68

Companies graduated from NYU Tandon School of Engineering's Incubator Program

+100

Companies created based on NYU technologies

1st

NYU's rank among all U.S. universities in income from technology licensing

Work on the project will take place at 370 Jay Street, where citizens can gather for training on the phone app and then step out into a public square – the building's former loading docks – to test it, Holland said.

'Where Cool Stuff Happens'

R. Luke DuBois, a composer, artist and programmer at the NYU Tandon School of Engineering and Steinhardt School of Culture, Education and Human Development, is working on the *Sounds of New York* Project and was part of the space planning committee for 370 Jay Street. His department and research laboratory, where he works on integrative digital media, including motion capture and virtual reality, will move into the building next year. A Hollywood-grade motion capture studio on the building's second floor will help develop advancements in virtual reality and communications, DuBois said.

370 Jay Street: Motion Capture Studio; Photo Credit Mitchell/Giurgola Architects



Importantly, 370 Jay Street will also be integrated with the community, DuBois said. NYU already collaborates with New York City public schools to enhance student achievement in science, technology, engineering and mathematics. At 370 Jay Street, students will have the opportunity to work on citizen science projects or simply come in and test new video game technology.

“We want people from inside and outside the university coming into the building, and knowing it is a place where cool stuff happens,” DuBois said.

“Innovation and entrepreneurship have propelled Brooklyn’s economic trajectory and earned the borough bragging rights as the epicenter of New York’s burgeoning technology industry.”

-- **Andrew Hamilton**
NYU President

Dr. Bushell and NYU President Andrew Hamilton tour progress at 370 Jay Street.



370 Jay Street by the Numbers

- +\$27 million**
Wages paid on the project through June 2017
- \$50/hour**
Average wage for skilled trade positions,
the majority of jobs on the project
- 1,100**
New students expected in Brooklyn-based
programs by 2022
- 40**
New faculty positions expected in
Brooklyn-based programs by 2022
- 100**
Research positions expected to be created
at research centers



‘MIRACLE’ AT ORANGE REGIONAL MEDICAL CENTER

Cancer Center and Outpatient Services Expansions

A 79,000-square-foot Outpatient Building and Cancer Center expansion at Orange Regional Medical Center in the Hudson Valley created a singular spot for those services, bolstering patients battling for their lives.

For Phyllis Brown, a patient and volunteer at the Medical Center, the expansion eliminated a lengthy drive to get the care she needed.

“I think it’s wonderful that we’re doing this,” Brown said. “For me it was difficult to go to Goshen every day for my radiation treatment. To have everything in one place is some sort of a miracle.”

The expansion on Orange Regional Medical Center’s 73-acre site in Wallkill officially opened in September 2016.

“The new center provides a one-stop shop for patients,” said Rick Carrico, Former CFO of the Greater Hudson Valley Health System, Orange Regional Medical Center’s parent company. “As we integrate our health care delivery system, patients are now able to access physician, diagnostic and treatment services on a single campus. It’s all right here for them.”

In addition to the latest technology and wrap-around services, the building is also “beautiful and highly functional,” Carrico said. Gas fireplaces, brightly-colored walls and furnishings that match the locally-made art on the walls fill the building with positivity. An Infusion Therapy Center overlooks a “Healing Garden,” which patients can admire while getting treatment. The garden features plants that attract hummingbirds

and bronze statues of children playing. There is also a “Healing Boutique” where patients and family members can purchase hats, scarves, lotions, and soaps.

Orange Regional has long-been coming to DASNY for financing support. In 2008, DASNY issued \$261 million in tax-exempt bonds on Orange Regional’s behalf to support construction at the main hospital and refunded \$237 million of that issuance in February 2017, saving over \$1.7 million annually. The cancer center and outpatient services expansion was supported by \$5 million from the 2008 issuance and \$66 million issued by DASNY on Orange Regional’s behalf in 2015. The rest of the funding for the expansion came from private donations and the hospital.

“DASNY was an integral partner in our successful financing and building of the new hospital which opened in 2011, so we were familiar with their processes to execute a large project like our Outpatient Building and Cancer Center. DASNY has a good relationship with the Department of Health that helped us move the project through the approval process efficiently and take advantage of favorable market conditions to issue tax-exempt bonds.”

-- Rick Carrico
Former CFO, Greater Hudson Valley Health System
parent company of Orange Regional Medical Center

Technology Boosts Care at the Outpatient Building and Cancer Center:

- 1st Floor: The breast center with all 3D mammography, lab, diagnostic imaging, and primary and urgent care. It has a baby grand piano, a café and a retail pharmacy open to the public.
- 2nd Floor: Cardiac rehab center, conference rooms, an ambulatory surgery center, diabetes treatment center and administration offices.
- 3rd Floor: Designated space for primary care doctors and specialists.
- Additional Features: Motion-detecting lights, touchscreen check-in stations whose screens are sanitized by UV lights, and a Varian TrueBeam linear accelerator that has “pinpoint accuracy” to remove tumors with minimal damage to surrounding tissue.



Orange Regional Medical Center exterior

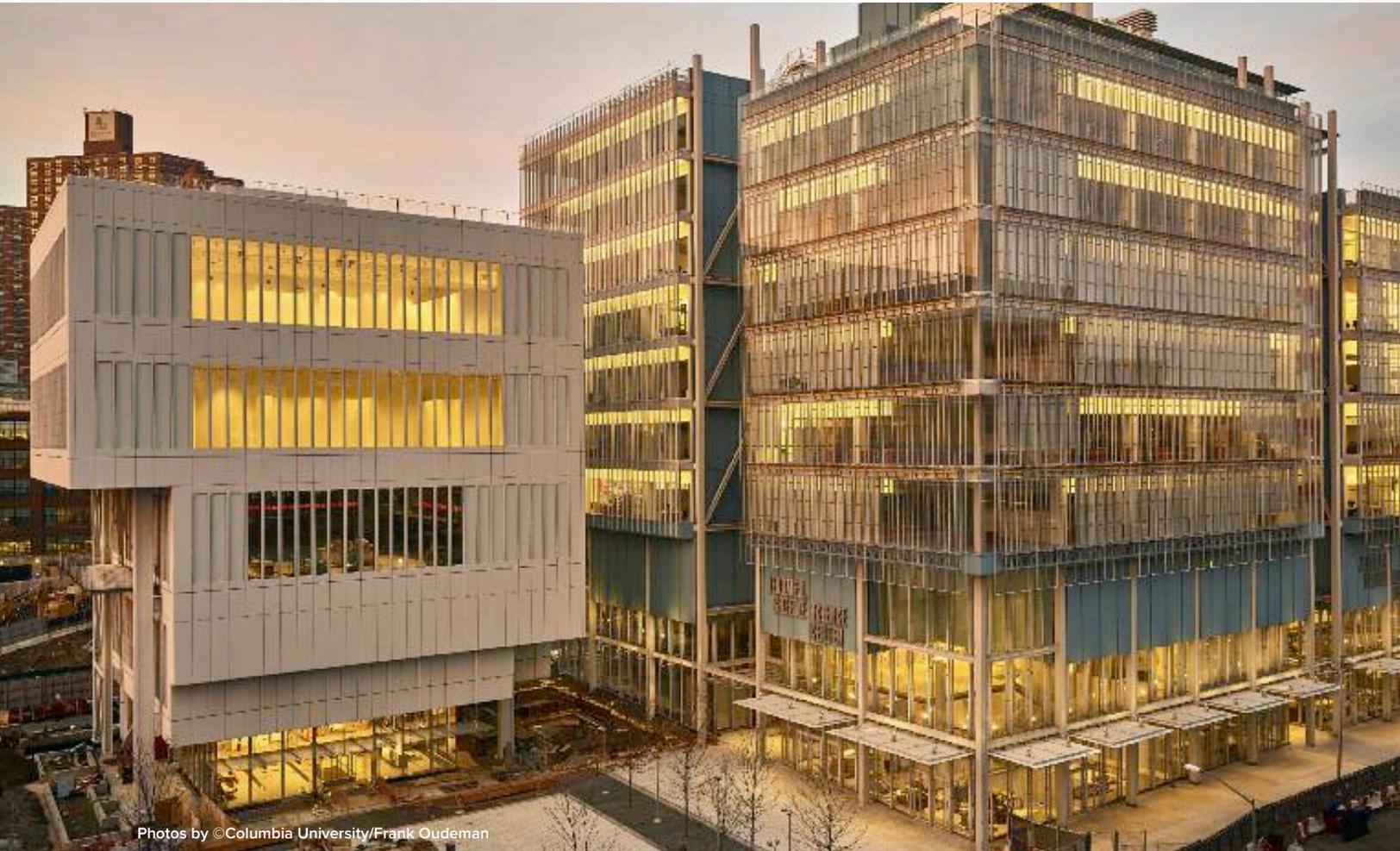
Cardiac rehabilitation center on the second floor



Waiting room



COLUMBIA UNIVERSITY OPENS NEW CENTER FOR SCIENTIFIC DISCOVERY IN MANHATTANVILLE



Photos by ©Columbia University/Frank Oudeman

Columbia University's Jerome L. Greene Science Center exterior

In spring 2017, Columbia University celebrated the opening of the Jerome L. Greene Science Center, a 450,000-square-foot center for scientific discovery and home to the Mortimer B. Zuckerman Mind Brain Behavior Institute. The Institute brings together neuroscientists, engineers, statisticians, psychologists and other scholars from across Columbia University and around the world to study the complexities of the human mind, brain and behavior.

The Center is part of Columbia University's Manhattanville campus, rising in a former industrial area on the far west side between 125th and 133rd streets. With an open, environmentally sustainable urban design that integrates academic buildings within the existing street grid, the campus

provides public spaces – inside and outside – for area residents and visitors to enjoy. DASNY helped Columbia raise significant low-cost, tax-exempt funds for the campus, including the issuance of \$50 million in Green Bonds on Columbia's behalf in April 2016 for the Science Center.

“When we began working on the Manhattanville campus more than a decade ago, we knew that we wanted buildings and spaces that would foster collaboration, cross-disciplinary innovation,” said Columbia University President Lee C. Bollinger. “At the same time, we wanted transparent, welcoming spaces to share with our local community, where people can gather, learn and discover together. We appreciate DASNY's support in achieving that vision with The Jerome L. Greene Science Center.”



Resilient Communities: The Jerome L. Greene Science Center and the Mortimer B. Zuckerman Mind Brain Behavior Institute are part of the larger Columbia Manhattanville campus, which has achieved Stage 1 Leadership in Energy and Environmental Design Platinum certification under the U.S. Green Building Council’s Neighborhood Development pilot rating system. This is the highest rating given by the Council, and this is the first such designation in New York City and the first campus plan in the United States to receive the designation. Key elements include:

- Optimizing energy efficiency at the campus, with a centralized energy plant underneath the campus that serves all buildings, rather than installing boilers and stacks at each building.
- Partnering with the Environmental Defense Fund to use the most cutting-edge construction techniques, resulting in the lowest possible emissions of dust, sound and vibrations during construction.
- Recycling more than 90 percent of building materials from demolition.
- Reducing energy consumption by “harvesting daylight” within the Science Center, with lighting control systems dimming the electric lights in response to changing daylight conditions and by installing automated motorized shades throughout the building to minimize solar heat gain.

Fostering Scientific Collaboration

In keeping with the collaborative, open and accessible campus, the Center is not a stereotypical research building. Designed by the renowned Renzo Piano Building Workshop with Davis Brody Bond LLP as executive architect and Body Lawson Associates, a Harlem-based certified minority business enterprise as associate architect, the glass-enclosed building features shared spaces for faculty, scholars and students and a floor plan that groups more than 50 labs with related areas of inquiry to foster the kind of collaboration that generates new ideas and discoveries.

The Zuckerman Institute’s cross-functional team of researchers and scientists will work together to study the neurobiology of disorders such as Alzheimer’s and Parkinson’s and lead investigations that bring together computer science, economics, law, the arts and social policy to learn more about how the brain develops, performs, endures and recovers.

“The universal challenge for the twenty-first century is to understand the mind and its disorders in biological terms,” said Nobel Laureate Eric Kandel, co-director of Columbia’s Zuckerman Institute. “But in a larger sense we not only want to

Interiors of Columbia University’s Jerome L. Greene Science Center



understand the nature of the human mind and its diseases, but to also ask a range of questions that link brain science to other areas of knowledge. The Jerome L. Greene Science Center will facilitate this interdisciplinary approach to understanding the brain at an unprecedented scale.”

Engaging the Community

Architect Renzo Piano planned the Center’s publicly accessible ground floor to ensure that the “learning, teaching, exploring and the ritual of everyday life come together.” The main floor of the Center is home to the Zuckerman Institute’s Community Education Lab, which will host programs designed for local students, public school teachers and life-long learners interested in brain science. The lobby floor also houses a community Wellness Center staffed by Columbia University Medical Center physicians that will provide education and awareness programs about strokes and other neurological conditions, access to mental health screenings, free blood pressure and cholesterol screenings, and medical referrals.

The floor includes retail spaces and restaurants that serve the campus and the local community, as well as an interactive digital art installation called “The Brain Index,” which features a wall-sized screen and multiple displays that show dramatic visualizations of the brain’s structures together with introductions to the researchers and the pioneering work they are doing in the labs upstairs.

Interiors of Columbia University’s Jerome L. Greene Science Center



Columbia By the Numbers

+140,000

Alumni that live and work in the Tri-State Region

+\$1.2 billion

Wages and salaries paid to NYC residents in 2016

\$578 million+

Paid to minority-, women-, and locally-owned (MWL) firms for construction projects on Morningside/Manhattanville campuses over the last five years

49%

MWL construction workers employed at Manhattanville between 2008 and December 2016

+145

Number of startup companies since 2006 that began at Columbia and stayed in New York

+3,300

Inventions that have emerged from Columbia’s research labs in the past 10 years

+750

U.S. patents received by Columbia in the past 10 years



STONY BROOK SAVES ON CANCER-FIGHTING TECHNOLOGY THROUGH DASNY

SUNY University Hospital Health Center at Stony Brook needed vital medical equipment for its new 10-level, 225,000-square-foot, 150-Bed Tower and its new eight-level, 240,000-square-foot Medicine and Research Translation (MART) Building. By working with DASNY and its Tax-Exempt Equipment Leasing Program (“TELP”), Stony Brook closed an \$18.5 million lease for cutting-edge cancer care technology and other equipment. Stony Brook has participated in DASNY’s TELP program for 20 years, closing 17 leases totaling approximately \$280 million and saving the Hospital approximately \$28 million.

The medical equipment for the new Bed Tower / MART financed through DASNY will assist imaging, neurosciences, cancer care and cancer research, and will enable scientists and physicians to work side-by-side to advance cancer research and imaging diagnostics.

\$33.7 million

largest TELP deal in FY 2017

\$144.2 million

TELP leases executed in FY 2017

Through TELP, DASNY partners with its clients and businesses that provide the funds for capital equipment leases. DASNY’s ability to enter tax-exempt leases simplifies the borrowing process and lowers interest rates for clients. In FY 2017, DASNY delivered \$144.2 million in low-cost leases through TELP.

Bed Tower / MART, scheduled for completion in Spring 2018, reflects Stony Brook’s commitment to patient- and family-centered care, and will facilitate partnerships among health care practitioners, patients and families.



Plan of Stony Brook's Bed Tower / MART



The C-arm x-ray system penetrates dense anatomy to create images in less time and exposure.



EDUCATED COMMUNITIES

CUNY & DASNY: A 50-Year Partnership



Dr. Bushell speaking at CUNY Grad Center event



Providing the Foundations for Education

By Dr. Gerrard P. Bushell, DASNY President and CEO

New York State is incredibly fortunate to have a robust network of higher education institutions that create a foundation for our economy and swing open the doors to equality. Our two public higher education systems, the City University of New York and the State University of New York, boast premier institutions as leaders in academics and research. DASNY is proud to support these institutions by helping them meet their capital needs so they can compete on the global stage for the best students and teachers.

This past year we celebrated the 50th anniversary of the partnership between DASNY and CUNY. Forged by a State

the 1970s as the graduates of New York City high schools turned to CUNY to secure an education.

- Led DASNY to create and execute a program directing contracts to minority- and women-owned firms and small businesses, a precursor to the State’s modern-day MWBE program.
- Transformed the vacant B. Altman building, an historic retail center, into a world-class learning institution in the heart of Manhattan. It was among other CUNY-DASNY projects of the 1990s, which helped push a citywide revival.
- Responded to the destruction of the Borough of Manhattan Community College’s Fiterman Hall during the

28,000,000

square-feet in 300 buildings
on 24 campuses

\$15.9 billion

total CUNY/DASNY financings

144 projects

now in design for CUNY

law enacted in 1966, the financing and construction partnership has developed millions of square feet of classrooms, laboratories and libraries, and established CUNY as an interconnected university system that lives up to its promise to expand access to higher education and raise up generations of New Yorkers. In the sweep of this 50-year partnership, CUNY and DASNY have altered the landscape of the city itself and created new avenues of opportunity.

The awesome progress delivered by the CUNY-DASNY partnership serves as a backbone for economic development across New York City. Education made health care, technology and research-focused jobs attainable for New Yorkers as the economy shifted away from traditional manufacturing.

Over the last 50 years, the partnership:

- Met the needs of a rapidly expanding student body in

September 11, 2001 terrorist attacks by working with the community to transform Fiterman into a neighborhood centerpiece that is rejuvenating the economy.

- Built back stronger, more resilient infrastructure after the devastation caused by Superstorm Sandy in 2012.
- Financed and built the premier Advanced Science Research Center and other laboratories, setting CUNY on course to be a leader in scientific research that will drive New York City’s economy into the future.

Over the last half-century, the CUNY-DASNY partnership has been committed to opportunity, sustainability and innovation. Today, CUNY is a strong, competitive institution that serves as a foundation to the economies of New York City and New York State. Over the next 50 years, our partnership will continue to deliver as we pave the way for New York to reach high and obtain success.

CUNY & DASNY: A 50-YEAR PARTNERSHIP

1966

The Partnership Began

A new state law established the CUNY and DASNY partnership.



1970

CUNY Opened Enrollment

Open admissions policy was implemented, enabling all graduates of New York City high schools to attend. More than 35,000 new students enrolled that year.



1974

Hunter College

The number of students at Hunter College mushroomed to 25,000 full and part time. To meet the demand, DASNY oversaw a 727,000-square-foot expansion across two, nearly 20-story towers at East 68th Street and Lexington Avenue. They were built atop foundations 70 feet deep, and included connections to the subway and pedestrian malls that integrated the college with the surrounding city.

In 1975, work at Hunter and other CUNY-DASNY projects halted; New York City was in fiscal crisis. The \$135 million project at Hunter College would not be completed until 1983.



1975

A City in Crisis

New York City was nearing bankruptcy and the municipal bond market was shut down. Many CUNY projects were put on hold for nearly three years. Full-time day students were charged tuition for the first time in CUNY history.



- 1 Aaron Davis Hall at CCNY
- 2 Students at CCNY's Shepard Hall School of Architecture
- 3 Hunter College Tower
- 4 Hunter College Foundation, 1975
- 5 CCNY's Science and Physical Education Building, 1971

“For more than 50 years, DASNY and CUNY have built and rebuilt the foundation for education in New York City. In the process, they have shaped New York City’s architectural landscape, creating a future defined by discovery and economic prowess.”

**-- William C. Thompson, Jr.
Board of Trustees Chair, CUNY**



6

1977

Projects Moved Forward

As the crisis eased and funds flowed again, projects once again moved forward, including the Kingsborough Community College's new \$72 million campus, which was finished in 1977.



1981

Setting Aside Contracts for MWBEs

A precursor to New York State's Minority- and Women-owned Business Enterprises (MWBE) program, the "set-aside" program authorized DASNY to direct procurement opportunities to minority-owned firms and small businesses. It was established at York College, and Hostos and Bronx community colleges. Medgar Evers College was added in 1983. In 2015, Governor Andrew M. Cuomo set a 30 percent MWBE contract participation goal for NYS.



7



10

1986

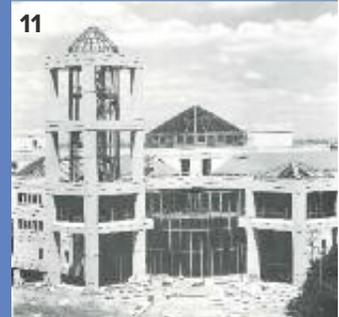
York College's New Digs

York College moved out of a former Montgomery Ward department store on Jamaica Avenue to a new \$128 million home, dubbed the Academic Core project. The quarters housed classrooms, laboratories, faculty and administrative offices, a library and a power plant. The expansion served as a catalyst for economic growth and the work was divided into more than 40 prime contracts to facilitate greater involvement of minority and small businesses.

1988

Library Expansion in Queens

Queens College's \$123 million library with the capacity for 850,000 volumes was completed and received the Bard Award for Excellence.



11

“CUNY is proud to have partnered with DASNY over the course of half a century to expand opportunity, strengthen our economy and reimagine the shape and role of a university in the midst of a city. We look forward to the next 50 years and all that they will bring to CUNY, our students and the city we call home.”

**-- James B. Milliken
Chancellor, CUNY**



9

- 6 Kingsborough CC
- 7 Aerial view, Lehman College, 1976
- 8 Medgar Evers CC, 1974
- 9 Queens College Science Facility
- 10 York College AB Building, 1982
- 11 Queens College Library sketch



12

1990

A Campus Transformation

The Willowbrook State School, a home for mentally ill children, had a challenging past and it was completely shut down in 1987. The dark mark on its history and vacancy left on Staten Island was scrubbed by the re-imagining of the space for CUNY's College of Staten Island.

The college needed a central location to combine its two campuses that were separated by five miles. In 1990, ground was broken for the new \$360 million campus by the CUNY-DASNY partnership. The new, integrated 204-acre campus opened in 1993.

The transformation of Willowbrook was a harbinger of the resurgence that swept New York City over the next decade as crime dropped and the economy boomed.



13

1992

A Gothic Restoration

DASNY and CUNY undertook a \$36.9 million façade restoration, returning George B. Post's almost 100-year-old, gothic-style design of City College of New York's Shepard Hall back to its full glory. This was the first phase of façade restoration at City College. The work has been ongoing since.



14

1997

Iconic Landmark Revived

There was a time when B. Altman and Company was an equal to Macy's and Sears. But by 1989, the retail titan was bankrupt and forced to shut down its landmark flagship store at 5th Avenue and 34th Street in Midtown Manhattan.

It sat vacant until 1997, when CUNY took it over to transform it into a new \$243 million home for its Graduate Center.

It features a light-filled, three-story library that incorporates historic design characteristics, dissertation reading rooms, a dining commons with soaring, glass ceilings, and presentation spaces.

Students officially moved to the new campus in the fall of 1999.



15

2001

Terrorism and Renewal

DASNY was nearly finished with a complete renovation of Borough of Manhattan Community College's Fiterman Hall, when debris from World Trade Center Building 7 fell into it from the wreckage of the September 11, 2001 terrorist attacks.

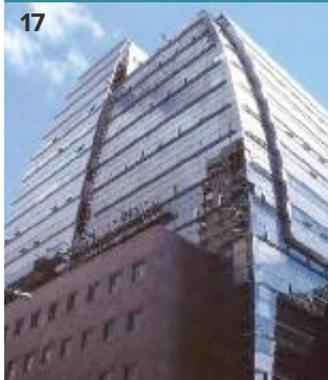
The damage was irreparable. It was time to start over. The mission of DASNY, New York State and the nation was to rebuild lower Manhattan; not only the buildings, but the community that surrounded them.

The building that rose on the footprint of the 42-year-old former office building was developed by CUNY and DASNY in partnership with a community advisory committee. Together, they delivered a new \$290 million, 14-story Fiterman Hall with a southern glass wall that spans several floors and overlooks the World Trade Center site and memorial park.

The new Fiterman, which opened for the 2012-13 academic year, not only hosts 80 smart classrooms, library spaces and a rooftop conference center, but also an art center and café on its first floor that serve as a direct and ongoing connection to the surrounding neighborhood.



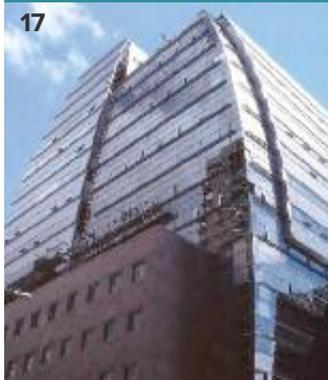
16



2002

A Vertical Campus

DASNY completed Baruch College's 17-floor Newman Vertical Campus, including more than 100 high-tech classrooms, research facilities, and performance and athletic space in the heart of Manhattan. At a value of \$308 million, it was the largest single building project in DASNY history at the time.



- 12 CCNY's Center for Discovery and Innovation
- 13 College of Staten Island
- 14 Shepard Hall, CCNY, 2002
- 15 Fiterman Hall, Borough of Manhattan Community College, 2015
- 16 B. Altman CUNY Graduate Center Building
- 17 Baruch College
- 18 National Guardsmen help after Superstorm Sandy
- 19 Lehman College
- 20 CUNY's Advanced Science Research Center (ASRC)



2012

Recovering From a Superstorm

Superstorm Sandy delivered a devastating blow to New York City and CUNY, setting up years of rebuilding, which continues today. CUNY campuses suffered significant damage, including flooding, downed power lines, and ruined roofs.

Portions of Hunter College's Brookdale Campus were submerged under four feet of water, destroying its emergency generator. DASNY contractors replaced the generator and cleaned out HVAC equipment exposed to floodwaters.

The Borough of Manhattan Community College in Lower Manhattan was flooded and almost 70 percent of the electrical feeders supplying power to its Chamber Street campus were destroyed. DASNY-led crews replaced them and moved them to higher ground. The campus' standby power and generator system were moved to the roof.

DASNY and CUNY continue to partner to improve campus resiliency and reduce impacts on the environment. This includes more than \$380 million in energy efficiency projects.

2013

Sustainability Meets Science at Lehman

The \$86.5 million Lehman College Science Building was completed and became DASNY's first project to achieve the Leadership in Energy and Environmental Design Platinum rating under guidelines established by the U.S. Green Building Council. The project was a key piece to CUNY's "Decade of Science," a \$2 billion investment by the university system to advance scientific research as a central component of CUNY's mission.

The 66,000-square-foot building is a gateway to the sciences for Bronx students, has irrigation-free landscaping, a high-reflectivity "cool roof," and a storm and grey water management system.



2016

A Science Decade's Crown Jewel

CUNY's Advanced Science Research Center (ASRC), the crown jewel to CUNY's "Decade of Science," was completed, helping to lead New York City into a future defined by discovery and economic prowess.

The glass-enclosed laboratory, meant to breed discoveries that will take medicine and technology in new directions, was financed and built by DASNY – a powerful symbol of the impact the CUNY-DASNY partnership has had on New York City and the world.

It is adjacent to a new, state-of-the-art science building at City College of New York (CCNY), the Center for Discovery and Innovation, also financed and built by DASNY. The two facilities combine to a value of approximately \$700 million, making them the highest value project in DASNY's history.

"We want to go beyond great science and extend the possibilities of science by scientists collaborating with other scientists across the disciplines," said Dr. Gillian Small, ASRC's Former Executive Director and Vice Chancellor for Research. Those who are successful "will stay in New York, develop a larger science community, contribute to society and provide new jobs for New Yorkers."

DESIGN-BUILD SPEEDS DELIVERY OF THE COLLEGE AT BROCKPORT RESIDENCE HALL



Rendering of The College at Brockport's new residence hall

Rising on The College at Brockport campus is a new 256-bed residence hall scheduled for completion in late summer 2018 to accommodate incoming students. The project is expected to be among the fastest delivered by DASNY, thanks to design-build, a procurement method that speeds design and construction timelines while keeping costs down.

It is the first project in recent memory where DASNY has applied design-build. The new residence hall on the SUNY campus near Rochester will help The College at Brockport compete for talent, Governor Andrew M. Cuomo said when he announced the project in March 2017.

“The construction of this new residence hall at The College at Brockport is another example of this administration’s commitment to investing in modernizing and updating our colleges and universities across New York,” the Governor said. “Keeping our university campuses competitive and

Resilient Communities: The new residence hall at The College at Brockport will be built to LEED-Silver standards under the U.S. Green Building Council’s sustainability and energy efficiency guidelines, with features including:

- Optimizing energy performance of the building through the installation of an energy-efficient HVAC/mechanical system.
- Water reduction by using landscape that does not require a permanent irrigation system.
- Green Building Education, which will include an interface that allows students to view and monitor their own energy consumption.

up-to-date is vital to ensuring we attract the best and brightest to lead New York into the future.”

The residence hall is being constructed using an innovative panelized construction system that allows wall components of the four-story building to be built in an off-site factory at the same time site work and foundations are being prepared.

The building will be steel construction with concrete floors. It will have fire-safety features, including full sprinkler and fire alarms systems, as well as state-of-the-art security systems and card access throughout. Inside, spaces will be built to foster student learning and collaborative study, including a smart classroom, multi-purpose room, and other features to enhance student interaction. The residence hall was designed and constructed to Leadership in Energy and Environmental Design (LEED) Silver standards under the U.S. Green Building Council’s sustainability and energy efficiency guidelines.

“We’re proud to be the first campus in recent memory in the SUNY system to team up with DASNY on a design-build and panelized construction project,” said The College at Brockport President Heidi Macpherson. “Doing so allows us to provide our students with a high quality, affordable residence hall and continue to make The College at Brockport a great place for our students to live and learn.”



Inclusive Communities: Expected to surpass the Governor’s 30% MWBE goal with:

- Expected minority-owned business enterprise participation rate of 19%.
- Expected women-owned business enterprise participation rate of 16%.



Dr. Bushell addresses MWBEs at networking event in Rochester

DASNY Expands Alternative Project Delivery: DASNY President and CEO Dr. Gerrard P. Bushell is focused on expanding DASNY’s utilization of alternative project delivery methods to meet the needs of its clients for faster, lower cost construction. The expansion includes the application of design-build at The College at Brockport. At Dr. Bushell’s request, the DASNY Board also approved in 2016 the use of construction manager build on certain DASNY projects. DASNY also regularly uses construction manager at risk.

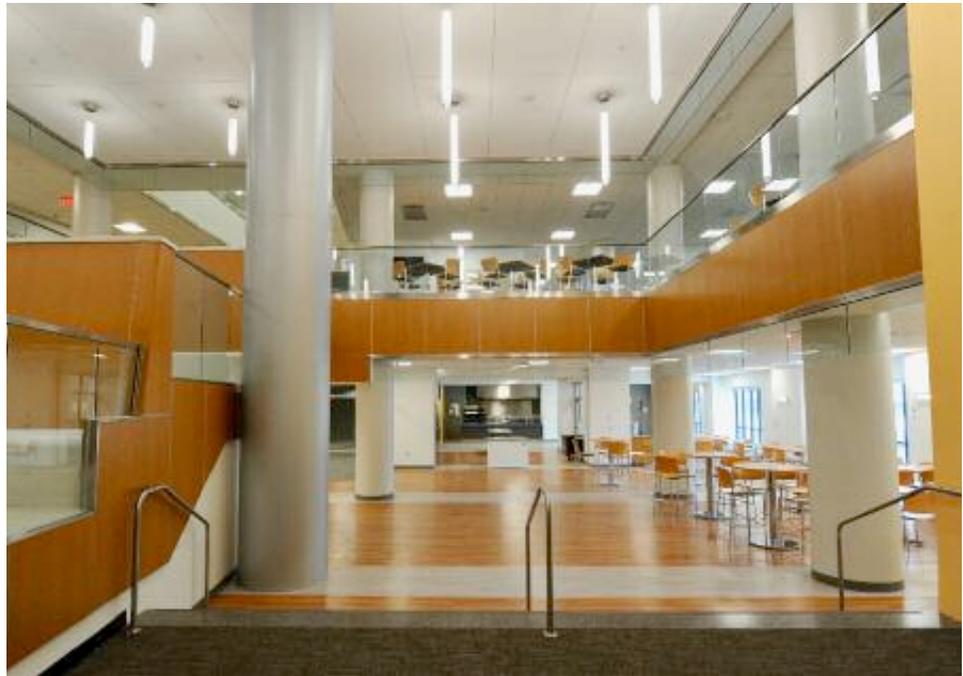
Dr. Bushell is expanding the use of these methods, which mirror project delivery tools used in the private sector, while providing the transparency of public works projects, to:

- Keep costs down on projects.
- Mitigate cost risk and speed project delivery.
- Get assets into productive use to generate revenue.
- Maximize MWBE participation.

MONROE COMMUNITY COLLEGE: A DESIGNED INTERIOR

Rochester has long been a center of innovation in New York State. It is where George Eastman and Henry Strong decided to build their photography empire. It is the birthplace of Bausch & Lomb and Xerox.

This year, when Monroe Community College (MCC) opens the doors of its new \$78 million, 255,000-square-foot Downtown Campus on State Street in Rochester for the fall semester, MCC will greatly expand its ability to provide the education and training for jobs that will further fuel the region's resurging economy.



Since establishing a temporary campus in 1992, MCC has searched for a permanent downtown location that the college can own and build upon, and that the community can call home. MCC's Downtown Campus, spread across seven floors, will fulfill the College's vision, giving students a campus that reflects their dreams and aspirations.

"When students come to our new Downtown Campus, we want them to think, 'This is my home; this is where I want to learn; this is where I want to complete my degree.' Our goal

is to create a dynamic, innovative and welcoming learning environment that matches the aspirations of our students and the needs of the local community, and to do that within budget," said Monroe Community College President Anne M. Kress. "This new facility will help us prepare students for 21st Century careers, strengthen MCC's connection to Rochester, and grow our regional economy."

To fulfill the dream, MCC needed help with interior design, and purchasing furniture and equipment.

Key Features of Monroe Community College's Downtown Campus:

- Collaborative and active learning environments that reflect flexible, innovative classroom configurations and design that balance formal and informal, individual and collaborative concepts. These environments are infused with a wide range of audio, visual and data capabilities.
- Open, public spaces that provide valuable opportunities for commuter students to gather to study and work collaboratively.
- A contemporary event space is already proving its ability to enhance the College's connection with the community: the Monroe County Executive delivered her State of the County address there in May.

“We turned to DASNY because of its unique ability to manage the procurement, purchasing and interior design of our new Downtown Campus,” said Blaine Grindle, Monroe Community College’s Facilities Director. “With a \$10 million budget for furniture and equipment, the task of procuring quality, sustainable, and durable items at a competitive cost required more time and expertise than we had. DASNY unburdened our staff by managing every aspect of procurement including budget development and the integration of MWBE inclusion at every step along the way. DASNY went above and beyond to make certain our vision becomes a reality.”

MCC’s Downtown Campus is in Rochester’s High Falls District, a neighborhood in the midst of an economic surge centered on tech start-ups and a growing commercial center. In its new, expanded campus, the College will grow opportunities for civic engagement and experimental learning, particularly with the employers in the surrounding neighborhood with whom it is already collaborating.

The top floor of the Downtown Campus will house MCC’s nationally recognized Economic and Workforce Development Center, giving it the space it needs to continue to grow and serve the community’s workforce needs. Its new home will allow the Center to expand credit and noncredit programming and professional development opportunities, and develop and enhance ties with Rochester businesses and community groups.

Students will also benefit from the re-imagined space, where DASNY-designed interiors provide flexible classrooms and laboratories with rolling chairs and tables, and desks integrated with computer technology. Bright colors throughout create a welcoming, energetic vibe.

“In my travels around the Finger Lakes region as Rochester Chamber CEO, I have heard from many business leaders about the challenge of finding qualified workers for open positions,” said Bob Duffy, Greater Rochester Chamber of Commerce President and CEO and a SUNY Trustee. “The move of Monroe Community College into a larger, upgraded downtown Rochester facility will enhance its already robust workforce development efforts to get people ready for these good jobs that are currently available. This greatly benefits our region’s economic vitality for now and the future.”



Left, Monroe Community College Downtown Campus Lobby
Top, Dr. Bushell tours facility with MCC President Dr. Anne Kress
Above, Student collaboration and study space



MASTERING THE MASTER PLAN WITH BUFFALO STATE COLLEGE



Bishop Hall at Buffalo State College

The transformation of Buffalo State College's Bishop Hall is underway, the first step in an approximately 10-year master plan that DASNY developed for the College.

The SUNY campus needed a plan for its future housing to help it meet the challenges of a growing student body, building maintenance and the need to build modern infrastructure that would help keep it competitive. Like other colleges, including Morrisville State College and SUNY Plattsburgh, Buffalo State turned to DASNY for help.

"DASNY has conducted numerous capital investment projects on the Buffalo State campus," said Kris Kaufman, Director of Housing at Buffalo State. "As such, we felt it was in our best interest to seek DASNY input as we developed long-term housing renovation plans. Projects that are initiated through the plan will transform our student housing into modern, attractive and comfortable accommodations that students and parents expect today."

The plan developed by DASNY was based on studies of the College's peers, its market and student desires. There was also a review of existing infrastructure to determine which building features and systems might need an upgrade or replacement.

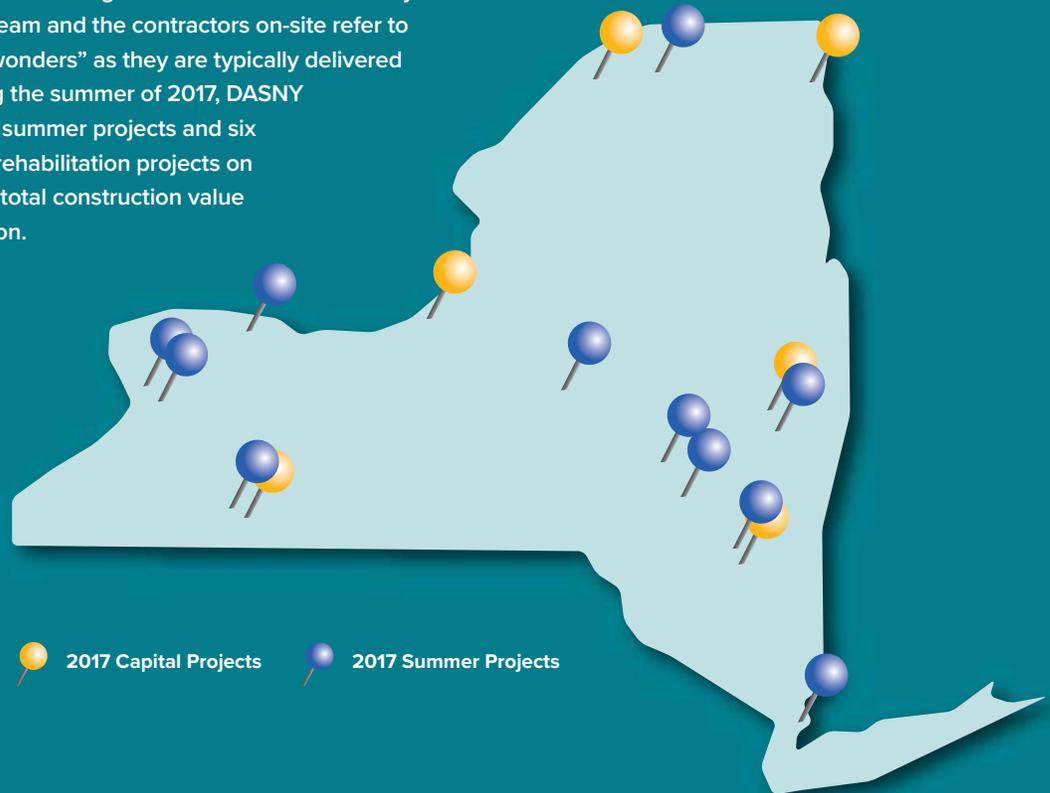
Renovating Bishop Hall, originally built as a residence hall, but used as an academic building since the 1970s, will alleviate the need for putting three students to a room in existing residence halls, Kaufman said. DASNY is financing and renovating Bishop. Work started on the project this summer and is scheduled for completion in 2018. The College and DASNY will have the opportunity to continue their partnership as the 10-year plan progresses.



BUFFALO STATE
The State University of New York

SUNY RESIDENCE HALL SUMMER PROGRAM

Beginning in May each year, DASNY oversees the rehabilitation and renovation of SUNY residence halls across the state. To avoid student disruption, all construction work is completed during the summer break from May through August. DASNY's team and the contractors on-site refer to these projects as "90-day wonders" as they are typically delivered in less than 90 days. During the summer of 2017, DASNY is scheduled to work on 35 summer projects and six larger-scale residence hall rehabilitation projects on 14 SUNY campuses* with a total construction value of approximately \$108 million.



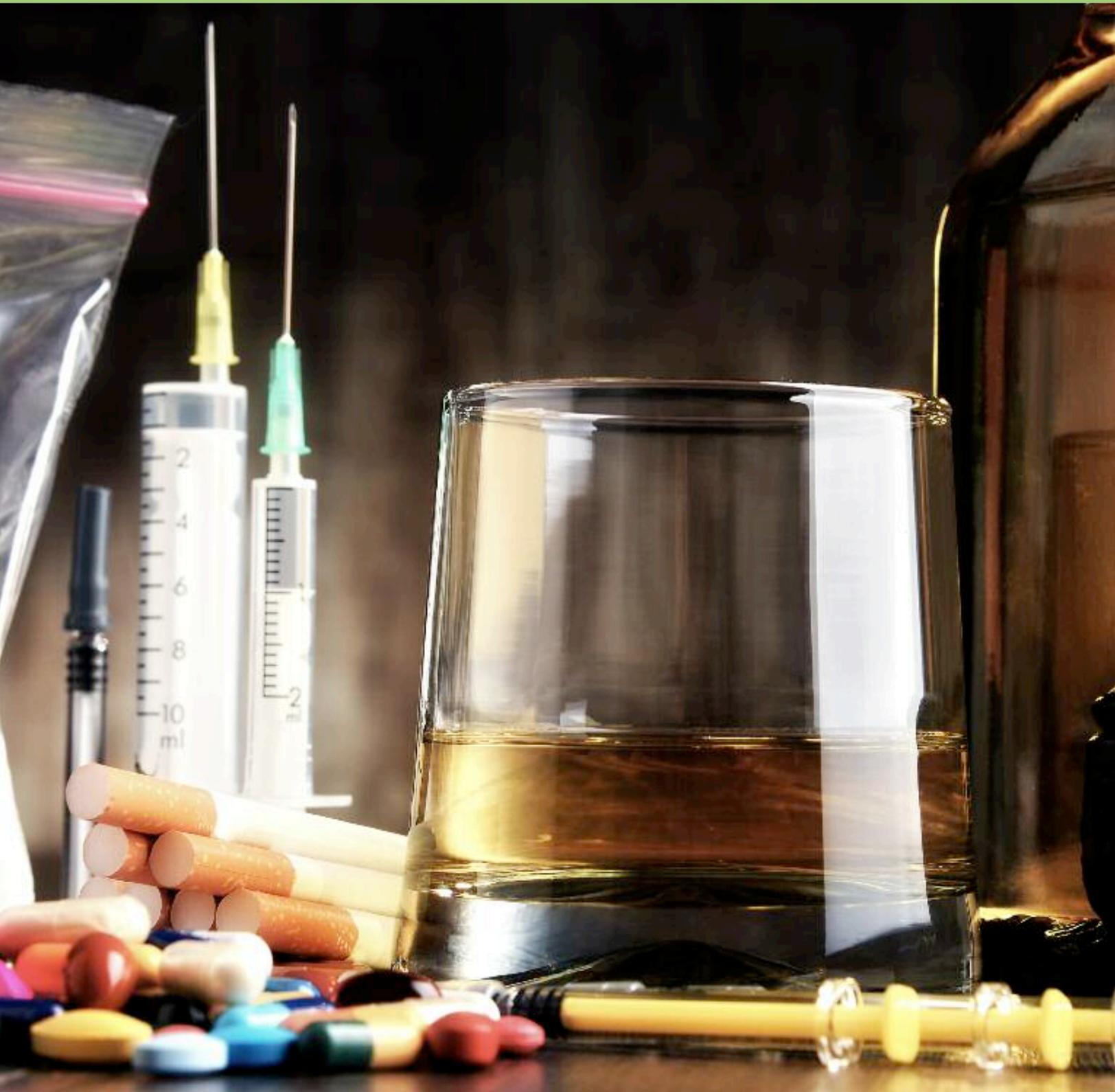
* Multiple projects on some campuses



Interiors at SUNY Cortland's DeGroat Hall, renovated in 2016 as part of the Capital Projects program

HEALTHY COMMUNITIES

Fighting the 'Worst Drug Scourge'



New York Governor Andrew M. Cuomo calls the opioid epidemic the “worst drug scourge” the nation has ever seen. The rampant abuse of heroin and similar drugs is destroying lives and ripping families apart.

The Governor is leveraging the resources of New York State to fight back. Over the last four years, he has doubled funding to programs that battle chemical dependency with recovery services, education and training to help get addicts back on their feet. The investment supports 58 projects valued at \$244.4 million that DASNY is building across the state in partnership with the New York State Office of Alcoholism and Substance Abuse Services (OASAS).



Governor Cuomo leads New York State in combating addiction

\$244,437,296

value of DASNY and OASAS projects

100%

increase in funding by Gov. Cuomo to fight addiction

58

DASNY-OASAS projects statewide

\$200 million

investment by FY 2018 State budget

“Under Governor Cuomo’s leadership, OASAS and DASNY have partnered to expand treatment programs across New York State,” said OASAS Commissioner Arlene González-Sánchez. “This construction boom will make treatment services vastly more accessible for New Yorkers suffering from substance-use disorder.”

The enhanced support is providing Brenda D. with the opportunity to take advantage of educational and vocational programming at Addictions Care Center of Albany (ACCA) as she recovers from addiction. Brenda is a mother, and at the Care Center she can stay with her children.

“Mothers struggling with an addiction should be able to receive residential treatment and continue to parent,” Brenda

said. “ACCA’s new women and children’s community residence will provide that opportunity. We should not have to choose between the treatment we need and our children.”

DASNY and OASAS are partnering to build the Addiction Care Center, a new 20-bed residential home that will expand access for women like Brenda, and their children.

“The demand for substance-use disorder treatment is growing dramatically and our goal is to help as many residents of the Capital Region obtain services as we possibly can,” said Addiction Care Center of Albany Executive Director Keith W. Stack.

Other DASNY-OASAS projects follow a similar path of support.

In September 2016, Fairview Recovery Services Inc. in Binghamton opened a new facility that will offer treatment and accommodations for mother and child. It provides medically monitored withdrawal services, and individual counseling. The new 18-bed, OASAS-certified center built by DASNY includes treatment programming areas, and clinical and recreational spaces.

“We know that addiction can harm not only the individual, but can also tear apart families,” said Michele Napolitano, Executive Director of Fairview Recovery Services. “Mothers in recovery face many obstacles, the potential loss of their children being one of the most serious. But we’ve seen firsthand at Fairview that lives and relationships can be healed and obstacles can be overcome.”

Construction of “Serendipity II,” a 40-bed facility for women suffering from addiction in Brooklyn’s Bedford Stuyvesant neighborhood is also underway. DASNY is overseeing the work, which will add a computer training lab, a beauty parlor and a medical exam room, among other features. A visitation station will help patients connect with their loved ones and vocational training will prepare them for life outside the facility.

Women suffering from addiction on Long Island will soon have a new refuge at the Residential Addiction Treatment Center in Brentwood. Ground was broken on the 25-bed center in November. It will provide adult women in Suffolk and Nassau counties with tools for success once they leave, including family education, parenting and life skills classes,



Rendering of Serendipity II, a 40-bed facility for women

case management and mental health services, and crafts, yoga and meditation.

DASNY is providing construction management services for the center, which is expected to open in the spring of 2018 and “will serve as a safe-haven for many Long Islanders who are struggling with addiction and will make a tremendous impact on thousands of lives,” said Suffolk County Executive Steve Bellone.

Governor Cuomo’s Fight Against Opioids: Governor Cuomo has implemented a series of aggressive reforms in addition to increasing funding for programs combatting the opioid epidemic, including:

- Limiting initial opioid prescriptions for acute pain from 30 to 7 days.
- Expanding insurance coverage for substance abuse disorder treatment.
- Increasing access to treatment and enhancing treatment capacity across the state, including a major expansion of inpatient, outpatient, and recovery services.
- Implementing the comprehensive I-STOP law to curb prescription drug misuse.
- Launching a public awareness and prevention campaign to inform New Yorkers about the dangers of heroin and opioid use disorder and the disease of addiction.
- Assembling a task force to propose initiatives to tackle the heroin and opioid epidemic.

HOUSING: SUPPORTING NEW YORKERS IN NEED

Affordable, Supportive Housing Transforms the Old into New



Liberty Landing apartments for homeless veterans

A deteriorating former nursing home in Ronkonkoma on Long Island. A long-vacant big box store in the Buffalo suburb of West Seneca. Both transformed into affordable, supportive housing that brings new life to the surrounding neighborhoods and to those who will call them home.

Across New York State, DASNY provides construction services to support Governor Andrew M. Cuomo’s mission to create more than 100,000 units of affordable and supportive housing over the next five years. In Fiscal 2017, DASNY provided construction monitoring services for almost \$1.3 billion in projects for the Homeless Housing Assistance Corporation.

In Ronkonkoma, the Governor’s effort led to the creation of Liberty Landing apartments, a 59-unit home for veterans who didn’t have one that provides assistance with behavioral health, medical, vocation and social services these American heroes need to live successful lives. DASNY, through its partnership with the Homeless Housing Assistance Program, monitored construction on the \$24.8 million project.

Liberty Landing, which opened in October 2016, will house 30 formerly homeless veterans in apartments. It is operated by Concern for Independent Living, a not-for-profit.

“We have been very fortunate to have the support of Governor Cuomo and the three state agencies that helped make Liberty Landing a reality. Together with DASNY, Suffolk County, National Equity Fund, Bank of America and The Community Preservation Corporation, we have created housing that matches the pride that we have for the



veterans who have served our country,” said Ralph Fasano, Executive Director of Concern for Independent Living, Inc.

On the opposite end of the state, DASNY monitored construction as Ebenezer Square Apartments in West Seneca in Erie County replaced a blighted, big box store with 25 affordable apartments integrated with a 75-unit, licensed residential program serving adults with psychiatric disabilities. It creates a community that fosters recovery and independence.

Licensed by the New York State Office of Mental Health, Ebenezer Square operator, Living Opportunities of DePaul, will provide residents with 24/7 access to care, living skills training, medication management and links to medical and dental care, health education, and educational and vocational services.



Ebenezer Square apartments, providing affordable, supportive housing in Erie County

The \$24.4 million, 124,000-square-foot building was supported by \$16.5 million in low-cost, tax-exempt bonds issued by DASNY.

“This project clearly demonstrates that housing can bring a positive impact to communities like West Seneca,” said West Seneca Supervisor Sheila M. Meegan. “Ebenezer Square demonstrates that balancing resources will bring us closer to ensuring the opportunity of housing to those who may not have a place to call home.”

MENTAL HEALTH: ADVANCING THE STATE OF CARE

Connecting Patients to Care on Staten Island

Rising on the shores of Staten Island is a new \$257 million inpatient building at the South Beach Psychiatric Center. When construction formally began in September 2016, it was a demonstration of resiliency and New York State's commitment to transform mental health care for its most vulnerable residents.

The new 232,000-square-foot Ocean Breeze building will provide beds for 250 adults and 12 adolescents, replacing the Center's 47-year-old buildings, some of which were flooded when Superstorm Sandy struck in October 2012. It is supported by low-cost, tax-exempt bonds issued by DASNY.

The new inpatient building will maximize opportunities for connections between care givers and their patients. It will keep families close to their loved ones. It will provide comfort and safety for healing and recovery.

"This modern, updated facility will reflect the goals of our agency: patient-centered care in a welcoming and safe environment focused on our agency's pillars of recovery and hope," said New York State Office of Mental Health Commissioner Dr. Ann Marie T. Sullivan. "We are excited about the future of South Beach as we continue to serve the communities of Staten Island and Brooklyn who rely on our services."

From color and artwork to upgraded safety and security features, every element of the layout is being constructed with purpose. This will create an atmosphere that supports recovery, and allows patients to actively participate in their treatment. Throughout their stay, patients will experience a safe, healing environment.

Its configuration will support a team approach to direct patient care and facilitate collaboration by enhancing relationships between patients and staff to create opportunity for care to be tailored to individual patients. The facility will provide open and functional spaces for socialization. Patients will have improved access to recovery and skills-building

Inclusive Communities:

- **Construction:** 26% of the workforce hired locally from Staten Island.
- **MWBE Goal:** Exceed the Governor's 30% Minority- and Women-Owned Business Enterprises contract participation goal.
- **SDVOB:** 3% contract rate for Service-Disabled Veteran-Owned Businesses is expected to be met.

Rendering of new South Beach Psychiatric Center inpatient building



programs, secure outdoor recreation areas, and family visitation settings.

Retail services such as snack bars, a beauty salon and a clothing boutique will provide stability. Dental and medical clinics will be available to patients as they advance in their recovery and grow in independence.

Patients, and the building, will also be better protected from the onslaught of increasingly powerful storms. The facility will be located 20 feet above sea level and almost 200,000 tons of soil was moved to the campus to create a berm to protect the building and its foundation. New drainage systems have also been installed throughout the campus.

“Extreme weather is the new normal and New York’s infrastructure and facilities need to be hardened to withstand the severe storms and flooding that Mother Nature is throwing at us more and more,” said Governor Andrew M. Cuomo when he announced the ground breaking for the new inpatient center in September. “The Staten Island health campus sustained millions of dollars in damage during Superstorm Sandy, and today’s ground breaking begins a new chapter and exemplifies our efforts to build a stronger and more resilient New York for all.”



Resilient Communities: The new inpatient building at South Beach Psychiatric Center will be built to Leadership in Energy and Environmental Design Silver standards set by the United States Green Building Council, with features including:

- An environmentally-friendly “living roof” planted with native flora, helping to insulate the building, while absorbing rainwater and serving as natural habitat for wildlife.
- Reduced ground cover, such as pavement, that does not let water seep through so that 90% of runoff from average rainfall will be captured and treated.
- 95% of debris from the project will be recycled or salvaged, diverting construction waste from landfills.
- 90% of building occupants will have adjustable lighting controls for individual tasks, improving comfort and productivity while saving energy.
- Low VOC-emitting materials, such as flooring and paint, will be used to prevent indoor environmental quality issues and will ultimately enhance living quality for occupants.

“The strongest communities are those that are healthy, inclusive and care for all of their residents. A secure safety net makes our communities more desirable and competitive as New York seeks to attract the best and the brightest people and companies.”

-- Dr. Gerrard P. Bushell
DASNY President and CEO
South Beach Psychiatric Center
Ground Breaking, September 2016

BACK TO NATURE: CREATING OUTDOOR SPACES WITH NYS PARKS

Letchworth State Park's Humphrey Nature Center Creates Economic Boon

Letchworth State Park, known as the “Grand Canyon of the East,” was already drawing more than 800,000 visitors annually before the New York State Office of Parks, Recreation and Historic Preservation, DASNY and the private sector partnered to develop the Humphrey Nature Center.

The 5,000-square-foot Center completed in July 2016 offers year-round experiences for all ages. Visitors can enjoy interactive exhibits and programming that highlight the plants and animals, geology, and river ecology of the Genesee Valley. Guests learn about the building's sustainable solar panel and rainwater collection features and watch stunning aerial video of the park displayed on the face of a large reconstruction of the gorge wall.

Outside, visitors can explore an outdoor classroom, bird observation station, and multiple hiking trails that lead to various points of interest such as Trout Pond, Inspiration Point Overlook, and patches of old-growth forest. The Nature Center will lead to an economic boon for the surrounding communities, said Elissa Leuer, Director of Tourism & Marketing for the Livingston County Area Chamber of Commerce.

“Livingston County and the region as a whole are so proud to have this new state-of-the-art facility, which further enhances the appeal of Letchworth State Park to both the local community and visitors from abroad,” Leuer said. “Year-round, park guests can now enjoy both interior exhibits and informational programs, but also the beautiful exterior and well-planned natural features which provide a new appreciation for the outdoors.”

The project complements “Finger Lakes Forward,” the region's comprehensive blueprint to generate robust economic growth and community development. The State has already provided more than \$3.4 billion to the region since 2012. In December 2015, Governor Andrew M. Cuomo announced an additional \$500 million State investment through his Upstate Revitalization Initiative.

The Nature Center received \$1.1 million in funding from the Finger Lakes Regional Economic Development Council (REDC), which created the “Finger Lakes Forward” blueprint. More than \$3.5 million was provided through Governor Cuomo's NY Parks 2020 program, a multi-year commitment of \$900 million in private and public funding to revitalize State Parks. The center is named for Peter G. Humphrey, whose fundraising efforts secured the critical \$3.2 million in private investment and grants necessary for making the project a reality.

Governor Cuomo speaking at the ribbon cutting ceremony at the Humphrey Nature Center at Letchworth State Park.

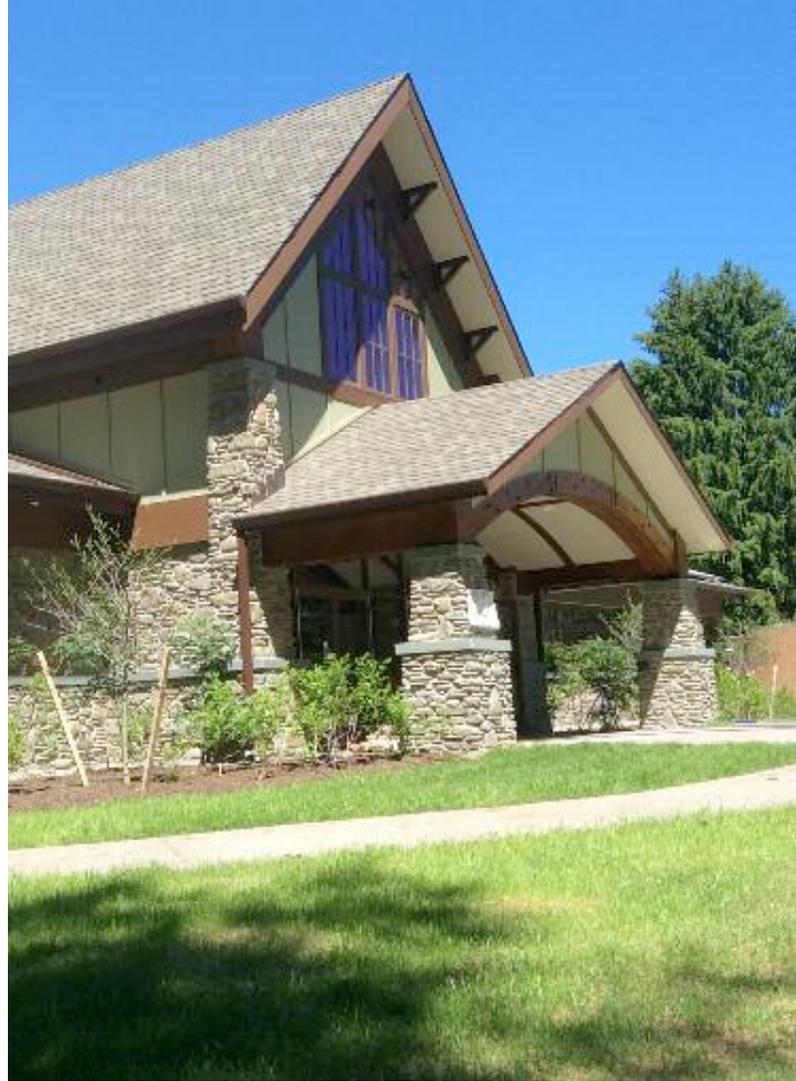


Resilient Communities: The 5,000-square-foot Humphrey Nature Center's sustainable design incorporates:

- LED and natural lighting;
- A high efficiency HVAC system;
- Radiant floor heat; and
- A rain water cistern that irrigates a new “Butterfly Garden.”

DASNY provided construction monitoring services while the State Office of Parks, Recreation and Historic Preservation held the contracts.

In 2015, Letchworth State Park was awarded the 2015 USA TODAY Readers' Choice Award for Best State Park. Known for its impressive views, geological formation and 66 miles of hiking trails that traverse the Park's 14,350 acres, the Park is also defined by the 17 miles of the Genesee River that tumble over three major waterfalls and gorge cliffs.



Front of the new Humphrey Nature Center at Letchworth State Park

DASNY Partners on Parks: DASNY and the New York State Office of Parks, Recreation and Historic Preservation are teaming up on more than \$30 million in projects in Western New York, including:

- Buffalo Harbor State Park, Phase 3: A \$7 million project to construct and upgrade a boat launch, parking lot, utilities, and improvements to the south end.
- Niagara Falls State Park, Cave of the Winds Plaza on Goat Island, work includes:
 - A \$6.7 million project to develop a pavilion with an additional \$2.1 million to add exhibit, media and audio visual components.
 - A \$5.7 million project to add retail space and relocate the Nikola Tesla statue from just outside the parking lot to a more central viewing area.



Buffalo Harbor State Park

RESILIENT COMMUNITIES

Sustainable Outcomes Amid Rigid Stone





Opposite: Mohawk Tower exterior; Above: Newly renovated interiors at University at Albany's Mohawk Tower

The corners of the SUNY University at Albany's campus are marked by four monolithic residence halls, the highest points of the modernist design created in the 1960s by Edward Durell Stone.

Designed in 1968, the youngest of the four is Mohawk Tower. And while it appears rigid from the outside, DASNY, University at Albany and Cannon Design teamed up to re-imagine its outdated interior layout and systems.

Using the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system as

a guide for sustainable construction, the interior of the 24-story, 440-bed residence hall was stripped and replaced with 21st Century technology that will help the University attract the best and the brightest students while providing 33 percent energy-cost savings over a baseline, code-compliant residence hall design.

"The Edward D. Stone architecture of the 1960s is rigorous," said Diana Delp, University at Albany's Assistant Director, Office of AE & Construction Management. Stone also designed the Kennedy Center for the Performing Arts in Washington, D.C., and Radio City Music Hall and the Museum of Modern Art in New York City.

DASNY has completed
40 LEED-certified
projects across
New York
State.

4

23 Silver
12 Gold
3 Platinum
2 LEED Certified



“Accommodating today’s standards for student expectations for space as well as environmental sustainability is a challenging combination,” Delp said. “The University seeks to implement practical solutions that provide tangible results. Partnering with DASNY and Cannon Design, the University achieves these goals, and with Mohawk Tower, another LEED Gold project.”

LEED Gold is the third-highest rating under the U.S. Green Building Council’s four-level rating system. It was awarded to Mohawk Tower in 2016.

The renovated tower features a new, two-story glass entry vestibule that opens onto lounge and study spaces. A large

basement space that links the tower to a shared fitness area has been transformed into a multimedia game room. All mechanical, electrical and plumbing systems were replaced, and exterior walls were insulated.

The improvements maximize bed-count while providing a contemporary, energy-efficient, comfortable and safe living environment with upgraded amenities, and more natural lighting and open public spaces, said John Savona, DASNY’s project architect. The LEED rating system, Savona said, provided the framework for identifying and documenting the sustainable elements. The outcome will be positive for students and minimize the cost of operating and maintaining the residence hall long-term, Savona said.

DELIVERING \$380 MILLION IN ENERGY EFFICIENCY PROJECTS FOR CUNY

The City University of New York and DASNY are teaming up to deliver \$380 million in energy efficiency projects on 15 campuses, helping CUNY fulfill Governor Andrew M. Cuomo’s BuildSmartNY initiative to reduce energy consumption in public buildings.

“With these energy efficient projects across the CUNY system, New York continues to lead the way in making innovative upgrades to preserve our environment and reduce our carbon footprint,” Governor Cuomo said. “Today’s fight against climate change is vital to securing a clean energy tomorrow, and projects like this bring us one step closer to a cleaner, greener New York for all.”

The upgrades range from the addition of high-efficiency lighting to the replacement of outdated heating and cooling equipment, including:

- Installation of Variable Frequency Drives for heating and cooling systems, which enable motors to run only at the speed necessary to meet climate control needs rather than a constant full speed, reducing energy consumption.
- Upgrades to electronic and digital controls that enable more precise operations than mechanical predecessors.
- Replacement of forced-draft cooling towers with in-

duced draft towers, which reduces energy consumption by fan motors and can exchange heat more efficiently.

BuildSmartNY, launched by Governor Cuomo in 2012, saves taxpayer dollars and creates thousands of jobs while significantly reducing greenhouse gas emissions. To date, New Yorkers have realized more than \$131 million in avoided energy costs and 454,000 tons of avoided greenhouse gas emissions under BuildSmartNY.

“New York State leads the way in reducing energy consumption to reduce environmental impacts. DASNY is proud to partner with CUNY in support of Governor Cuomo’s energy vision and to generate savings that are reinvested in students.”

**-- Dr. Gerrard P. Bushell
DASNY President and CEO**

The work also complements the Governor’s Reforming the Energy Vision strategy to build a clean, resilient and affordable energy system for all New Yorkers. REV is ensuring New York State reduces statewide greenhouse gas emissions 40 percent by 2030 and achieves the internationally recognized target of reducing emissions 80 percent by 2050.

STRENGTHENING NEW YORK AGAINST POWERFUL STORMS



Groundbreaking for the new Rotterdam fire station

When Hurricane Irene plowed into upstate New York in August 2011, its heavy rain and powerful wind caused widespread flooding and power outages. In the City of Amsterdam, power outages caused critical government operations to close for several days after the storm.

The Governor's Office of Storm Recovery (GOSR) and DASNY are partnering with the city and community stakeholders to make sure that doesn't happen again. In July 2016, ground was broken for the installation of five emergency standby generators. The \$1.5 million project, which will provide emergency backup power for municipal buildings and school emergency shelters in the City and Town of Amsterdam, supports an emergency response plan developed by GOSR, the city, the town and a group of community-minded volunteers.

"This is a direct result of the local participation process Governor (Andrew M.) Cuomo envisioned when we established the Community Reconstruction program to set resiliency priorities at the grass roots level," said Lisa Bova-Hiatt, the director of GOSR. "Local, civic-minded residents are the people who best know the needs of their community."

The Amsterdam generator project is part of approximately

60 projects valued at about \$166 million that GOSR and DASNY are partnering on across New York State. They are part of the New York Rising Community Reconstruction Program, which Governor Cuomo announced in April 2013 to empower storm-impacted communities throughout the state to build back better and stronger than before.

Among the projects are improvements to a fire station in the Town of Rotterdam. The fire station's capacity to help its community was strained when Hurricane Irene and Tropical Storm Lee struck one after the other in 2011. The garage bays, normally used to house fire equipment, became emergency operations centers and staging areas for the collection and distribution of essential items for flood victims.

In consultation with the community, GOSR developed a plan that is being executed by DASNY to build an emergency operations command center, triage area and emergency supply storage room, and installation of a back-up power generator. The construction on the project started in December.

Other upcoming projects include: strengthening beach heads on Staten Island, resiliency improvements at libraries across Long Island and volunteer fire departments in NYC, and dock repairs in Breezy Point, Queens.

INCLUSIVE COMMUNITIES

Growing Capacity for Greater Inclusion



“DASNY’s leadership in MWBE participation is making the business case for diversity. By selecting best-in-class institutions to work for us, we are building capacity for MWBE firms to take the lead going into the market and helping make New York a more attractive place to live, work and learn.”

-- Dr. Gerrard P. Bushell, DASNY President and CEO



Dr. Bushell speaks with attendee at MWBE networking event.

\$137,849,038

MWBE expenditures in FY 2017

\$87.1 million

MBE FY 2017 expenditures

\$50.7 million

WBE FY 2017 expenditures

Like other MWBE and small firms, J.P. West was caught in a Catch-22 when it came to securing certain State contracts. The firm, led by President Eileen Frank, did not have the requisite experience to compete to be a broker of record for Commercial and General Excess Liability Insurance. And yet it could not get that experience without an opportunity.

In Fiscal 2017, DASNY responded to this Catch-22 for MWBE firms by studying the market and gaining a perspective from majority and MWBE firms alike. It then structured the request for proposals for a broker for its Commercial and General Excess Liability Insurance to effectuate a collaboration between an MWBE firm and a majority firm.

J.P. West was selected for the contract to serve as the broker-of-record and will take the lead. A majority firm will serve as its backup. J.P. West will gain the experience it needs to win other contracts in the future.

“We are incredibly excited for the opportunity DASNY has created as it continues to lead New York State and break

through barriers,” Frank said. “Emerging MWBE firms have historically been left out of the process and this is a major step in the right direction.”

Growing MWBE capacity is central to Dr. Bushell’s effort to reach Governor Andrew M. Cuomo’s 30 percent goal for MWBE participation on State contracts. By providing opportunities for MWBEs to take on larger roles in contracts, DASNY is helping lay the foundation for prosperous, inclusive communities that can better compete on the global stage. It is raising the long-term prospects of these firms that for too long have been sidelined by the U.S. economy.

“DASNY’s leadership in MWBE participation is making the business case for diversity,” Dr. Bushell said. “By selecting best-in-class institutions to work for us, we are building capacity for MWBE firms to take the lead going into the market and helping make New York a more attractive place to live, work and learn.”

For J.P. West and its team, the opportunity means overseeing

DASNY's General Liability insurance program for construction projects by finding insurance carriers who will write policies with necessary limits. DASNY's insurance program also covers 53-million-square-foot of property for clients, including the City University of New York, the State University of New York, and the New York State Department of Health.

DASNY is finding other ways to help MWBEs grow their capacities as well. In February 2017, DASNY launched a surety bond training program for MWBE firms to help them grow into prime contractors. The Cayemitte Group was selected through a competitive Request for Proposal process to administer the program.

"A key component to the growth of an emerging contractor is his/her ability to secure appropriate bonding to execute a contract," said David Cayemitte, President and CEO of The

Cayemitte Group. "All too often, the lack of access to bonding inhibits a contractor from moving to the next level of growth and opportunity."

To fix that, over the course of the 23-class program, 35 firms studied best business practices to help them access larger surety bond capacity, and larger roles in construction projects. Each firm was partnered with surety bond providers, including Travelers. Through the program, the firms learned how to operate their businesses more efficiently and maximize their ability to complete projects on time and on budget.

"Through education, DASNY is supporting these firms on their journeys to success as we build inclusive communities and make New York State a more attractive place for businesses and families to prosper," Dr. Bushell said.



Suzanne Shank

Siebert Cisneros Shank & Co.'s partnership with DASNY started more than 20 years ago, and its role has grown from a member of DASNY's co-manager pool of underwriters to senior manager. The company, which provides comprehensive strategic planning, capital raising and risk management guidance, has also helped DASNY develop two new bond programs while working with majority firms: The Worker's Compensation Employer Assessment Revenue Bond Program and the State University of New York (SUNY) Dormi-

PARTNERING FOR SUCCESS

Siebert Cisneros Shank & Co. Adds Value at Every Step

In 1996, Suzanne Shank founded Siebert Cisneros Shank & Co., L.L.C. She has been busy since, partnering with DASNY and growing the MWBE full-service investment banking and financial services firm into national prominence as its majority owner.

tory Facilities Revenue Bond Program. Both have greatly benefited New York State.

Since founding Siebert Cisneros Shank & Co., Ms. Shank has participated in more than \$1.4 trillion in principal amount of municipal bond transactions and \$1.1 trillion in corporate bond and equity transactions, according to Crain's Detroit Business.

Her work has been recognized repeatedly. Most recently she was inducted into the "Academy of Engineering Alumni" by Georgia Tech, named "Entrepreneur of the Year" by the National Association of Securities Professionals, was included in NBC's "Grio 100 List," which honors African American leaders nationally, and received the Municipal Forum's Austin Koenen Career Achievement Award.

Ms. Shank is joined by other stakeholders in leading Siebert Cisneros Shank & Co — Henry Cisneros, William Thompson, Jr., Gary Hall, Victor Miramontes, and Sean Duffy.

PARTNERING FOR SUCCESS

Goshow Architects' DASNY Journey



Nancy Aber Goshow

Goshow Architects was an emerging, woman-owned firm founded by Nancy Aber Goshow when it partnered with DASNY decades ago to work on small group homes for developmentally disabled residents being transferred out of large institutions. Today, the firm is thriving.

As the company grew in its renovation experience, it focused on code compliance and building expertise in line with the Americans with Disabilities Act (ADA). That helped Goshow win several individual renovation project contracts with DASNY. Ultimately, Goshow joined DASNY's term consultant program and gained access to the opportunity to help develop larger renovation projects on a wide variety of DASNY projects.

Behind this good fortune lies fortitude. Firms are not going to win every contract. They must remain resilient. This dedication defines how DASNY and Goshow have been able to

work with each other for more than two decades as the firm made its journey into the public sector.

Through this partnership Goshow has developed a best business practice with an easy to remember acronym: ACT.

- A - ATTITUDE AND ACCOUNTABILITY
- C - COMMUNICATION AND COOPERATION
- T - TEAMWORK.

Most recently, Goshow won another Architectural/Engineering (A/E) Term Contract with DASNY. Under this contract, Goshow helped design an enclosure for an outdoor courtyard at Queensborough Community College to provide a much-needed larger dining and gathering space for the college community, creating an additional venue for college functions.

Atrium at Queensborough Community College designed by Goshow Architects



BONDS

DELIVERED DURING FY ENDED MARCH 31, 2017

Issue and Purpose	Amount	
<p>Albany Public Library Revenue Bonds, Series 2016 \$ 22,745,000</p> <p>The Series 2016 Bonds were issued to advance refund all of DASNY's Albany Library Insured Revenue Bonds, Series 2007. (December 7, 2016)</p>		<p>Court Facilities Lease Revenue Bonds (The County of Westchester Issue), Series 2016 \$22,485,000</p> <p>The Series 2016 Bonds were issued to refund the DASNY issued Court Facilities Lease Revenue Bonds (The County of Westchester Issue) Series 2006A and Series 2006B bonds. (October 26, 2016)</p>
<p>Bank Street College of Education Private Placement Bonds, Series 2017A and Series 2017B (Taxable) \$20,000,000</p> <p>The Series 2017 Bonds were issued to refinance NYC IDA Series 2002 bonds and to finance the renovation of an existing college building and leasehold improvements to administrative office space. (February 17, 2017)</p>		<p>Department of Health of the State of New York Revenue Refunding Bonds, Series 2016A \$144,810,000</p> <p>The Series 2016A Bonds were issued to refund certain outstanding Department of Health of the State of New York Revenue Bonds and Revenue Refunding Bonds. (October 21, 2016)</p>
<p>Brightpoint Health Private Placement Bonds, Series 2016A and Series 2016B \$9,845,000</p> <p>The Series 2016 Bonds were issued to refinance NYC IDA Series 2006 bonds and to finance the renovation of an existing building to accommodate a health center. (December 23, 2016)</p>		<p>Fordham University Revenue Bonds, Series 2016A \$146,465,000</p> <p>The Series 2016A Bonds were issued to finance renovation projects on the Lincoln Center Campus and to refund the University's Series 2008B and Series 2011B bonds. (May 5, 2016)</p>
<p>Columbia University Revenue Bonds, Series 2016 \$389,705,000</p> <p>The Series 2016 Bonds were issued to finance construction and renovation projects and to refund the University's Series 2006A and Series 2006B bonds. (April 27, 2016)</p>		<p>InterAgency Council Pooled Loan Program Revenue Bonds, Series 2016B (Subseries 2016B-1 (Tax-Exempt) and Subseries 2016B-2 (Federally Taxable)) \$29,425,000</p> <p>The Series 2016B Bonds were issued to finance, refinance or reimburse a portion of the costs of the acquisition, renovation and furnishing of certain facilities. (November 29, 2016)</p>
<p>Columbia University Revenue Bonds, Series 2017A and Series 2017B \$190,475,000</p> <p>The Series 2017 Bonds were issued to finance various construction and renovation projects and to refund DASNY's outstanding Columbia University's Series 2004C bonds. (March 1, 2017)</p>		<p>Little Flower Union Free School District (Special Acts School District) Private Placement Bonds, Series 2016 \$5,165,000</p> <p>The Series 2016 Bonds were issued to repair and renovate the existing school building. (July 27, 2016)</p>
<p>Commack Public Library District Revenue Bonds, Series 2016 \$7,835,000</p> <p>The Series 2016 Bonds were issued for the construction and renovation of the Library's main building. (August 17, 2016)</p>		<p>Master BOCES Program Lease Refunding Revenue Bonds, (Genesee Valley Issue), Series 2016 \$19,920,000</p> <p>The Bonds were issued to advance refund DASNY's Master BOCES Program Lease Revenue Bonds (Genesee Valley Issue), Series 2008. (April 13, 2016)</p>
<p>Cornell University Revenue Bonds, Series 2016A \$125,850,000</p> <p>The Series 2016A Bonds were issued to refund the DASNY issued Cornell University Series 2006A bonds. (May 17, 2016)</p>		<p>Master BOCES Program Lease Refunding Revenue Bonds, (Oneida Herkimer Madison Issue), Series 2016 \$24,535,000</p> <p>The Bonds were issued to advance refund DASNY's Master BOCES Program Lease Revenue Bonds (Oneida Herkimer Madison Issue), Series 2008. (April 7, 2016)</p>

DORMITORY AUTHORITY STATE OF NEW YORK (A COMPONENT UNIT OF THE STATE OF NEW YORK)

Memorial Sloan-Kettering Cancer Center**Private Placement Bonds,****2016 Series 1****\$110,000,000**

The 2016 Series 1 Bonds were issued to expand an extension clinic in Commack NY, construct a Laboratory Medicine Building in Manhattan, purchase medical equipment and for hospital renovations. (April 28, 2016)

New School Revenue Bonds (The), Series 2016A**(Tax-Exempt) and 2016B****(Federally Taxable)****\$402,460,000**

The Series 2016A and Series 2016B Bonds were issued (i) to refund portions of DASNY's New School Revenue Bonds, Series 2010 and (ii) to finance the acquisition of a commercial building located at 39 West 13th Street, NY, NY for future use by the University. (November 17, 2016)

New York Institute of Technology Revenue Bonds,**Series 2016A (Federally Taxable)****\$47,910,000**

The Series 2016A Bonds were issued to refinance all or a portion of NYIT's Series 2000 bonds issued by Nassau County Industrial Development Agency and the Series 2000A bonds issued by Suffolk County Industrial Development Agency. (August 25, 2016)

New York University Revenue Bonds, Series 2016A**(Tax-Exempt) and Series 2016B (Taxable)****\$829,110,000**

The Series 2016 Bonds were issued for the financing of numerous construction and renovation projects located throughout the New York University campus in New York City. (June 14, 2016)

NYSARC, Inc. Revenue Bonds, Series 2017A**(Tax-Exempt) and Series 2017B (Taxable)****\$34,500,000**

The Bonds were issued to refund all or a portion of DASNY's outstanding NYSARC, Inc. Insured Revenue Bonds, Series 2007B and NYSARC, Inc. Insured Revenue Bonds, Series 2009A. In addition, bond proceeds were issued to finance or refinance the costs of individual capital projects for certain NYSARC, Inc. Chapters. (February 15, 2017)

NYU Hospitals Center Revenue Bonds,**Series 2016A****\$157,270,000**

The Series 2016A Bonds were issued to refund all of DASNY's NYU Hospitals Center Revenue Bonds, Series 2006A and to advance refund a portion of DASNY's NYU Hospitals Center Revenue Bonds, Series 2011A. (May 26, 2016)

Orange Regional Medical Center Obligated Group**Revenue Bonds, Series 2017****\$237,100,000**

The Series 2017 Bonds were issued to advance refund DASNY's Orange Regional Medical Center Obligated Group Revenue Bonds, Series 2008. (February 28, 2017)

Parker Jewish Institute for Health Care and**Rehabilitation Private Placement Bonds,****Series 2016****\$39,027,094**

The Series 2016 Bonds were issued to refinance taxable debt on various completed renovation projects with a privately placed tax-exempt bond issue with the Bank and to finance the remaining costs associated with completing various modernization projects and sub-projects. (July 28, 2016)

Personal Income Tax Revenue Bonds (General Purpose),**Series 2016A, Series 2016B and****Series 2016C****\$703,165,000**

The Series 2016 Bonds were issued to finance or reimburse all or a portion of the costs of programs and projects throughout the State, including capital projects for educational facilities, mental health facilities, environmental facilities and grants for educational and economic development programs, and the cost of issuance of the Bonds. (September 16, 2016)

Personal Income Tax Revenue Bonds**(General Purpose), Series 2016D****\$1,119,385,000**

The Series 2016D Bonds were issued for the purpose of refunding certain outstanding Personal Income Tax Revenue Bonds and other State-supported debt. (October 20, 2016)

Pratt Institute Revenue Bonds,**Series 2016****\$53,360,000**

The Series 2016 Bonds were issued to refund the Institute's Series 2009C bonds, construct an additional two stories on a residence hall currently under construction and for renovations and equipping of nine townhouses. (June 8, 2016)

Providence Rest Private Placement Bonds,**Series 2016****\$22,821,500**

The Series 2016 Bonds were issued to refund DASNY's Providence Rest Insured Revenue Bonds, Series 2005. (December 29, 2016)

BONDS | CONTINUED

**Sales Tax Revenue Bonds,
Series 2016A** **\$1,089,370,000**

The Series 2016A Bonds were issued to finance or reimburse all or a portion of the costs of Programs and projects within the State, including capital projects for road, highway and other transportation infrastructure programs, grants for educational and library facilities and construction of the State Court Officers Training Academy in Brooklyn, as well as the cost of issuance of the Bonds. (September 29, 2016)

**School Districts Revenue Bond Financing
Program Revenue Bonds,
Series 2016A-D** **\$216,665,000**

The Series 2016 Bonds were issued to refund a portion of DASNY's outstanding School District Revenue Bond Financing Program Revenue Bonds, Series 2008A, Series 2009A, Series 2009B, Series 2009C, Series 2009D and Series 2011G. (May 27, 2016)

**School Districts Revenue Bond Financing
Program Revenue Bonds,
Series 2016E-J** **\$211,225,000**

The Series 2016E - J Bonds were issued to finance all or a portion of the costs of school district capital facilities and school district capital equipment and/or to refinance certain bond anticipation notes issued to finance all or a portion of the costs of school district capital facilities and school district capital equipment. (June 15, 2016 Series 2016E-I) (July 7, 2016 Series 2016J)

**School Districts Revenue Bond Financing
Program Revenue Bonds,
Series 2016K** **\$62,830,000**

The Series 2016K Bonds were issued to refund DASNY's outstanding School District Revenue Bond Financing Program Revenue Bonds, Series 2007C and Series 2008B. (November 3, 2016)

**Siena College Private Placement Bonds,
Subseries 2017-1 and Subseries 2017-2** **\$38,395,000**

The Bonds were issued (i) to finance deferred maintenance projects throughout the campus and (ii) to refund all or a portion of DASNY's Siena College Revenue Bonds, Series 2006 and Series 2009. (March 31, 2017)

**Teachers College Revenue Bonds,
Series 2017** **\$43,390,000**

The Series 2017 Bonds were issued to refund the DASNY issued Teachers College Series 2009 bonds. (March 30, 2017)

**Vaughn College of Aeronautics and
Technology Private Placement Bonds,
Series 2016A** **\$54,420,000**

The Series 2016A Bonds were issued to refinance the Series 2006A&B bonds issued by the New York City IDA, to refinance bank loans, and to finance the acquisition and renovation of a building located in Astoria, Queens. (December 15, 2016)

Total Bonds Issued **\$6,631,663,594**



Photo credit: ©Columbia University/Frank Oudeman
Columbia University's Jerome L. Greene Science Center

TELP | TAX-EXEMPT LEASING PROGRAM FOR FY ENDED MARCH 31, 2017

Lease and Purpose **Amount**

Tax-Exempt Leasing Program I (Health Care)

Hebrew Home for the Aged at Riverdale **\$13,947,832**
 \$13.9 million lease for energy performance equipment.
 (December 29, 2016)

Hospital for Special Surgery **\$19,992,620**
 \$20 million lease for nursing, radiology, anesthesia, operating room and information technology equipment.
 (June 15, 2016)

Kaleida Health **\$15,000,000**
 \$15 million lease for nursing, radiology, surgical and information technology equipment. (September 30, 2016)

Montefiore Medical Center **\$33,685,553**
 \$33.7 million lease for electronic medical records system, phase 2. (January 30, 2017)

Rochester General Hospital **\$20,000,000**
 \$20 million lease for anesthesia, radiology, surgical and information technology equipment. (June 16, 2016)

State University of New York University Hospital at Syracuse **\$23,000,000**
 \$23 million lease for cardiology, nursing, radiology, imaging and information technology equipment.
 (August 24, 2016)

United Health Services Hospitals, Inc. **\$8,800,000**
 \$8.8 million lease for imaging, nursing, surgical and information technology equipment. (May 18, 2016)

Total TELP I Leases **\$134,426,005**

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

NYSARC, Inc. **\$9,753,266**
 \$9.8 million lease for information technology, telecommunications, manufacturing and transportation equipment.
 (November 29, 2016)

Total TELP II Leases **\$9,753,266**

Grand Total TELP Leases **\$144,179,271**



TELP provides savings to clients.

NEW CONSTRUCTION

FY ENDED MARCH 31, 2017

<u>Project and Purpose</u>	<u>Amount</u>		
City University of New York (CUNY)		LaGuardia Community College	\$1,185,000
		Phase II of the library expansion and renovation. (November 2016)	
Brooklyn College	\$1,110,487	Lehman College	\$3,000,000
Renovation of the Aquatics Lab in Ingersoll Hall. (October 2015)		Expansion and updating of a campus emergency power network. (August 2016)	
City College of New York	\$1,123,774	Lehman College	\$7,000,000
Design and construction of an Active Learning Center in the North Academic Complex Library. (November 2015)		Renovations to the fuel oil tank room and the Music Building plaza. (December 2016)	
City College of New York	\$3,285,000	Lehman College	\$1,500,000
Renovation of the old Fire House for use by the School of the Arts Graduate Program. (June 2016)		Renovations to the Music Building chimney. (January 2017)	
City College of New York	\$2,800,000	Medgar Evers College	\$6,300,000
Advanced Science Research Center equipment procurement. (October 2016)		Exterior upgrades at the Carroll Street Building. (May 2016)	
College of Staten Island	\$5,000,000	Medgar Evers College	\$1,000,000
Phase 3 of the renovations to the first floor of Building 2M. (October 2016)		Creation of a Central Plant to provide heating and cooling to the Student Services Building. (October 2016)	
Hunter College	\$1,614,000	New York City College of Technology	\$1,975,000
Roof replacement at the East Building. (August 2015)		Campus-wide elevator modernization. (September 2015)	
Hunter College	\$2,287,833	Queens College	\$14,780,000
Plaza upgrade at the West Building. (November 2016)		Phase 2 of the Central Chiller Plant project. (August 2016)	
John Jay College of Criminal Justice	\$1,000,000	Queens College	\$1,000,000
HVAC upgrades in North Hall. (June 2016)		Reconstruction of the campus sidewalks. (October 2016)	
John Jay College of Criminal Justice	\$10,913,000	Queens College	\$1,390,000
Haaren Hall Library renovation. (October 2016)		Reconstruction of Gertz Hall. (December 2016)	
John Jay College of Criminal Justice	\$4,992,000	York College	\$4,000,000
Upgrades to the Haaren Hall ventilation system. (October 2016)		Replacement of the roof and repairs to the brick façade at the Performing Arts Center. (October 2016)	
LaGuardia Community College	\$3,172,367	York College	\$1,000,000
Infrastructure and classroom upgrades in the Center 3 building. (June 2016)		Passenger elevator expansion in the Performing Arts Center. (November 2016)	
LaGuardia Community College	\$5,000,000	Housing Trust Fund Corporation (HTFC)*	
Renovations for the Goldman Sachs training center. (July 2016)		Housing Trust Fund	\$12,500,000
		Stormwater drainage improvements at Breezy Point. (December 2015)	

DORMITORY AUTHORITY STATE OF NEW YORK (A COMPONENT UNIT OF THE STATE OF NEW YORK)

Housing Trust Fund Flood diversion and control in Massapequa. (December 2015)	\$8,900,000	Housing Trust Fund Community facilities improvements at Howard Beach and Rockaway East. (March 2016)	\$3,894,502
Housing Trust Fund Permanent generators for local emergency evacuation centers in Lindenhurst and Amityville. (January 2016)	\$1,045,000	Housing Trust Fund Community facilities improvements at Lower Manhattan and Red Hook. (March 2016)	\$3,469,699
Housing Trust Fund Stormwater system modeling, analysis and pilot projects in the Meadowbrook Corridor. (January 2016)	\$2,695,000	Housing Trust Fund Community facilities improvements at Queens Borough Public Library and Congregation Darchei Torah. (March 2016)	\$3,790,439
Housing Trust Fund Resiliency upgrades at the Wantagh High School for the County's emergency shelter. (January 2016)	\$2,090,000	Housing Trust Fund Community facilities improvements at Southern Brooklyn and Staten Island. (March 2016)	\$3,704,970
Housing Trust Fund Road raising program in selected locations for chronic flood- ing remediation in Suffolk County. (January 2016)	\$2,600,000	Housing Trust Fund Fresh Creek Coastal Protection. (March 2016)	\$8,470,000
Housing Trust Fund Backup power for the Village of Freeport's sewer lift stations. (January 2016)	\$1,135,750	Housing Trust Fund Backup generators for critical facilities on Fire Island. (April 2016)	\$2,420,000
Housing Trust Fund Green infrastructure improvements at Atlantic Beach Tennis Center for use as a Community Assistance Center. (January 2016)	\$2,145,000	Housing Trust Fund Improvements to four pump stations in Binghamton. (April 2016)	\$1,370,600
Housing Trust Fund Five Towns Community Center upgrades for use as a Community Assistance Center. (January 2016)	\$2,199,665	Housing Trust Fund Green Infrastructure Plan and Main Street improvements in Freeport. (May 2016)	\$1,419,000
Housing Trust Fund Reconstruction of East 12th Road Boardwalk and new water and sewer connections. (February 2016)	\$1,500,000	Housing Trust Fund Island Park downtown and waterfront revitalization and development of a transit-oriented plan. (May 2016)	\$1,100,000
Housing Trust Fund Resiliency improvements to critical facilities for use as Com- munity Assistance Centers in southeast Nassau County. (February 2016)	\$4,840,000	Housing Trust Fund Construction of an eight-bay fire station and reconfiguration of the existing facility to serve as an Emergency Operations Center and shelter in New Paltz. (May 2016)	\$2,450,000
Housing Trust Fund Community facilities improvements at the Henry Street Settlement and University Settlement. (March 2016)	\$3,565,687	Housing Trust Fund Construction of a two-bay fire station/Emergency Operations Center in New Paltz. (May 2016)	\$1,210,000

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

NEW CONSTRUCTION | CONTINUED

Housing Trust Fund **\$1,100,000**
Resiliency project at the Francis X. Hegarty Elementary School in Island Park. (May 2016)

Housing Trust Fund **\$9,570,000**
Various resiliency projects at critical facilities in Oceanside. (November 2016)

Housing Trust Fund **\$3,218,269**
Construction of a new municipal services building for the Village of Owego, to house several municipal operations. (November 2016)

Housing Trust Fund **\$2,200,000**
Enhancement of two sites in Freeport for use as Community Assistance Centers. (February 2017)

New York City Housing Authority (NYCHA)

NYC Housing Authority **\$11,875,000**
Purchasing and installation of ranges and refrigerators for New York City Housing Authority developments in Bronx, Brooklyn, Staten Island and Manhattan. (May 2016)

NYC Housing Authority **\$42,000,000**
Various upgrades at several New York City Housing Authority developments, including playgrounds, community center and lobby improvements and other miscellaneous projects. (July 2016)

New York State Department of Health (DOH)

David Axelrod Institute for Public Health **\$1,288,000**
Replacement of two autoclaves and associated mechanical equipment. (December 2016)

David Axelrod Institute for Public Health **\$6,000,000**
Mechanical equipment replacement. (December 2016)

Helen Hayes Hospital **\$4,685,498**
Mechanical upgrades, including asbestos abatement. (May 2015)

Office of Alcoholism and Substance Abuse Services (OASAS)

C.K. Post Addiction Treatment Center **\$1,766,000**
Fire alarm system replacement. (June 2015)

Creedmoor Addiction Treatment Center **\$5,281,000**
Completion of program conversion and physical plant work. (May 2016)

Office of Mental Health (OMH)

Buffalo Psychiatric Center **\$1,275,000**
Window replacement at Building 51. (June 2015)

Buffalo Psychiatric Center **\$1,611,000**
Elevator upgrades at four buildings. (March 2017)

Buffalo Psychiatric Center **\$2,872,000**
Replace chillers at Building 62. (March 2017)

Creedmoor Psychiatric Center **\$50,000,000**
Major renovations to outpatient Building 70. (March 2017)

Pilgrim Psychiatric Center **\$4,793,000**
Building envelope upgrade at seven buildings. (June 2016)

State University of New York (SUNY)

Alfred State College **\$14,000,000**
Renovations to seven residence halls, including bathroom and HVAC upgrades, fire alarm systems and sprinklers, IT infrastructure, connections to new boilers, site work and building envelope upgrades. (September 2016)

Buffalo State College **\$1,111,800**
Kitchen and bathroom upgrades in the Moore Complex apartments. (May 2016)

Buffalo State College **\$1,480,200**
Asbestos abatement on several floors in Tower 2. (May 2016)

Buffalo State College **\$2,100,600**
Window replacement at Tower 3. (July 2016)

DORMITORY AUTHORITY STATE OF NEW YORK (A COMPONENT UNIT OF THE STATE OF NEW YORK)

College at Brockport	\$1,242,000	University at Albany	\$1,963,729
Upgrades to lobby finishes. (June 2015)		Exterior concrete restoration work. (June 2016)	
College at Brockport	\$23,750,000	University at Albany	\$1,815,000
Construction of a new 250-bed residence hall. (June 2016)		Renovation of Beverwyck Hall, Schuyler Hall, and the inter-connecting lower levels, which will be the new home of the University's health, counseling, and wellness services. (September 2016)	
SUNY Delhi	\$1,045,000		
Exterior insulation, cladding and lighting at O'Connor Hall. (April 2016)			
SUNY Delhi	\$1,264,500	University at Buffalo	\$2,538,687
Roof replacement and repairs to the exteriors at Gerry and Dubois Halls. (March 2017)		Bathroom renovation at Clinton Hall. (May 2016)	
SUNY Downstate Medical Center	\$1,268,000		
Upgrades to mechanical and electrical rooms at two residence halls. (July 2016)			
SUNY New Paltz	\$1,154,000		
Roof replacement and abatement at Bouton and Gage Residence Halls. (November 2016)			
SUNY New Paltz	\$1,800,000		
Design for the complete renovation of Deyo Hall. (March 2017)			
SUNY Polytechnic Institute	\$1,200,000		
Roof replacement at Adirondack Hall. (March 2017)			
SUNY Purchase	\$7,800,135		
Renovation of bathrooms in the Big Haus section of the residence hall. (July 2016)			
		Modified Service Programs	
		Homeless Housing Assistance Corporation (HHAC)	\$754,862,036
		Thirty projects for homeless housing located in Albany, Bronx, Cayuga, Chautauqua, Dutchess, Kings, Monroe, Nassau, New York, Oneida, Orange, Seneca, Steuben, Suffolk, Tompkins, Ulster and Westchester Counties.	
		Office of Alcoholism and Substance Abuse Services (OASAS)	\$31,677,000
		Five renovation and new construction projects in Clinton, Onondaga, Richmond and Schenectady Counties.	
		New York State Office of Parks, Recreation and Historic Preservation (OPRHP)	\$7,219,809
		Two projects in Niagara County at Niagara Falls State Park.	



South Beach Psychiatric Center under construction

COMPLETED PROJECTS

FY ENDED MARCH 31, 2017

(INCLUDES PROJECTS VALUED AT \$1 MILLION AND ABOVE)

Project and Purpose	Amount	Project and Purpose	Amount
City University of New York (CUNY)		Lehman College*	\$2,029,718
		Installation of backflow prevention devices in 12 buildings. (November 2015)	
Bronx Community College	\$2,901,816	Lehman College	\$3,902,482
Upgrades to the campus backflow prevention system. (June 2016)		Elevator upgrades in Carman Hall and the Music Building. (April 2016)	
Brooklyn College	\$1,464,811	Lehman College	\$2,531,559
Rehabilitation of the slate roofs at Boylan and Ingersoll Halls. (January 2017)		Curtainwall and window caulking replacement at Carman Hall. (August 2016)	
Brooklyn College	\$2,041,995	New York City College of Technology	\$2,929,953
Reconstruction of a retaining wall. (January 2017)		Replacement of three elevators in Voorhees Hall. (October 2016)	
Brooklyn College	\$2,806,326	York College	\$5,434,529
Upgrades to the heating plant. (October 2016)		Envelope repairs to the Academic Core Building. (June 2016)	
City College of New York	\$1,820,305		
Phase 2 of the renovations of the WHCR Radio Station. (March 2017)		NYS Department of Health (DOH)	
City College of New York	\$3,069,023	Department of Health Administration	\$4,331,077
Roof replacement at Aaron Davis Hall. (March 2017)		Security system replacement at three facilities. (April 2016)	
City College of New York	\$3,218,909		
Roof replacement at the Great Hall in Shepard Hall. (September 2016)		Department of Environmental Conservation (DEC)	
College of Staten Island	\$2,843,310	Oneida Hatchery Dam*	\$1,383,214
Roof replacement at Buildings 1R and 2R, as well as replacement of the skylights at Building 1R. (December 2016)		Installation of new steel sheet piles with slope restoration at the Oneida Hatchery Dam. (October 2015)	
College of Staten Island	\$6,954,941	Western New York Flood Control	\$9,900,816
Roof replacement and repairs at four buildings. (December 2016)		Replacement of flood control pumps, installation of new emergency generators and electrical switchgear, and miscellaneous building exterior repairs in three western New York locations. (December 2016)	
Hunter College*	\$7,270,162		
Replacement of escalators in the East and West Buildings. (January 2016)		Office of Alcoholism and Substance Abuse Services (OASAS)	
Hunter College	\$1,060,903	C.K. Post Addiction Treatment Center	\$2,312,743
Upgrades to the chemical storage room in the North Building. (December 2016)		Various interior and exterior repairs and upgrades, including roof replacement. (August 2016)	
John Jay College of Criminal Justice*	\$2,620,964		
Upgrades to the security systems. (February 2016)			

DORMITORY AUTHORITY STATE OF NEW YORK (A COMPONENT UNIT OF THE STATE OF NEW YORK)

Office of Mental Health (OMH)

Bronx Children's Psychiatric Center* **\$121,716,342**
Construction of a new 86-bed, 112,754-square-foot Children's Building and a two-story, 48,580-square-foot Central Services Building. (December 2015)

Bronx Psychiatric Center **\$7,077,322**
Installation of a new campus-wide building management system. (May 2016)

Bronx Psychiatric Center **\$2,461,831**
Installation of a new campus-wide telecommunications and distance learning system for the Adult, Children's, Central Services and Residential Village buildings. (October 2016)

Bronx Psychiatric Center **\$119,679,308**
Construction of a new 156-bed, five-story, 178,633-square-foot Adult Facility. (December 2016)

Mohawk Valley Psychiatric Center **\$3,064,075**
Decentralize the power plant and install stand-alone heat sources for 10 buildings. (November 2016)

Office for People with Developmental Disabilities (OPWDD)

Bernard Fineson Developmental Disabilities Services Office (DDSO) **\$115,185,576**
Construction of eight new campus buildings. (January 2017)

Capital District DDSO **\$4,035,940**
Replacement of air handling units and temperature controls in several buildings. (January 2017)

Finger Lakes DDSO **\$1,246,123**
Window replacement at the Vienna Building 58. (November 2016)

Long Island DDSO* **\$1,370,217**
Phase III of bathroom renovations at several facilities. (March 2016)

Staten Island DDSO **\$1,364,390**
Replacement of fire alarm systems in several buildings. (December 2016)

State University of New York (SUNY)

Alfred State College **\$2,084,464**
Installation of new boilers and utility connections at Maingate and Burdick Hall. (January 2017)

SUNY Canton **\$3,438,978**
Interior rehabilitation of the east wing of Heritage Hall. (August 2016)

SUNY Cortland **\$7,552,349**
Interior renovations and mechanical systems upgrades at DeGroat Hall. (September 2016)

SUNY Geneseo **\$3,943,227**
Boiler replacements in six residence halls. (September 2016)

SUNY New Paltz **\$4,453,340**
Installation of a card access system in several residence halls. (July 2016)

SUNY Oneonta **\$1,279,784**
Various residence hall amenities and upgrades, including cooking facilities, fitness center, HVAC systems and laundry rooms. (August 2016)

SUNY Oswego **\$2,136,393**
Construction of a replacement steam line serving the Lakeside Community. (August 2016)

SUNY Plattsburgh **\$10,488,644**
Rehabilitation of Moffitt Hall, including laundry rooms, kitchen, windows, plumbing and sprinkler system. (August 2016)

SUNY Purchase* **\$12,278,106**
Renovations of bathrooms in two sections of the Farside Wing. (August 2015)

SUNY Purchase **\$5,973,469**
Renovation of bathrooms in the Big Haus section of the building. (August 2016)

Stony Brook University **\$10,589,908**
Construction of a new 630-space parking lot and roundabout, and roadway upgrades. (July 2016)

COMPLETED PROJECTS | CONTINUED

(INCLUDES PROJECTS VALUED AT \$1 MILLION AND ABOVE)

University at Albany* **\$6,970,281**

Repairs to the exterior concrete surfaces and roof coping, and window replacement at the Stuyvesant Tower. (August 2015)

University at Albany **\$6,706,841**

Renovations to Onondaga and Oneida Halls, including architectural, mechanical, electrical and plumbing work. (August 2016)

University at Buffalo **\$1,936,718**

Rehabilitation of bathrooms in the Governors Complex. (August 2016)

University at Buffalo **\$1,954,022**

Rehabilitation of the Clinton and Lehman laundry rooms in the Governors Complex. (August 2016)

University at Buffalo **\$2,121,130**

Rehabilitation of the Spaulding laundry room in the Ellicott Complex. (August 2016)

Upstate Medical University **\$2,119,393**

Repair and rehabilitate concrete washes throughout the garage. (November 2016)

Upstate Medical University **\$2,798,606**

Rehabilitation of the parking garage, and elevator and elevator lobby repairs and connection of the garage to the hospital. (January 2017)

Modified Service Programs

Homeless Housing Assistance Corporation (HHAC) **\$216,877,890**

Eight projects for homeless housing located in Bronx, Cattaraugus, Erie, Kings, Monroe and Suffolk Counties.

Office of Alcoholism and Substance Abuse Services (OASAS) **\$52,155,000**

Six renovation and new construction projects located in Bronx, Broome, New York and Suffolk Counties.

New York State Office of Parks, Recreation and Historic Preservation (OPRHP) **\$39,679,232**

Ten projects in Erie, Niagara and Wyoming Counties.

* The project was not included in prior fiscal year report.

SUNY University at Albany



GOVERNANCE



DASNY is governed by an 11-member board. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may

appoint a representative to attend and vote at DASNY meetings. The members of DASNY serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties. One of the appointments to the Board by the Governor is currently vacant.

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

DASNY BOARD MEMBERS



ALFONSO L. CARNEY, JR.
Chair, New York

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



JOHN B. JOHNSON, JR.
Vice-Chair, Watertown

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



SANDRA M. SHAPARD
Secretary, Delmar

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



JONATHAN H. GARDNER, ESQ.
Buffalo

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



BERYL L. SNYDER, J.D.
New York

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



GERARD ROMSKI, ESQ.
Mount Kisco

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



PAUL S. ELLIS, ESQ.
New York

Paul S. Ellis was appointed as a Member of DASNY by the Speaker of the State Assembly on September 19, 2016. Mr. Ellis is the Managing Member of Paul Ellis Law Group LLC, a law firm with a corporate/securities/capital markets practice with emphasis on private placements, mergers and acquisitions, venture capital/private equity transactions and joint ventures. He previously worked for Donovan Leisure Newton & Irvine and Winston & Strawn and served in staff positions in the U.S. Senate and the Massachusetts House of Representatives. He co-founded the New York Technology Council and serves on the Board of the NY Tech Alliance and as Chairman of the Housing Committee of Bronx Community Board 8. He holds a Bachelor of Arts degree from Harvard University and a Juris Doctor degree from Georgetown University Law Center.



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

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



HOWARD A. ZUCKER, M.D., J.D.
Commissioner of Health of the State of New York
Albany, ex-officio

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

DASNY EXECUTIVE STAFF



ROBERT F. MUJICA, JR.
Budget Director of the
State of New York,
Albany, ex-officio

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



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



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



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



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



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



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



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

NGHP HOLDING CORPORATION

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

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

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

Pursuant to the Confirmation Order, a liquidation trustee (the “Liquidation Trustee”) appointed by the Bankruptcy Court liquidated all of the other assets of NGH and settled and paid or reserved for remaining claims of creditors.

The Liquidation Trustee 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 building was completed and opened as a LTACH in November 2013. Rental payments from HHC to NGHP were not due until HHC had received capital Medicaid reimbursement for the leased facility at the LTACH. NGHP received its first rental payment subsequent to the close of the fiscal year. Such rental payments will be used by NGHP toward debt service on the outstanding DASNY Bonds.

ATLANTIC AVENUE HEALTHCARE PROPERTY HOLDING CORPORATION

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

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

IMC filed a petition under Chapter 11 of the Bankruptcy Code on December 2, 2012. On June 11, 2014, the Bankruptcy Court confirmed a Chapter 11 Plan that became effective on June 19, 2014. The Chapter 11 Plan provided for, among other things, a restructured Interfaith (“New IMC”) to operate a hospital subject to a lease and related agreement with Atlantic Avenue, with Atlantic Avenue receiving title to IMC’s real property.

To fund the ongoing operations following its emergence from Bankruptcy, New IMC has been receiving regular operating assistance from the State. In addition, with DOH’s approval, DASNY has made a new loan to New IMC from the Restructuring Pool to finance a combined heat and power cogeneration project for which New IMC has received significant grants from Consolidated Edison and the New York State Energy Research and Development Authority. New IMC is participating in the Delivery System Reform Incentive Program (DSRIP) Preferred Provider System led by Maimonides Medical Center.

New IMC has not been timely with all its rent payments during the fiscal year, which necessitated a larger than previously anticipated payment by the State on its Service Contract to pay bondholders’ debt service in February.

APPENDIX

Audited Financial Statements



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

Basic Financial Statements

March 31, 2017

(With Independent Auditors' Report Thereon)



KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

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

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Dormitory Authority of the State of New York (DASNY), a component unit of the State of New York, which comprise the statement of net position as of March 31, 2017, and the statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DASNY, as of March 31, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in note 2(a) to the financial statements, as of April 1, 2016, DASNY adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3–20, the schedule of funding progress for the retiree health plan on page 55, the schedule of proportionate share of the net pension liability on page 56, and the schedule of pension contributions on page 57, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2017 on our consideration of DASNY's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DASNY's internal control over financial reporting and compliance.

KPMG LLP

Albany, New York
June 21, 2017

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
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Management's Discussion and Analysis

March 31, 2017

(Unaudited)

The following discussion and analysis of the Dormitory Authority of the State of New York's (DASNY) financial performance provides an overview of DASNY's activities as of and for the year ended March 31, 2017. It should be read in conjunction with DASNY's financial statements that follow this section. This discussion and analysis is intended to serve as an introduction to DASNY's basic financial statements, which are comprised of the financial statements and the notes to the financial statements.

Background

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

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

DASNY Lines of Business

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

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

DASNY Operating Activities

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

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to their respective allocable share of DASNY operating expenses applicable to financing and ongoing bond management activities. Construction fees for public and private clients are generally equal to the allocable amount of DASNY operating expenses attributable to the construction services provided.

Construction Management

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

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

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

Debt Issuance

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

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

Refunding debt – to refund previously issued DASNY bonds; and

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

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

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

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

Defeasances and early redemptions – bonds redeemed or defeased with:

1. funds deposited by institutions of which some amounts have been funded through the issuance of debt by other issuers or financial institutions;

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2. proceeds from the sales of mortgages securing the related bonds; or
3. existing assets in bond accounts.

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

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

Executive Summary

During 2017 DASNY continued its work with the New York City Housing Authority for a public housing modernization and improvements for security upgrades and quality of life improvements for the residents following the state's authorization of \$100 million of work for DASNY in the 2015-16 State budget. DASNY also continued providing direct design and construction services for various projects in both the upstate and downstate regions for the Community Redevelopment Program for the Governor's Office of Storm Recovery (GOSR). Overall project budgets for the approximately 60 GOSR projects that have either been formally authorized or are being planned for assignment total approximately \$166 million.

DASNY's debt issuance activities had another strong year, issuing over \$6.6 billion in debt.

From a reporting perspective, DASNY adopted new accounting rules related to disclosure of the fair market value of its investments. The new rules require disclosure related to the type of investment in terms of the objectivity of the underlying data used to determine the fair market value. These disclosures are intended to provide the user with additional information upon which they can assess the reliability of the fair values. There were no impacts on the financial statements as the effect of the new rules for DASNY related solely to disclosures.

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Overview of Basic Financial Statements

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

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

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

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

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

- **Statement of Net Position** – This statement presents information reflecting DASNY's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Net position represents the amount of total assets and deferred outflows of resources less liabilities and deferred inflows of resources and is one way to measure DASNY's financial position. Net position is comprised of Unrestricted Net Position, related to DASNY's operating activities, Restricted Net Position, related to monies held in the restricted bond and note accounts, and Net Investment in Capital Assets, primarily related to its Albany headquarters building. Restricted Net Position remains in the accounts of each of the individual bond or note issues and accrues to the benefit of the respective client institutions. At final maturity, the restricted net position of an individual bond or note issue will be \$0.
- **Statement of Revenues, Expenses, and Changes in Net Position** – This statement reflects DASNY's operating and nonoperating revenues and expenses for each year. The majority of DASNY's revenue and expense activity does not relate to operations, rather it relates to activity in the restricted accounts of the individual series of bonds and notes. In some years, revenues exceed expenses in restricted bond and note accounts. In other years, expenses exceed revenues in restricted bond and note accounts as

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accumulated revenues are utilized for various purposes. Restricted net position remains in each of the individual bond or note issues and accrues to the benefit of the respective client institutions.

- Statement of Cash Flows – The statement of cash flows is presented using the direct method of reporting which reflects cash flows from operating, noncapital financing, capital financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for each year. The statement also includes a reconciliation between operating income or loss per the Statement of Revenues, Expenses, and Changes in Net Position to net cash from operating activities per the Statement of Cash Flows.

Discussion of DASNY Lines of Business Activities

DASNY Operating Activities

DASNY's internal operating expenses totaled approximately \$77 million during 2017, of which 13% was allocable to private institutions and 87% was allocable to public programs. DASNY's internal operating expenses totaled approximately \$77 million during 2016, of which 12% was allocable to private institutions and 88% was allocable to public programs. In both 2017 and 2016 approximately 82% of DASNY's personal service expense was associated with Construction Management activities.

Debt Issuance Activities

Bonds and Notes Issued

As the charts below illustrate, DASNY's Debt Issuance activity for the last two years has been primarily for new money and refundings with more than half of the activity coming from public clients. During 2017, the par value of bonds issued decreased \$1.6 billion (19%) from the prior year to \$6.6 billion. While new money and refunding issuances represented the majority of DASNY's debt issuances in both 2017 and 2016, a decrease in refinancings in 2017 increased the relative size of combined new money and refunding issuances to 96% (from 77%). The charts on the following page provide additional detail regarding the three types of issuances by client type.

The 2017 decrease in the par value of bonds issued was due primarily to refinancings following a particularly high volume in 2016, with an increase in new money issuances offsetting the impact of lower refundings. The decrease in refinancings and increase in new money issuances also drove the shift in the public-to-private proportion with the public share decreasing from 68% in 2016 to 55% in 2017 primarily due to approximately \$800 million of new money issued to one private client and a \$1.6 billion reduction in refinancings for NYS Agencies driving the shift.

An additional \$33 million and \$441 million par of reofferings occurred during 2017 and 2016 respectively, and are not included in the debt issuance activities discussed above. The reofferings were carried out to effectuate conversions of variable to fixed rate bonds, changes in interest rate modes for variable rate bonds, and changes in liquidity facilities for variable rate bonds.

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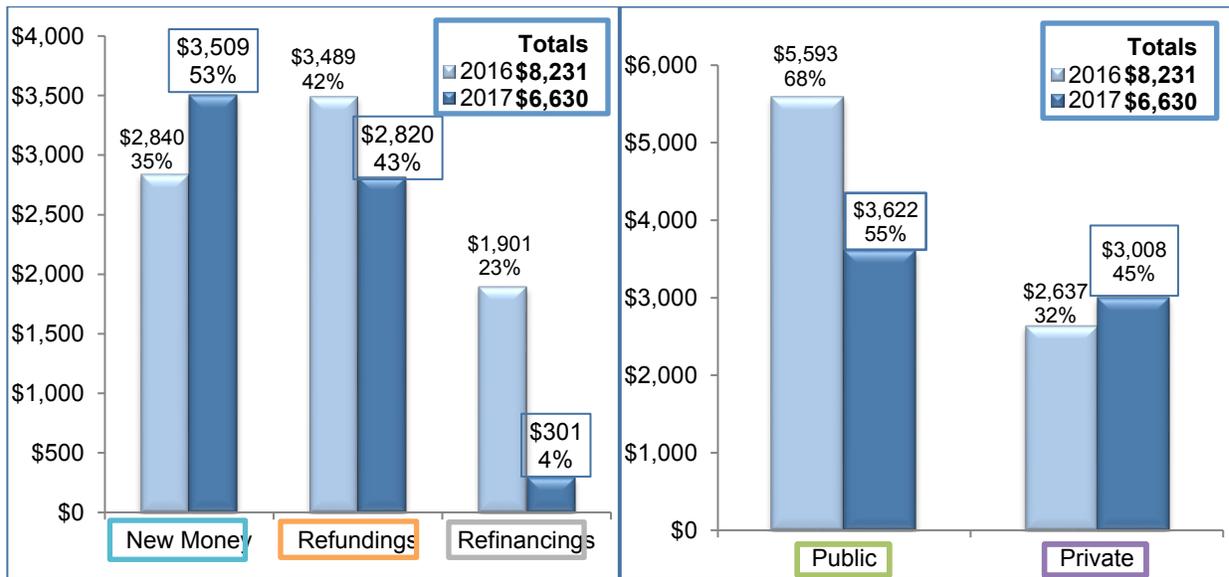
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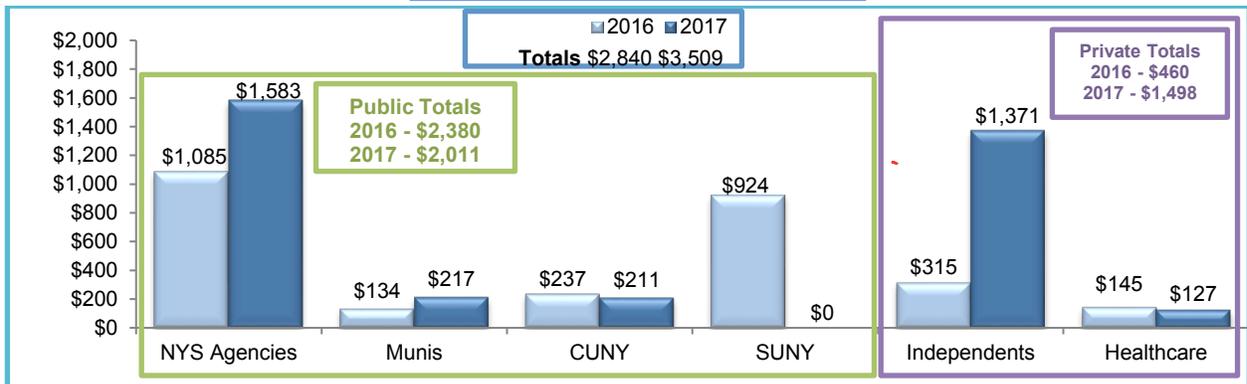
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Par Amount of Bonds and Notes Issued (\$in millions)

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



New Money (\$in millions)

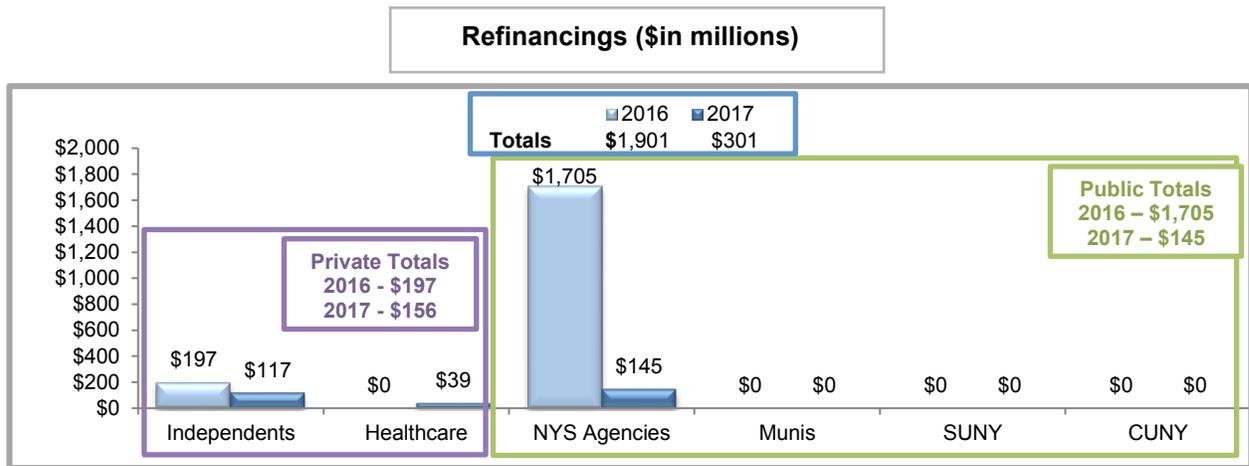
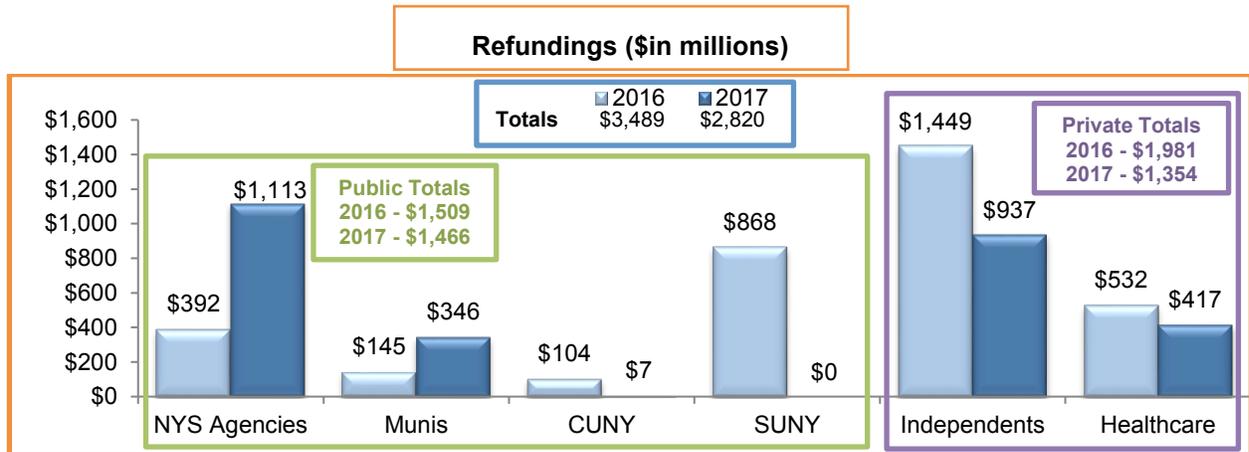


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Bonds and Notes Retired

As shown in the charts below, refundings of DASNY bonds contributed approximately half of DASNY's bond retirement activity in 2017 and were the primary driver of the \$0.6 billion decrease in retirement activity from 2016. As shown in the charts on the next page, over half of the 2017 refundings were for DASNY's public clients, resulting in a 6% increase in the public clients' portion of the total bonds retired to 56% (from 50%) despite essentially flat overall activity for DASNY's public clients. This is due to a year-over-year decrease in refundings for private Independent clients as previous refundings have decreased the opportunity for these clients to leverage lower interest rates to reduce their outstanding debt and interest expense.

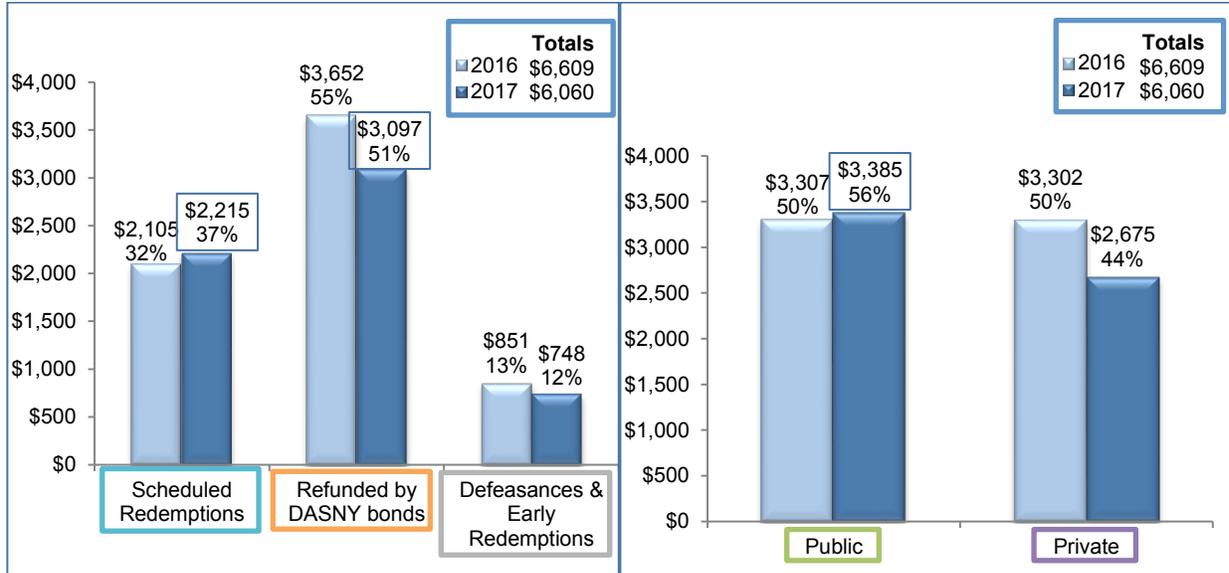
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Par Amount of Bonds Retired (\$in millions)



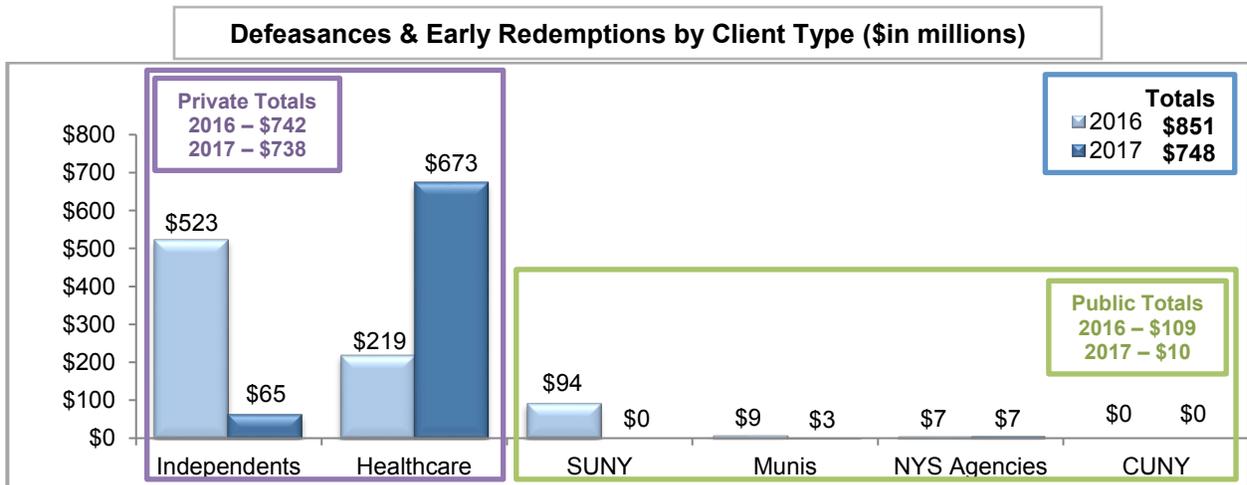
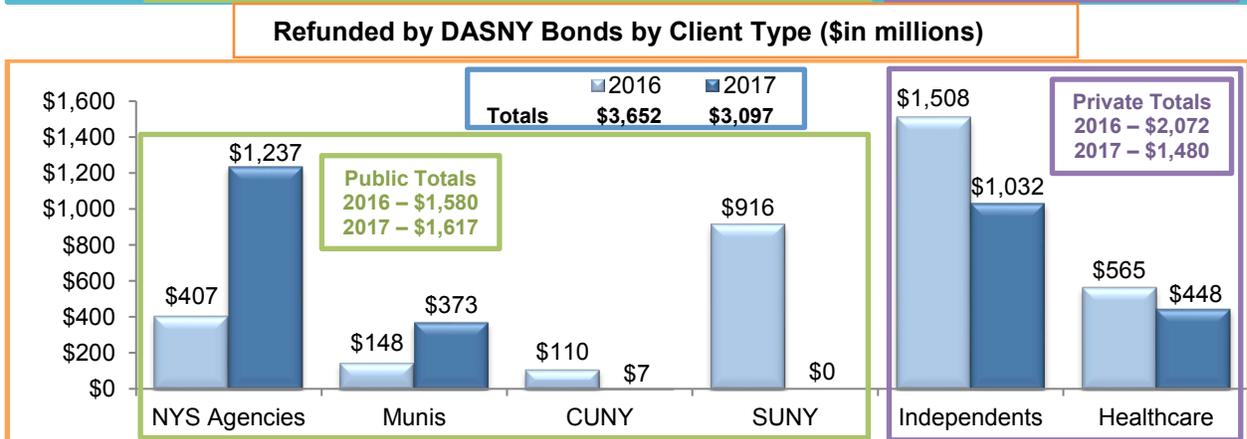
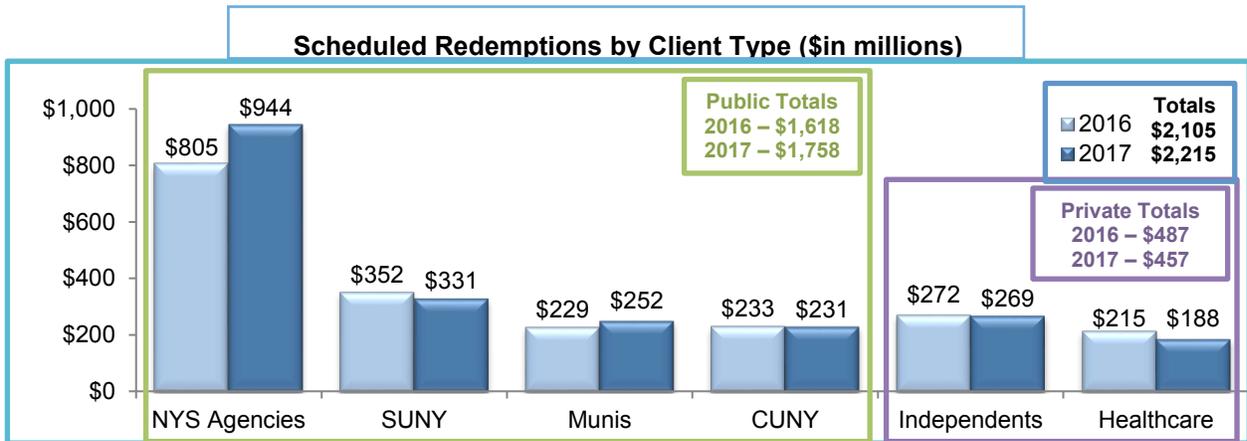
The amount refunded by DASNY presented above varies from the amount of refunding debt issued shown in the previous chart due to several factors. Original issue premium on the new bonds issued, balances available in existing bond accounts, and lower interest rates on the new bonds as compared to interest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

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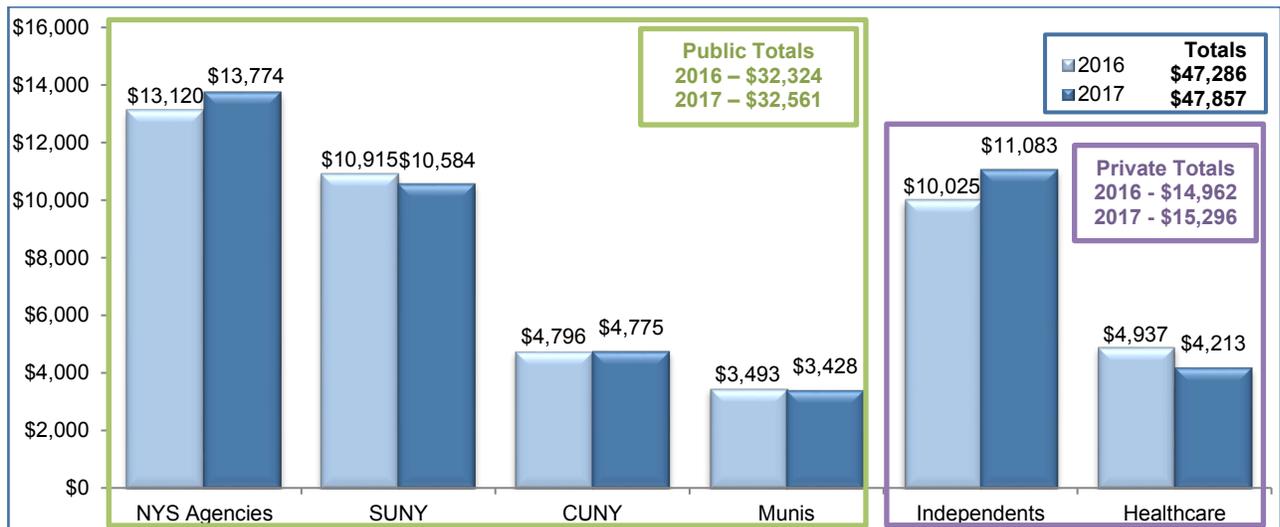
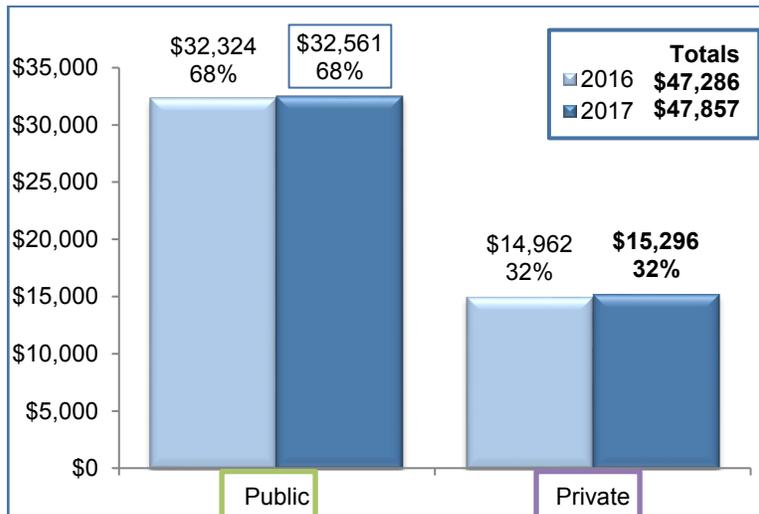
March 31, 2017

(Unaudited)

Bonds and Notes Outstanding

As shown below, approximately two-thirds of DASNY's outstanding bonds and notes are related to its public clients, with three-quarters of that portion related to NYS agencies and SUNY. During 2017, the outstanding balance remained essentially unchanged, increasing by \$0.6 billion (1%). (See note 7 to the financial statements for more detailed information.)

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



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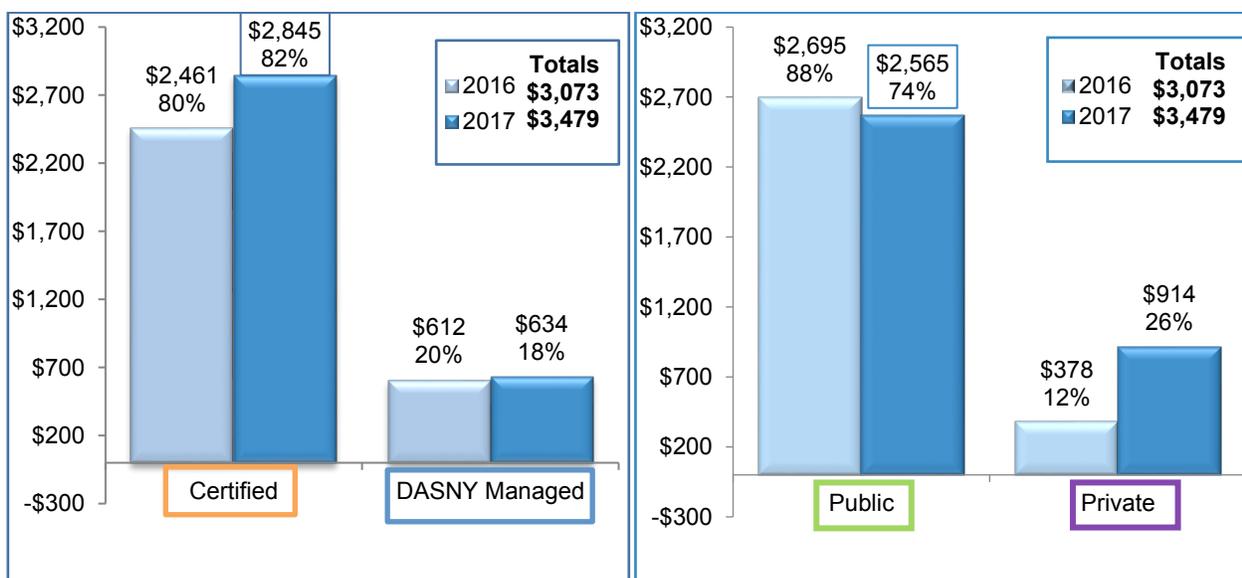
March 31, 2017

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Construction Management Activities

As described in the Background section, DASNY's Construction Management activities consist of two types of disbursements – reimbursements to clients for projects they manage internally (Certified Construction Disbursements) and vendor payments for projects DASNY manages (DASNY-Managed Projects). As shown below, the majority (approximately 82%) come from reimbursements to clients for their internally managed projects. From a customer perspective, DASNY's Construction Management activities are concentrated (nearly 75%) with its public clients. During 2017, increased activity for Certified Construction Disbursements for private clients drove the overall increase in activity. In addition to public client work being essentially flat between 2016 and 2017, the increase in private client Certified Construction Disbursements caused the increase in their proportionate share of total construction expenditures to 26% (from 12%).

Construction and Loan Disbursements* (\$in millions)



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

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

In 2017 and 2016, Certified Construction Disbursements for SUNY and NYS Agencies programs totaled \$1,778 million and \$1,945 million, accounting for approximately 60% and 80% of the Certified Disbursements in each year and over half of each year's total construction disbursements.

While the DASNY-Managed Projects represent only 18% of the total construction disbursements, this activity is significant in terms of DASNY's operations. At any point in time, DASNY is actively managing 600-1,000

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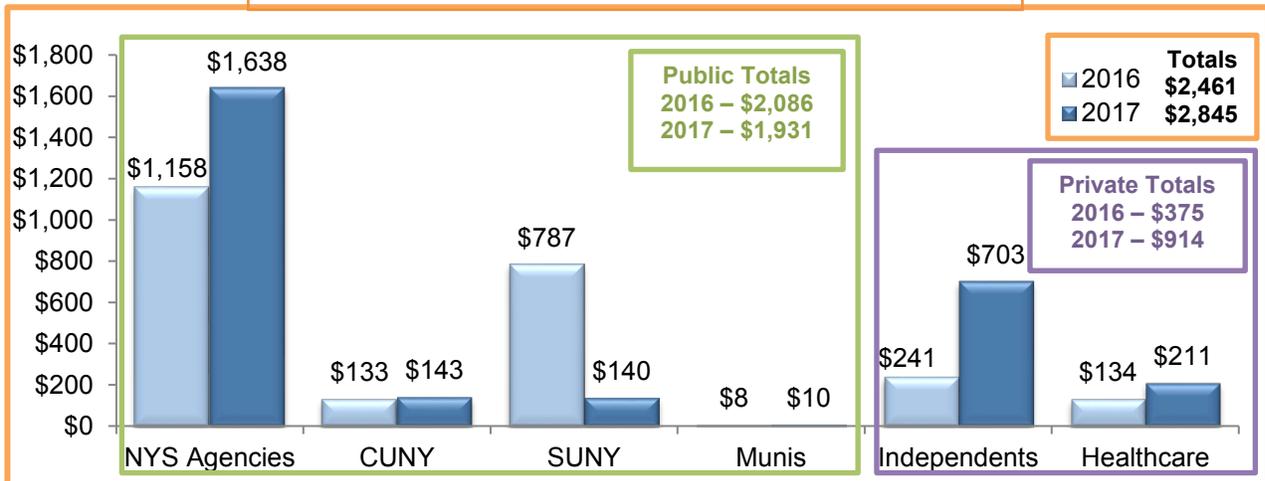
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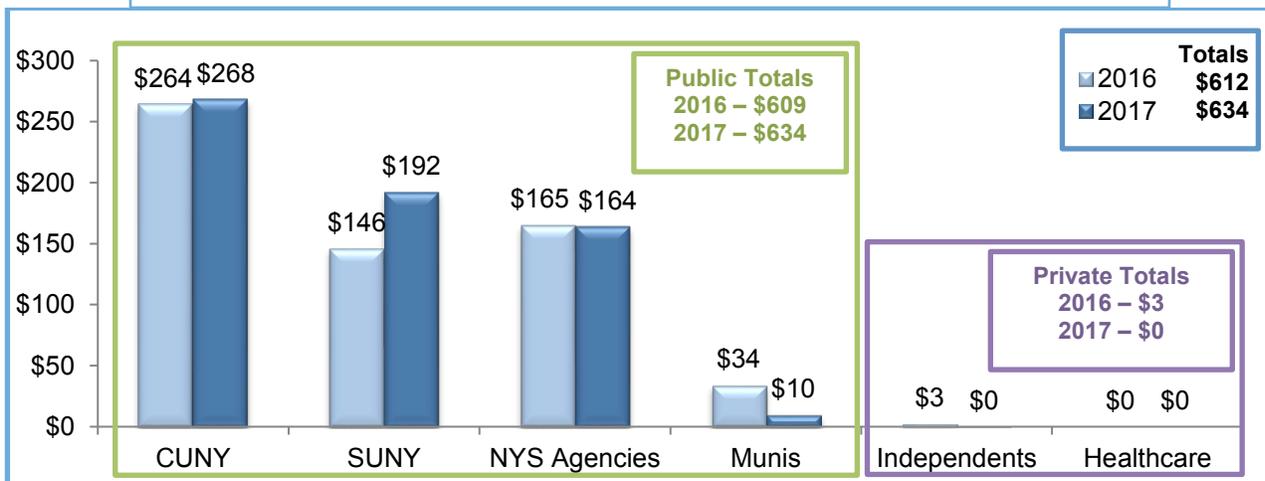
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construction projects with the personnel needed to support this work accounting for more than 80% of DASNY's operating expenses. DASNY generates fees from these clients that are generally equal to their allocable amount of DASNY operating expenses attributable to the construction services provided.

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



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



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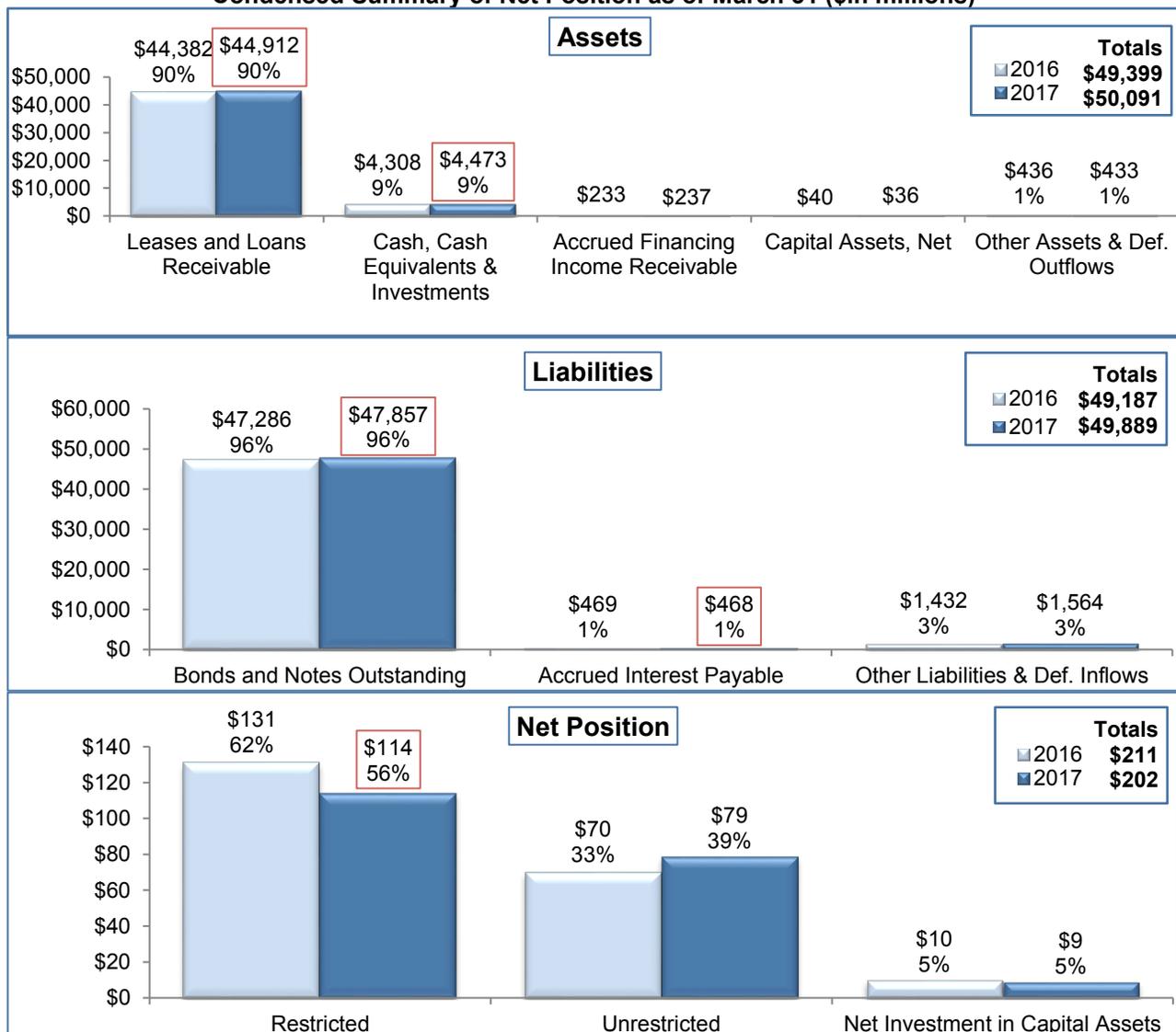
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Financial Analysis

Statement of Net Position

As shown by the red boxes in the charts below, and as described in the Background section, DASNY's conduit debt comprises the majority of DASNY's Statement of Net Position, making up nearly all of the Assets (essentially all of the cash, cash equivalents and investments are related to conduit debt) and Liabilities and nearly two-thirds of the Net Position balances.

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



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Assets

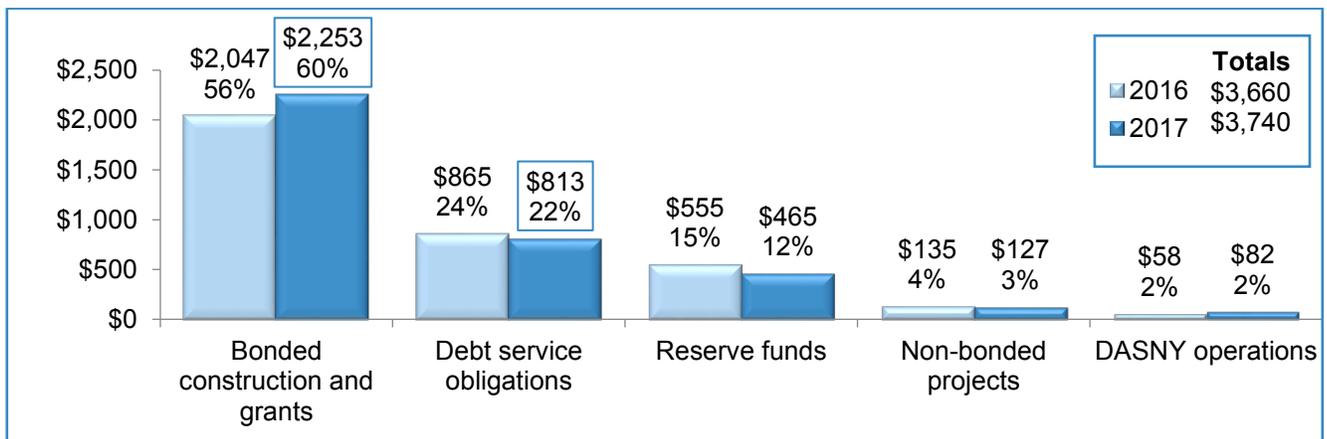
DASNY's assets are comprised primarily of (1) Leases and Loans Receivable, and (2) Cash, Cash Equivalents and Investments. The balance of DASNY's assets include (1) Accrued Financing Income Receivable, (2) DASNY's capital assets and those of its subsidiary Atlantic Avenue Holding Corporation, and (3)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

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

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

As highlighted in the chart below, DASNY's investment portfolio consists primarily (82%) of funds for (1) construction projects and grant programs financed by DASNY-issued bonds, and (2) debt service obligations. (See note 3 to the financial statements for more detailed information.)

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



* An additional \$307 million and \$257 million of money market funds as of March 31, 2017 and 2016, respectively, managed by DASNY is reflected in the Statement of Net Position as a component of Cash and Cash Equivalents.

Accrued Financing Income Receivable represents the amount of interest on bonds and notes due from clients since the last client loan repayment date through DASNY's fiscal year-end. Fluctuations result from accrued

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interest payable on new bond issues, changes in the balance of capital appreciation bonds, the conversion of variable rate bonds to fixed rate bonds and changes in the interest rate environment.

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

Other Assets & Deferred Outflows include project funds receivables, accrued interest receivable on investments, deferred outflows of resources related to pensions, and other receivables.

Liabilities

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

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

Other Liabilities & Deferred Inflows include accounts payable, amounts due to NYS, unearned financing income, amounts held for institutions, deferred inflows of resources related to pensions and unearned fees.

Net Position

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

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

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

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

2017 Activity

Overall DASNY's Statement of Net Position remained relatively stable in 2017. Increases in assets and liabilities (\$0.7 billion each) were driven by the net increase in bonds outstanding (issuances of \$6.6 billion less retirements of \$6.0 billion) and related Leases and Loans Receivable. Restricted Net Position decreased

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Management's Discussion and Analysis

March 31, 2017

(Unaudited)

\$17 million primarily due to transfers to escrow in connection with refundings and the utilization of prior years' accumulated earnings for debt service.

Statement of Revenues, Expenses, and Changes in Net Position

As shown on the charts on the next page, the majority of DASNY's revenues and expenses relates to activity associated with the bonds and notes DASNY issues rather than its own operations. The revenues generated in restricted bond and note accounts accumulate until needed. In some years, revenues exceed expenses in restricted bond and note accounts, usually as a result of income on investments and contributions of cash and investments. In other years, expenses exceed revenues in restricted bond and note accounts as accumulated revenues are utilized, usually for payment of debt service, redemption of bonds and notes or transfers to escrow in connection with refundings.

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

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

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

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

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

1. *Fees for Services* – financing fees and annual administrative fees related to ongoing bond management and construction services; and

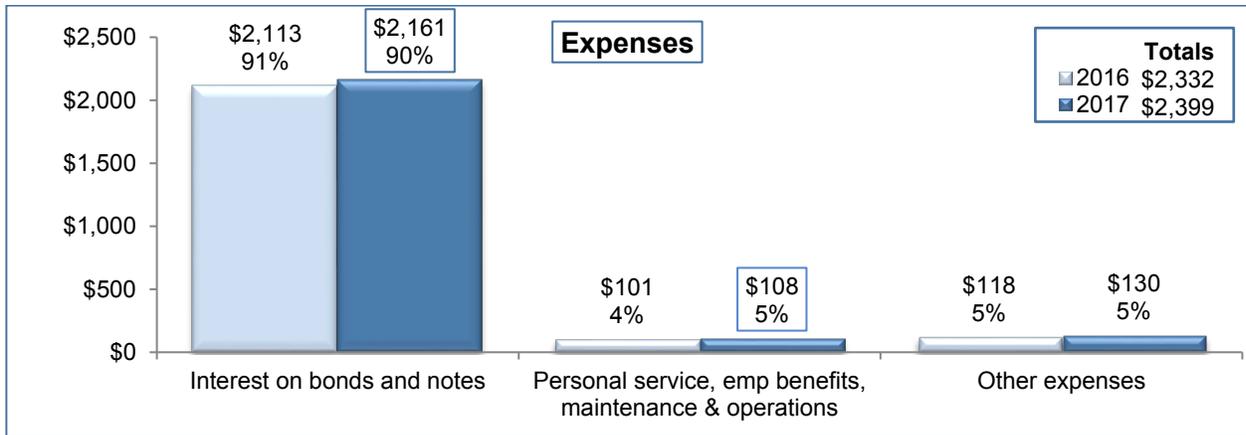
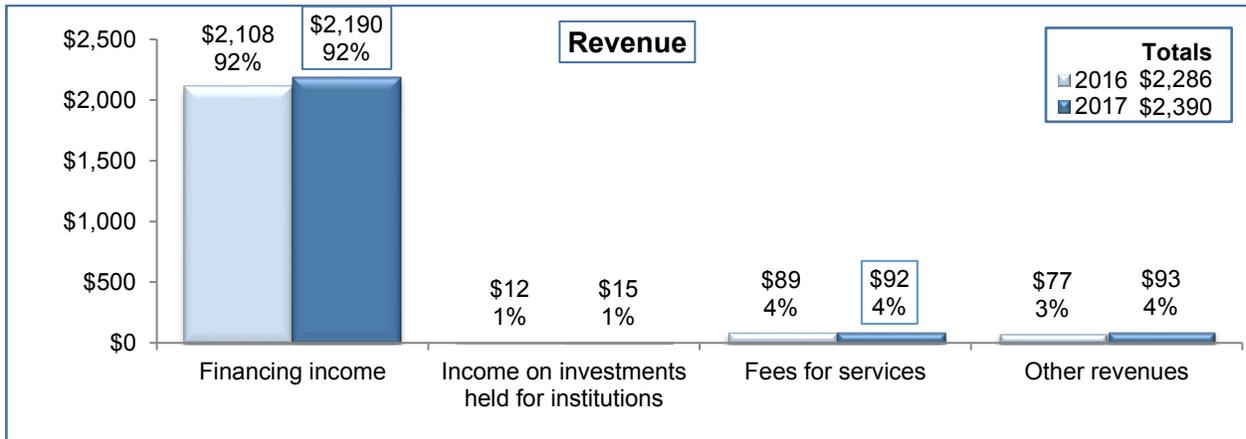
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2. *Costs of Operations* (Personal Service, Employee Benefits, Maintenance and Operations) – primarily for employee service and related benefits and taxes



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2017 Activity

Financing Income and Interest on Bonds and Notes remained relatively stable during 2017, with slight increases primarily due to interest on new bond issues.

Fees for Services increased by \$3 million (3%) during 2017, primarily due to an increase in revenue from public clients for construction management and grant administration services.

Personal Service, Employee Benefits, and Maintenance and Operations increased by \$7 million (7%) during 2017, primarily due to increases in personal services and employee benefits. The increase in benefit were primarily due to higher healthcare costs (due to higher premiums and a higher proportion of costs being driven by retirees for whom DASNY generally contributes a larger share than for active employees) and higher pension costs.

Request for Information

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

All required secondary market disclosures for DASNY's private not for profit clients are done through Digital Assurance Certification LLC (DAC) which can be accessed through the following website: www.dacbond.com. All required secondary market disclosures for DASNY's public clients are available on the Municipal Securities Rulemaking Board's (MSRB's) Electronic Municipal Market Access (EMMA) website which can be accessed through the following website: www.emma.msrb.org. DASNY also provides additional information on its website at www.dasny.org. In addition, while certain information pertaining to DASNY's debt issuances for certain of DASNY's public clients is available on the DAC website, DASNY, the bond trustee and the applicable client each have responsibilities with respect to the filing of material event notices and providing updated financial and operational data with EMMA.

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Statement of Net Position

March 31, 2017

(Dollars in thousands)

Assets and Deferred Outflows

Current assets:	
Cash and cash equivalents (note 3)	\$ 733,437
Investments (note 3)	946,863
Leases and loans receivable, net (note 4)	4,080,624
Project funds receivable	119,170
Accrued financing income receivable	237,409
Accrued interest receivable on investments	6,867
Other receivables (note 2g)	<u>51,953</u>
Total current assets	6,176,323
Investments (note 3)	2,792,979
Leases and loans receivable, net (note 4)	40,831,784
Project funds receivable	40,848
Other receivables (notes 2g and 12)	184,833
Capital assets, net (note 5)	<u>36,089</u>
Total assets	50,062,856
Deferred outflows related to pension (note 11)	<u>28,903</u>
Total assets and deferred outflows	<u>\$ 50,091,759</u>

Liabilities and Deferred Inflows

Current liabilities:	
Accounts payable and accrued expenses	\$ 330,925
Bonds and notes outstanding (notes 6 and 7)	4,080,624
Accrued interest payable	467,624
Unearned financing income	147,411
Amounts held for institutions (note 6)	302,406
Due to New York State (note 6)	180,765
Current portion of other long-term liabilities (note 6)	4,090
Unearned fees for services	<u>61,178</u>
Total current liabilities	5,575,023
Bonds and notes outstanding (notes 6 and 7)	43,776,023
Amounts held for institutions (note 6)	304,848
Due to New York State (note 6)	11,394
Other long-term liabilities (note 6)	<u>219,002</u>
Total liabilities	49,886,290
Deferred inflows related to pension (note 11)	<u>2,975</u>
Total liabilities and deferred inflows	<u>\$ 49,889,265</u>

Net Position

Net investment in capital assets (note 5)	\$ 9,672
Restricted	113,667
Unrestricted (note 13)	<u>79,155</u>
Total net position	<u>\$ 202,494</u>

See accompanying notes to basic financial statements.

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Statement of Revenues, Expenses, and Changes in Net Position

Year ended March 31, 2017

(Dollars in thousands)

Operating revenues:	
Financing income	\$ 2,190,490
Income on investments held for institutions	14,510
Fees for services	91,919
Contributions of cash and investments	44,981
Other	48,253
Total operating revenues	2,390,153
Operating expenses:	
Interest on bonds and notes	2,160,782
Amounts returned to institutions	1,709
Reduction of leases and loans receivable due to redemption of bonds	28,406
Personal service and employee benefits	84,520
Maintenance and operations	23,645
Transfers to escrow	71,836
Other	28,285
Total operating expenses	2,399,183
Operating loss	(9,030)
Nonoperating revenues:	
Income on investments held for DASNY	194
Decrease in net position	(8,836)
Net position, beginning of year	211,330
Net position, end of year	\$ 202,494

See accompanying notes to basic financial statements.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
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Statement of Cash Flows

Year ended March 31, 2017

(Dollars in thousands)

Cash flows from operating activities:	
Fees for services	\$ 105,568
Amounts received from institutions	47,405
Project funds received	291,043
Dormitory rent receipts	578,900
Permit and patient income receipts	1,517,838
Special purpose healthcare loan receipts	51,581
Other receipts	27,037
Personal service and employee benefits	(68,657)
Maintenance and operations	(22,329)
Permit and patient income transferred to New York State	(1,512,664)
Project funds disbursed	(241,565)
Dormitory rent disbursements	(588,735)
Amounts returned to institutions	(4,195)
Special purpose healthcare loan disbursements	(38,746)
Other disbursements	<u>(20,887)</u>
Net cash provided by (used in) operating activities	<u>121,594</u>
Cash flows from noncapital financing activities:	
Proceeds from the issuance of bonds and notes	7,786,353
Amounts transferred to escrow to defease debt	(3,450,143)
Principal repayments of bonds and notes	(2,351,433)
Interest paid on bonds and notes	<u>(2,195,580)</u>
Net cash provided by (used in) noncapital financing activities	<u>(210,803)</u>
Cash flows from capital financing activities:	
Acquisition of property and equipment	<u>(247)</u>
Net cash provided by (used in) capital financing activities	<u>(247)</u>
Cash flows from investing activities:	
Purchases of investments	(13,071,054)
Proceeds from sales and maturities of investments	12,980,419
Income on investments	29,990
Construction, loan, and other disbursements	(4,328,446)
Principal receipts on leases and loans receivable	2,363,902
Financing income	<u>2,200,754</u>
Net cash provided by (used in) investing activities	<u>175,565</u>
Net decrease in cash and cash equivalents	86,109
Cash and cash equivalents, beginning of year	<u>647,328</u>
Cash and cash equivalents, end of year	<u>\$ 733,437</u>

See accompanying notes to basic financial statements.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
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Statement of Cash Flows

Year ended March 31, 2017

(Dollars in thousands)

Operating loss	\$	(9,030)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense		3,986
Interest on bonds and notes		2,160,782
Income on investments held for institutions		(14,510)
Financing income		(2,190,490)
Reduction of leases and loans receivable due to redemption of bonds		28,406
Investment transfers		(1,796)
Amounts transferred to escrow to defease debt		71,836
Other expenses		711
Change in assets and liabilities:		
Increase in leases and loans receivable		(93,029)
Increase in deferred outflows of resources related to pensions		(19,815)
Decrease in project funds receivable		32,872
Increase in other receivables		(3,221)
Increase in accounts payable and accrued expenses and other long-term liabilities, net of construction funds		76,051
Increase in due to New York State		19,575
Increase in amounts held for institutions		38,754
Increase in unearned fees for services		17,537
Increase in deferred inflows of resources related to pensions		2,975
Total adjustments		130,624
Net cash provided by operating activities	\$	121,594

See accompanying notes to basic financial statements.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

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Notes to Basic Financial Statements

March 31, 2017

(1) DASNY

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

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

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

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

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

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

(2) Summary of Significant Accounting Policies

(a) Basis of Reporting

DASNY's basic financial statements have been prepared in conformity with U.S. generally accepted accounting principles for governments as prescribed by the GASB, which is the primary standard setting body for establishing governmental accounting and financial reporting principles. During fiscal year 2017, DASNY has adopted GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 addresses accounting and financial reporting issues related to fair value measurements. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments, and disclosures related to all fair value measurements. Adoption of GASB 72 had no impact on DASNY's net position, however, it did result in additional disclosures regarding fair value measurements of investments and derivative instruments.

(b) Basis of Accounting

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

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

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

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

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

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

(c) Cash and Cash Equivalents

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

(d) Investments

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

(e) Leases and Loans Receivable

Projects are financed primarily under either a lease (where the lease payments are pledged to the trustee for the benefit of the bondholders), a loan (where the loan payments are pledged to the trustee for the benefit of the bondholders), or other agreements, including service contracts and financing agreements with the State and municipalities, which provide for the payment of debt service dependent upon annual appropriation, or for which specific revenues have been pledged in support of a collateralized borrowing. Additionally, in certain instances, revenues of the institutions have been pledged under the terms of the respective bond resolutions and certain restricted amounts are required to be maintained with the trustee in accordance with such resolutions.

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

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Interest paid from bond proceeds during the construction period, capitalized interest, is recorded as an increase to the receivables. Capitalized interest was approximately \$23 million for the fiscal year ended March 31, 2017. Income earned on construction fund investments during the construction period is recorded as a reduction of the receivables. Construction fund investment income was approximately \$3 million for the fiscal year ended March 31, 2017.

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

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

(f) Project Funds Receivable

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

(g) Other Receivables

Other Receivables consist of amounts due from institutions for various healthcare loans, DASNY administrative fees, other postemployment benefit obligations and accrued leave credits allocable to public clients, prepaid expenses, and bond issuance costs and project costs advanced from DASNY operating funds. Also included in Other Receivables are amounts due to NGHP from New York City Health and Hospitals Corporation related to a building lease. At March 31, 2017 DASNY recorded \$152 million as an allowance for uncollectible accounts primarily related to advances made to assist healthcare institutions which, for the most part, do not impact the Statement of Revenues, Expenses, and Changes in Net Position and for which there are no associated bonds.

(h) Capital Assets

DASNY's capital assets include land, buildings and equipment. Land is reported at its original acquisition cost. Buildings and equipment are stated at cost, less accumulated depreciation determined using the straight line method. It is DASNY's policy to capitalize buildings and equipment which have a cost in excess of \$50,000 at the date of acquisition. DASNY buildings are depreciated over 25 years, building improvements and renovations are depreciated over the remaining life of the building or lease, furniture and equipment are depreciated over 7 to 10 years, financial management system equipment,

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Notes to Basic Financial Statements

March 31, 2017

software and related costs are depreciated over 10 years, and other computer equipment and software are depreciated over 5 years. Atlantic Avenue's capital assets acquired from Interfaith Medical Center include land and buildings. Land is reported at its original acquisition cost. Buildings are stated at cost less accumulated depreciation using the straight line method. Buildings will be depreciated over their remaining lives which range from 4 to 19 years (see note 5).

(i) Amounts Held for Institutions

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

(j) Due to New York State

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

(k) Unearned Fees for Services

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

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

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March 31, 2017

(l) Compensated Absences

Employees accrue vacation at varying rates ranging from 13 days per year to a maximum of 25 days per year. Overtime eligible employees accrue compensatory leave when they work between 37.5 hours and 40 hours in a workweek. A maximum of 225 hours of accrued vacation leave and a maximum of 240 hours of accrued compensatory leave is payable upon separation. Accrued expenses of \$4.1 million were recorded at March 31, 2017 for the estimated obligation for vacation and compensatory leave and are included in Other Long Term Liabilities in the Statement of Net Position. Related receivables of \$3.7 million, representing the portion of the liability allocable to public clients, are included in Other Receivables in the Statement of Net Position at March 31, 2017. In addition, DASNY is holding the remaining portion of the liability in a reserve established by the Board.

(m) Derivative Instruments

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

(n) Restricted Net Position

The amounts reported in this net position category are restricted in accordance with the bond and note resolutions for the payment of outstanding bonds and notes and also may be used for the payment of project costs, arbitrage payments to the Internal Revenue Service and costs of issuance. Restricted net position is held for the benefit of the institutions and bondholders. Monies remaining upon retirement of the bonds and notes are returned to the institutions.

(o) Revenue Recognition

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

(p) Income Taxes

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

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March 31, 2017

(q) Use of Estimates

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

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

(3) Cash, Cash Equivalents and Investments

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

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America;
- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by any agency or instrumentality of the United States of America that are rated in at least the second highest rating category by at least two nationally recognized statistical rating organizations;
- Certificates or other instruments which evidence the ownership of or the right to receive the payment of the principal and guaranteed interest on obligations, wholly comprised of such obligations listed above;
- Obligations of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, (i)(A) the interest on which is excludable from gross income under Section 103 of the Internal Revenue Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Internal Revenue Code (Exempt Obligations), or (B) which qualifies as a “Build America Bond” within the meaning of Section 54AA of the Internal Revenue Code, and (ii) are rated in at least the second highest rating category by at least two nationally recognized statistical rating organizations;
- Shares or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, whose objective is to maintain a constant share value of \$1.00 per share, that is rated in the highest short-term rating category by at least one nationally recognized statistical rating organization, and at the time such investment is made, such fund had a minimum asset value of \$500 million;
- Commercial paper issued by a domestic corporation rated in the highest short-term rating category by at least two nationally recognized statistical rating organizations and having maturities of not longer than 270 days from the date they are purchased;

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- Bankers' acceptances issued by a bank rated in the highest short-term rating category by at least two nationally recognized statistical rating organizations and having maturities of not longer than 365 days from the date they are purchased;
- Collateralized investment agreements; and
- Collateralized or insured certificates of deposit.

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

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

The amount of investments by type and maturity, at March 31, 2017 is presented in the following table. Investment maturity classifications in the table are based on the maturity of the underlying investments, which differs from their classification on the Statement of Net Position. Investments reported as current on the Statement of Net Position generally have maturities of one year or less, unless they are restricted by the underlying bond and note resolutions and are expected to be reinvested upon maturity, or the proceeds at maturity are generally used to support construction activities, in which case they are reported as investments, other than current.

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Investments reported as current on the Statement of Net Position at March 31, 2017 include \$813 million for debt service payments to be made in the fiscal year ended March 31, 2018 which is restricted by the underlying bond and note resolutions. Also included in investments reported as current at March 31, 2017 are investments held for DASNY operations, nonbond related capital projects and rehabilitation and renovation of projects totaling \$134 million.

Investment type	Amount	Percentage of total	Maturities (in years)		
			Less than 1	1-5	More than 5
(Dollars in thousands)					
Recorded at fair value:					
Obligations of the United States					
Government:					
U.S. Treasury notes/bonds	\$ 1,835,879	49.1%	\$ 1,835,784	95	—
U.S. Treasury bills	649,344	17.4	649,344	—	—
U.S. Treasury strips	233,680	6.2	233,537	143	—
	<u>2,718,903</u>	<u>72.7</u>	<u>2,718,665</u>	<u>238</u>	<u>—</u>
Federal agency, notes and debentures:					
Federal National Mortgage Association (FNMA)	269,729	7.2	204,324	29,477	35,928
Federal Home Loan Bank (FHLB)	475,806	12.7	432,977	42,829	—
Federal Home Loan Mortgage Corp. (FHLMC)	131,116	3.5	107,468	23,648	—
Federal Farm Credit Bank Financing Corp. (FICO)	31,569	0.8	22,907	8,662	—
	46,758	1.3	46,758	—	—
	<u>954,978</u>	<u>25.5</u>	<u>814,434</u>	<u>104,616</u>	<u>35,928</u>
Municipal Bonds	<u>24,400</u>	<u>0.7</u>	<u>—</u>	<u>—</u>	<u>24,400</u>
Recorded at cost:					
Investment agreements	31,581	0.8	—	—	31,581
Certificates of deposit	9,980	0.3	9,980	—	—
Total	<u>\$ 3,739,842</u>	<u>100.0%</u>	<u>\$ 3,543,079</u>	<u>104,854</u>	<u>91,909</u>

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

Federal Agency notes and debentures are issued by Government Sponsored Enterprises (GSEs), which carry the implicit guarantee of the United States federal government. At March 31, 2017, DASNY held approximately \$955 million in agency securities issued by several GSEs, all of which are rated in at least the second highest rating category by at least two of the nationally recognized statistical rating organizations.

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

Under certain circumstances, if the credit ratings of the investment agreement provider fall below a certain level, the provisions of the specific agreement require additional collateral to be posted, a substitute provider to be obtained, or give DASNY the right to terminate the agreement. As of March 31, 2017, there were three investment agreements totaling \$32 million invested with three providers with credit ratings below the level allowing one or more such actions. DASNY has requested the providers to post additional collateral securities necessary to satisfy the guidelines published by nationally recognized credit rating agencies for investment grade collateralized transactions in accordance with the terms of the related investment agreements or as otherwise required pursuant to the particular agreement. As of March 31, 2017, there was one investment agreement totaling \$12 million with a single provider, who posted additional collateral securities in accordance with the terms of the agreement. DASNY has not terminated the remaining agreements, but has reserved all of its rights and remedies under the agreements, in part because of an increase in exposure to reinvestment risk since interest rates equivalent to the interest rates paid on deposits held under the agreements cannot be obtained in the current market.

A portion of DASNY's investment portfolio is invested in several money market funds, which are open ended mutual funds that invest in short term debt securities and whose objective is to carry a net asset value (NAV) of \$1.00, allowing for withdrawals equal to the amount of the original deposit plus an allocable portion of any interest that may have been earned by the fund. These funds are reflected in the Statement of Net Position as a component of Cash and Cash Equivalents. DASNY's investment policy requires at the time of investment, each fund have a minimum asset value of \$500 million and be rated in the highest short term rating category by at least one nationally recognized statistical rating organization. At March 31, 2017, DASNY held approximately \$307 million in investments of this type which were all rated in the highest short term rating category by at least one nationally recognized statistical rating organization.

Custodial credit risk for deposits is the risk that in the event of a bank failure, DASNY's deposits may not be returned. DASNY's deposit policy for custodial credit risk includes minimum equity and rating requirements of, and diversification among, trustee and custodian banks. Certain deposits held in DASNY bank accounts are collateralized with securities held by custodian banks and certain are insured by federal depository insurance. As of March 31, 2017, DASNY had bank deposits of \$201 million of which \$137 million were uninsured and uncollateralized. The uninsured cash balances were primarily the result of amounts temporarily held pending debt repayment, disbursement, or investment.

Concentration of credit risk is the risk of loss attributed to the magnitude of DASNY's investment in a single issuer. DASNY's investment policy places no limit on the amount it may invest in any one issuer; however, DASNY does establish minimum ratings requirements for each underlying issuer other than the United States Government where they are generally required to be rated in no less than the second highest rating category by at least 2 nationally recognized statistical rating organizations. As of March 31, 2017, DASNY

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had more than 5% of its investments in FNMA and FHLB. These investments were 7.2% and 12.7% of the total investment portfolio, respectively, as of March 31, 2017.

DASNY uses an independent pricing source to determine the fair value of its investments. DASNY categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. This three-tiered fair value hierarchy is based on the valuation inputs used to measure the fair value of the assets as follows:

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted market prices; and,

Level 3: Unobservable inputs.

At March 31, 2017, DASNY had the following fair value measurements:

	<u>March 31, 2017</u>	<u>Fair value measurement using Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>
		(Dollars in thousands)	
Investments by fair value level:			
U.S. Treasuries	\$ 2,718,903	347,215	2,371,688
Federal Agencies	954,978	—	954,978
Municipal Bonds	24,400	—	24,400
	<hr/>	<hr/>	<hr/>
Total investments by fair value level	3,698,281	347,215	3,351,066
	<hr/>	<hr/>	<hr/>
Total investments measured at fair value	\$ <u>3,698,281</u>	<u>347,215</u>	<u>3,351,066</u>

DASNY has no investments classified in the Level 3 category.

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Those classified in Level 2 are valued using the following approaches:

- U.S. Treasuries: quoted prices for identical securities in markets that are not active;
- Federal Agencies: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Municipal bonds: quoted prices for identical securities in markets that are not active;

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Additionally, the \$307 million invested in money market mutual funds is measured using daily publicly published prices (Level 1 category).

(4) Leases and Loans Receivable

Leases and Loans Receivable represents amounts due in accordance with various financing agreements relating to the utilization of bond proceeds on projects.

Leases and Loans Receivable at March 31, 2017 consisted of the following (dollars in thousands):

Minimum payments to be received during the fiscal years ending March 31:	
2018	\$ 4,608,195
2019	4,590,393
2020	4,400,148
2021	4,559,019
2022	4,197,659
Thereafter	<u>51,200,643</u>
Total minimum payments receivable	73,556,057
Less future financing income, unexpended bond proceeds, and other credits	<u>28,643,649</u>
Total leases and loans receivable, net	44,912,408
Less current leases and loans receivable, net	<u>4,080,624</u>
Long-term leases and loans receivable, net	<u>\$ 40,831,784</u>

Leases and loans receivable financed by bonds and notes are collectible through periodic payments. The collection of this receivable from institutions is dependent on the ability of each institution to generate sufficient resources to service its bonds and notes. For hospitals and nursing homes, this is predicated in large part on their ability to obtain Medicare, Medicaid, or other third party reimbursement rates sufficient to offset operating costs. For higher education institutions, this is predicated in large part on their ability to maintain enrollment and tuition at levels adequate to offset operating costs. For certain public institutions, payment is dependent upon annual appropriation. In certain situations, various credit structures are in place to reduce the risk of nonpayment to bondholders should an institution be unable to pay its debt service (see note 7). Based on continuous monitoring of collectability, it has been determined that there is no need to establish reserves for loan losses at March 31, 2017.

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(5) Capital Assets

Capital assets, net at March 31, 2017 consisted of the following (dollars in thousands):

	<u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>2017</u>
Capital assets:				
Land:				
DASNY	\$ 1,083	—	—	1,083
Atlantic avenue	1,306	—	—	1,306
Buildings:				—
DASNY	23,388	—	—	23,388
Atlantic avenue	34,366	—	—	34,366
Equipment— DASNY	9,734	279	—	10,013
Total capital assets	<u>69,877</u>	<u>279</u>	<u>—</u>	<u>70,156</u>
Less accumulated depreciation:				
DASNY	24,026	786	—	24,812
Atlantic avenue	6,055	3,200	—	9,255
Total accumulated depreciation	<u>30,081</u>	<u>3,986</u>	<u>—</u>	<u>34,067</u>
Capital assets, net	\$ <u>39,796</u>	<u>(3,707)</u>	<u>—</u>	<u>36,089</u>

Depreciation expense is included in Maintenance and Operations expense in the Statement of Revenues, Expenses, and Changes in Net Position.

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(6) Long-Term Liabilities

DASNY's long-term liabilities as of March 31, 2017, including the current portion, are comprised of the following (dollars in thousands):

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Bonds and notes payable	\$ 47,286,010	6,630,485	(6,059,848)	47,856,647	4,080,624
Other long-term liabilities:					
Accrued retainage	\$ 45,191	19,668	(15,991)	48,868	2,266
Accrued arbitrage	245	—	(162)	83	—
Compensated absences	4,057	48	—	4,105	—
OPEB liability	110,235	18,084	(4,391)	123,928	—
Net pension liability	5,259	29,551	(10,691)	24,119	—
Other	23,656	—	(1,667)	21,989	1,824
Total other long-term liabilities	\$ 188,643	67,351	(32,902)	223,092	4,090
Due to New York State	\$ 172,584	1,727,425	(1,707,850)	192,159	180,765
Amounts held for institutions	\$ 568,948	887,679	(849,373)	607,254	302,406

(7) Bonds and Notes Outstanding

(a) Description of Bonds and Notes

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

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include credit enhancements. The following summarizes bonds and notes outstanding at March 31, 2017 by primary security feature (dollars in thousands):

	Amounts of debt outstanding
Backed by letters of credit	\$ 1,240,565
Insured by municipal bond insurance	1,843,679
Backed by mortgages insured by the State of New York Mortgage Agency	113,990
Backed by mortgages insured by agencies of the federal government	333,440
Payable from State and local government appropriations, state service contracts or designated income funds	28,589,009
Backed by pledged assets and revenues or payments	<u>15,735,964</u>
Total	<u>\$ 47,856,647</u>

Fixed rate and variable rate bonds and notes are due in various installments through the fiscal year ending March 31, 2051 and bear interest at variable rates currently ranging from 0.078% per annum to 1.06% per annum, and fixed interest rates currently ranging from 0.75% per annum to 7.875% per annum.

As of March 31, 2017, DASNY had a total of \$2.0 billion outstanding variable rate demand bonds, of which \$1.2 billion was secured by direct pay bank letters of credit, \$486 million was secured by appropriations or by pledged assets and revenues or by payments of the respective clients and with liquidity provided by standby purchase agreements, \$146 million was secured by agencies of the federal government, and \$230 million was secured by pledged assets and revenues or by payments of the respective clients acting as their own liquidity provider.

The variable rate demand bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest upon notice and delivery (tender) of the bonds to the remarketing agent being provided within a period of time as specified under the respective bond documents. The remarketing agent is required to use its best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate. For those bonds secured by a direct pay letter of credit, the trustee is required to draw an amount sufficient to pay the purchase price of bonds delivered to it and to reimburse the letter of credit provider from monies available from remarketing and from monies held under the bond resolution. The direct pay letters of credit relevant to variable rate bonds expire at various times through September 11, 2021. For those bonds with liquidity provided by a standby bond purchase agreement, secured by an agency of the federal government, or where the conduit borrower is acting as its own liquidity provider, the trustee is required to draw from monies held under the bond resolution or from the liquidity provider an amount sufficient to pay the purchase price of bonds delivered to it which are unable to be remarketed. The standby bond purchase agreements expire at various times through November 23, 2020.

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DASNY issues debt on behalf of both public, primarily the State, and private institutions. DASNY has elected the option under GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations*, to report conduit debt, primarily issued on behalf of private institutions, in its basic financial statements. In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended, DASNY is included in the financial statements of the State as a discretely presented component unit. As such, bonds issued on behalf of the State are not considered conduit debt. Under GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, variable rate demand bonds should be reported as long-term debt if certain conditions are met; otherwise, they should be reported as a current liability. In the case of its conduit variable rate demand bonds, DASNY is not a party to the liquidity or takeout agreement with the provider. All liquidity provider fees are paid directly by the conduit borrower and are not DASNY's obligation, and, in some cases, the conduit borrower acts as its own liquidity provider. Such bonds, and the related leases and loans receivable, are classified as current on the Statement of Net Position. With respect to variable rate demand bonds issued on behalf of its public clients, those bonds secured by liquidity or takeout agreements that expire within one year are also classified as current on the Statement of Net Position. All variable rate demand bonds, and the related leases and loans receivable, are disclosed in note 7(b) Maturities of Bond and Notes and note 4 Leases and Loans Receivable. As of March 31, 2017, approximately \$1.8 billion of variable rate demand bonds were classified as current on the Statement of Net Position.

DASNY, on behalf of the State, has purchased letters of credit and standby purchase agreements from various providers to ensure the liquidity needs of variable rate demand bonds can be met. As of March 31, 2017, these agreements covered \$635 million of variable rate demand bonds outstanding with costs ranging from 0.44% per annum to 0.475% per annum of the amount of credit provided. In addition, remarketing agents receive annual fees ranging from 0.05% per annum to 0.1% per annum of the outstanding principal amount of the bonds. These agreements have expiration dates ranging from December 8, 2017 to January 8, 2020.

If the remarketing agent is unable to resell any bonds that are tendered by the bondholders within six months of the tender date, each agreement with the applicable liquidity provider requires the bonds to accelerate and be payable in 6 to 10 equal semi-annual principal repayments bearing an adjustable interest rate equal to the higher of the bank's prime lending rate or an index tied to the Federal Funds rate. If all the takeout agreements were to be exercised because all outstanding \$635 million demand bonds were put and not resold, DASNY would be required to pay between \$96 million and \$147 million per year in principal repayments plus interest for 5 years under the installment loan agreements. DASNY is only obligated to make such payments from monies paid to it by the State pursuant to financing agreements related to the bonds.

DASNY, on behalf of the City, has purchased a standby purchase agreement from a provider to ensure the liquidity needs of variable rate demand bonds can be met. As of March 31, 2017, this agreement covered \$126 million of variable rate demand bonds outstanding at a cost of 0.57% per annum of the amount of credit provided. In addition, the remarketing agent receives annual fees of 0.08% per annum of the outstanding principal amount of the bonds. This agreement expires on November 23, 2020.

If the remarketing agent is unable to resell any bonds that are tendered by the bondholders within three months of the tender date, the agreement with the liquidity provider requires the bonds to accelerate

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and be payable in 20 equal quarterly principal repayments bearing an adjustable interest rate equal to the higher of the bank's prime lending rate or an index tied to the Federal Funds rate. If the takeout agreement was to be exercised because all outstanding \$126 million demand bonds were put and not resold, DASNY would be required to pay \$25 million per year in principal repayments plus interest for 5 years under the installment loan agreement. DASNY is only obligated to make such payments from monies paid to it by the City pursuant to financing agreements related to the bonds.

Certain bonds and notes have the respective institution's cash and investments, surety bonds, or letters of credit pledged to collateralize certain reserve requirements and are not included in the Statement of Net Position. As of March 31, 2017, the amounts pledged are as follows (dollars in thousands):

Cash and investments (at fair value)	\$	36,550
Surety bonds		167,823
Letters of credit		26,316

Under certain circumstances, if the credit ratings of the surety bond provider fall below a certain level, the related reserve funds are required to be funded with cash and investments, deposits of which are to be made by the ultimate obligor on the bonds in ten equal semi annual installments beginning on the first day of the bond year following such downgrade. As of March 31, 2017, the credit ratings of five surety bond providers, who had issued a total of \$31 million in surety bonds, had fallen below the level requiring such actions. Funding of the related reserve funds commences on varying dates based on the provisions of the respective bond resolutions. There are no similar provisions under the terms of letters of credit. If the rating of the letter of credit provider is downgraded, the ratings on the related bonds may be downgraded.

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(b) Maturities of Bonds and Notes

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal years ending March 31:			
2018	\$ 2,405,832	2,202,363	4,608,195
2019	2,489,836	2,100,557	4,590,393
2020	2,395,665	2,004,483	4,400,148
2021	2,670,302	1,888,717	4,559,019
2022	2,428,092	1,769,567	4,197,659
2023–2027	11,575,859	7,146,452	18,722,311
2028–2032	9,096,518	4,610,103	13,706,621
2033–2037	7,366,357	2,638,557	10,004,914
2038–2042	5,449,778	1,100,014	6,549,792
2043–2047	1,753,258	225,334	1,978,592
2048–2052	225,150	13,263	238,413
Total	\$ <u>47,856,647</u>	<u>25,699,410</u>	<u>73,556,057</u>

Bonds and notes maturing during the fiscal year ending March 31, 2017 as shown in the table above do not correspond to the amount reported as the current portion of bonds and notes outstanding in the Statement of Net Position due to a difference in classification of certain variable rate demand obligations. The amount reflected above is based on the stated maturity dates for all bonds and notes outstanding while the current portion of bonds and notes outstanding in the Statement of Net Position also includes the entire principal amount outstanding of variable rate demand obligations issued on behalf of DASNY's conduit borrowers as well as those variable rate demand obligations relevant to public programs that have liquidity agreements expiring during the upcoming fiscal year and private placement bonds in term rate mode with a mandatory tender during the upcoming fiscal year.

Interest reflected above for variable rate debt was projected using the interest rates in effect as of March 31, 2017.

(c) Tax-Exempt Leasing Program

DASNY offers a tax exempt leasing program (TELP) that utilizes DASNY's tax exempt financing authority. In a TELP lease, DASNY, as the lessee, subleases the equipment to the borrower and thereafter has no security interest in the equipment. The repayments are assigned to and made directly to the lessor. The repayments are nontaxable income to the lessor. The leases do not constitute DASNY or State debt. Since DASNY assigns both its security interest in the equipment and its rights to receive sublease repayments to the lessor, and DASNY has no active role in managing or administering the leases, the TELP leases are not included in the Statement of Net Position. The total amount of TELP leases outstanding as of March 31, 2017 was approximately \$654 million.

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(8) Derivative Instruments

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

At March 31, 2017, DASNY had a total of 25 pay-fixed, receive-variable swap agreements outstanding with a total notional amount of \$736 million and a negative fair value of \$100 million and reciprocal swap repayment terms in lease and financing agreements with like values. DASNY did not enter into any new swap agreements or related lease and financing agreements during the fiscal year ended March 31, 2017.

The table below summarizes the fair values, notional amounts and changes in fair value of derivative instruments outstanding as of March 31, 2017. Bracketed amounts denote negative values.

<u>Type of derivative instrument</u>	<u>Notional amounts (in thousands)</u>	<u>Fair value classification</u>	<u>Swap fair value (in thousands)</u>	<u>Change in fair value classification</u>	<u>Change in fair value (in thousands)</u>
Investment derivatives:					
Pay-fixed, receive-variable swaps:					
Swap agreements	\$ 735,932	Investment	\$ (99,656)	Investment income	\$ (44,261)
Pay-variable, receive-fixed swaps:					
Lease and financing agreements	735,932	Investment	99,656	Investment income	44,261
Grand total			\$ —		\$ —

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

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future net settlement on the agreements. The inputs used in the fair value measurement of the derivative investments are Level 2 category.

Credit risk – As of March 31, 2017, DASNY was not exposed to credit risk on the swap agreements with \$100 million in negative fair values. Since changes in interest rates affect the fair values of swap agreements, it is possible that swap agreements with negative fair values become positive, and that swap agreements with positive fair values increase in value, which would expose DASNY to increased credit risk. DASNY's potential credit risk on the swap agreements is reduced due to the lease and financing agreements in place that obligate the State or City to pay DASNY, subject to annual appropriation, all amounts due in connection with the swap agreements. Certain swap agreements include setoff provisions should a swap agreement terminate. These setoff provisions permit, at DASNY's option, or in some cases, at the option of the nondefaulting or nonaffected party, all swap agreements with the given counterparty related to the bonds to terminate and to net the transactions' fair values so that a single sum will be owed by, or owed to, DASNY. Should the counterparties fail to perform according to the terms of the swap contracts, as of March 31, 2017, DASNY faces a maximum credit risk exposure related to the swaps' net positive fair value of \$0.

As of March 31, 2017, DASNY was exposed to credit risk on the swap repayment terms with \$100 million in positive fair values because the State's and the City's obligations under the lease and financing agreements are subject to annual appropriation.

DASNY guidelines require that, for swap agreements entered into under provisions of Article 5 D of the State Finance Law, counterparties have credit ratings from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories and ratings which are obtained from any other nationally recognized statistical rating agency for such counterparty shall also be within the three highest investment grade categories, or the payment obligations of the counterparty are unconditionally guaranteed by an entity with such credit ratings. DASNY guidelines require that, for swap agreements entered into under the provisions of Section 2926 of the Public Authorities Law, counterparties have credit ratings from at least two nationally recognized statistical rating agencies that are within the three highest investment grade categories, or the payment obligations of the counterparty are unconditionally guaranteed by an entity with such credit ratings. In the event that a counterparty's ratings are reduced below certain ratings thresholds, the counterparty is required to comply with the collateral requirement provisions whereby the counterparty will be required to post collateral in an amount equal to 102% of the swap termination value under certain conditions. Collateral is required to be posted at any time that the counterparty does not have at least one rating in the second highest rating category, or any of the ratings assigned to the counterparty are below the three highest rating categories, and credit exposure exists on the valuation date. DASNY monitors the values of the related swap agreements on a daily basis to determine if collateral is required to be posted. As of March 31, 2017, there was no requirement for collateral to be posted. Collateral on all swap agreements related to State supported bonds is to be held by a third party custodian. Collateral on all swap agreements related to City supported bonds may be held by either a third party custodian or DASNY. All collateral may be in the form of direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, or other securities permitted by law and agreed upon in writing by DASNY and the counterparty.

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The credit ratings for DASNY's counterparties at March 31, 2017 are as follows:

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

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

(9) Debt Refundings

DASNY has issued bonds on behalf of various institutions to defease existing revenue bonds. Under the terms of the resolutions for the defeased bonds, investments have been deposited in irrevocable trusts with trustee banks to provide sufficient amounts to be used solely for the payment of scheduled debt service on these bonds. As a result, the refunded bonds, certain of which are still held by investors, are considered to be defeased pursuant to the applicable bond resolutions and the liabilities for those bonds and related investments have been removed from the Statement of Net Position. As of March 31, 2017, outstanding revenue bonds of approximately \$5.1 billion were considered defeased under existing accounting standards; accordingly, such bonds and the related investments placed in trust are not included in the basic financial statements.

The refundings during the fiscal year ended March 31, 2017, involved the issuance of fixed rate and variable rate bonds to refund previously issued fixed rate bonds. The refundings totaled \$2.82 billion par value of bonds (new bonds) to refund \$2.01 billion par value of outstanding bonds (refunded bonds). The proceeds of \$3.4 billion from the sale of new bonds, including net original issue premium, plus \$123 million of refunded bond monies and deposits from institutions, were deposited in irrevocable trusts (escrow accounts) and used to purchase United States Government securities as described above. The new bonds also funded reserve requirements and provided for costs of issuance. These refundings included the issuance of \$2.76 billion par value of new fixed rate bonds with an average interest rate of 4.53% to refund \$1.94 billion par value of outstanding fixed rate bonds with an average interest rate of 5.13%. The proceeds of \$3.3 billion from the sale of new fixed rate bonds, including net original issue premium, plus an additional

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\$109 million of refunded fixed rate bond monies and deposits from institutions, were used to fund the related escrow accounts. These fixed rate refundings resulted in a decrease of \$565 million in aggregate future debt service payments and a net present value economic gain of \$404 million for the fiscal year ended March 31, 2017. The remaining refundings involved either the issuance and/or the refunding of variable rate bonds and included a total of \$59 million par value of new bonds to refund \$69 million par value of outstanding bonds. The proceeds of \$58 million from the sale of these bonds, including net original issue premium, plus an additional \$14 million of refunded bond monies and deposits from institutions, were used to fund the related escrow accounts. Since these refundings involved variable rate bonds, neither the difference between the cash flows required to service the new bonds and those required to service the refunded bonds, nor the present value gain or loss can be reasonably determined as of March 31, 2017.

(10) Commitments and Contingencies

(a) Litigation

DASNY has been named as a defendant in various pending actions which seek to recover damages for alleged wrongful death, personal injuries, loss of service or medical expenses, and violation of civil rights. There are other pending or threatened actions or matters with regard to breach of contract, retained percentages, damages, work at certain projects, liens filed with DASNY, and other claims involving DASNY contracts. It is management's opinion, based upon the advice of General Counsel, that these pending or threatened matters are covered either by DASNY's insurance program, surety bonds filed with DASNY, indemnification from the State or its agencies and municipalities under applicable statutes or other agreements (subject to the availability of funds), are recoverable from institutions, or DASNY has sufficient resources to meet any potential liability associated with such pending or threatened actions or matters and, therefore, could not be deemed to have a material adverse effect on DASNY.

(b) Construction Commitments

In the normal course of business, DASNY enters into various commitments for construction costs. Such commitments, when added to the costs already incurred, are not expected to exceed the total amount of indebtedness issued and other available funding, including future authorized bond issues. Commitments for future construction costs totaled approximately \$732 million at March 31, 2017.

(c) Risk Management

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

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(11) Retirement Plans

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

(i) Description of Plan

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

(ii) Benefits

The classes of employees covered under the ERS range from Tiers 1–6. In order to be eligible for retirement, all members must be at least age 55 and have a minimum of 5 years of service for Tiers 2–4, and 10 years of service for Tiers 5 and 6. There is no minimum service requirement for Tier 1 members. Generally, all members are eligible for early retirement at age 55 with a benefit calculation of 1.67% of final average salary for each year of service. Benefit calculations for Tiers 1 and 2 members with greater than 20 years of service credit, or Tiers 3–5 members between 20 and 30 years of service credit, is 2.0% of final average salary for each year of service. Tier 3–5 members are eligible for an additional 1.50% of final average salary applied to each year of service over 30 years. Generally, Tier 6 member retirement benefits are 1.75% of final average salary for each year of service for members with 20 years of service, with an additional 2.0% of final average salary for each year of service over 20 years. For Tiers 1–5, final average salary is the average of the wages earned in the three highest consecutive years of employment. Tier 6 final average salary is the average of the wages earned in the five highest consecutive years of employment.

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

(iii) Funding Policy

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

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining on or after July 27, 1976 and before January 1, 2010 who have less than 10 years of service or membership are required to contribute 3% of salary. Those joining on or

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after January 1, 2010, and before April 1, 2012, are required to contribute 3% throughout active service. Persons joining on or after April 1, 2012, are required to contribute between 3% and 6% throughout active service. Employers are required to contribute at an actuarially determined rate. Fully contributed average employer contribution rate for the Tiers of 18.2% was applicable to the annual covered payroll for the year ended March 31, 2016. DASNY's required contribution for the fiscal year ended March 31, 2017 was \$6.9 million and was 100% of the contribution required.

(iv) *Net Pension Liability*

DASNY's proportionate share of the Systems' net pension liability reported as of March 31, 2017 was \$24.1 million. The net pension liability was measured as of March 31, 2016. DASNY's proportion of the net pension liability was based on DASNY's projected long term contribution effort compared to the projected total long term contribution effort of all employers in the Systems. At March 31, 2016, DASNY's proportion of the net pension liability was 0.15% compared to 0.16% for the March 31, 2015 measurement date.

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

(v) *Actuarial Information*

The total pension liability for the March 31, 2016, measurement date was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. This actuarial valuation used the following assumptions:

Actuarial cost method	Entry age normal
Inflation	2.5 percent
Salary scale	3.8 percent indexed by service
Investment rate of return, including inflation	7.0 percent compounded annually, net of investment expenses
Cost of living adjustments	1.3 percent annually
Decrements	Developed from the Plan's 2015 experience study of the Period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the largest asset allocation percentage and by adding expected inflation.

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Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

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

The discount rate used to calculate the total pension liability at March 31, 2016 was 7% as compared to 7.5% for the March 31, 2015 measurement date. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents DASNY's current period net pension liability calculated using the current period discount rate assumption of 7%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current assumption (dollars in thousands):

	1% Decrease (6.0%)	Current assumption (7.0%)	1% Increase (8.0%)
DASNY net pension liability (asset)	\$ 54,385	24,119	(1,456)

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(vi) *Deferred Outflows of Resources and Deferred Inflows of Resources*

At March 31, 2017, DASNY reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 121	2,859
Changes of assumptions	6,432	—
Net difference between projected and actual earnings on plan investments	14,311	—
Changes in proportion and differences between DASNY contribution and proportionate share of contributions	1,164	116
Contributions subsequent to the measurement date	<u>6,875</u>	<u>—</u>
Total deferred outflows of resources	\$ <u>28,903</u>	<u>2,975</u>

Deferred outflows of resources of \$6.9 million, resulting from contributions subsequent to the measurement date will be recognized as a reduction to net pension liability in the year ended March 31, 2018.

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

2017	\$ 4,846
2018	4,847
2019	4,847
2020	<u>4,513</u>
Total	\$ <u>19,053</u>

(vii) *Total Pension Expense*

Total pension expense includes certain current period changes in the total net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense reported for the period ended March 31, 2017 is \$8.9 million.

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(b) Optional Retirement Plan

Unrepresented DASNY employees who have estimated annual salary of \$75,000 or greater may participate in an Optional Retirement Program (ORP) under IRS Section 401(a), which is a multiple employer, defined contribution plan administered by separate vendors – TIAA CREF, Fidelity, Metropolitan Life, VALIC, and VOYA. DASNY's plan is administered exclusively by TIAA CREF. ORP employer and employee contributions are dictated by State law. The ORP provides benefits through annuity contracts and provides retirement and death benefits to those employees who elected to participate in an ORP. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service if the employee is retained thereafter. Employer contributions are not remitted to an ORP plan until an employee is fully vested. As such there are no forfeitures reported by these plans if an employee is terminated prior to vesting. Employees who joined an ORP after July 27, 1976, and have less than ten years of service or membership are required to contribute 3% of their salary. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Employer contributions range from 8% to 15% depending upon when the employee was hired. Employee contributions are deducted from their salaries and remitted on a current basis to the respective ORP. Pension expense for the plan for the period ended March 31, 2017 is \$55 thousand.

(12) Postemployment Benefits

(a) Plan Description

DASNY is a participating employer in the New York State Health Insurance Program (NYSHIP), which is administered by the State of New York as an agent multiple employer defined benefit plan. Under the plan, DASNY provides certain health care benefits for eligible retired employees and their dependents under a single employer noncontributory health care plan. Article XI of the New York State Civil Service Law assigns the authority to NYSHIP to establish and amend the benefit provisions of the plans and to establish maximum obligations of the plan members to contribute to the plan. Subject to collective bargaining agreements, DASNY's Board is authorized to establish the contribution rates of DASNY employees and retirees below those set by Civil Service Law.

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

DASNY pays 100% of the cost of single coverage and 75% of the cost of dependent coverage for employees who retired before January 1, 1983. DASNY pays 90% of the cost of single coverage and 75% of dependent coverage for employees who retire on or after January 1, 1983. A vestee is a DASNY employee vested as a member of the retirement system administered by the State, who has withdrawn from State service after meeting DASNY's minimum service requirement but has not met the

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age requirement for continuing health insurance. During the fiscal year ended March 31, 2017, DASNY had an average of 303 retirees, 25 survivors and 1 vestee. At March 31, 2017, DASNY employed 152 employees eligible for retiree benefits. NYSHIP does not issue a stand alone financial report and NYSHIP's agent activities are included within the financial statements of the State of New York.

DASNY accounts for its other postemployment benefits (OPEB) obligations in accordance with the provisions of GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The first actuarial valuation date was April 1, 2006 and the most recent actuarial valuation date was April 1, 2016. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment mortality and the healthcare cost trend rate. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about the plan.

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

The Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. On March 30, 2010 the Health Care and Education Reconciliation Act of 2010 (HCERA), which amends certain aspects of PPACA was signed into law. The new laws have a financial impact on employers who sponsor postretirement healthcare benefits and therefore have been reflected in DASNY's actuarial valuations since April 1, 2010. An adjustment was made to reflect the effect of the benefit mandates as well as the excise tax that is applicable starting in 2018. The excise tax is 40% of the excess amount by which the plan's healthcare cost exceeds limits as defined in the legislation. The 2018 limits are \$10,200 for active employees with single coverage and \$11,850 for retirees with single coverage. The limits for family coverage are \$27,500 and \$30,950 for active employees and retirees, respectively. The limits are scheduled to increase with the Consumer Price Index (CPI) plus 1% in 2019 and with CPI for all years thereafter. Based on a comparison of projected premiums to these thresholds, DASNY expects to pay an excise tax in 2020.

(b) Funding

DASNY has not funded a qualified trust or its equivalent as required by GASB Statement No. 45, therefore, benefits are funded on a pay as you go basis. DASNY's operating expenses are paid from fees collected from clients. As of March 31, 2017, the portion of the OPEB liability allocable to certain public clients was 89% and will be paid from future fees to be collected. A receivable in the amount of \$114.4 million is included in Other Receivables—noncurrent in the Statement of Net Position at March 31, 2017. A reserve for the portion of the OPEB liability allocable to nonprofit health care institutions, independent colleges, universities, and other nonprofit institutions, and certain New York

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State agencies was funded with \$3.8 million as of March 31, 2017, and \$9.8 million was due to the reserve from client program operating funds for the related change in the OPEB liability.

(c) Actuarial Methods and Assumptions

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

In the April 1, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.3% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.25% (net of administrative expenses) including inflation, declining each year to an ultimate trend rate of 4.75%. Both rates include a 2.75% inflation assumption. DASNY's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. DASNY elected to use an amortization period of thirty years.

(d) Annual OPEB Cost and Net OPEB Obligation

DASNY's annual OPEB cost and net OPEB obligation of the plan as of March 31, 2017, 2016 and 2015 are as follows (dollars in thousands):

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution:			
Normal cost	\$ 9,044	8,652	8,375
Amortization of unfunded AAL	9,361	8,458	8,022
Interest on net OPEB obligation	3,637	3,455	2,999
Adjustment to annual required contribution	<u>(3,958)</u>	<u>(3,498)</u>	<u>(3,036)</u>
Annual OPEB cost	18,084	17,067	16,360
Contributions made	<u>(4,391)</u>	<u>(3,896)</u>	<u>(3,528)</u>
Increase in net OPEB obligation	13,693	13,171	12,832
Net OPEB obligation, beginning of year	<u>110,235</u>	<u>97,064</u>	<u>84,232</u>
Net OPEB obligation, end of year	\$ <u><u>123,928</u></u>	<u><u>110,235</u></u>	<u><u>97,064</u></u>
Percentage of Annual OPEB Cost contributed	24.28%	22.83%	21.56%

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(e) Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial valuation, April 1, 2016, was as follows (dollars in thousands):

Actuarial Accrued Liability (AAL)	\$	252,395
Funded OPEB plan assets		<u>—</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u>252,395</u>
Funded ratio		—%
Covered payroll	\$	45,494
UAAL as percentage of covered payroll		554.80%

(13) Unrestricted Net Position

Unrestricted Net Position includes amounts that are not appropriable for operating expenses and are Board designated for a specific future use. Designations at March 31, 2017 are as follows (dollars in thousands):

Designated:

Health care institution assistance	\$	27,360
Advance funding new projects		5,000
Coverage for financial risks associated with directors and officers liability insurance policies		1,950
Women/Minority Business Enterprises capital access, training and development		3,816
Reserve for replacement of corporate facilities		7,411
Reserve for 21st Century Technology Transformation		2,960
Reserve for Evolution		<u>3,739</u>
Total designated		52,236

Undesignated

		<u>26,919</u>
Total net position unrestricted	\$	<u>79,155</u>

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Required Supplementary Information

Schedule of Funding Progress for the Retiree Health Plan (Unaudited)

(Dollars in millions)

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) - entry age normal cost method (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll ((b - a)/c)</u>
April 1, 2016	\$ —	252	252	—%	\$ 45	555%
April 1, 2014	—	223	223	—	43	520
April 1, 2012	—	222	222	—	50	489

See accompanying independent auditors' report.

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Required Supplementary Information

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

(Dollars in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
DASNY's proportion of the net pension liability	0.15%	0.16%	0.16%
DASNY's proportionate share of the net pension liability	\$ 24,119	5,259	7,035
Covered payroll	45,656	44,162	45,270
Net pension liability as a percentage of covered payroll	52.80%	11.91%	15.54%
Plan fiduciary net position as a percentage of the total pension liability	90.7%	97.9%	97.2%

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

See accompanying independent auditors' report.

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Required Supplementary Information

Schedule of Pension Contributions

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

(Dollars in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 6,875	7,716	7,980
Contributions in relation to the contractually required contribution	<u>(6,875)</u>	<u>(7,716)</u>	<u>(7,980)</u>
Contribution deficiency (excess)	\$ <u>—</u>	<u>—</u>	<u>—</u>
Covered payroll	46,666	45,656	44,162
Contributions as a percentage of covered payroll	14.73 %	16.90 %	18.07 %

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

See accompanying independent auditors' report.

From top:

Ceiling of the Jerome L. Greene Science Center at Columbia University

Framing at Letchworth State Park Humphrey Nature Center

Orange Regional Medical Center Lobby

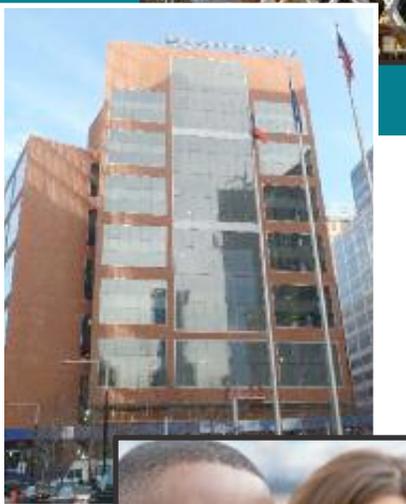
Fiterman Hall South Elevation

Dr. Bushell at Monroe Community College

Networking at DASNY's MWBE Event in Western NY

CUNY students

Façade of CUNY's Advanced Science Research Center



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