



2019

ANNUAL REPORT
Dormitory Authority State of New York

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On the cover: Ribbon cutting at SUNY Plattsburgh's Macomb Hall





Dear Fellow New Yorkers,

It is a time of great pride and accomplishment in New York State. Today we have the strongest economy in history, with lower taxes and the highest number of private sector jobs on record. We are investing in education, fostering a diverse and inclusive workforce, advancing the largest infrastructure program in the nation, and building more renewable energy projects than any other state.

As one of the nation's largest issuers of low-cost, tax-exempt bonds and a prominent public builder, the Dormitory Authority of the State of New York (DASNY) is vital to these efforts.

DASNY's work financing, designing, and constructing scientific, life sciences and medical laboratories, academic centers and residence halls for our higher education partners, and hospitals and libraries strengthens our communities, ensuring a vibrant New York for decades to come.

I commend the DASNY Board, its Chair, Alfonso L. Carney, Jr., and its President and CEO, Gerrard P. Bushell, Ph.D., for their leadership, and DASNY's staff for their faithful dedication and service to the people of the Empire State.

This state is great because of your efforts, and our sense of shared success and cooperation. Together, we will continue to unify, grow, and keep New York's trajectory pointing ever upward.

Sincerely,

A blue ink signature of Andrew M. Cuomo. The signature is stylized, with a large, sweeping 'A' and 'C'.

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 Andrea Stewart-Cousins
Temporary President and
Majority Leader
New York State Senate

The Honorable Carl E. Heastie
Speaker
New York State Assembly

The Honorable John J. Flanagan
Minority Conference Leader
New York State Senate

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

The Honorable Liz Krueger
Chair, Senate Finance Committee

The Honorable Helene E. Weinstein
Chair, Assembly Ways and Means
Committee

The Honorable James J. Seward
Ranking Minority Member
Senate Finance Committee

The Honorable William A. Barclay
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,

It has been a truly remarkable year at the Dormitory Authority of the State of New York (DASNY).

We have a great story to tell – as you will see throughout this year's Annual Report – an innovative Authority that is meeting the challenges of a rapidly changing marketplace while remaining true to its mission of making New York a better place to live, work, and learn. We are delivering on Governor Cuomo's mission of building a greener, forward-thinking, and more inclusive state for all New Yorkers.

Under our **One DASNY** initiative, we implemented numerous improvements to make our processes faster and more efficient, enabling DASNY to better serve its financing and construction partners in health care and higher education. The transformative impact of these **One DASNY** changes is already visible.

DASNY led the nation in municipal bond issuances in Fiscal Year 2018-19. We closed approximately \$8.7 billion in bond issues to finance innovative, high-tech and sustainable infrastructure statewide. For example:

- An \$862.8 million financing on behalf of New York University to build additional classroom space, equip a new science center, and increase energy efficiency.
- A \$685.1 million financing for the Montefiore Health System to support Montefiore's growth as one of the nation's leading academic health systems.

In construction, DASNY is building New York's 21st century social infrastructure. We are upgrading and building new research centers, health care facilities, classrooms, resiliency projects, residence halls, and more, and making sure they are energy efficient. For example:

- The City University of New York (CUNY), DASNY's largest partner, is increasingly relying on DASNY to deliver. We now have more than 300 active CUNY projects with a construction value of more than \$1.5 billion and have enhanced our processes and allocated additional resources to meet their needs.
- DASNY is building New York's net zero emissions future. At SUNY Polytechnic Institute in Utica, DASNY is constructing, using design-build, our state's first "zero-net carbon-certified" residence hall. The building's exterior and mechanical systems will be constructed to make the building highly energy efficient, surpassing existing energy codes, and infrastructure will be installed to allow the later integration of on-site, renewable-energy-production systems. We are also expanding our energy performance contracting capabilities, enabling clients to pay for needed facility improvements with the energy savings generated from these upgrades.
- DASNY is delivering on Governor Cuomo's life sciences initiative, overseeing the design and construction of the new \$750 million New York State Life Sciences Public Health Laboratory in Albany.

We are proud of all that DASNY has accomplished this year – delivering innovative, sustainable solutions, promoting diversity and inclusion, and encouraging economic growth. As we celebrate DASNY's 75th year, we are thankful for what we have achieved and greatly look forward to the opportunities that lie ahead.

Sincerely,



Alfonso L. Carney, Jr.
Chair



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

2019 Highlights

(as of March 31, 2019)

\$8.7 billion
Bonds Delivered

\$1.78 billion
Largest Public Financing

\$862.8 million
Largest Private
Higher Education Financing

\$685.1 million
Largest Private
Health Care Financing

\$54.9 billion
Outstanding Bond Portfolio

\$142.5 billion
Total Financed Since Founding

\$22.1 million
Tax-Exempt Equipment Leasing
Program (TELP) Leases

\$705.2 million
Construction Expenditures

1,025
Construction Projects

\$6.56 billion
Construction Pipeline

32.99%
MWBE Participation

Celebrating Our History

In 75 years of service to New Yorkers, the Dormitory Authority of the State of New York (DASNY) has developed into one of the largest financiers and builders of social infrastructure in the United States. Follow DASNY's timeline and see how the Authority has evolved.



1944

- Governor Thomas E. Dewey signs the law that creates DASNY for the purpose of financing and constructing dormitories at 11 state teachers' colleges.



1949

- First bond issue in the amount of \$10.3 million sells to finance dorms at 11 teachers' colleges: Albany, Brockport, Buffalo, Cortland, Fredonia, Geneseo, Plattsburgh, New Paltz, Oneonta, Oswego and Potsdam.



1954

- Agreement signed, State University of New York (SUNY) will operate dorms built by DASNY.

1948

- In November, DASNY's Board voted to award contracts to the low bidder on the first permanent dormitories, located at the Teachers College in Buffalo.



1955

- The New York State Legislature begins annual appropriations for construction of SUNY dorms, allowing DASNY to begin long-range planning.



1960

- First bond issue sells on behalf of a private college, Wells College in Aurora, to construct a dorm.



1972

- Construction begins at first community college projects financed by DASNY.



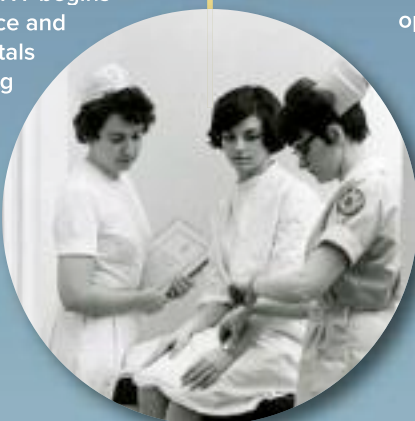
1966

- Law enables DASNY to work with City University Construction Fund (CUCF) to expand City University of New York (CUNY) facilities.



1964

- DASNY begins to finance and build hospitals with nursing schools.



1971

- Begins Affirmative Action Program to expand job opportunities for minority construction workers and contractors.



1973

- Completes first project financed and constructed for NYS Department of Health (DOH), Roswell Park Cancer Institute in Buffalo.

1979

- Begins selling “facility for the Aged Bonds,” the J.G.B. Health Facility in Yonkers is the first sold.



1987

- Law enables DASNY to finance and build court facilities for New York municipalities.

1988

- Law enables DASNY to finance SUNY academic facilities and certain Special Act Schools for the State Education Department.



1994

- DASNY completes its first Tax-Exempt Equipment Leasing Program (TELP) transaction, \$1.2 million for United Health Services.

1990

- DASNY is the No. 1 issuer of municipal bonds in the U.S. – \$4.11 billion issued.

#1



1981

- CUNY “Set-Aside” Program designates purchases and contracts for construction and services to be bid on by small and minority-owned businesses (provided there are sufficient number of qualified firms) at CUNY campuses: Medgar Evers and York Colleges, and Bronx and Hostos Community Colleges.



1993

- Largest revovation and construction project to date, CUNY’s College of Staten Island, \$360 million, moves to its new campus.
- First public libraries added to DASNY statute.



1995

- DASNY merges with the Medical Care Facilities Finance Agency (MCFFA) and the Facilities Development Corporation (FDC), and becomes one of the largest government facilities finance and construction agencies in the U.S.



2000

- Advances the largest health care bond issue in the U.S., a total of \$681.2 million for the Mount Sinai-New York University Health System Obligated Group.



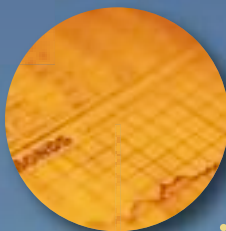
2007

- For the first time, DASNY achieves Leadership in Energy and Environmental Design (LEED) certification for the construction of Binghamton University's Mountainview College construction project.



2003

- Sells more than \$823 million in bonds backed by the new State Personal Income Tax program (PIT).



2002

- Implements new law to help local school districts refinance up to \$1 billion in bonds for capital projects.



1997

- DASNY moves into its new corporate headquarters in Albany. The 180,000 square-foot building was built by DASNY using design-build, and was completed under budget in just 14 months. Design-build is an alternative method that expedites project delivery while maintaining a high level of quality.
- Tax-Exempt Equipment Leasing Program (TELP) is extended to all clients.



2008

- Implements "All Green, Only Green" construction policy – all new construction and larger renovation projects are to achieve LEED certifications.

2012

- DASNY Albany headquarters earns LEED-EB Gold (Existing Building) by the Green Building Certification Institute for energy efficiency, environmental and operational improvements.



#1

- DASNY: No. 1 in the nation as the largest municipal issuer by The Bond Buyer. Total issues – more than \$7 billion.



- DASNY completes work on major construction projects for CUNY: \$587 million expansion at John Jay College of Criminal Justice and \$325 million for Fiterman Hall at Borough of Manhattan Community College.

2014

- DASNY completes final phase of work on the \$249.2 million NYC Health and Hospital Corporation's (HHC) Harlem Hospital Center.



2011

- Achieves LEED Gold for Homes for SUNY Oswego Residence Hall.



2013

- CUNY's Lehman College Science Building Center achieves LEED Platinum, the first Platinum-rated building for DASNY.



- DASNY manages the inspection of more than 5,000 homes damaged by Superstorm Sandy. As a result, Long Island homeowners receive approximately \$110,000 each under Governor Cuomo's leadership.

2019

- DASNY celebrates 75 years of financing, designing, and building New York's future and sets a record high for financing – delivering \$8.7 billion in FY 2018-19.

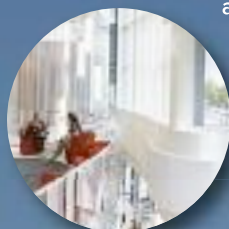


2015

- Gerrard P. Bushell, Ph.D. becomes the first DASNY President and CEO confirmed by the NYS Senate.
- DASNY recasts its financing guidelines in response to client needs for greater speed, flexibility, and certainty.
- DASNY develops hybrid financing product combining taxable bonds for for-profit aspects of a project and tax-exempt bonds for the not-for-profit aspects.



- At CUNY, DASNY finances and builds the university system's \$700 million Advanced Science Research Center and the Center for Discovery and Innovation at the City College of New York – the largest dollar value construction project in DASNY history.



2017

- DASNY and SUNY College at Brockport construct a new \$22.8 million, 256-bed residence hall using design-build. Construction of the project was completed in only 13 months and achieved 32 percent MWBE participation.
- Implemented *One DASNY*, a continuous improvement initiative to better serve clients and further DASNY's public service mission.



2016

- DASNY issued bonds for CUNY, New York University, and Columbia University to finance clean rooms, helping fuel advancements in scientific research and development.
- DASNY issues \$50 million in Green Bonds for Columbia University, providing investors with the opportunity to directly support environmentally sustainable projects.
- DASNY surpasses Governor Cuomo's MWBE contracting goal with a 35.4 percent utilization rate on the NYS Office of Mental Health's (OMH) \$350 million Bronx Behavioral Health Center.



2018

- DASNY partners with the NYS Office of Parks, Recreation and Historic Preservation on \$70 million in upgrades to Niagara Falls State Park, the nation's oldest state park.
- DASNY amends its financing guidelines, simplifying and streamlining its processes for independent institutions, including higher education, health care, and other eligible not-for-profit institutions.
- DASNY expands its Energy Performance Contracting Program, enabling clients to pay for facility upgrades with the energy savings the upgrades generate.



Future Focused






Strengthening our partnerships

As we have charted the course for the future of DASNY, through our ***One DASNY*** initiative, we have strengthened our focus on our clients, who are essential partners in our success. We are continuously striving to better serve our clients and further DASNY's public service mission, doing our part to make New York a better place to live, work, and learn.

All of the changes we have put into place to make DASNY more nimble and proactive directly benefit our clients by making DASNY a stronger partner and a more competitive force in the marketplace.

Our streamlined processes and procedures enable us to enhance the quality of our work, develop value-added technologies, and work more closely with clients to find solutions that address today's most pressing challenges. 

DASNY projects win top honors

FY 2018-19 brought with it many accolades for DASNY projects

DASNY's work with the New York State Office of Parks, Recreation, and Historic Preservation to improve upon the unforgettable experience of visiting **Niagara Falls State Park** received recognition. DASNY managed \$70 million in projects to update the oldest state park in the nation. The six-year restoration project made the park more accessible, safe, and interactive:

Project of the Year (Renovation/Restoration) by the *Engineering News Record* (ENR).

Honorable Mention: Project of the Year ("Cave of the Winds" Plaza Restoration) by New York/New Jersey Chapter of Construction Management Association of America (CMAA NY/NJ).



The American Institute of Architects of New York State (AIANY) presented two DASNY projects with Excelsior Awards for Public Architecture for design excellence:

George Rosenfeld Center for Recovery | Odyssey House, NYC Renovation/Addition | Honor Award

Working on behalf of the NYS Office for Alcoholism and Substance Abuse Services (OASAS), DASNY oversaw the design and construction of the renovation project, which enhanced the original structure built more than 100 years ago. In addition, DASNY provided budgeting and permitting services to help create this modern treatment center.



A second American Institute of Architects (AIANY) Excelsior Award was presented to:

**Queensborough Community College | Science Building Courtyard Enclosure, Queens, NY
Renovation/Addition | Award of Merit**

DASNY managed the construction of a new skylight to the Queensborough Community College Science Building's courtyard and modernized the restroom facilities, adding an accessible elevator, and reconfiguring the courtyard and building entry surface with a full-width gradual ramp for easy access from the campus quad. A "green wall" of various plants was also introduced, extending from the Science Atrium floor up to the second floor.



DASNY's work with Pathfinder Engineers & Architects, LLP and Mach Architecture was recognized as well. Together the \$17.8 million first phase renovation of **SUNY Alfred State College's MacKenzie Complex** was delivered and well-received. Work incorporated various energy-efficient upgrades for the largest residence hall on campus:

Platinum Award (Building and Technology Systems – Pathfinder EA) from the American Council of Engineering Companies of New York (ACEC NY).




Sustainable Solutions





Building a clean energy future for all of New York State

DASNY has a proud history of financing, designing, and constructing sustainable facilities, helping protect the environment for generations to come. Building on this legacy, DASNY is at the forefront of Governor Andrew M. Cuomo's bold clean energy and pollution-reduction agenda to make the state's energy 100 percent carbon-neutral by 2040.

As you will see within the following pages, DASNY is continuously evolving and innovating to not only meet this aggressive goal, but to exceed it. 



As part of its design work on new build and renovation projects, DASNY strives to help its clients not just conserve energy but also improve overall building performance. Approaching design with a systems-thinking approach takes into account indoor air quality, durability, thermal comfort, and more.

Deep Energy Retrofit (DER) is a whole-building analysis and construction process that aims at achieving on-site energy use minimization in a building by 50 percent or more compared to the baseline energy use (calculated using utility bills analysis) making use of existing technologies, materials and construction practices.


Reducing the state's carbon emissions

To help clients reduce their environmental impacts and operating costs, DASNY is expanding its **energy performance contracting** offerings. DASNY's new program enables clients to pay for upgrades to their facilities with the energy savings the upgrades generate.

DASNY's new energy program will provide a turn-key solution to finance, design, and build capital

projects that save energy through a combination of DASNY's Tax-Exempt Equipment Leasing Program (TELP) or tax-exempt bonds for financing and premier procurement and construction services. Prequalified financing entities and energy service companies (ESCOs) are ready to help.

"Through DASNY's new Energy Performance Contracting Pro-

gram, DASNY clients will have the opportunity to pay for today's facility upgrades with tomorrow's energy savings – without tapping into existing capital budgets," said Gerrard P. Bushell, Ph.D., President and CEO of DASNY. "The program offers a time-saving and cost-effective way to complete comprehensive energy upgrades. I am pleased DASNY can offer such an extraordinary service." 

Opposite: Rendering of the new SUNY Polytechnic Institute residence hall.

SUNY Polytechnic Institute's energy-savvy new residence hall

DASNY, in partnership with the State University of New York (SUNY), recently began construction of a \$33.5 million, 257-bed, residence hall project at SUNY Polytechnic Institute's Utica Campus.

"This innovative, zero-net carbon-certified residence hall represents a new level of energy performance with rigorous requirements that ensure outstanding levels of energy savings and provide a healthy environment for students," Governor Andrew M. Cuomo said. "This project is a bold step for SUNY as the college system continues the path to reduce its carbon footprint and builds on our Green New Deal initiative to make New York's electricity 100 percent carbon neutral by 2040 and create a more sustainable, green economy."

The project is a key component of SUNY Chancellor Kristina Johnson's plan to transform the 64-campus system into a zero-carbon operation. This plan includes SUNY sourcing 100 percent of its electricity from zero-carbon sources, and requires all new SUNY buildings to be designed to achieve zero-net carbon emissions. Making this deep, systemic, and transformational change for SUNY's 2,346 buildings – which represent 40 percent of the building infrastructure in New York State – is expected to reduce the State's carbon footprint by more than



SUNY Polytechnic Institute Interim President Grace Wang, SUNY Chancellor Kristina M. Johnson, and DASNY President and CEO Gerrard P. Bushell, Ph.D. attend groundbreaking at SUNY Polytechnic Institute in Utica.

400,000 tons of carbon dioxide equivalents (CO₂e) per year. DASNY is honored to play such an essential role in delivering these important projects.

The building's design supports campus goals including sustainability and energy efficiency to save money, reduce greenhouse gas emissions, and support the mental and physical health of its residents. The residence hall will include hotel-style student rooms with adjacent lounges, kitchens, study, and laundry areas, as well as a multi-purpose room, game room and a bike storage area. It will also include many accessible and visually connected outdoor green spaces, such as a courtyard and trellised area with out-

door grills, and incorporate a bioretention/rain garden to slow rainwater runoff and remove contaminants from the water through natural filtration into the soil. In addition, the residence hall will include connections for a future photovoltaic power system.

The residence hall is being financed through DASNY's SUNY Dormitory Facilities Program, which issues low-cost, tax-exempt bonds supported by student residence hall fees. DASNY expects it to be open for student residents by August 2020. [D](#)

CUNY building smart

For more than 50 years DASNY has worked with The City University of New York (CUNY), financing and constructing facilities, transforming its campuses' architectural landscape. At present, DASNY has more than 300 active projects with a construction value of more than \$1.5 billion spread out over CUNY's 24 campuses.

CUNY committed to preserving our environment and lowering its carbon footprint. In FY 2018-19, DASNY delivered more than \$149 million in energy-related projects for CUNY at the following campuses:

Baruch College	\$10 million
Bor. of Manhattan	
Comm. College	\$21 million
City College of NY	\$60 million
Lehman College	\$40 million
Medgar Evers	\$18 million

The upgrades range from the addition of high-efficiency lighting to the replacement of outdated heating and cooling equipment. They are part of the Sustainable CUNY Conserves program, a University-wide effort to reduce energy consumption across CUNY's 29 million square feet in over 300 buildings, spend less money on utilities, and use

the savings to support other campus initiatives.

The program is working to fulfill the goals of BuildSmartNY, a comprehensive statewide initiative to increase energy efficiency in public buildings launched by Governor Cuomo in 2012, and is a significant step in achieving the governor's Executive Order 88, which is to achieve a 20 percent reduction in energy use in state buildings by 2020. [D](#)

Making an impact at Lehman College

During FY 2018-19, DASNY delivered \$40 million in energy efficiency projects for Lehman College through DASNY's Energy Performance Term Contracting Program.

Work included the demolition of four existing boilers and all associated piping and ductwork as well as the reconstruction of the boiler room itself. The engineering control room was relocated to create space for four new energy efficient boilers that will reduce wasted heat and water as well as improve indoor air quality.

Additionally, DASNY restored two existing steam-driven chillers and supplemented the existing chillers

with two new electric chillers to ensure a comfortable and consistent indoor air temperature. [D](#)



Enjoying the outdoors at Lehman College.

Innovation Excellence





Driving scientific and medical research at Columbia

DASNY bonds provide financing for new science and medical facilities

Columbia University is investing in the future, and that future is built on scientific innovation and research.

Its newest facility in the Engineering School at its Morningside Heights campus features the Columbia Nano Initiative (CNI) Nanofabrication Clean Room, which enables multidisciplinary and collaborative research programs in nanoscale science and engineering, supporting the Departments of Applied Physics, Chemical Engineering, Chemistry, Electrical Engineering, and Physics.

In FY 2018-19, DASNY financed more than \$325 million for Columbia to upgrade and expand the Clean Room, in support of a growing research hub in northern Manhattan.

Proceeds from the financing also went to complete various design, construction, and renovation projects located throughout the University System.

The financing provided additional space for academic and support

services at the Jerome L. Greene Science Center for which DASNY issued \$50 million in green bonds on Columbia's behalf in April 2016. The facility is part of the ongoing development of the Manhattanville campus, which has relied upon low-cost, tax-exempt DASNY bonds.

The Greene Science Center is home to Columbia's Mortimer B. Zuckerman Mind Brain Behavior Institute. Building on Columbia's distinguished history in the study and treatment of the brain, the Zuckerman Institute brings together more than 800 research staff and scholars across some 50 labs, all dedicated to deciphering the mind and brain.

Additional upgrades to University facilities include:


- Design, development, and construction of all systems required to complete underground foundations for the Graduate School of Business;
- Renovation of two levels of the historic Studebaker Building administrative facilities;
- Renovation of research and support spaces of the Vagelos College of Physicians and Surgeons building at the Columbia University Irving Medical Center campus;
- Expansion and modernization of the Vanderbilt Dental Clinic at the College of Dental Medicine;

“Columbia is fortunate to have opportunities to enhance the quality of academic and research space on its Manhattanville, Morningside and Medical Center campuses. DASNY continues to be a collaborative partner in facilitating these important investments.”

*Anne Sullivan, Executive Vice President of Finance and IT
Columbia University*

Opposite: A look inside the Columbia Nano Initiative (CNI) Nanofabrication Clean Room on Columbia University's Morningside Heights Campus.

- Renovation of the 5th and 6th floors of the Hammer Health Sciences Building at The Institute for Genomic Medicine; and
- Renovation and expansion of other academic, research and administrative facilities at the Morningside Heights campus.

By providing capital for these projects, DASNY is helping Columbia invest in doctors, scientists, and engineers who will drive innovation across New York State and the nation for decades to come. 



Inside Columbia University's Jerome L. Greene Science Center.

By financing through DASNY, Columbia University is supporting the growth of an emerging research hub in northern Manhattan.

Photo © Frank Oudeman



“DASNY is pleased to be able to assist Columbia with a financing that will help advance needed research. By investing in facilities for these students, we are advancing the work of doctors, scientists, and engineers who will drive innovation for all of New York.”

*Portia Lee, Managing Director of Public Finance and Portfolio Monitoring
DASNY*




DASNY issued \$50 million in green bonds on Columbia University's behalf in 2016 for the Jerome L. Greene Science Center.

Delivering state-of-the art equipment to New Yorkers with disabilities through TELP



During FY 2018-19, DASNY and The Arc New York closed on a \$7 million transaction. This was the first transaction of a larger \$20 million tax-exempt equipment lease authorization for The Arc New York to purchase adaptive equipment and specialized vehicles for individuals with disabili-

ties, as well as finance information technology equipment upgrades. Over the last two decades, The Arc New York has completed 34 lease transactions with DASNY totaling approximately \$150.1 million through TELP.

Every dollar saved through TELP is reinvested, enabling The Arc New York to make needed upgrades that will help advance its mission, supporting New Yorkers with disabilities. In FY 2018-19, DASNY executed \$22.1 million in low-cost leases through TELP. 



Utilizing DASNY's TELP Program, The ARC New York was able to purchase adaptive equipment and specialized vehicles for individuals with disabilities.



Fueling NYU's growing scientific network

DASNY financing advances construction and renovation projects throughout the University system

Research. Collaboration. Innovation. It's happening in the heart of New York City. And New York University (NYU) is the driving pulse, developing and investing in facilities that will bring scientists, engineers, and students together to push the boundaries of established scientific principles and future technology.

DASNY has aided NYU in this effort, issuing \$862.8 million in tax-exempt and taxable bonds on behalf of the institution. The financing was offered as \$603.5 million in tax-exempt bonds and \$259.3 million in taxable bonds, and will be used in conjunction with previous financings to advance construction and renovation projects throughout the university system.

The issuance included \$83.2 million in green bonds providing investors with the opportunity to directly support projects that NYU has identified as environmentally sustainable.

"NYU plans to be carbon neutral by 2040," said Cecil Scheib, assistant vice president for Sustainability. "With DASNY's support to make sustainable capital

DASNY completed the largest private client transaction in its history when NYU issued \$862.8 million in bonds through DASNY, including \$83 million in green bonds.

projects cost effective here in New York State, NYU can make the most of each construction opportunity."

At NYU's 370 Jay Street building, the existing façade is being restored using high-performance, energy efficient windows, preserving the neighborhood's aesthetic character, while significantly reducing the building's energy footprint.

Green bond proceeds will also go toward sustainable construc-

tion projects and equipment at NYU's 181 Mercer Street, which will include dozens of new classrooms; spaces for performing arts education, training, and rehearsals; student and faculty housing; and a replacement sports and recreation facility.

The construction will incorporate a variety of sustainable design features such as:


- Connecting to the university's high-efficiency, greenhouse gas and pollutant-



Lobby at NYU's Jay Street building.

lowering Co-Generation (CoGen) facility, which produces electricity, heat, and chilled water;

- Low-flow plumbing; and
- Green roofs and outdoor terraces with low irrigation plants to help naturally cool the building, with a retention tank to manage rainwater runoff.

In addition, the construction and equipping of the **Langone Health Science Building** will include various green design strategies, such as external glass louvers on the south façade to mitigate direct sun and glare, a light-colored roof and paving stones along with vegetated terraces to also reduce energy load and mitigate urban heat island effect, and high efficiency lab equipment. 



Common area at NYU's Jay Street building.

Earlier in FY 2018-19, DASNY issued an additional \$592.6 million on behalf of NYU, \$348.9 million of which was offered as a tax-exempt series and \$243.7 million as a taxable series.

Utilizing a hybrid financing structure provides NYU with greater efficiency as well as future flexibility for private use through the issuance of taxable bonds.

These two issuances are part of the university's global plan to increase the strength of its research enterprise as well as focus on areas of scientific intersections: physical sciences and life sciences; engineering and health; technology and new media and arts.




NYU's Tandon School of Engineering



DASNY and SUNY: Building strong foundations for our next generation of leaders

DASNY was established in 1944 to finance and construct dormitories at 11 state teachers' colleges, which were eventually consolidated into the State University of New York (SUNY) we know today.

Since our first bond financing in 1949, DASNY and SUNY have collaborated to provide students across New York State with safe, sustainable, and comfortable residence and dining halls, building strong foundations for our next generation of leaders to learn and innovate. 



SUNY | Buffalo State College | Bishop Hall

Brockport | Eagle Hall | Design-build in action

In August 2018, the \$22.8 million Eagle Hall opened its doors to a new class of students at The College at Brockport. The 263-bed residence hall project, constructed and managed by DASNY, included steel construction with modern fire-safety equipment, including full sprinkler and fire alarm systems, as well as state-of-the-art security systems and card access throughout. The living spaces in the building were constructed with the needs of today's students in mind, fostering collaborative study and student learning through the incorporation of a smart classroom, multi-purpose room, and lounges and kitchens on each floor.

“I was very impressed with the efficiency of the construction process. Utilizing design-build allowed 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.”

Heidi Macpherson, Ph.D., President, The College at Brockport

DASNY deployed design-build, an alternative project delivery method, to construct the residence hall. Using design-build, both design and construction services are integrated and delivered through a single contract to expedite project delivery and provide savings, while maintaining a high level of quality. 

Renovations made to SUNY residence halls are financed through DASNY's SUNY Dormitory Facilities Program, which issues low-cost, tax-exempt bonds supported by student residence hall fees.




SUNY | The College at Brockport | Eagle Hall

Alfred State College | MacKenzie Complex Phase one complete, Phase two underway

Students are raving about the MacKenzie residence hall complex at Alfred State College. The \$17.8 million Phase One renovations - completed last year - are the first in a series of renovations underway at MacKenzie that DASNY's construction teams are completing. The MacKenzie Complex is the largest residence hall on campus, housing approximately 1,100 students. It is comprised of four wings and a central quad. MacKenzie Hall will be renovated in three phases, with each phase addressing approximately 24,000 square-feet of the building.

The award-winning Phase One work included the creation of a large student commons featuring a 35-foot-tall atrium with water features, a monumental staircase, café, fitness center, laundry facilities, lounge and study areas, as well as prototypes for the towers and rowhouses. MacKenzie now serves as a vibrant hub of the campus community. The project has transformed the least desired housing option into one of the most desired housing choices on Alfred's campus.

The Phase Two Renovation Project will include upgrades to MacKenzie's South and East wings. The work includes the addition of a tankless water heating system, energy-saving LED lights, water-efficient plumbing fixtures and upgraded ventilation systems that use energy recovery technology.

Bids are expected in fall 2019 for the \$14 million third phase. 



SUNY | Alfred State College | MacKenzie Complex, Phase One

“Alfred State College is excited that Phase Two of the MacKenzie Makeover project is now underway. We applaud DASNY for helping us to significantly improve the energy efficiency and the aesthetics of MacKenzie, as we strive to make this facility the residence hall of choice for our students.”

*Dr. Skip Sullivan, President
Alfred State College*

SUNY Geneseo | A culinary experience

SUNY Geneseo is reimagining the college dining experience. In September 2018, the ribbon was cut for the new Red Jacket Dining Complex, ushering in a new era of culinary delights for students, faculty, and staff

The 21,000-square-foot space offers nourishing food and also provides a space for community building; a place that students

feel at home and where they can connect with others.

DASNY provided oversight for the two-year renovation project. The newly-renovated building features Red Jacket, the pay-one-price dining hall located on the lower level, as well as Jack's, a retail-style restaurant located on the upper level. Red Jacket food stations include Twisted

Fork (chef-driven creative cuisine), American Grill (traditional favorites), Roots (plant-based offerings that accommodate vegan and vegetarian-driven diets), Clean Eats (serving food free of the top eight food allergens), soup, salad, dessert stations and more. The restaurant is open seven days a week. [\[Link\]](#)



SUNY Geneseo | Red Jacket Dining Hall offers students a variety of dining options.

SUNY Plattsburgh | Newly renovated spaces welcomed by students

Students at SUNY Plattsburgh have safe and secure, contemporary spaces to live and learn, thanks to a more than \$14 million project to modernize Macomb and Mason Halls that DASNY completed during the fiscal year.

The 48,000-square foot, 152-bed Macomb Hall received complete renovations in time for students to arrive for the fall 2018 semester. Work included the installation of new heating and ventilation systems to improve indoor air quality, as well as upgrades for emergency response, such as




SUNY Plattsburgh | Macomb Hall's updated student housing.

new fire alarm systems and additional lighting. Bathrooms have been configured for individual use with modern sleek new finishes that provide increased privacy and safety. New doors, energy-efficient windows, and new roofing, as well as masonry repairs make the building more resilient. The renovations were done with student needs and

convenience in mind throughout. For example, updated laundry facilities previously housed in the basement, were placed on each floor along with kitchenettes allowing increased access and student ease of use.

Macomb Hall now houses Student Support Services and the Educational Opportunity Program

on the ground floor. The area also now features energy-efficient air conditioning and a new elevator providing greater accessibility throughout the building. New landscaping and parking facilities that surround the hall have also been made more accessible to people with disabilities. 

“We appreciate the partnership with DASNY, which gives us the ability to invest in our facilities on a regular, timely basis. The green features inside, new landscaping outside, and added kitchenettes on every floor will make Macomb Hall a special home for students.”

John Ettling, Former President, SUNY Plattsburgh



New kitchenettes were installed in SUNY Plattsburgh's Macomb Hall.



SUNY Plattsburgh's Macomb Hall exterior is new and improved.

Buffalo State College | Bishop Hall gets more than a face lift

Recognizing a need to increase its capacity to accommodate for a growing student body, SUNY Buffalo State, with help from DASNY, transformed Bishop Hall from a 1970s style academic building back into a residence hall. The nearly \$16 million renovated hall now features a state-of-the-art classroom with seating for 24 students, a multipurpose/game room, study spaces and laundry on each floor, printers for student use, and a kitchen.

Originally built as a 44,688 square-foot residence hall in 1958, Bishop Hall was repurposed in the 1970s to house various academic department offices and computer labs. After careful review of the costs associated with building a new residence hall, the college determined it would be more cost effective to renovate Bishop Hall and return it back to its original use as a residence hall.

Today, Bishop Hall provides an additional 207 beds on campus in a traditional, double-loaded


“New York’s higher education institutions are key drivers of economic development and community revitalization. By investing in our higher education partners, we can provide students with the best possible environment to call home as they expand their horizons and push the boundaries of knowledge.”

Andrew M. Cuomo, Governor, State of New York

corridor setting. The renovation also included energy-efficient mechanical, electrical, and plumbing systems, architectural improvements, and safety-related enhancements. The building received all new finishes, furnishings, and installation of individual bathrooms. Exterior façade improvements give Bishop Hall a new identity, as well as enhanced its connection to the Porter Hall and Neumann Hall quad.

Buffalo State College President Katherine Conway-Turner said, “We were thrilled to open to doors to Bishop Hall for move-in day. Students from our honors programs, as well as other aca-

demically high-achieving students, will have the privilege of living in what is now one of our premier residence halls on campus. Buffalo State thanks our partners at DASNY for their continued support of our campus community.”

With renovations completed on Towers One and Four, this is the third of four scheduled tower projects DASNY will be completing for Buffalo State College. 




SUNY | Buffalo State College | Bishop Hall interior improvements.

University at Albany | Providing direct access to health care

DASNY construction crews began work in FY 2018-19 on a \$24.5 million project to renovate Beverwyck and Schuyler Halls at University at Albany in time for students to begin the fall 2019 semester. The renovation now allows the halls to accommodate 171 students, and will soon bring a Wellness Center to campus and provide students on-campus access to health, wellness, and counseling services.

“Relocating the wellness center to an on-campus location will ensure our students have the most convenient access to meet their primary care needs,” said University at Albany Associate Vice President for Finance and Administration John Giarrusso. “We are proud to partner with DASNY in our commitment to the health and well-being of our students and for the entire array of facilities upgrades we are pursuing.”

In addition, a Student Success Center and vending café has been incorporated into the first-floor space between the two residence halls to foster a living-learning community on Dutch Quad. Beverwyck and Schuyler Halls are the first residence halls on the Dutch Quad to include air conditioning. 

SUNY | University at Albany | Beverwyck Hall lobby rendering.



Beverwyck Hall south entrance rendering.




SUNY Canton | Modernized safety and living spaces

At SUNY Canton, the completion of a \$4 million improvement on Rushton Hall enhanced safety measures and modernized living spaces for students.

Renovations to Rushton Hall

included upgrades to its electrical systems, a new energy efficient hot water storage unit, as well as new sprinkler and alarm systems to increase student protections. Thirty-six student rooms and 12 bathrooms were modern-

ized, which included new energy efficient LED lighting to create a brighter and more inviting atmosphere. Energy efficient fans were also installed as part of the upgraded heating and ventilation system. 

“This is the third residence hall that we’ve been able to renovate through our partnership with DASNY. These projects allow us to continually update and upgrade the student living areas in our historic buildings, leading to an overall better learning environment and enhancing the SUNY Canton experience.”

Zvi Szafran, President, SUNY Canton

SUNY Canton | Rushton Hall’s student living area.

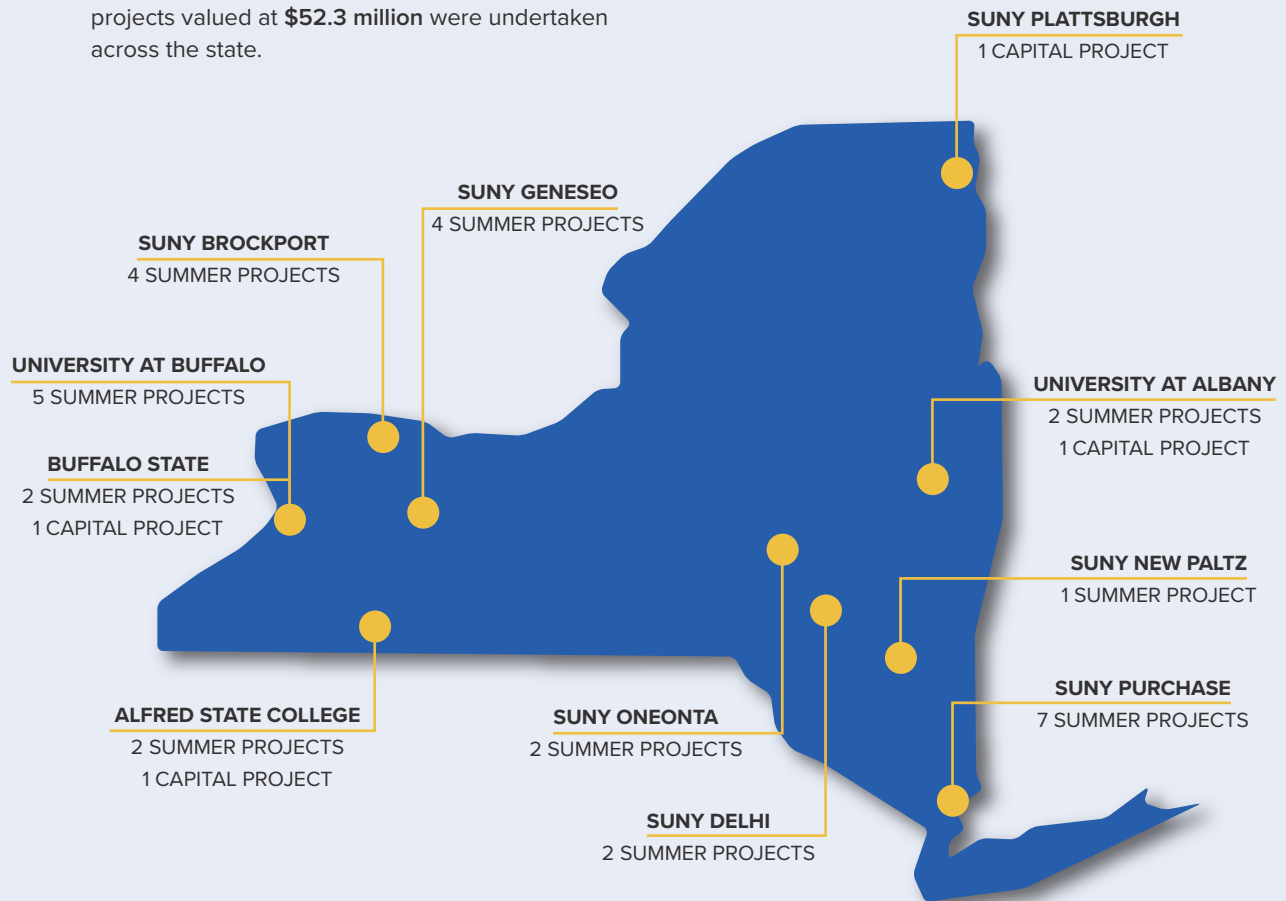


DASNY makes the most of summer break

SUNY summer construction projects for 2019

Each summer, upgrades to SUNY campuses throughout New York State are completed by DASNY-managed contractors over the course of 90 days to be ready for students to begin the fall semester.

In calendar 2019, approximately **\$73 million** will be spent on capital projects at four campuses and 31 summer projects valued at **\$52.3 million** were undertaken across the state.



DASNY delivers record \$585 million in low-cost financing for school districts across the state


Bond proceeds support facility upgrades to help students achieve success

DASNY's work benefits students at every level of New York's education system. During FY 2018-19, Governor Andrew M. Cuomo announced approximately \$585.2 million in low-cost, tax-exempt bonds were issued through DASNY on behalf of 56 school districts. The financing is the largest pooled school district issuance in DASNY history.

"New York is committed to pro-

viding students of all ages with an education that will help them reach their greatest potential," Governor Cuomo said. "By modernizing academic facilities and learning environments across the state, we are supporting the next generation of leaders and laying the foundation for a stronger, more competitive Empire State."

The issuance is part of DASNY's School Districts Revenue Bond

Financing Program, which provides public school districts across New York State with an efficient financing alternative. The program was introduced in 2002. At the time of this transaction, DASNY had issued 95 separate series of bonds on behalf of more than 200 school districts state-wide, providing more than \$5.6 billion in low-interest financing. 

"Principal for a Day"

When Gerrard P. Bushell, Ph.D., DASNY President and CEO, visited Virgil I. Grissom Middle School in Queens, he was immediately called into the principal's office. It was all part of PENCIL's Principal for a Day® event held at the middle school.


PENCIL is a New York City based not-for-profit, which has been working since 1995 to connect students to success.

"I am grateful to be an example of what is possible.

As a product of public education, I hope to help inspire and unlock the potential of New York City youth."

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

Principal For A Day® is a fully immersive experience that creates opportunities for business professionals to work with educators and students in the class-

room, to learn first-hand the benefits of civic engagement and the lasting impact that they and their companies can have on students and schools. 



Dr. Bushell with students and PENCIL Board Member Lewis M. Warren, Managing Director of JPMorgan Chase.



CUNY and DASNY: Expanding access to an affordable higher education

Throughout the last 53 years, DASNY has been committed to assisting the City University of New York (CUNY) in expanding access to higher education and elevating diverse generations of New Yorkers.

The CUNY/DASNY financing and construction partnership has developed millions of square feet of classrooms, laboratories, and libraries, bringing economic development opportunities, and altering the landscape of the city itself. At the close of the FY 2018-19, DASNY was managing more than 300 projects with a construction value of more than \$1.5 billion for CUNY.

LaGuardia Community College



At **Hunter College** in the Upper East Side of Manhattan, DASNY currently has 23 projects valued at approximately \$57 million in design, including a new West Building Plaza, connection to the Baker Theater Building, and improvements to the Kaye Playhouse and North Building Main Auditorium.

In Queens, DASNY is in the final stages of a \$122 million project

to restore the façade and entryway at **LaGuardia Community College**, which educates and supports more than 50 thousand New Yorkers each year. A Stanford University Study on student-mobility rates prepared for the *Chronicle of Higher Education* puts LaGuardia in the Top 5 nationally among two-year colleges, moving low-income earners into the middle class and beyond.

At **Lehman College** in the Bronx, DASNY is gearing up to oversee the management of a three-story, 50,000 square-foot nursing education, research, and practice center. The new laboratory space will enable nursing students to train with state-of-the-art technology for real-world situations, such as trauma and labor and delivery, in a clinical environment. [D](#)

CUNY calls on DASNY president to inspire youth

CUNY's Baruch College, together with the National Urban Fellows Program, is investing in the next generation of leaders by offering training to help young professionals become effective change agents in public and not-for-profit sectors, with a strong commitment to social justice and equality. The classes, held at Baruch's DASNY-built Vertical Campus, feature guest speakers from a network of fellows, mentors, alumni, and community partners who inspire excellence and diversity in public service leadership.

In July 2018, DASNY President and CEO, Gerrard P. Bushell, Ph.D. was invited to address one of these select groups of students.

He relayed to them how important diversity and inclusion are to his experience – from his time in the private sector as one of the only minorities in a meeting room, to the public sector where he leads an organization helping create opportunities and building capacity for Minority- and Women-Owned Business Enterprises (MWBE) in New York State. Dr. Bushell gave some advice about what it takes to be a leader.

“As leaders in the industry, we must be compassionate, decisive and bring a level of pragmatism to our work,” said Dr. Bushell. “We must also recognize reality and be able to continuously innovate.”

Through the National Urban Fellows Program, students are

prepared for leadership through a combination of internships and full-time study. Following the completion of the program, students earn a Master of Public Administration. DASNY is proud to have collaborated with CUNY in inspiring these bright young minds. [D](#)



A shared commitment to diversity and inclusion

In August 2018, at CUNY's John Jay College of Criminal Justice, Dr. Bushell joined CUNY in celebrating New York State's Minority- and Women-Owned Business Enterprises (MWBE) and Service-Disabled, Veteran-Owned Businesses (SDVOB). He addressed those in attendance at the CUNY event eager to do business with DASNY, relaying how DASNY is committed to diversity in all of its procurements.

DASNY's Senior Director, Procurement/Opportunity Programs Michael Clay and Managing Senior Director of Downstate Construction Michael Stabulas were also on hand to help MWBE firms navigate various procurement opportunities. CUNY and DASNY remain steadfast in their commitment to expanding capacity, removing barriers and creating opportunities for all New Yorkers. 

“Governor Cuomo has set the benchmark with a 30 percent MWBE participation rate on all state contracts. At DASNY, we are leaders in executing on behalf of the State, finding ways to help MWBEs grow and increase their capacity.”

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




Students at the John Jay College of Criminal Justice in Manhattan.

Distinguished Management Leadership Series



DASNY President and CEO, Gerrard P. Bushell, Ph.D., meets with students at the John Jay College of Criminal Justice in Manhattan.

In an effort to allow its students opportunities to engage with industry experts, John Jay College of Criminal Justice recently launched its “Distinguished Management Leadership Series.”

Dr. Bushell was invited as its first speaker. In November, Dr. Bushell addressed a group of graduate students at the college based in Manhattan. Dr. Bushell spoke about the importance of public service and understanding the role DASNY plays in serving all New Yorkers. 

DASNY helps honor Dominican war heroes


During World War II, hundreds of American men and women of Dominican heritage bravely fought for our freedom. While their sacrifices have not been forgotten, there had never been a memorial for people to honor those who put their lives on the line.

That all changed in early November 2018, when the nation's first "World War II Dominican Veterans Monument" was built on the Bronx Community College campus. DASNY constructed the memorial, which consists of a granite wall with the soldiers' names engraved in it, and provided the surrounding landscaping.

"This is a proud day for all Americans whose loved ones fought bravely for our freedom," said Gerrard P. Bushell, Ph.D., DASNY President and CEO. "DASNY is pleased to honor the sacrifices so many have made for our country and construct this memorial. To display it on Bronx Community College's beautiful campus is a privilege."

The 351 names inscribed on the monument, which include a Tuskegee Airman and a Bronze and Silver Star recipient, were identified through a joint effort between Bronx Community College and the Dominican Studies Institute, researched by a City University of New York (CUNY) Dominican Studies Project called "Dominicans in New York."

Calling the monument "a gift to us all," CUNY Vice Chancellor Judy Bergtraum added, "I hope

that visitors from many places will come here to Bronx Community College to experience it." 



Leaders from New York City and the Dominican Republic cut the ribbon (above) for the nation's first World War II Dominican Veterans Monument (below) on November 2.



Fostering Diversity



Diversity is one of New York's and DASNY's greatest assets. As diversity increases and our workforce becomes more inclusive, improvements in decision-making, creativity, and innovation ultimately follow.

To encourage relationship-building and foster new partnerships, DASNY hosted an outreach and networking event at the Rochester Institute of Technology (RIT), where attendees were given access to DASNY leaders, as well as provided the opportunity to network with consultants and contractors. [■](#)

Above left, Participants had an opportunity to network at a DASNY-hosted event in Buffalo.

Above right, Fielding questions at the RIT event are DASNY's Michael Clay, Senior Director, Procurement/Opportunity Programs, and Kara Mallard, Chief, Procurement/Professional Services.



Surety Bond Training Program

DASNY has a long history of providing programs to support the Minority- and/or Women-Owned Business Enterprise (MWBE) and Service-Disabled, Veteran-Owned Business (SDVOB) communities.


DASNY's Surety Bond Training Program includes classes where MWBEs and SDVOBs learn how to operate more efficiently and maximize their ability to complete projects on time and on budget. This year, 25 firms completed the 23-class program.

The program helps firms increase their reach and bonding

“Expanding access for MWBEs and SDVOBs to surety bonds is paramount in growing their capacity to take on larger projects. DASNY’s Surety Bond Training Program helps these firms establish a strong financial footing and enables them to grow their businesses in partnership with both the public and private sectors.”

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

capacity, enabling them to take on larger roles on construction projects and access more procurement opportunities. Program classes cover topics including:

accounting, finance, contract law and construction fraud, optimizing bond lines, and estimating and working with construction documents. 


A bright future

Stacie Alexiou, founder of WATT + FLUX, an energy efficiency company specializing in LED lighting conversions and energy storage, says she's forever grateful to DASNY for the opportunities she has been given. Alexiou recently completed DASNY's Surety Bond Training Program, which assisted her firm in increasing its available bonding capacity from \$350,000 to \$4.2 million.



WATT + FLUX Founder Stacie Alexiou (front) and her team.

Navigating the complexities of surety bonding for small firms can be trying. Firms are often required to have bonding to cover up to 100 percent of total project costs and cash on hand for irrevocable lines of credit.

According to Alexiou, the partnership, knowledge-transfer, and the program's dedication to seeking out high-performing firms and committing to helping them win work and increase their capacity is like no other. 



“Through perseverance, creativity and coaching provided through the DASNY Surety Bond Training Program, we learned valuable lessons, sharpened our skills, made our business tighter and ultimately increased our capacity to take on larger projects. We are excited about future work with New York State to conserve energy consumption, reduce greenhouse gas emissions and power intelligently.”


Stacie Alexiou, Founder, WATT + FLUX

Positioned for success

Company President Jim Pellegrino says 3D Industrial, a service and repair company that provides electro-mechanical repair and installation services for heating, ventilation, and air conditioning (HVAC) and industrial applications, has worked closely with end users as a prime contractor for decades, but without bonding the firm was limited in what services it could deliver.

DASNY's Surety Bond Training Program showed Pellegrino how to streamline office procedures and restructure to meet shop and

field service work requirements. The program also provided a comprehensive assessment of Pellegrino's current operations and helped focus 3D Industrial's business development efforts.

The experience, Pellegrino says, allowed 3D Industrial to step away from the daily grind and focus on new ideas, process improvements and growth strategies. The company now has a secured bond line, is prepared to proceed as a prime contractor, and is excited about opportunities and growth ahead. 



Jim Pellegrino, President, 3D Industrial Sales & Service, Inc. (SDVOB)



“During the course of DASNY's Surety Bond Training Program, we experienced an uptick in our business growth by close to 50 percent from the previous year. We attribute that to the motivational stimulus provided by the exceptional mentors and instructors, as well as our ongoing reputation in the industry. I am very grateful.”

Jim Pellegrino, President, 3D Industrial Sales & Service, Inc.

Creating a more inclusive workforce

DASNY is welcoming its second class for its Public Finance Diversity Fellowship for graduating college students. Alex Sirdine, a Baruch College graduate, and Maria Carrasco, a graduate of the University at Albany, recently joined the DASNY team.

The mission of the fellowship is to build a financial services industry that better reflects the people it serves, and to create and strengthen opportunities to advance diversity and inclusion within the workforce.

The fellowship consists of two six-month terms. The first term is spent in DASNY's Albany office serving as an analyst in the pub-

lic finance and portfolio monitoring division. The second term is spent alongside one of DASNY's investment bank partners in Albany or New York City. Alex Sirdine will be working with Siebert, Cisneros, Shank & Co., LLC and Maria Carrasco will be working with Jefferies, LLC.

This second set of fellows would not have been possible without the success of the first.

Following the completion of the first class, DASNY President and CEO, Gerrard P. Bushell, Ph.D., sat down with DASNY's inaugural fellows to discuss their experiences. And here's what they had to say:



Criseidra Tait; Portia Lee, DASNY Managing Director of Public Finance and Portfolio Monitoring; Dilshoda Kurbonova; and Dr. Bushell at the inaugural Public Finance Diversity Fellowship Orientation in New York City.



Dilshoda Kurbonova
Baruch College
Barclays Capital Inc.

What drew you to the fellowship? I was in a Women in Business organization in college, and was the head of organizing volunteer events. I was working with non-profits, and saw public finance as a way to give back to the community.

What advice do you have for fellows? Keep an open mind. Try to learn as much as you can. Ask questions, and be involved.


Tell us about life at Barclays Capital Inc. I'm being challenged every day and learning new things. This is where I want to be. I want to continue growing and learning.



Criseidra Tait
Medgar Evers College
RBC Capital Markets,
LLC

If there were one word to describe your experience at DASNY, what would it be, and why? Transformational. The fellowship is a once-in-a-lifetime opportunity that had such a positive impact on my life. I was able to establish a sense of purpose in the early stages of my career.

What drew you to this field? The majority of my family members are entrepreneurs in the construction industry so the fundamentals of finance have been instilled in me since I was a child...During my undergraduate studies [at Medgar Evers College], I really began to understand the importance of finance and the role it plays in one's life.

Was there someone at DASNY who had a positive impact on you? My supervisor, Matthew Bergin was a very informative and fun person to work with during my six months. Also, [Managing Director of Public Finance and Portfolio Monitoring] Portia Lee is an amazing woman. She works very hard and has been a great role model for me as a woman entering the industry. 



DASNY's Managing Director of Public Finance and Portfolio Monitoring, Portia Lee, emcees "The Women Building New York" at FIT in New York City.

The women building New York

New York State is taking bold steps towards equal opportunity. DASNY is proud to advance this agenda, which empowers women and minorities. To this end, DASNY hosted a celebration during Women's History Month, in March 2019, honoring several extraordinary women who are leaders in their fields.

More than 200 guests were welcomed to the DASNY women's leadership event, ***"Driving Change and Getting Results: The Women Building New York"*** held at SUNY's Fashion Institute of Technology in New York City.

There, the audience had the opportunity to hear from several extraordinary women who are leaders in their fields and who conduct business with DASNY. **Portia Lee**, Managing Director, Public Finance and Portfolio Monitoring at DASNY, served as Master of Ceremonies and provided opening remarks.

What followed was an engaging interview between **DASNY President and CEO, Gerrard P. Bushell, Ph.D.**, and FIT President, **Joyce F. Brown, Ph.D.**

As a young girl, Dr. Brown was

raised in an apartment overlooking the campus of the City College of New York.



Dr. Joyce F. Brown

She explained from her apartment she could watch students walking from the subway to their classes – she was fascinated. She could even see into the science building and watch students in the laboratories "playing with fire."

Through these experiences she



DASNY President and CEO, Gerrard P. Bushell, Ph.D., leads a discussion with FIT President Dr. Joyce Brown at “The Women Building New York.”

“Not everyone is so interested in your success. You must believe in yourself. Listen to your intuition. Rely on your own strengths and convictions.”

*Dr. Joyce F. Brown, President
Fashion Institute of Technology*

developed a tremendous respect for education at a young age. She, too, wanted a place where she could go and do something transformative. After she earned a bachelor’s degree from Marymount College in Tarrytown, she went on to earn a master’s and Ph.D. in counseling psychology from New York University. Dr. Brown is a first-of-firsts. After a

distinguished career in education and a year in politics as Deputy Mayor for New York City under Mayor David Dinkins, she became President of FIT in 1998. She is the first woman and first African American to hold this position.

“Women need to find their purpose, and the passion will follow.” Dr. Brown’s advice to the young professional women: “I think we should start with telling them they don’t need permission, and they don’t need approval. They need confidence. They need to believe in themselves.”

The conversation between Dr. Bushell and Dr. Brown was immediately followed by a panel of inspirational women in finance

and construction. Moderated by **M. Cornelia Cahill**, Deputy Managing Partner of Barclay Damon, the panel included: **Kym Arnone**, Managing Director and Joint Head of Municipal Finance at Jefferies LLC.; **Cheryl McKissack Daniel**, President and CEO of McKissack and McKissack; **Suzanne Shank**, Chairwoman, CEO and Co-Founder of Siebert Cisneros Shank & Co., LLC.; and **Elizabeth Velez**, President and Chief Contract Administrator of the Velez Organization.

M. Cornelia Cahill facilitated the conversation, with topics ranging from: risk, leadership, determination, persistence, and mentoring to navigating the finance and construction industries as women.



M. Cornelia Cahill

competitive. But in my old age I started to realize, I'm actually pretty competitive in business and I want to compete and I want to be the best I can and to get the next deal." She believes, "As women leaders, it's important to

Ms. Cahill spoke on competition in the workplace. "I'm not an athlete. I'm not

recognize how important we can be to others in their careers as a mentor or sponsor. I was very fortunate early in my career, to have a mentor who decided he was going to take me under his wing for no apparent reason. We had nothing in common. Our backgrounds could not have been more different. And yet he taught me how to write. He taught me that as a lawyer you can learn anything in life, if you give yourself time; you can learn it all."

"Motivation is always fair and has forced me to work really hard."

When asked "If you could pick any one person in the world, alive or dead, with whom would you most like to have lunch? And why?" Ms. Cahill chose her mother, who was a great inspiration to her. Her adult daughters joined the audience in watching Ms. Cahill lead the discussion.



Kym Arnone

remember working on a transaction when I was an analyst at Bear Stearns, and we were doing a deal and they just hired a new Vice President. I knew nothing – even less than nothing – and I went into his office and said, 'I

Ms. Arnone remembers one risk that she took when she was very young, "I

want the upside and the downside for doing this deal and I'd like you to give me the ball, let me run with it.' I remember this vividly, he blew smoke in my face – because this was back in the day when you could smoke in your office – and he said, 'I'm backing you, but I will kill you if you screw this up.' So, I took a risk, a pretty big risk actu-

ally, and he took a risk by backing me and I will never forget it. You know, it wasn't so much of a mentor, as it was somebody who gave me an opportunity."

For those young professionals who are not "getting the ball," Ms. Arnone said, "Go out and get the ball!"

"Taking the lead in your own career, and showing just how badly you want it, will always pay off."



Cheryl McKissack Daniel

insurmountable, and those are the ones that teach you the most. Risk is extremely important. It goes back to your gut. What is actually going to make you propel if things don't go the way you expect them

Ms. McKissack Daniel said, "I have taken quite a few risks, some were good and some were

to go." She explained, "we decided 10 years ago to go "at-risk construction" in New York and Philadelphia at the same time, and we brought in a Board to help us do that. No one wanted to tell me, Cheryl you are jumping off of a cliff that you may not return from. It was probably one of the best decisions I ever made. That risk made us who we are today and created a name for us."

Ms. McKissack credits her mother

"Women must be better at communicating their value."

for being the driving force early on in her career. She also sees opportunity where women can equal their male counterparts when it comes to displaying their worth, "I sometimes see young women in our firm struggle with self-reviews in a way that I don't see with our young male associates."



Suzanne Shank

your career to learn the valuable lessons of leadership and the power of trustworthiness. She explained that leaders must have the confidence to make decisions amid ambiguity and the humility to know when to get

Ms. Shank's key to success: She suggests seeking a mentor early on in

advice and to know what you don't know. "If your employees do not trust you, they will not follow you. Trustworthiness is the most important thing," said Ms. Shank.

She said if she could have lunch with anyone, she would like to meet Katherine Johnson, an

African-American mathematician who played a critical role in NASA's first successful space missions and served as the inspiration for the 2016 movie "Hidden Figures."

"I always try to be fair and honest about my thoughts and how we should proceed, whether good or bad."



Elizabeth Velez

young professionals to focus on supporting community programs and seeking mentoring opportunities. She is actively involved in the construction industry, affirmative action, and is an advocate for

Based on her personal philanthropic experience, Ms. Velez urges all

"I think that leadership strength comes from within."

minority and women-owned business development.

She said, "In my instance I try to lead with the highest level of integrity. That is the core of everything I do. I try to impart it to the folks that we have on staff.

And if you have integrity and you have dignity in what you do, I think it transcends to the organization. It brings you up to a point where people respect your decision making."



M. Cornelia Cahill leads a panel discussion featuring Kym Arnone, Cheryl McKissack Daniel, Suzanne Shank, and Elizabeth Velez.

A Healthy State of Mind





DASNY is proud to collaborate with the New York State Office of Mental Health (OMH) to help build stronger, healthier communities throughout New York State.

In FY 2018-19, DASNY completed \$60 million in projects for OMH, including a \$16 million new addiction recovery center for Bronx Psychiatric Center and a \$24 million construction and renovation of two new three-story additions for Hutchings Psychiatric Center in Syracuse, New York.

The renovations included a consolidated Treatment Mall to serve adult patients, a skills-teaching kitchen, computer lab, multisensory space, creative arts studio, dance movement studio and classrooms with interactive media capability. [i](#)

“The new inpatient buildings at Hutchings Psychiatric Center will give our staff a modern, state-of-the-art environment to provide high quality care. We are thankful to everyone involved in this renovation and are excited to provide services within this new space.”

*Dr. Ann Sullivan, Commissioner
New York State Office of Mental Health*

The South Beach Campus Transformation




Construction is nearing completion at the South Beach Psychiatric Center Expansion Project.

DASNY continues to manage the construction of the South Beach Psychiatric Center expansion project, which will increase access to vital mental health and wellness services for the Staten Island region.

The \$272 million inpatient facility will provide enhanced security and offer an integrated behavioral health care approach, where behavioral health and medical providers work together to meet patients' needs.

When complete, the new building will provide secure residential

beds for approximately 250 adults and 12 adolescents in need of care.

The South Beach Psychiatric Center currently serves more than 2.5 million residents of Staten Island, Brooklyn, and Manhattan. Annually, approximately 450 patients are admitted to and discharged from its inpatient program. The expanded facility will enable residents of the community who are experiencing mental health challenges to receive the care they need in a more supportive, coordinated and cohesive setting. 

Extreme weather is the new normal and New York's social infrastructure must be ready to withstand severe storms and flooding. The Staten Island health campus sustained millions of dollars in damage during Superstorm Sandy. The new design will integrate three existing buildings and be constructed to LEED Silver Certification. It will incorporate the latest strategies for prevention of property and infrastructure damage from future climate change, storms, and soil erosion.

Focusing on the health needs of communities

DASNY is continually examining and refining its processes across all service areas. On behalf its private clients, DASNY amended its financing processes, refocusing its program and making it more predictable, efficient, fast, and flexible.

DASNY applied many of these process improvements to a \$685.1 million “hybrid” tax-exempt/taxable financing performed on behalf of the Montefiore Health System, which operates in the Bronx, Westchester County, and the lower Hudson Valley.

The \$685.1 million issued by DASNY on behalf of Montefiore was offered as a \$309 million tax-exempt series and a \$376.1 million taxable series. In addition, Montefiore issued \$482 million taxably on its own. In total, Montefiore raised \$1.17 billion in the capital market.


Utilizing this hybrid tax-exempt/taxable financing structure

through DASNY allowed Montefiore’s financing to be structured in a way to appeal to the widest range of investors. Montefiore chose these various financing vehicles to tap additional capital and restructure outstanding debt, and to implement a flexible financial structure that supports Montefiore’s growth as one of the nation’s leading academic health systems.

As the academic medical center and University Hospital for Albert Einstein College of Medicine, Montefiore Medical Center is nationally recognized for clinical excellence – breaking new ground in research, training the next generation of healthcare leaders, and delivering science-driven, patient-centered care.

DASNY works with institutions like Montefiore to fulfill their missions and provide them with financial flexibility. Increasingly, hospitals and universities are partnering with the business



community and need private-use space within their facilities. A hybrid financing structure provides them the flexibility to do so. 

“By offering a hybrid tax-exempt/taxable financing structure, we are better able to deliver for our clients when they head to the market. Through our internal *One DASNY* initiative, we have modernized our processes, enabling DASNY to serve our clients with greater flexibility and quicker execution of their financial transactions.”

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

Bonds

Bonds Delivered

Issue and Purpose	Amount
American Academy of Dramatic Arts Private Placement Bonds, Series 2019A and Series 2019B The Series 2019 Bonds were issued to finance the acquisition of 118 Madison Avenue, New York, NY for student housing. (February 7, 2019)	\$34,000,000
Columbia University Revenue Bonds, Series 2018A and Series 2018B The Series 2018 Bonds were issued to finance various design, construction and renovation projects throughout the University system and to refund all of DASNY's outstanding Columbia University Revenue Bonds, Series 2008A. (May 16, 2018)	\$325,185,000
InterAgency Council Pooled Loan Program Revenue Bonds, Series 2018A Subseries 2018A-1 (Tax-Exempt) and Subseries 2018A-2 (Federally Taxable) The Series 2018A Bonds were issued to finance, refinance or reimburse a portion of the costs of the acquisition, renovation and furnishing of certain facilities of the Series 2018 Participants for the provision of services to people with developmental disabilities or other special needs. (August 15, 2018)	\$14,250,000
Montefiore Obligated Group Revenue Bonds, Series 2018A (Tax-Exempt) and Series 2018B (Federally Taxable) The Series 2018 Bonds were issued to currently refund DASNY's Montefiore Medical Center FHA-Insured Mortgage Hospital Revenue Bonds, 2008 Series A, to advance refund Montefiore Medical Center GNMA Collateralized Taxable Revenue Bonds, Series 2011, 2016A and 2016B and to refinance commercial loans and other indebtedness of the institution and/or its affiliates. In addition, new money bonds were issued for the reimbursement of capital projects for Montefiore Medical Center, White Plains Hospital and other affiliates. (August 1, 2018)	\$685,150,000
Municipal Health Facilities Improvement Program Lease Revenue Bonds (New York City Issue) 2018 Series 1 The 2018 Series 1 Municipal Health Facilities Improvement Program Lease Revenue Bonds were issued to refund DASNY's outstanding Municipal Health Facilities Improvement Program Lease Revenue Bonds (New York City Issue) 1998 Series 1, 2001 Subseries 2-1 through 2-5 and 2008 Series 1. (July 13, 2018)	\$340,390,000
New York University Revenue Bonds, Series 2018A (Tax-Exempt) and 2018B (Taxable) The Series 2018 Bonds were issued to finance numerous construction and renovation projects located throughout the University system and to refinance a portion of amounts drawn on the University's line of credit for various capital projects. (May 17, 2018)	\$592,585,000

Fiscal year ended March 31, 2019
Dormitory Authority State of New York
(A Component Unit of the State of New York)

Issue and Purpose	Amount
New York University Revenue Bonds, Series 2019A (Tax-Exempt), Subseries 2019B-1 (Taxable) and Subseries 2019B-2 (Taxable Green Bonds) The Series 2019 Bonds were issued to finance various capital projects across the NYU system including 181 Mercer Street, 370 Jay Street and NYU Langone Science building and to refinance a portion of amounts drawn on the University's line of credit for various capital projects. (February 21, 2019)	\$862,755,000
Personal Income Tax Revenue Bonds (General Purpose), Series 2018A (Tax-Exempt) and Series 2018B (Federally Taxable) The Series 2018A and Series 2018B Bonds were issued to finance or reimburse all or a portion of the costs of programs and projects throughout the State and the refunding of all or portions of various series of State-supported debt previously issued by DASNY and ESD, as well as to pay the cost of issuance of the Series 2018A and Series 2018B bonds. (December 21, 2018)	\$1,669,590,000
Sales Tax Revenue Bonds, Series 2018C (Tax-Exempt) and Series 2018D (Federally Taxable) The Series 2018 Bonds were issued to finance or reimburse all or a portion of the costs of programs and projects throughout the State and the refunding of all or portions of various series of State-supported debt previously issued by Authorized Issuers, as well as to pay the cost of issuance of the Series 2018 bonds. (July 19, 2018)	\$1,781,515,000
Sales Tax Revenue Bonds, Series 2018E (Tax-Exempt), 2018F (AMT) and 2018G (Federally Taxable) The Series 2018 Bonds were issued to finance or reimburse all or a portion of the costs of programs and projects throughout the State and the refunding of all or portions of various series of State-supported debt previously issued by Authorized Issuers, as well as to pay the cost of issuance of the Series 2018 bonds. (October 12, 2018)	\$1,692,385,000
School Districts Revenue Bond Financing Program Revenue Bonds, Series 2018A-E The Series 2018A-E Bonds were issued to finance all or a portion of the costs of school district capital facilities and school district capital equipment and 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 7, 2018)	\$585,230,000
State University of New York Dormitory Facilities Revenue Bonds, Series 2018A The Series 2018A Bonds were issued to fund ongoing system-wide construction costs for approximately one year of SUNY's capital plan for the construction and rehabilitation of various Dormitory Facilities. (October 11, 2018)	\$134,070,000
Total Bonds Issued	<u>\$8,717,105,000</u>

TELDP

Tax-Exempt Equipment Leasing Program

Fiscal year ended March 31, 2019
Dormitory Authority State of New York
(A Component Unit of the State of New York)

Lease and Purpose	Amount
Tax-Exempt Leasing Program I (Health Care)	
United Health Services Hospitals, Inc.	\$10,065,000
\$10.1 million lease for cardiology, nursing, radiology and information technology equipment. (June 7, 2018)	
Oswego Hospital	\$5,000,000
\$5 million lease for imaging and information technology equipment. (November 19, 2018)	
Total TELP I Leases	<u>\$15,065,000</u>
Tax-Exempt Leasing Program II (Higher Education & Other Not-for-Profits)	
NYSARC, Inc.	\$7,039,059
\$7 million lease for information technology, telecommunications, manufacturing and transportation equipment. (December 28, 2018)	
Total TELP II Leases	<u>\$7,039,059</u>
Grand Total TELP Leases	<u>\$22,104,059</u>

Construction

New Construction Projects

(Includes projects valued at \$1 million and above)

Fiscal year ended March 31, 2019
Dormitory Authority State of New York
(A Component Unit of the State of New York)

Project and Purpose	Amount
City University of New York (CUNY)	
Brooklyn College Roof replacement at Whitehead Hall. (July 2018)	\$2,400,000
Brooklyn College Reconstruction of the Access Tunnel Steam Pipe. (August 2018)	\$1,000,000
Brooklyn College Upgrades to the underground utilities and reconstruction of paving and drainage at the East Quad. (August 2018)	\$1,000,000
Brooklyn College Reconstruction of the cupola on the clock tower at LaGuardia Hall Library. (September 2018)	\$2,400,000
Brooklyn College Campus-wide bathroom renovations and upgrades. (September 2018)	\$3,500,000
Brooklyn College Oil tank upgrades. (September 2018)	\$4,000,000
Brooklyn College Construction of a new Cancer Research Lab at Ingersoll Hall. (September 2018)	\$2,500,000
Brooklyn College Renovations and upgrades to the Whitman Hall and Tow Center Facility due to expanding programmatic needs. (January 2019)	\$1,500,000
City College of New York Roof replacement at Compton - Goethals. (July 2018)	\$4,300,000
City College of New York Roof replacement at Baskerville Hall. (July 2018)	\$2,400,000
College of Staten Island Renovation of the flat roofing at Building 1M. (October 2018)	\$4,000,000
College of Staten Island Reconstruction of the first and second floor of the North Wing of the CSI Building 2M. (November 2018)	\$1,200,000
College of Staten Island Renovation of the flat roofing on the Quad Buildings 1-5N and 1-5S. (November 2018)	\$2,000,000
CUNY Graduate School and University Center Renovation of 11,750 SF to create multi-purpose space for training and research. (October 2018)	\$6,100,000

New Construction Projects, cont'd.

(Includes projects valued at \$1 million and above)

Project and Purpose	Amount
Fiorello H. LaGuardia Community College Relocation of existing labs from the M Building to the E Building. (December 2018)	\$1,591,200
Herbert H. Lehman College Renovation of the Lehman College Fillet Hall Auditorium. (May 2018)	\$1,945,884
Herbert H. Lehman College Waterproofing and replacement of pavers at the Lehman College Walk Tunnel. (May 2018)	\$1,500,000
Herbert H. Lehman College Renovation of the roof deck at the Apex Building. (November 2018)	\$1,500,000
Hunter College Renovation of the North Building Auditorium. (May 2018)	\$24,065,212
Hunter College Energy efficient upgrades to the mechanical room in the North Building. (September 2018)	\$1,394,000
Hunter College Renovation of Room 1411 in the North Building. (September 2018)	\$2,504,000
Hunter College Construction of a new perimeter terrace fence at the West Building 8th floor. (November 2018)	\$1,400,000
Hunter College Upgrades to the lecture halls at the North Building. (March 2019)	\$1,000,000
John Jay College of Criminal Justice Renovation of existing space for use as an instructional video recording facility. (September 2018)	\$1,000,000
Medgar Evers College Installation of additional roofing at the Carroll Street Building. (September 2018)	\$1,175,000
New York City College of Technology Roof replacement at the Pearl Building. (July 2018)	\$3,500,000
New York City College of Technology Bathroom renovations in Voorhees Hall. (August 2018)	\$3,485,000
Queens College Reconstruction of the HVAC system in Klapper Hall. (August 2018)	\$1,000,000
Queens College Replacement of windows on all floors of the North and South Wings of Kiely Hall. (November 2018)	\$4,000,000

Fiscal year ended March 31, 2019
Dormitory Authority State of New York
(A Component Unit of the State of New York)

Project and Purpose	Amount
Queens College ADA Upgrades at Queens College. (December 2018)	\$1,000,000
Queens College Reconstruction of the damaged concrete parking ramp at Queens College. (January 2019)	\$1,110,560
Queens College Reconstruction of the roofing at Razran Hall. (March 2019)	\$3,245,250
York College Replacement of the Pool Dehumidification Unit in the Health & Physical Building. (April 2018)	\$1,900,000
NYS Department of Health	
Helen Hayes Hospital Upgrades to the Nursing Units at Helen Hayes Hospital. (April 2018)	\$1,840,150
NYS Veteran's Home at Montrose Emergency Generator Replacement at Montrose Veteran's Home. (December 2018)	\$2,206,367
Office of Mental Health (OMH)	
Binghamton Psychiatric Center Renovations for Facility Administration in Building 75. (June 2018)	\$1,847,000
Hutchings Psychiatric Center Replacement and upgrade to the HVAC mechanical systems in Buildings 2-6, 10-12,14-17. (February 2019)	\$37,750,000
Kingsboro Psychiatric Center Reconstruction of Inpatient area bathrooms and shower rooms. (March 2019)	\$2,590,000
Mohawk Valley Psychiatric Center Construct safe bedrooms in Building 64. (April 2018)	\$1,065,000
Mohawk Valley Psychiatric Center Construction of a larger gym and expansion of an outdoor secure space at Building 64. (February 2019)	\$7,500,000
Mohawk Valley Psychiatric Center Replacement of the roof at Building 11. (February 2019)	\$2,575,000
New York Psychiatric Institute Replacement of the Roof at Building 5. (January 2019)	\$7,530,000

New Construction Projects, cont'd.

(Includes projects valued at \$1 million and above)

Project and Purpose	Amount
New York City Children's Center - Brooklyn Campus Replacement of roofing systems at Brooklyn Psychiatric Center. (June 2018)	\$3,993,000
Pilgrim Psychiatric Center Brick Replacement and Repointing and Window Replacement in Buildings 3, 56, and 71. (April 2018)	\$2,256,000
Rochester Psychiatric Center Conversion of the civilian ward to a forensic ward in the G1 Wing. (May 2018)	\$6,000,000
Rochester Psychiatric Center Renovation of the first floor to expand the clinic in Building 16. (June 2018)	\$1,317,000
Rockland Psychiatric Center Installation of electric interlock between generators at Buildings 57 and 59. (April 2018)	\$1,029,000
Rockland Psychiatric Center New HVAC and consolidate functions at Building 1. (January 2019)	\$4,192,000
St. Lawrence Psychiatric Center Replacement of exterior masonry at Building 202. (March 2019)	\$3,916,000
St. Lawrence Psychiatric Center Replacement of the powerhouse roof at Building 69. (March 2019)	\$2,476,000
Western New York Psychiatric Center Updating life safety code and therapeutic needs at Building 80. (April 2018)	\$15,000,000
Office for People with Developmental Disabilities (OPWDD)	
Broome Developmental Disabilities Services Office Roof replacement at Buildings 1-5. (September 2018)	\$4,500,000
Finger Lakes Developmental Disabilities Services Office Repair and resurface Campus Parking Lots and Roadways at Finger Lakes Developmental Disabilities Services Office. (March 2019)	\$3,462,938
Staten Island Developmental Disabilities Services Office Repair concrete porches at 930 Willowbrook Rd. (October 2018)	\$2,300,000
Sunmount Developmental Disabilities Services Office Asbestos abatement and replacement of condensate piping. (June 2018)	\$1,600,000
Sunmount Developmental Disabilities Services Office Asbestos abatement to the crawlspace and basement. (October 2018)	\$1,221,990

Project and Purpose	Amount
State University of New York (SUNY)	
Alfred State College Renovation of the North Wing of Mackenzie Hall. (April 2018)	\$18,200,000
The College at Brockport Renovation of Benedict and Dobson Halls. (June 2018)	\$2,500,000
The College at Brockport Replacement of the elevators at Perry, Bramley, and Briggs Residence Halls. (February 2019)	\$2,835,000
SUNY College of Agriculture & Technology at Morrisville Building wide renovations at Stewart Hall. (March 2019)	\$17,703,000
SUNY Cortland Renovations to the Smith & Casey Towers to accommodate apartment-style living. (September 2018)	\$30,200,000
SUNY New Paltz Phased Renovation and ADA upgrades to 45 bathrooms and create single-user bathrooms in Bouton Hall. (July 2018)	\$7,044,880
SUNY Purchase Installation of an active sprinkler system in the M-Street Building. (March 2019)	\$1,867,725
University at Buffalo Replacements and upgrades to the electrical system throughout the Ellicott Complex. (August 2018)	\$1,650,741
University at Buffalo Masonry repair work at the Ellicott complex. (August 2018)	\$2,000,000
University at Buffalo Bathroom renovations in the Governor's Complex. (August 2018)	\$3,110,966
University at Buffalo Renovation of the Governor's Complex roof. (August 2018)	\$3,600,000
Modified Service Programs	
Homeless Housing Assistance Corporation (HHAC) Twenty-three projects for homeless housing located in Albany, Bronx, Erie, Kings, Monroe, New York, Niagara, Ontario, Richmond, Steuben, Suffolk and Westchester counties.	\$528,206,359
Office of Alcoholism and Substance Abuse Services (OASAS) Four projects in Monroe, New York, Oswego and Queens counties.	\$22,374,400
New York State Office of Parks, Recreation and Historic Preservation (OPRHP) Three projects in Niagara, Putnam and Ulster counties.	\$9,056,053

Completions

Completed Construction Projects

(Includes projects valued at \$1 million and above)

Project and Purpose	Amount
City University of New York (CUNY)	
Baruch College Energy and controls upgrades at Baruch College including replacement of the cooling tower at the Information Technology Building, a new heat exchanger in the Newman Vertical Campus and replacement of the existing pneumatic mechanical controls in the Information Technology Building with electronic controls. (May 2018)	\$10,538,835
Borough of Manhattan Community College HVAC and controls upgrades at 199 Chambers Street. (August 2018)	\$21,641,525
Bronx Community College Restoration of the roofing system, skylights and chimney at Havemeyer Hall. (October 2018)	\$2,782,844
City College of New York Upgrade of mechanical, HVAC, fume hood and exhaust systems in the Marshak Building. (January 2019)	\$60,587,990
College of Staten Island Reconstruction of gutters and leaders and site hardscape work required to properly manage storm water run-off at several College of Staten Island buildings. (November 2018)	\$7,507,688
College of Staten Island* Construction of a chemical waste storage lab in Building 6S. (December 2017)	\$2,530,457
College of Staten Island Reconstruction of the campus roadway. (May 2018)	\$8,609,034
College of Staten Island Replacement of Building 1M oil tank with two 25,000 gallon above-ground dyke tanks. (January 2019)	\$4,319,645
College of Staten Island Demolition and asbestos abatement of select areas in Building 2M. (October 2018)	\$1,745,316
Hostos Community College* Roof replacement at the Savoy Manor Building. (January 2018)	\$1,541,471

*Project should have been included in prior fiscal year

Fiscal year ended March 31, 2019
Dormitory Authority State of New York
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Project and Purpose	Amount
Hunter College Roof replacement at the 8th Floor of the East Building. (April 2018)	\$1,352,231
LaGuardia Community College Renovation of a portion of the 7th floor of the C Building to house the Goldman Sachs 10,000 Small Businesses Education Center. (December 2018)	\$4,747,120
Lehman College* Chiller plant upgrades. (August 2017)	\$40,508,967
Lehman College Construction of a permanent solution to prevent birds from roosting and entering the APEX building. (December 2018)	\$7,242,083
Lehman College Roof replacement at the Old Gym and APEX buildings. (December 2018)	\$1,078,440
Lehman College Relocation and renovation of the Lehman College Bookstore. (March 2019)	\$4,478,495
Medgar Evers College Roof replacement at the Carroll Street Building. (April 2018)	\$3,049,046
Medgar Evers College Construction of a central plant to provide heating and cooling to the Bedford Building as well as upgrades to the Bedford HVAC system. (October 2018)	\$18,246,481
New York City College of Technology Interior renovations to the Voorhees Building including new ceilings and light fixtures. (May 2018)	\$3,759,583
NYC College of Technology Bathroom renovations in Namm Hall. (May 2018)	\$8,198,900

*Project should have been included in prior fiscal year

Completed Construction Projects, cont'd.

(Includes projects valued at \$1 million and above)

Project and Purpose	Amount
Housing Trust Fund Corp (HTFC)	
Housing Trust Fund Renovation and upgrade of the Rotterdam Junction Firehouse. (May 2018)	\$1,871,331
New York State Department of Environmental Conservation (NYSDEC)	
Hudson Valley Flood Control Construction of flood control pump houses in the Kingston, Rosendale, Amsterdam and Herkimer regions. (January 2019)	\$5,972,176
Lows Lake Dam safety regulation improvements to Lows Lake Dam for extending the service life of the structure. (August 2018)	\$2,022,785
New York State Unified Court System	
New York State Court Officers Training Academy Renovation of the Court Officers Training Academy. (November 2018)	\$56,458,699
Office of Mental Health (OMH)	
Binghamton Psychiatric Center Roof replacement at Garvin Building 75. (November 2018)	\$2,411,614
Bronx Psychiatric Center Reconstruction of a new addiction recovery center located in Building 5. (October 2018)	\$16,321,837
Capital District Psychiatric Center Replacement of the Building Management System at Building 1. (March 2019)	\$2,305,917
Hutchings Psychiatric Center Gut renovation of existing Building 1 and part of Building 15 and construction of two new three-story additions connecting Buildings 1 & 15. (November 2018)	\$24,359,620
Hutchings Psychiatric Center Replace exterior doors in Buildings 11,12,14-17 and 206. (February 2019)	\$1,349,092

Fiscal year ended March 31, 2019
Dormitory Authority State of New York
(A Component Unit of the State of New York)

Project and Purpose	Amount
Pilgrim Psychiatric Center* Alteration and improvements to Buildings 25, 81-83,102 and sitework. (October 2017)	\$1,329,897
Rochester Psychiatric Center Roof replacement at Buildings 48 and 60. (October 2018)	\$3,924,442
Rockland Psychiatric Center Demolish existing 2.4 kV electrical feeder system is this the including electrical equipment at Buildings 1, 17, 19, 68 and 116. Install pad mounted switchgear, upgrade main switches and main transformers at the buildings and upgrade campus wide street lighting distribution. (October 2018)	\$5,573,028
South Beach Psychiatric Center Consolidation and renovation of Buildings 3,4 and 10 to accelerate the campus footprint reduction. (December 2018)	\$1,029,008
State University of New York (SUNY)	
Alfred State College Bathroom renovations in Robinson Chaplin and Getman Halls. (August 2018)	\$2,137,502
SUNY Canton Rehabilitation of the East Wing of Rushton Hall. (August 2018)	\$3,740,345
The College at Brockport Construction of a new 250-bed residence hall. (August 2018)	\$22,826,530
The College at Brockport Bathroom renovations in Mortimer Hall. (August 2018)	\$1,269,810
The College at Brockport Renovation of the existing bathroom HVAC system in McLean Hall. (September 2018)	\$1,535,576
Buffalo State College Renovation of Bishop Hall to convert to a residential facility. (August 2018)	\$15,876,138
Buffalo State College Curtain wall and window replacement in Tower 2. (August 2018)	\$1,844,231

*Project should have been included in prior fiscal year

Completed Construction Projects, cont'd.

(Includes projects valued at \$1 million and above)

Fiscal year ended March 31, 2019
Dormitory Authority State of New York
(A Component Unit of the State of New York)

Project and Purpose	Amount
SUNY Delhi Heating system upgrades in Russell and Dubois Halls and equipment replacement in the mechanical rooms. (August 2018)	\$1,360,820
SUNY Delhi Replace components of the heating system in Gerry Hall. (August 2018)	\$1,013,214
SUNY Plattsburgh Bathroom renovations in Macomb and Mason Halls. (August 2018)	\$14,141,204
SUNY Potsdam Bathroom renovations in Lehman Hall. (August 2018)	\$1,424,051
SUNY Purchase Exterior rehabilitation of brick and windowsill replacement at the Fort Awesome Residence Hall. (August 2018)	\$1,488,096
University at Buffalo Bathroom renovations in Lehman Hall. (August 2018)	\$2,754,499
Modified Service Programs	
Homeless Housing Assistance Corporation (HHAC) Twelve projects for homeless housing located in Bronx, Cayuga, Columbia, Franklin, Kings, New York, Oneida, Suffolk.	\$270,017,091
New York State Office of Alcoholism and Substance Abuse Services (OASAS) Five projects in Clinton, New York, Orange, Queens, and Schenectady.	\$27,903,000
New York State Office of Parks, Recreation and History Preservation (OPRHP) Four projects in Cattaraugus, Nassau, Niagara.	\$27,970,341
State University of New York (SUNY) Ten projects in Broome, Clinton, Erie, Monroe, Nassau, Onondaga, Suffolk and Westchester.	\$36,113,997

Governance

Board Members Executive Leadership Team



DASNY is governed by an 11-member board. Board members include the Commissioner of Education, the Commissioner of Health, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Division of the Budget, 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, the Commissioner of Health, and the Director of the Division of the Budget 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.

Board

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. His term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.



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. Mr. Johnson's term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.



PAUL S. ELLIS, ESQ.,

Secretary, 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 as well as 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.



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. Mr. Gardner's term expired on March 31, 2015 and by law he continues to serve until a successor shall be chosen and qualified.



WELLINGTON Z. CHEN,
Queens

Wellington Z. Chen was appointed as a Member of DASNY by the Governor on June 20, 2018. Mr. Chen is the Executive Director of the Chinatown Partnership Development Corporation. In this capacity, he leads the Chinatown Partnership in implementing initiatives in infrastructure, post 9/11 rebuilding and public space improvements in a comprehensive effort to improve the environmental and the business conditions. He is a graduate of the School of Architecture and Environmental Studies at The City College of New York. Mr. Chen's term expires on March 31, 2020.



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. Her current term expired on August 31, 2016 and by law she continues to serve until a successor shall be chosen and qualified.

Board Members, cont'd.



JOAN M. SULLIVAN,
Slingerlands

Joan M. Sullivan was appointed as a Member of DASNY by the New York State Comptroller on March 26, 2019. Ms. Sullivan is President of On Wavelength Consulting LLC, a firm that assists governmental entities with development of public procurements and private companies with the preparation of effective responses to government solicitations. She possesses over 40 years of experience working in and for the government of New York State, including an expansive career at the NYS Office of the State Comptroller where she last served as Executive Deputy Comptroller before accepting an appointment as Executive Director of The NYS Forum, Inc. Ms. Sullivan holds a Bachelor of Arts degree in Business Administration (Accounting) from Siena College.



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.



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 degree from the University at Buffalo and a Master of Professional Studies from SUNY Buffalo.



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.



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.

Executive

Executive Leadership Team



GERRARD P. BUSHELL, Ph.D. is the President and Chief Executive Officer of DASNY. Dr. Bushell is responsible for the overall management of DASNY's administration and operations. Prior to joining DASNY, Dr. Bushell was Director, Senior Institutional Advisor of BNY Mellon's alternative and traditional investment management businesses. Prior thereto, he held a number of senior advisory roles, including Director, Client Partner Group at Kohlberg Kravis Roberts & Co. (KKR), Managing Director, Institutional Sales at Arden Asset Management LLC and Head of Institutional Sales at ClearBridge: a Legg Mason Company (formerly Citi Asset Management). Dr. Bushell previously served as Director of Intergovernmental Affairs for New York State Comptroller H. Carl McCall. Dr. Bushell holds a Bachelor of Arts degree, Master of Arts degree and Ph.D. in Political Science from Columbia University.



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 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 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.

Executive Staff, cont'd.



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.



PAUL G. KOOPMAN is the Managing Director of Executive Initiatives of DASNY. Mr. Koopman works closely with executive staff on policy development, enterprise risk management, and strategic planning. Mr. Koopman joined DASNY in 1995 managing the Accounts Payable and Banking and Investment Units, and most recently served as Managing Senior Director of Construction. In this capacity, Paul served as the primary relationship manager for some of DASNY's largest clients. His career in public service began in 1985 with the NYS Division of the Budget, and then continued as Chief Budget Analyst for the New York State Facilities Development Corporation. A graduate of the Rockefeller College of Public Affairs, he holds a Master of Arts degree in Public Administration with a Public Finance concentration, and a Bachelor of Arts degree in Political Science from the State University of New York, the University at Albany.

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, North General Hospital (“NGH”) filed a voluntary petition for relief under the United States Bankruptcy Code. On June 22, 2011 the Bankruptcy Court issued an order (the “Confirmation Order”), confirming the Plan of Liquidation.

In accordance with the Plan of Liquidation, on June 30, 2011, the Main Building, the Annex and the Parking Lot were conveyed to NGHP, and NGHP and the New York City Health and Hospitals Corporation (“HHC”) entered into a Lease Agreement (the “HHC Lease”), pursuant to which NGHP leased the Main Building to HHC to be renovated by HHC for use as a Long Term Acute Care Hospital (“LTACH”). On the same date, NGHP sold the Parking Lot to HHC for redevelopment as a

skilled nursing facility and NGHP sold the Annex to the Institute for Family Health for use as a family practice center.

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

The Liquidation Trustee has now resolved all claims submitted by unsecured creditors. The Liquidation Trustee has filed her final accounting with the Bankruptcy Court and the Bankruptcy case has been closed. One of the Liquidation Trustee’s final acts was executing an assignment to DASNY of any receivables due to North General Hospital. DASNY has received, and may receive further, small collection amounts.

Reconstruction and renovation work on the Main Hospital Building was completed and opened as a LTACH in November 2013. Rental payments by HHC have been applied to bondholder payments with the State providing funds under its Service Contract for the balance of bondholder payments.

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”).

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

To fund the ongoing operations following its emergence from Bankruptcy, New IMC has been receiving regular operating assistance from the State. Last fiscal year, DASNY made a loan to New IMC from the Health Facility Restructuring Pool for purchase of new chillers and during this fiscal year an additional advance on that loan was made. It is antici-

ipated that much of the cost of the new chillers will be paid from a grant and a corresponding portion of the loan will be repaid at that time.

New IMC has struggled with cash flow issues during this fiscal year and rent payments were reduced with the consent of DOH. These rent payments were not adequate for either the August 15, 2018 bondholder interest-only payment, nor for the larger principal and interest payment due on February 15, 2019. Rental payments (and future payments, if any) by New IMC have been or will be applied to bondholder payments, with the State providing funds under its Service Contract for the balance of bondholder payments.

NYS Homes and Community Renewal has issued two Requests for Proposals involving four parcels owned by Atlantic Avenue and used by New IMC. None of those parcels are on the main New IMC hospital campus. This process is a part of the State’s Vital Brooklyn community development initiative. It is anticipated that, in addition to housing being constructed on the New IMC sites, clinical and administrative space would also be made available for use of New IMC and its corporate member/parent, One Brooklyn Health System. Timing and terms for transfer of the parcels have not yet been determined.

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, 2019

(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 and for the year ended March 31, 2019, 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, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in notes 2 and 12 to the financial statements, in 2019, DASNY adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. 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 3–23, the schedule of proportionate share of the net pension liability on page 59, the schedule of pension contributions on page 60, and the schedule of changes in total OPEB liability on page 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 purposes of forming an opinion on the basic financial statements of DASNY. The other information 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. The other information has not been subjected to 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 19, 2019 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 the effectiveness of DASNY's 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 19, 2019

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

March 31, 2019

(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, 2019. 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 520 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-profit organizations), 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-profit organizations, 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

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

At DASNY, we are continuously evolving to meet the needs of our clients and support New York State's initiatives to make New York State a better place to live, work and learn. In 2017, DASNY initiated an organization-wide effort - One DASNY - to integrate our resources in finance and construction services, to focus on three key goals: Top-line Growth, Managing Risk and Creating Efficiencies. In 2019, we successfully implemented numerous improvements throughout the organization. For example, we amended our financing guidelines and streamlined our financing process, refocusing the program and making it predictable, efficient, fast, and flexible while accounting for and managing risk. As a result of these improvements, we were able to regain former clients that had not financed through DASNY for a number of years such as Montefiore Health System and Catholic Health System of Western New York. In construction, we implemented a new one-manager model to provide a more efficient transition between the design and construction phases for smaller projects and a newly updated energy performance contracting program. We are also continuing to pursue opportunities to use the design-build project delivery methodology (design-build). By combining design and construction services in a single contract, design-build expedites project delivery and provides savings, while maintaining a high level of quality. We also utilized the lean process to streamline the work authorization and job order contracting processes, enabling us to deliver timely results to our clients. In addition to improvements to our financing and construction processes, we are bringing in various technology tools to streamline and automate organization-wide processes. The improvements we have made benefit DASNY and our clients by expanding our capacity to provide our services to additional clients, while managing the risk.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

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(Unaudited)

DASNY continued expanding its construction services line of business in support of several important New York State initiatives.

DASNY continued its support of the Department of Health and Empire State Development Corporation's (ESDC) initiative to optimize the integration of the Capital Region's life science assets and further accelerate the life science industry's growth and economic development potential. In its 2019 fiscal year budget, New York State appropriated an additional \$600 million (bringing the total appropriation to \$750 million) for a new public health laboratory to replace the Wadsworth Center's aging facilities. DASNY is authorized to use design-build for the project. The selection of a design-build team for the project is underway.

Construction of a new 256-bed residence hall for the SUNY's College at Brockport is the first project in recent years where DASNY has used design-build. The residence hall is being constructed using an innovative panelized construction system that allows wall components of the four-story building to be built off-site while site work and foundations are being prepared. The combination of design-build and off-site construction of certain components of the structure will expedite completion of the project, supporting the College's needs and reducing overall costs.

DASNY and New York State's Office of Mental Health (OMH) are developing a new 262-bed residential building for OMH's South Beach Psychiatric Center that can withstand the wind damage it sustained during Superstorm Sandy while providing modern patient care by maximizing opportunities for connections between care givers and their patients. Since commencing the project in 2018, DASNY has devoted more than 15,000 hours to its construction and expects to complete it in late 2019.

Through this fiscal year, DASNY has provided approximately 11,000 hours of code permitting services for the Moynihan Station and Javits Convention Center Expansion Projects.

DASNY's debt issuance activities had another strong year, issuing over \$8.7 billion in debt, an increase of \$140 million, compared with the prior year. The increase was due primarily to increased issuances from private clients, offset by decreased issuances for refundings from public clients. Total outstanding bonds and notes balance was approximately \$55 billion as of March 31, 2019.

From a financial reporting perspective, DASNY adopted two new accounting rules - GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 86, *Certain Debt Extinguishment Issues* during 2019.

GASB Statement No. 75 is intended to improve accounting and financial reporting by requiring an other postemployment benefit (OPEB) liability to be reported on the face of the financial statements rather than in the accompanying notes (as previously required). As a result, DASNY has restated the beginning net position by decreasing it by approximately \$46 million. This adjustment is reflected in the current year's Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position (see note 2).

GASB Statement No. 86, addresses consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable

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trust for the sole purpose of extinguishing debt. The adoption of GASB Statement No. 86 had no impact on DASNY's net position (see note 9).

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 approximately 2,000 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 four parts: management's discussion and analysis, financial statements, the notes to the financial statements, and required supplementary information. 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 zero (\$0).

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- **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 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 the fiscal year. The statement also includes a reconciliation between operating gain 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 \$87 million and \$84 million during 2019 and 2018 respectively, of which 9% and 13% were allocable to private institutions, while 91% and 87% were allocable to public programs.

DASNY's personal service expenses totaled approximately \$77 million and \$75 million during 2019 and 2018, respectively, of which 79% and 80% were associated with Construction Management activities.

Debt Issuance Activities

Bonds and Notes Issued

As the charts below illustrate, DASNY's Debt Issuance activity includes new money, refundings and refinancings with approximately 71% of the activity coming from public clients. During 2019, the par value of bonds issued was relatively unchanged as increases in new money and refinancings were nearly offset by lower refundings. The reduction in refundings was the result of higher activity in the prior year in advance of the change in federal tax laws related to tax-exempt bonds. The charts on the following page provide additional detail regarding the three types of issuances by client type.

The increases in new money and refinancing issuances from private clients (which came primarily from one independent college) in conjunction with the decrease in refundings from public clients also drove a shift in the public-to-private proportion, with the public share decreasing from 83% in 2018 to 71% in 2019.

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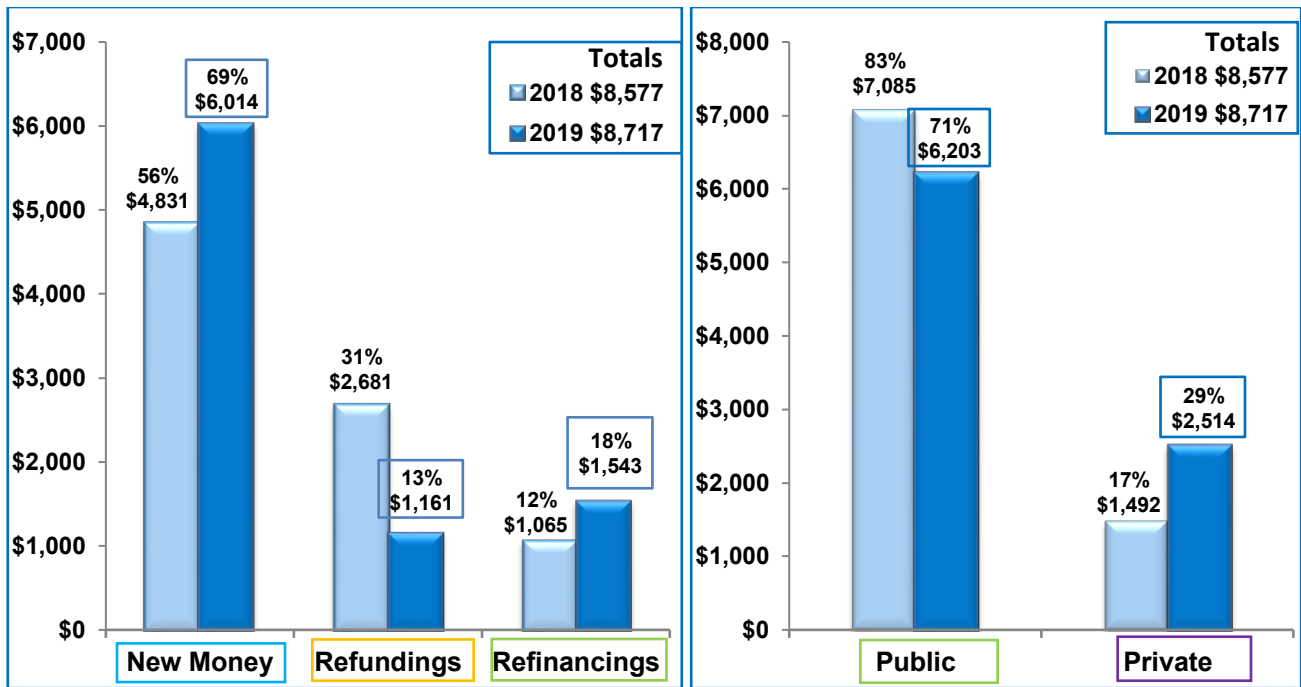
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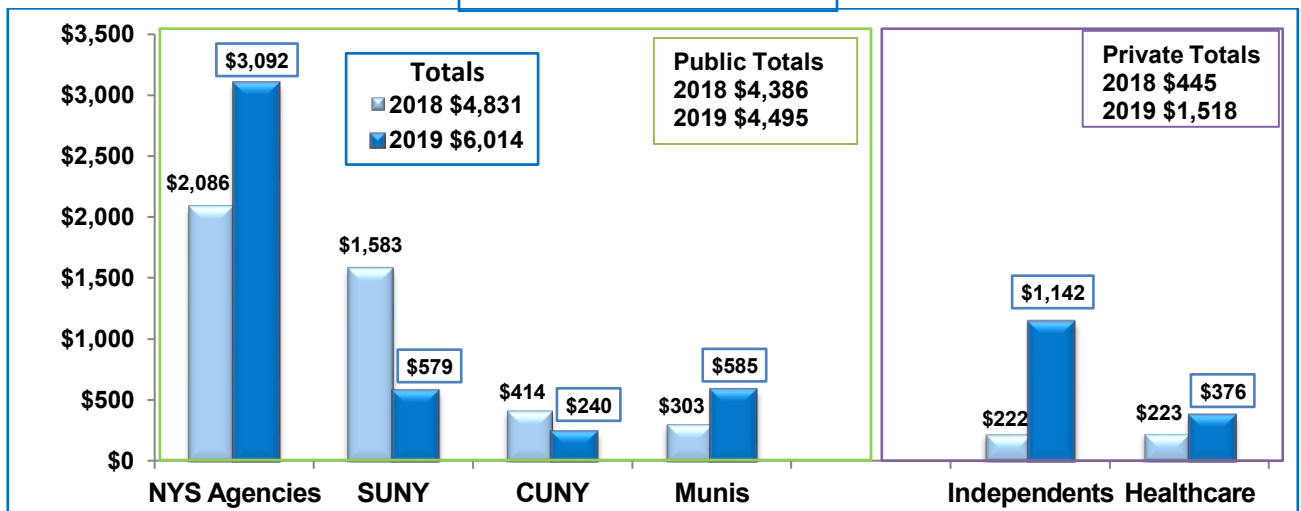
(Unaudited)

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)

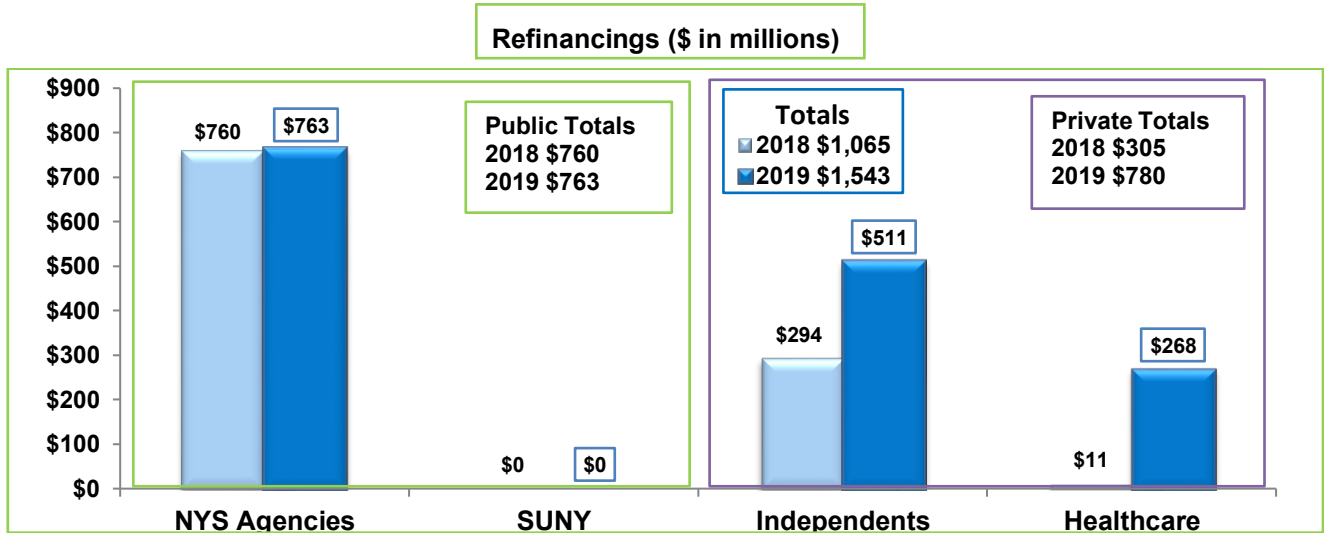
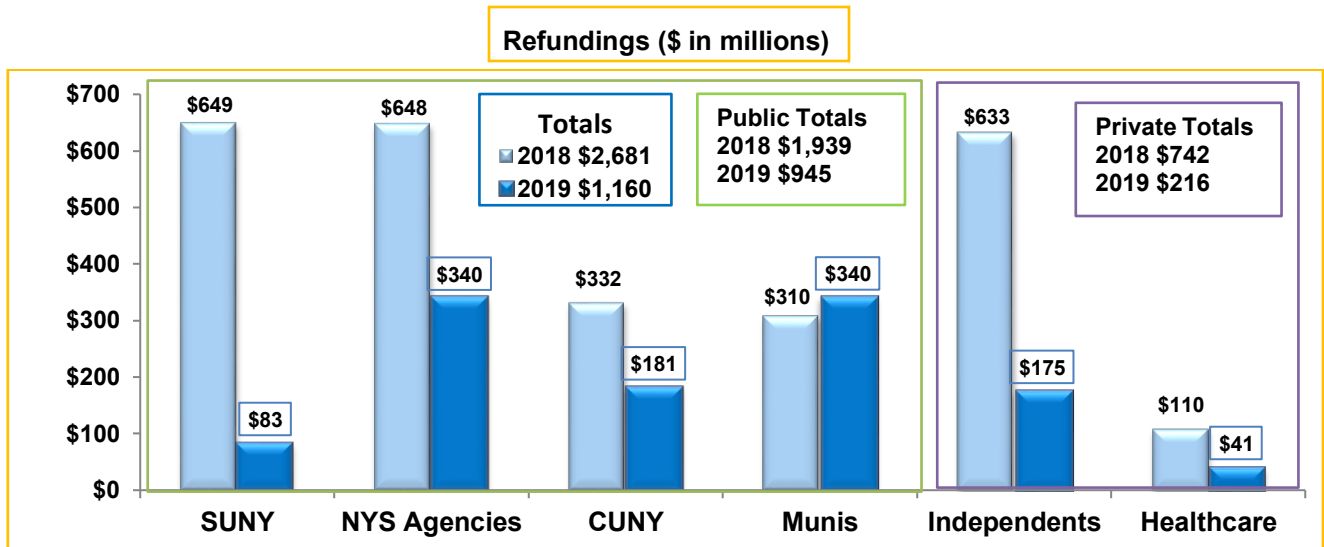


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Bonds and Notes Retired

Bond retirements were \$1.7 billion lower in 2019, primarily due to a lower level of refundings. As shown in the charts below, refundings of DASNY bonds contributed approximately 32% of DASNY's bond retirement activity in 2019, compared with 48% in the prior year driven primarily by a lower level of refundings from both public and private clients due to proposed changes to the federal tax exempt bond laws in 2018 which lead to a high level of refundings in 2018.

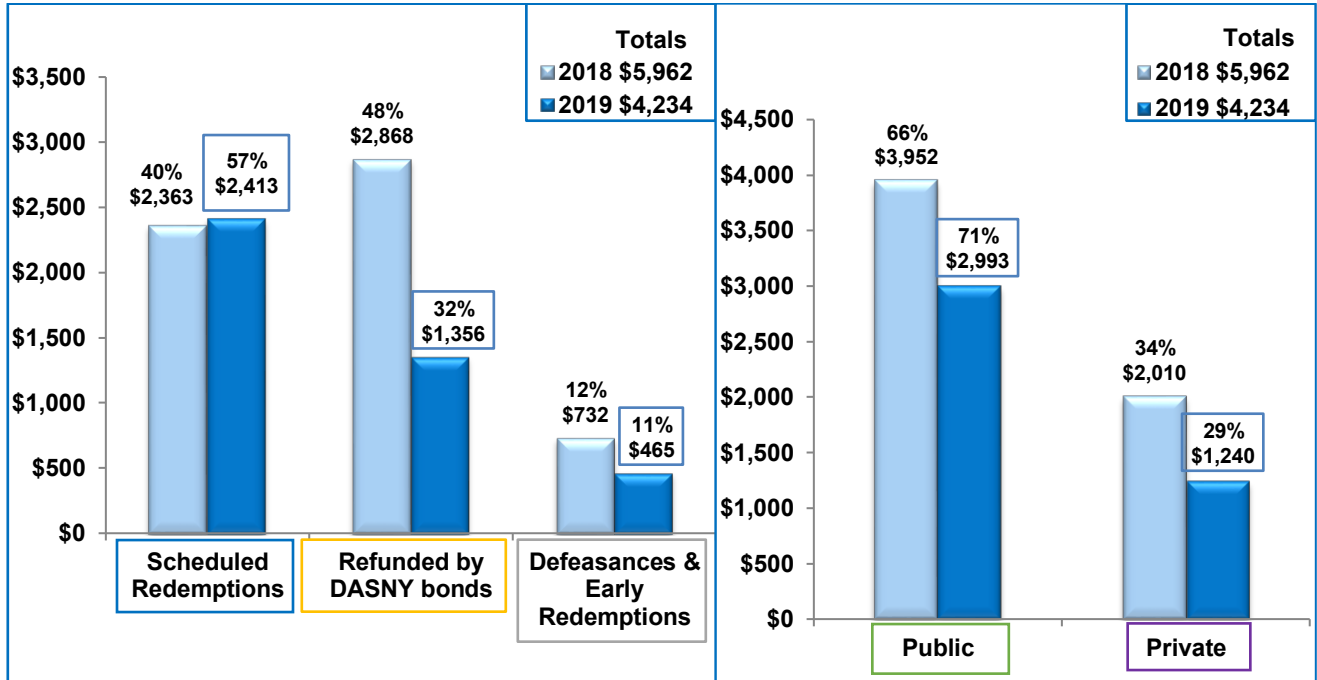
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Par Amount of Bonds Retired (\$ in millions)



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.

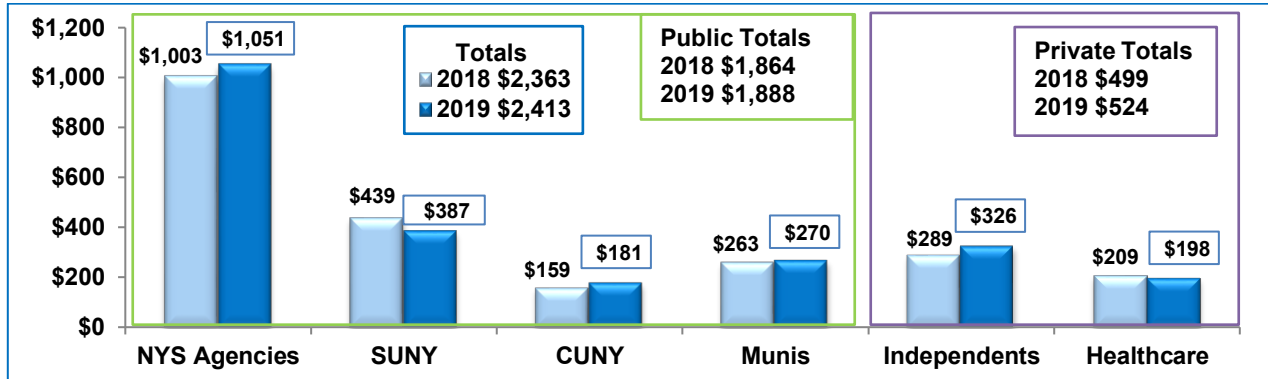
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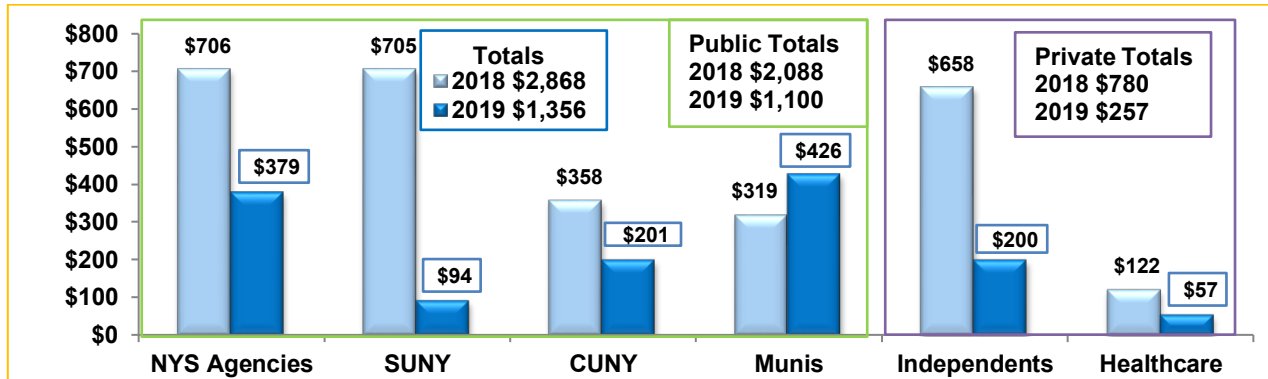
March 31, 2019

(Unaudited)

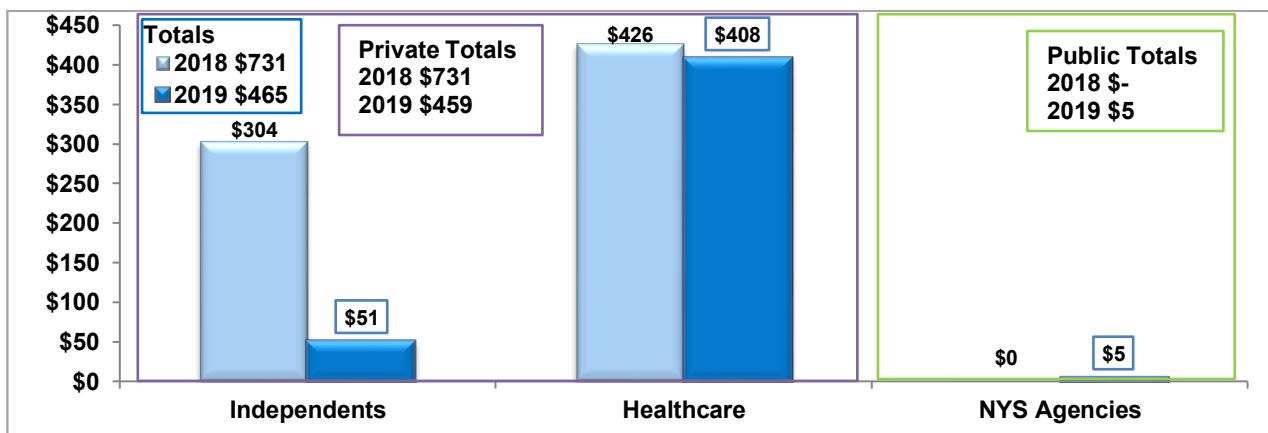
Scheduled Redemptions by Client Type (\$ in millions)



Refunded by DASNY Bonds by Client Type (\$ in millions)



Defeasances & Early Redemptions by Client Type (\$ in millions)



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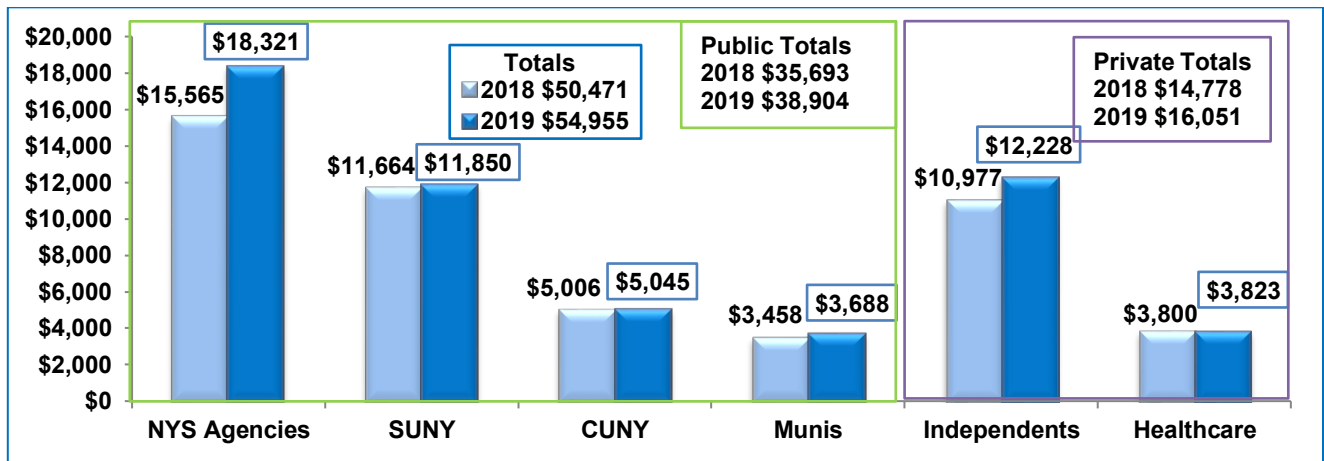
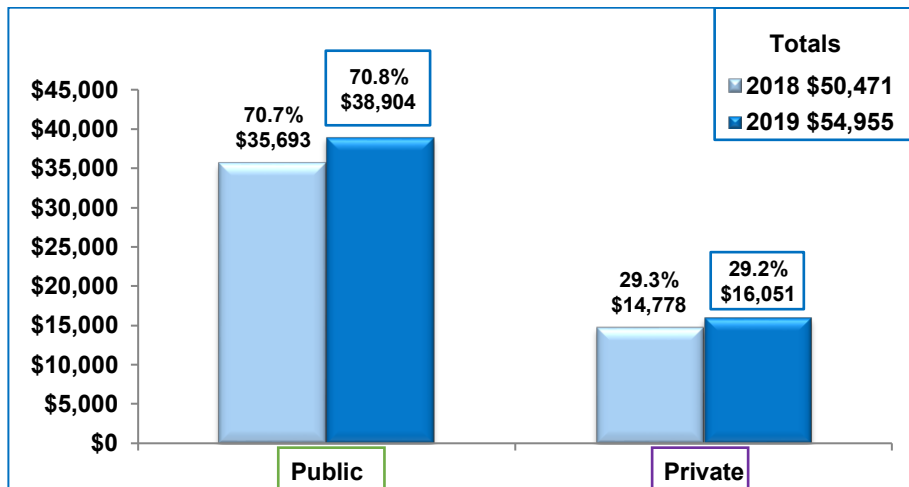
March 31, 2019

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Bonds and Notes Outstanding

As shown below, approximately 70% of DASNY's outstanding bonds and notes are related to its public clients, with more than three-quarters of that portion related to NYS agencies and SUNY. During 2019, the outstanding balance increased \$4.5 billion (9%). (See note 7 to the financial statements for more detailed information.)

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



The following three charts show the rollforward of Bonds and Notes Outstanding as of March 31, 2018 and March 31, 2019. Net New Money is the net balance of New Money and Scheduled Redemptions, Net Refundings is the net balance of Refundings and Refunded by DASNY bonds, and Net Refinancings is the net balance of Refinancings and Defeasances & Early Redemptions.

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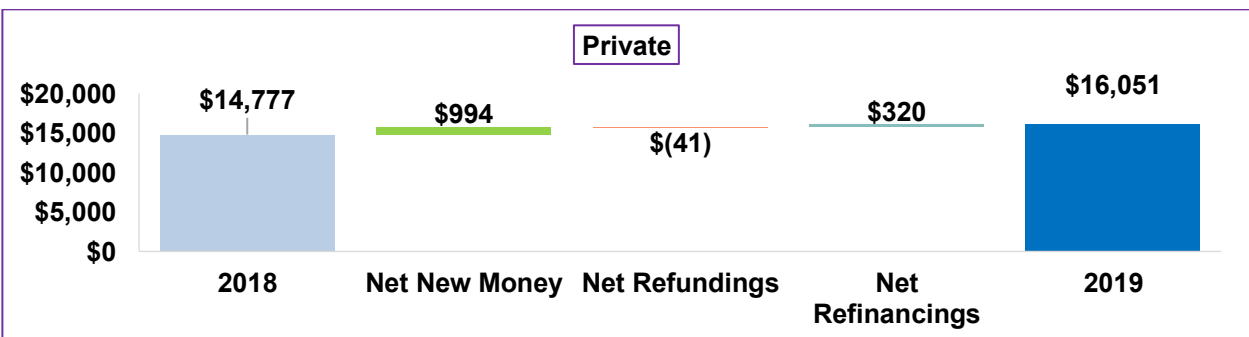
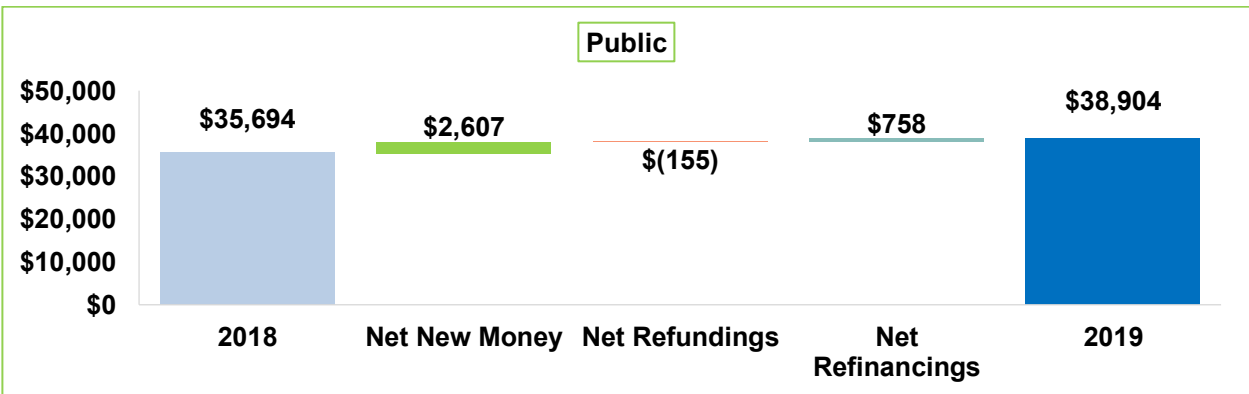
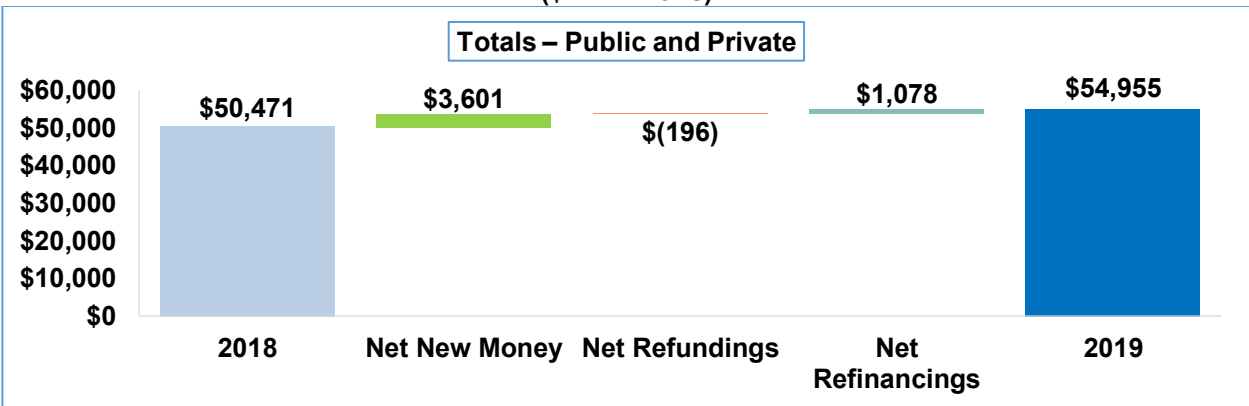
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As shown below, the increase in Bonds and Notes Outstanding as of March 31, 2019 was due primarily to the increases of Net New Money and Net Refinancings from both public and private clients. Consistent with their proportionate share of the total bonds outstanding, public clients accounted for approximately 70% of 2019's increase in outstanding debt.

Bonds and Notes Outstanding Rollforward as of March 31
(\$ in millions)



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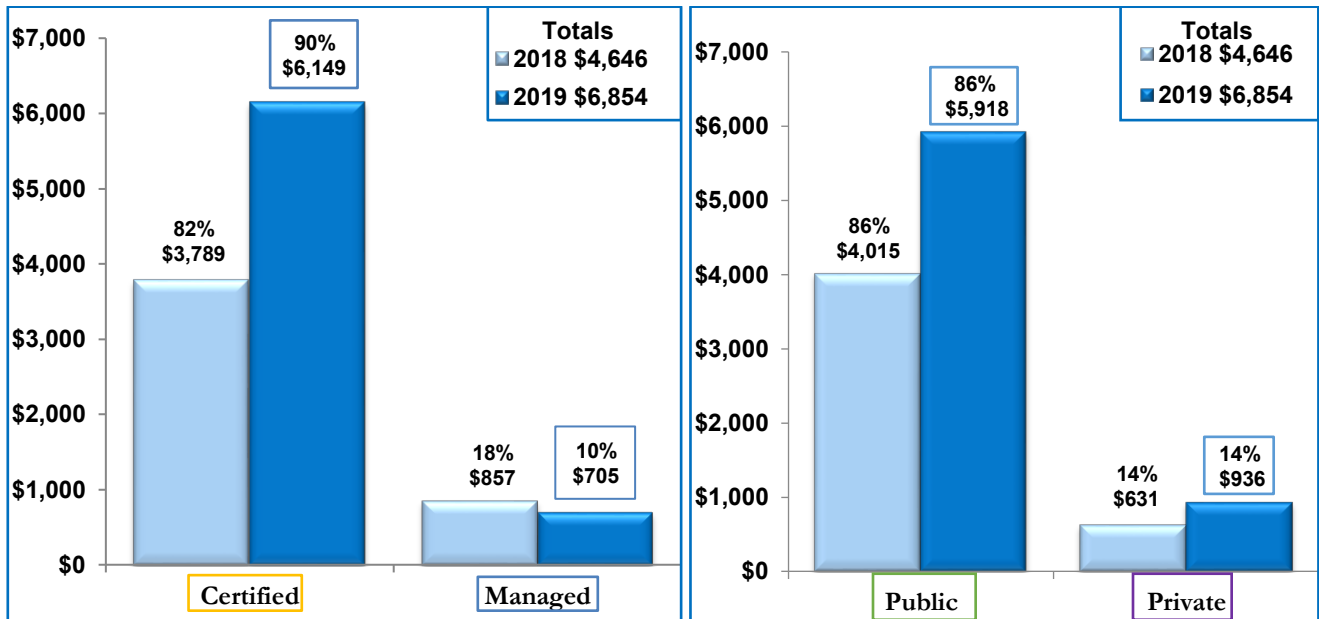
March 31, 2019

(Unaudited)

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 (90% in 2019) come from reimbursements to clients for their internally managed projects. From a customer perspective, DASNY's Construction Management activities are concentrated (86% in both 2018 and 2019) with its public clients. During 2019, increased activity for Certified Construction Disbursements of approximately \$2.0 billion for public clients drove the overall increase in activity between 2018 and 2019. This increase, combined with a \$0.3 billion increase in private clients kept the private clients' proportionate share of total construction expenditures at 14% in both 2018 and 2019.

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 two pages 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 nearly half of DASNY's Construction Management activities coming from NYS Agencies.

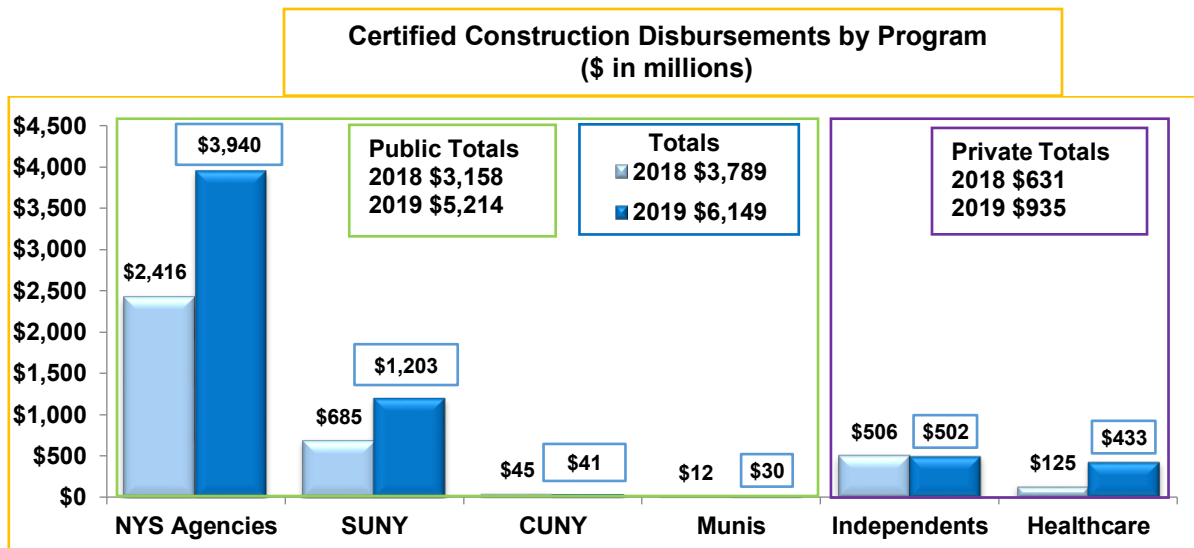
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In 2019 and 2018, Certified Construction Disbursements for NYS Agencies and SUNY programs totaled \$5.1 billion and \$3.1 billion, respectively, accounting for approximately 84% and 82% of the Certified Disbursements in each year and over half of each year's total construction disbursements. The increase of \$2 billion was primarily due to several new large projects from Department of Health, Office of Mental Health and SUNY during 2019.



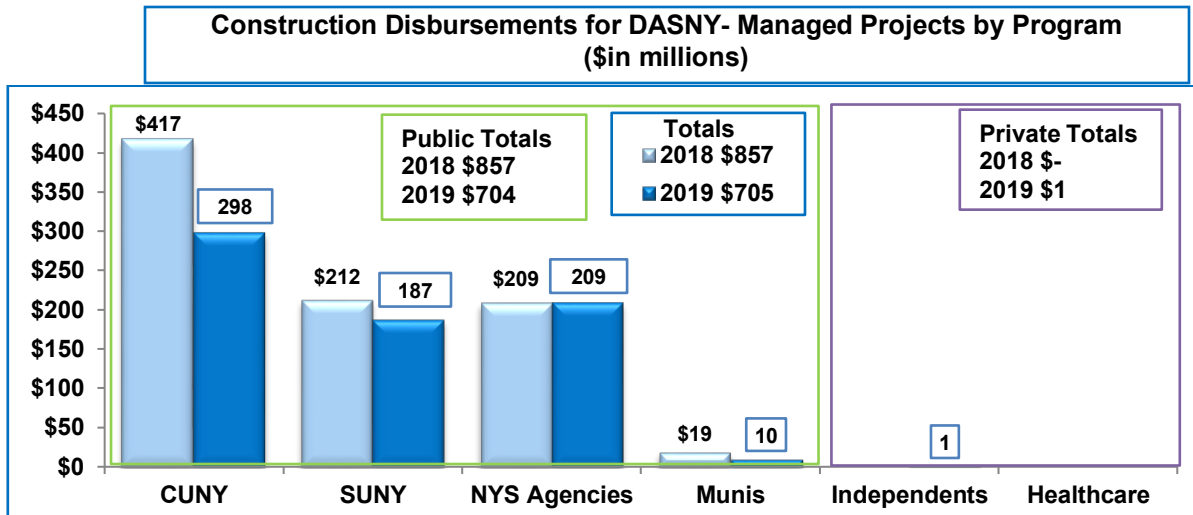
While the DASNY-Managed Projects represent only 10% of the total construction disbursements, this activity is significant in terms of DASNY's operations. At any point in time, DASNY is actively managing 600-1,000 construction projects with the personnel needed to support this work accounting for more than 79% of DASNY's operating expenses. DASNY generates fees from these clients that are generally equal to the allocable amount of DASNY operating expenses attributable to the construction services provided.

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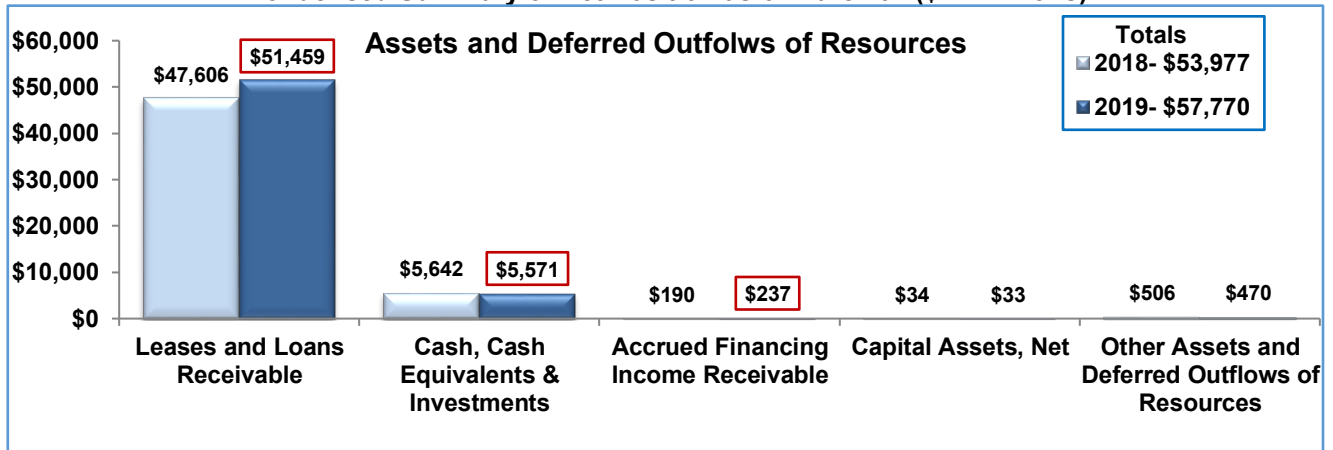


Financial Analysis

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 (the majority of the cash, cash equivalents and investments are related to conduit debt) and Liabilities and more than two-thirds of the Net Position balances.

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

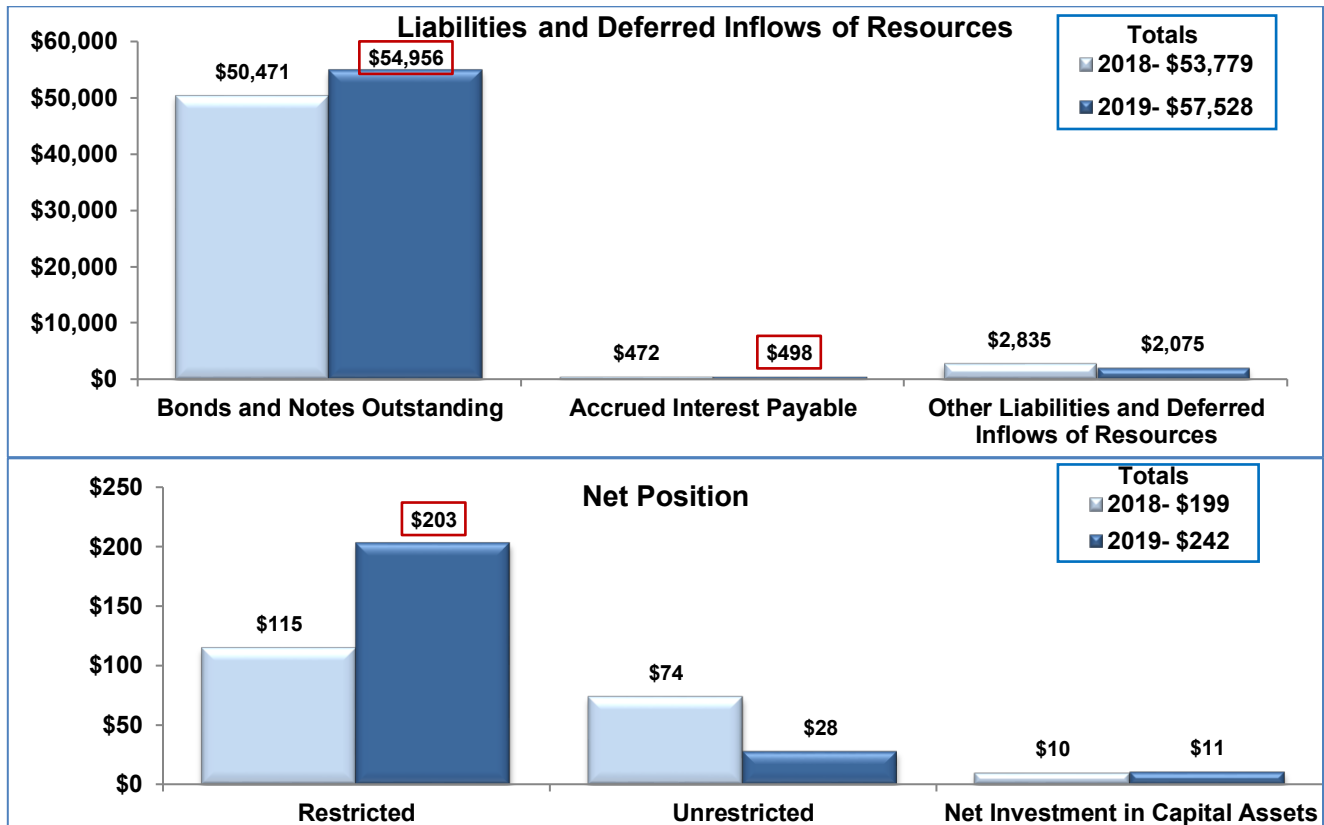


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Assets and Deferred Outflows of Resources

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. Potential 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

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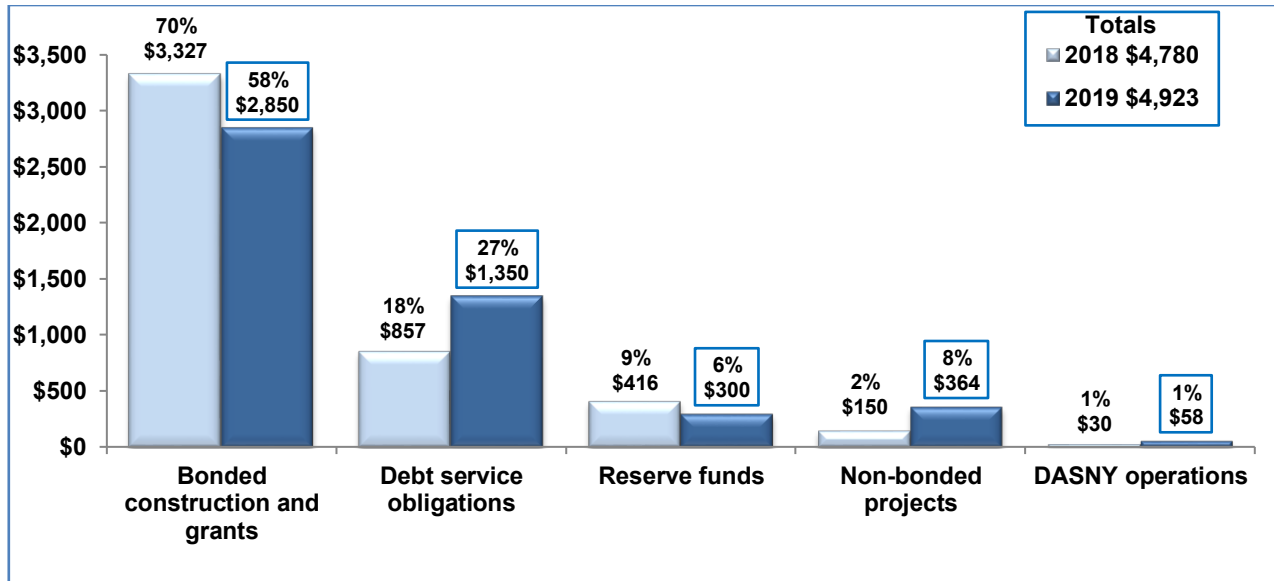
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from differences between the timing of receipt of proceeds from new money bond issues and the disbursement of those proceeds for construction and other activities.

As highlighted in the chart below, DASNY's investment portfolio consists primarily (85%) 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 increased by \$143 million (3%) during 2019 primarily due to the prepayment of debt service obligations and interest income and higher mark-to-market adjustments partially offset by construction expenditures.

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



* An additional \$279 million and \$345 million of money market funds as of March 31, 2019 and 2018, 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 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.)

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

Liabilities and Deferred Inflows of Resources

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

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 and Deferred Inflows of Resources 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 84% of the total, an increase of 26% from the prior year, primarily due to the timing of bond defeasances, a reduction in the Unrestricted Net Position resulting from the adoption of a new accounting standard (see below), and the increase of investment income due to rising interest rates.

Unrestricted Net Position relates to DASNY's operating activities and accounts for 12% of DASNY's Net Position, a decrease of 26% from the prior year, primarily due to the adoption of GASB Statement No. 75, Postemployment Benefits Other Than Pensions, as described in note 2. 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.

Statement of Net Position – 2019 Activity

DASNY's Statement of Net Position increased \$43 million, or 22%. The increase was primarily driven by the reduction of contributions received from clients in connection with bond defeasances and the increase of investment income due to rising interest rates partially offset by the adjustment to the beginning net position due to the adoption of GASB Statement No. 75.

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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 which 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:

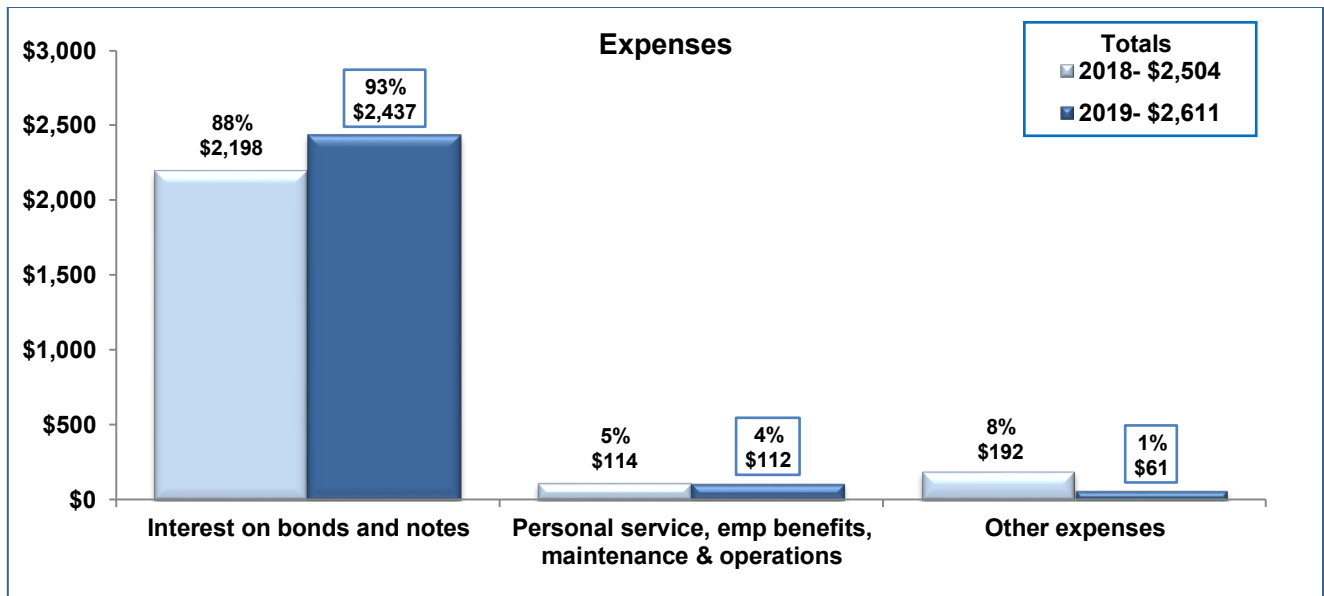
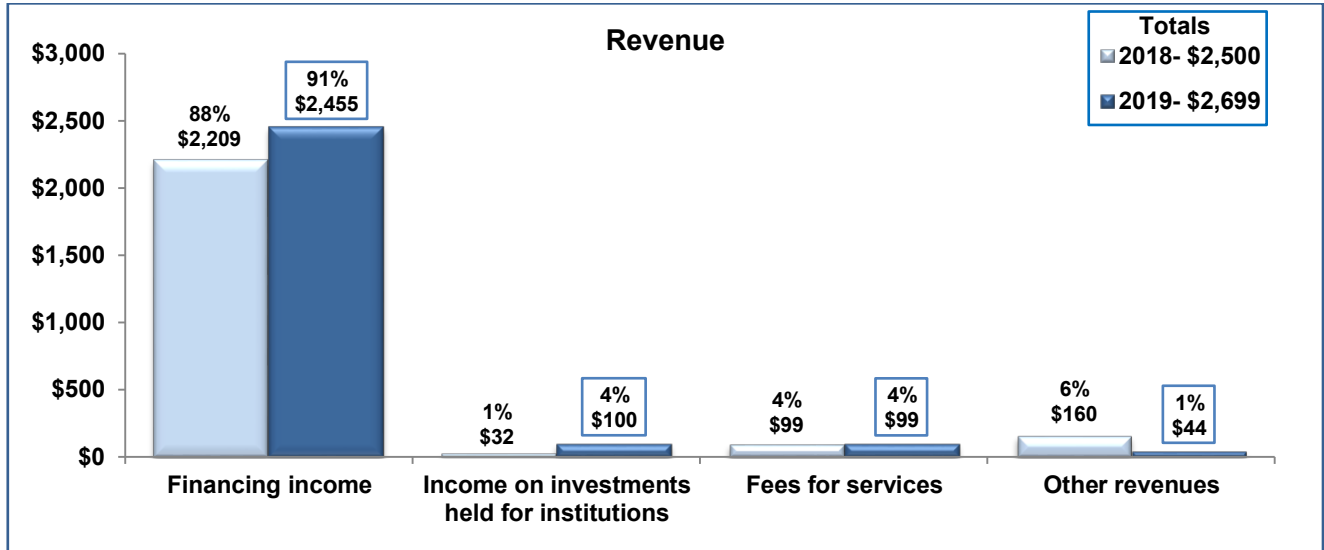
1. *Fees for Services* – financing fees and annual administrative fees related to ongoing bond management and construction services; and
2. *Costs of Operations* (Personal Service, Employee Benefits, Maintenance and Operations) – primarily for employee service and related benefits and taxes

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Statement of Revenues, Expenses, and Changes in Net Position - 2019 Activity

Financing Income and Interest on Bonds and Notes increased due to bond issuance activity during 2019.

Income on Investments held for institutions increased \$68 million, or 211% primarily due to higher interest rates.

Fees for Services was unchanged at \$99 million in 2019.

Contributions of cash and investments decreased \$108 million, or 88% due to a lower level of receipts in connection with bond defeasances.

Personal Service and Employee Benefits, decreased by \$1.9 million (2%) during 2019, primarily due to the reduction of \$3.3 million for Postemployment Benefits Other Than Pensions (OPEB) and a reduction of pension expense of \$2.5 million, partially offset by increases of \$3.9 million in personal service and employee benefits. OPEB decreased primarily due to the recognition in 2019 of benefits DASNY expects to receive as a result of Medicare providing the primary coverage for Medicare-eligible retirees. Pension expense decreased primarily due to favorable investment earnings. Personal service increased \$2 million primarily due to contractual salary increases and social security costs associated with the increase in salaries. Benefits increased \$1.9million 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).

Maintenance and Operations Expenses remained relatively stable in 2019.

Other Expenses decreased \$138 million, or 84% primarily due to the reduction in transfers to escrow accounts in connection with bond defeasances.

Cumulative effect of change in accounting principle of \$46 million was the result of the adoption of GASB Statement No. 75 Postemployment Benefits Other Than Pensions.

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, 2019

(In thousands)

Assets and Deferred Outflows of Resources

Current assets:	
Cash and cash equivalents (note 3)	\$ 648,196
Investments (note 3)	1,669,220
Leases and loans receivable, net (note 4)	3,149,503
Project funds receivable	178,762
Accrued financing income receivable	236,994
Accrued interest receivable on investments	7,114
Other receivables (note 2g)	39,778
Total current assets	5,929,567
Investments (note 3)	3,253,625
Leases and loans receivable, net (note 4)	48,309,348
Project funds receivable	48,935
Other receivables (notes 2g and 12)	163,251
Capital assets, net (note 5)	33,155
Total assets	57,737,881
Deferred outflows of resources (notes 2i, 11 and 12)	31,703
Total assets and deferred outflows of resources	\$ 57,769,584

Liabilities and Deferred Inflows of Resources

Current liabilities:	
Accounts payable and accrued expenses	\$ 349,006
Bonds and notes outstanding (notes 6 and 7)	3,596,693
Accrued interest payable	496,855
Unearned financing income	617,730
Amounts held for institutions (note 6)	319,630
Due to New York State (note 6)	148,189
Current portion of other long-term liabilities (note 6)	8,010
Unearned fees for services	52,422
Total current liabilities	5,588,535
Bonds and notes outstanding (notes 6 and 7)	51,358,232
Amounts held for institutions (note 6)	289,726
Due to New York State (note 6)	12,043
Other long-term liabilities (note 6)	263,963
Total liabilities	57,512,499
Deferred inflows of resources (notes 2i, 11 and 12)	15,030
Total liabilities and deferred inflows of resources	\$ 57,527,529

Net Position

Net investment in capital assets (note 5)	\$ 11,366
Restricted	202,329
Unrestricted (note 13)	28,360
Total net position	\$ 242,055

See accompanying notes to basic financial statements.

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Statement of Revenues, Expenses, and Changes in Net Position

Year ended March 31, 2019

(In thousands)

Operating revenues:	
Financing income	\$ 2,455,283
Income on investments held for institutions	100,258
Fees for services	99,383
Contributions of cash and investments	14,695
Other	29,601
	<hr/>
Total operating revenues	2,699,220
	<hr/>
Operating expenses:	
Interest on bonds and notes	2,437,443
Amounts returned to institutions	20,872
Reduction of leases and loans receivable due to redemption of bonds	13,217
Personal service and employee benefits	87,895
Maintenance and operations	24,371
Other	27,378
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Total operating expenses	2,611,176
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Operating gain	88,044
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Nonoperating revenues:	
Income on investments held for DASNY	1,197
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Increase in net position	89,241
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Net position, beginning of year	198,685
Cumulative effect of change in accounting principle (note 2)	(45,871)
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Net position, beginning of year, as restated	152,814
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Net position, end of year	\$ 242,055
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See accompanying notes to basic financial statements.

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Statement of Cash Flows

Year ended March 31, 2019

(In thousands)

Cash flows from operating activities:	
Fees for services	\$ 91,715
Amounts received from institutions	15,937
Project funds received	348,675
Dormitory rent receipts	611,609
Permit and patient income receipts	1,627,688
Special purpose healthcare loan receipts	39,817
Other receipts	45,277
Personal service and employee benefits	(77,289)
Maintenance and operations	(23,778)
Permit and patient income transferred to New York State	(1,714,644)
Project funds disbursed	(326,130)
Dormitory rent disbursements	(593,182)
Amounts returned to institutions	(24,373)
Special purpose healthcare loan disbursements	(40,232)
Other disbursements	(23,975)
Net cash used in operating activities	<u>(42,885)</u>
Cash flows from noncapital financing activities:	
Proceeds from the issuance of bonds and notes	9,788,263
Amounts transferred to escrow to defease debt	(1,669,605)
Principal repayments of bonds and notes	(2,768,483)
Interest paid on bonds and notes	(2,448,246)
Net cash provided by noncapital financing activities	<u>2,901,929</u>
Cash flows from capital financing activities:	
Acquisition of property and equipment	(1,898)
Net cash used in capital financing activities	<u>(1,898)</u>
Cash flows from investing activities:	
Purchases of investments	(19,472,006)
Proceeds from sales and maturities of investments	19,326,386
Income on investments	130,036
Construction, loan, and other disbursements	(8,699,384)
Principal receipts on leases and loans receivable	2,885,247
Financing income	2,758,642
Net cash used in investing activities	<u>(3,071,079)</u>
Net decrease in cash and cash equivalents	(213,933)
Cash and cash equivalents, beginning of year	<u>862,129</u>
Cash and cash equivalents, end of year	<u><u>\$ 648,196</u></u>

See accompanying notes to basic financial statements.

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Statement of Cash Flows

Year ended March 31, 2019

(In thousands)

Operating gain	\$ 88,044
Adjustments to reconcile operating gain to net cash used in operating activities:	
Depreciation expense	2,664
Interest on bonds and notes	2,437,443
Income on investments held for institutions	(100,258)
Financing income	(2,455,283)
Reduction of leases and loans receivable due to redemption of bonds	13,217
Investment transfers	(79)
Amounts transferred to escrow to defease debt	7,250
Other expenses	232
Change in assets and liabilities:	
Decrease in leases and loans receivable	973,093
Increase in deferred outflows of resources	(10,529)
Decrease in project funds receivable	30,027
Decrease in other receivables	15,568
Decrease in accounts payable and accrued expenses and other long-term liabilities, net of construction funds	(509)
Decrease in due to New York State	(1,108,939)
Increase in amounts held for institutions	57,170
Decrease in unearned fees for services	(4,732)
Increase in deferred inflows of resources	12,736
Total adjustments	<u>(130,929)</u>
Net cash used in operating activities	\$ <u><u>(42,885)</u></u>

See accompanying notes to basic financial statements.

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(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 2019, DASNY adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB Statement No. 75). GASB Statement No. 75 replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB Statement No. 45) and establishes accounting and financial reporting for other postemployment benefits (OPEB) establishing standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. GASB Statement No. 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of adopting this pronouncement, DASNY has restated (reduced) its beginning net position in the amount of \$45.9 million as of April 1, 2018.

During fiscal year 2019, DASNY has adopted GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB Statement No. 86). GASB Statement No. 86 addresses consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. Adoption of GASB Statement No. 86 had no impact on DASNY's net position.

(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 approximately 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)). DASNY's more significant 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

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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.

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 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

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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.

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, 2019. Income earned on construction fund investments during the construction period is recorded as a reduction of the receivables. Construction fund investment income was approximately \$21 million for the fiscal year ended March 31, 2019.

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, 2019 DASNY recorded \$230 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

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using the straight line method. 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, 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 value. 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) Deferred Outflows and Inflows of Resources

Deferred outflows of resources are defined as a consumption of net assets by DASNY that is applicable to a future reporting period. Deferred outflows of resources include deferred outflows of resources related to pension and deferred outflows of resources related to postemployment benefits. Deferred outflows of resources related to pension represent various changes in net pension liability as provided by New York State and Local Employees' Retirement System (ERS) and contributions to ERS for pension made in the current year subsequent to the measurement date. Deferred outflows of resources related to postemployment benefits represent changes of actuarial assumptions in total OPEB liability as provided by the actuarial report and benefit contributions to New York State Health Insurance Program (NYSHIP) made in the current year subsequent to the measurement date.

Deferred inflows of resources are defined as an acquisition of net assets by DASNY that is applicable to a future reporting period. Deferred inflows of resources include deferred inflows of resources related to pension. Deferred inflows of resources related to pension represent various changes in net pension liability as provided by ERS.

	Deferred outflows of resources	Deferred inflows of resources
OPEB activities	\$ 10,840	—
Pension activities	20,863	15,030
Total	<u>\$ 31,703</u>	<u>15,030</u>

(j) 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

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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 2007 Bonds are included in Amounts Held for Institutions.

(k) Due to New York State

The State pays construction costs for certain mental health projects managed by other State agencies, and advances funds for various other 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.

(l) 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.

(m) 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 \$4.3 million were recorded at March 31, 2019 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 \$3.8 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, 2019. In addition, DASNY is holding the remaining portion of the liability in a reserve established by the Board.

(n) 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

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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).

(o) Net Position

The amounts reported in Restricted net position 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. The amounts reported in Unrestricted net position are either undesignated and available to fund operating expenses or designated for a specific purpose by the Board and are not appropriable for operations (see note 13).

(p) 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.

(q) 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.

(r) 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 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;

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- 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;
- 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.

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Investment securities maturing beyond five years generally relate to sinking fund installments that are typically invested with maturity dates that coincide with those of the underlying bonds and notes.

The amount of investments by type and maturity, at March 31, 2019 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.

Investments reported as current on the Statement of Net Position at March 31, 2019 include \$1.35 billion for debt service payments to be made in the fiscal year ended March 31, 2020 which is restricted by the underlying bond and note resolutions. Also included in investments reported as current at March 31, 2019 are investments held for DASNY operations, nonbond related capital projects and rehabilitation and renovation of projects totaling \$319 million.

Investment type	Amount (in thousands)	Percentage of total	Maturities (in years)		
			Less than 1	1-5	More than 5
Recorded at fair value:					
Obligations of the United States					
Government:					
U.S. Treasury notes/bonds	\$ 1,931,533	39.3%	\$ 1,888,486	43,047	—
U.S. Treasury bills	1,232,483	25.0	1,232,483	—	—
U.S. Treasury strips	55,526	1.1	55,526	—	—
	3,219,542	65.4	3,176,495	43,047	—
Federal agency, notes and debentures:					
Federal National Mortgage Association (FNMA)	106,491	2.2	30,785	—	75,706
Federal Home Loan Bank (FHLB)	1,562,241	31.7	1,562,241	—	—
Federal Home Loan Mortgage Corp. (FHLMC)	26,964	0.5	11,522	15,442	—
	1,695,696	34.4	1,604,548	15,442	75,706
Recorded at cost:					
Certificates of deposit	7,607	0.2	7,607	—	—
	7,607	0.2	7,607	—	—
Total	\$ 4,922,845	100.0%	\$ 4,788,650	58,489	75,706

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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, 2019, DASNY held approximately \$1.7 billion 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.

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, 2019, DASNY held approximately \$279 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, 2019, DASNY had bank deposits of \$401 million of which \$327 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, 2019, DASNY had more than 5% of its investments in FHLB securities. These investments were 31.7% of the total investment portfolio as of March 31, 2019.

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: Investments' fair value based on quoted prices for identical assets in active markets;

Level 2: Investments' fair value based on observable inputs which may include quoted prices for identical assets in markets not considered to be active, and quoted prices of similar assets in active or inactive markets; and

Level 3: Investments' fair value based on unobservable inputs.

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At March 31, 2019, DASNY had the following fair value measurements (in thousands):

		Fair value measurement using	
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
	<u>March 31, 2019</u>		
Investments by fair value level:			
U.S. Treasuries	\$ 3,219,542	432,103	2,787,439
Federal Agencies	1,695,696	—	1,695,696
Money Market Mutual Funds	<u>279,149</u>	<u>279,149</u>	<u>—</u>
Total investments measured at fair value	\$ <u>5,194,387</u>	<u>711,252</u>	<u>4,483,135</u>

DASNY has no investments classified in the Level 3 category.

Investments classified in Level 1 are valued using prices quoted in active markets and daily publicly published prices 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; and
- Federal Agencies: matrix pricing based on the securities' relationship to benchmark quoted prices.

(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.

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Leases and Loans Receivable at March 31, 2019 consisted of the following (in thousands):

Minimum payments to be received during the fiscal years ending March 31:

2020	\$	3,967,865
2021		5,486,153
2022		5,138,708
2023		4,995,214
2024		4,793,272
Thereafter		<u>60,046,419</u>
Total minimum payments receivable		84,427,631
Less future financing income, unexpended bond proceeds, and other credits		<u>32,968,780</u>
Total leases and loans receivable, net		51,458,851
Less current leases and loans receivable, net		<u>3,149,503</u>
Long-term leases and loans receivable, net	\$	<u><u>48,309,348</u></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, 2019.

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(5) Capital Assets

Capital assets, net at March 31, 2019 consisted of the following (dollars in thousands):

	<u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>2019</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	11,354	1,992	—	13,346
Total capital assets	<u>71,497</u>	<u>1,992</u>	<u>—</u>	<u>73,489</u>
Less accumulated depreciation:				
DASNY	25,601	850	—	26,451
Atlantic Avenue	12,069	1,814	—	13,883
Total accumulated depreciation	<u>37,670</u>	<u>2,664</u>	<u>—</u>	<u>40,334</u>
Capital assets, net	\$ <u>33,827</u>	<u>(672)</u>	<u>—</u>	<u>33,155</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, 2019, including the current portion, are comprised of the following (in thousands):

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Bonds and notes payable	\$ 50,471,461	8,717,105	(4,233,641)	54,954,925	3,596,693
Other long-term liabilities:					
Accrued retainage	\$ 52,475	20,771	(17,872)	55,374	5,828
Compensated absences	3,224	1,064	—	4,288	—
Total OPEB liability	188,600 *	21,287	(4,708)	205,179	—
Net pension liability	13,797	10,430	(19,541)	4,686	—
Other	20,281	11	(17,846)	2,446	2,182
Total other long-term liabilities	\$ 278,377	53,563	(59,967)	271,973	8,010
Due to New York State	\$ 1,269,171	1,781,102	(2,890,041)	160,232	148,189
Amounts held for institutions	\$ 552,186	576,960	(519,790)	609,356	319,630

* Restated per footnote 2(a)

(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.

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In addition, certain bond and note issues include credit enhancements. The following summarizes bonds and notes outstanding at March 31, 2019 by primary security feature (dollars in thousands):

	Amounts of debt outstanding
Backed by letters of credit	\$ 1,010,435
Insured by municipal bond insurance	1,674,365
Backed by mortgages insured by the State of New York Mortgage Agency	73,445
Backed by mortgages insured by agencies of the federal government	139,495
Payable from State and local government appropriations, state service contracts or designated income funds	34,145,945
Backed by pledged assets and revenues or payments	17,911,240
Total	<u>\$ 54,954,925</u>

Fixed rate and variable rate bonds and notes are due in various installments through the fiscal year ending March 31, 2053 and bear interest at variable rates currently ranging from 1.27% per annum to 1.91% per annum, and fixed interest rates currently ranging from 1.1% per annum to 7.875% per annum.

As of March 31, 2019, DASNY had a total of \$1.7 billion outstanding variable rate demand bonds, of which \$953 million was secured by direct pay bank letters of credit, \$374 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, \$139 million was secured by agencies of the federal government, and \$227 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 December 31, 2023. 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 January 14, 2022.

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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, 2019, approximately \$1.1 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, 2019, these agreements covered \$539 million of variable rate demand bonds outstanding with costs ranging from 0.40% per annum to 0.45% 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 January 8, 2020 to January 11, 2021.

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 \$539 million demand bonds were put and not resold, DASNY would be required to pay between \$83 million and \$125 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 NYC, 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, 2019, 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.

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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 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, 2019, the amounts pledged are as follows (dollars in thousands):

Cash and investments (at fair value)	\$	1,723
Surety bonds		104,260
Letters of credit		16,515

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, 2019, the credit ratings of three surety bond providers, who had issued a total of \$29 million in surety bonds, had fallen below the level requiring such actions, and deposits have been made to the related debt service reserve funds. 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:			
2020	\$ 2,529,808	2,576,312	5,106,120
2021	3,026,870	2,459,283	5,486,153
2022	2,814,336	2,324,372	5,138,708
2023	2,799,595	2,195,619	4,995,214
2024	2,731,141	2,062,131	4,793,272
2025-2029	13,011,879	8,340,789	21,352,668
2030-2034	10,170,223	5,516,087	15,686,310
2035-2039	8,421,317	3,265,804	11,687,121
2040-2044	5,974,088	1,476,136	7,450,224
2045-2049	3,265,328	382,208	3,647,536
2050-2054	210,340	12,220	222,560
Total	\$ <u>54,954,925</u>	<u>30,610,961</u>	<u>85,565,886</u>

Bonds and notes maturing during the fiscal year ending March 31, 2019 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, 2019.

(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, 2019 was approximately \$357 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, 2019, DASNY had a total of 25 pay-fixed, receive-variable swap agreements outstanding with a total notional amount of \$643 million and a negative fair value of \$77 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, 2019.

The table below summarizes the fair values, notional amounts and changes in fair value of derivative instruments outstanding as of March 31, 2019. 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	\$ 642,636	Investment	\$ (76,513)	Investment income	\$ (2,298)
Pay-variable, receive-fixed swaps:					
Lease and financing agreements	642,636	Investment	76,513	Investment income	2,298
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, 2019, DASNY was not exposed to credit risk on the swap agreements with \$77 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, 2019, DASNY faces a maximum credit risk exposure related to the swaps' net positive fair value of \$0.

As of March 31, 2019, DASNY was exposed to credit risk on the swap repayment terms with \$77 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, 2019, 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, 2019 are as follows:

	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>
Counterparties:			
Citibank, N.A., New York	Aa3	A+	A+
Goldman Sachs Mitsui Marine Derivative Products, L.P.	Aa2	AA-	N/A
JPMorgan Chase Bank	Aa2	A+	AA
Merrill Lynch Derivative Products AG	Aa3	AA	NR
Morgan Stanley Capital Services, Inc.	A3	BBB+	A
UBS AG	Aa3	A+	AA-
New York State General Obligations	Aa1	AA+	AA+
New York State Mental Health Services Facilities Improvement Revenue Bonds	NR	AA	AA
New York City General Obligations	Aa1	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, 2019, outstanding revenue bonds of approximately \$3.3 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, 2019, involved the issuance of fixed rate bonds to refund previously issued fixed rate bonds. The refundings totaled \$1.16 billion par value of bonds (new bonds) to refund \$1.36 billion par value of outstanding bonds (refunded bonds). The proceeds of \$1.31 billion from the sale of new bonds, including net original issue premium, plus \$76 million of refunded bond monies and deposits from institutions, were deposited in irrevocable trusts (escrow accounts and in certain cases, redemption 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 \$1.16 billion par value of new fixed rate bonds with an average interest rate of 4.67% to refund \$1.36 billion par value of outstanding fixed rate bonds with an average interest rate of 5.19%. The proceeds of \$1.31 billion from the sale of new fixed rate bonds, including net original issue premium, plus an additional \$76 million of refunded fixed rate bond monies and deposits from institutions, were used to fund the related escrow accounts and in certain cases, redemption accounts.

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These fixed rate refundings resulted in a decrease of \$265 million in aggregate future debt service payments and a net present value economic gain of \$179 million for the fiscal year ended March 31, 2019.

(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 \$594 million at March 31, 2019.

(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' liability, blanket crime, business travel accident, auto liability, and workers compensation insurance policies.

(11) Retirement Plans

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

(i) Description of Plan

DASNY participates in the 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

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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 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 15.5% was applicable to the annual covered payroll for the year ended March 31, 2018. DASNY's required contribution for the fiscal year ended March 31, 2019 was \$7.2 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, 2019 was \$4.7 million. The net pension liability was measured as of March 31, 2018. 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, 2018, DASNY's proportion of the net pension liability was 0.15%, the same percentage as the March 31, 2017 measurement date.

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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, 2018, measurement date was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. 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, 2018 are summarized below:

Asset	Target Allocation	Long-term expected real rate of return
Domestic equity	36%	4.55%
International equity	14	6.35
Private equity	10	7.50
Real estate	10	5.55
Absolute return strategies	2	3.75
Opportunistic portfolio	3	5.68
Real assets	3	5.29
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed bonds	4	1.25
	100%	

The discount rate used to calculate the total pension liability at March 31, 2018 was 7%, the same as the rate used for the March 31, 2017 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 (in thousands):

	1% Decrease (6.0%)	Current assumption (7.0%)	1% Increase (8.0%)
DASNY net pension liability (asset)	\$ 35,456	4,686	(21,344)

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

At March 31, 2019, DASNY reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 1,671	1,381
Changes of assumptions	3,107	—
Net difference between projected and actual earnings on plan investments	6,806	13,435
Changes in proportion and differences between DASNY contribution and proportionate share of contributions	2,047	214
Contributions subsequent to the measurement date	<u>7,232</u>	<u>—</u>
Total deferred outflows/inflows of resources	\$ <u><u>20,863</u></u>	<u><u>15,030</u></u>

Deferred outflows of resources of \$7.2 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, 2020.

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

2019	\$ 1,666
2020	1,342
2021	(3,026)
2022	<u>(1,381)</u>
Total	\$ <u><u>(1,399)</u></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, 2019 is \$6.3 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 are 8%. 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, 2019 is \$114 thousand.

(12) Postemployment Benefits

(a) Plan Description

DASNY provides postemployment healthcare benefits for eligible retired employees and their dependents who retire from DASNY. DASNY is a voluntary participating employer in NYSHIP, which is administered by the State of New York. 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. NYSHIP is considered a single employer defined benefit plan offered by DASNY to its employees.

In order to be eligible, employees must be enrolled as a NYSHIP enrollee or a dependent of a NYSHIP enrollee at the time of retirement from DASNY, 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 age requirement for continuing health insurance. As of the measurement date, there were 889

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participants consisting of 552 current employees, 0 retirees entitled to benefits under DASNY but not yet receiving, and 367 retired and/or spouses of retired employees under DASNY.

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 defined in GASB Statement No. 75, therefore, benefits are funded on a pay as you go basis. DASNY's OPEB expenses are paid from fees collected from clients. As of March 31, 2019, the portion of the OPEB expense allocable to certain public clients was 89% and will be paid from future fees to be collected. A receivable in the amount of \$132.8 million is included in Other Receivables—noncurrent in the Statement of Net Position at March 31, 2019. A reserve for the portion of the OPEB expense allocable to nonprofit health care institutions, independent colleges, universities, and other nonprofit institutions, and certain New York State agencies was funded with \$3.9 million as of March 31, 2019, and \$12.1 million was due to the reserve from client program operating funds for the related change in the OPEB liability.

(c) Actuarial Assumptions and Other Inputs

The total OPEB liability as of March 31, 2019 was measured as of March 31, 2018 and determined by a valuation as of March 31, 2018. The measurement of the total OPEB liability at March 31, 2018 used the following actuarial assumptions:

Valuation date	March 31, 2018
Inflation	2.75%
Salary increase rate	3.25% per year
Discount rate	3.44%
Healthcare cost trend rates	5.75% for 2019, decreasing to an ultimate rate of 4.5% for 2026 and later years
Retirees' share of benefit-related costs	10% of the individual premium, plus 25% of the excess of any family premium over the individual premium

The discount rate was based on the S&P municipal bond 20-year high grade index.

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Mortality rates were based on the MacLeod Watts Scale 2018 which was developed from a blending of data and methodologies found in the Society of Actuaries Mortality Improvement Scale (MP-2017 report published in October 2017) and the demographic assumptions used in the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds (published in July 2017).

(d) Accounting Information

Changes in Total OPEB Liability During the Fiscal Year

	Total OPEB Liability
	(In thousands)
Total OPEB Liability, Beginning Balance	\$ 188,600
Service Cost	6,895
Interest	7,086
Changes in assumptions	7,436
Benefit Payments	(4,838)
Net Changes	16,579
Total OPEB Liability, Ending Balance	\$ 205,179

Changes of assumptions and other inputs include a change in the discount rate from 3.67% in the prior year to 3.44% in the current year. The decrease in the discount rate used to value the liability accounts for a \$4.7 million increase in the liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents DASNY's total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current year rate (in thousands):

	1% Decrease	Current Rate	1% Increase
	(2.44%)	(3.44%)	(4.44%)
Total OPEB Liability March 31, 2019	\$ 242,599	205,179	175,497

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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents DASNY's total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower and 1 percentage point higher than the current year rate (in thousands):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability March 31, 2019	\$ 167,449	205,179	257,320

DASNY recognized \$15.3 million in expenses related to OPEB for the year ended March 31, 2019. At March 31, 2019, DASNY reported deferred outflows of resources related to OPEB from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>
Changes in assumptions	\$ 6,132
Employer contributions subsequent to measurement date	<u>4,708</u>
Total	<u>\$ 10,840</u>

DASNY will recognize the contributions subsequent to the measurement date in the next fiscal year. The remaining amounts reported as deferred outflows of resources related to OPEB will be recognized in future OPEB expense for the fiscal years ending March 31 as follows (in thousands):

2020	\$ 1,305
2021	1,305
2022	1,305
2023	1,305
2024	<u>912</u>
Total	<u>\$ 6,132</u>

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(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, 2019 are as follows (in thousands):

Designated:

Health care institution assistance	\$	27,086
Advance funding new projects		5,000
Coverage for financial risks associated with directors and officers liability insurance policies		1,997
Women/Minority Business Enterprises capital access, training and development		3,576
Reserve for replacement of corporate facilities		6,298
Reserve for 21st Century Technology Transformation		2,583
Reserve for Evolution		1,675
		<hr/>
Total designated		48,215

Undesignated		<hr/> (19,855)
Total net position unrestricted	\$	<hr/> <hr/> 28,360

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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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)

	2019	2018	2017	2016	2015
DASNY's proportion of the net pension liability	0.15%	0.15%	0.15%	0.16%	0.16%
DASNY's proportionate share of the net pension liability	\$ 4,686	13,797	24,119	5,259	7,035
Covered payroll	51,472	46,666	45,656	44,162	45,270
Net pension liability as a percentage of covered payroll	9.10%	26.80%	52.80%	11.91%	15.54%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	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)

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 7,232	6,805	6,875	7,716	7,980
Contributions in relation to the contractually required contribution	(7,232)	(6,805)	(6,875)	(7,716)	(7,980)
Contribution deficiency (excess)	\$ —	—	—	—	—
Covered payroll	52,047	51,472	46,666	45,656	44,162
Contributions as a percentage of covered payroll	13.90%	13.22%	14.73%	16.90%	18.07%

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

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Required Supplementary Information

Schedule of Changes in the Total OPEB Liability
and Related Ratios

(Dollars in thousands)

	<u>2019</u>
Total OPEB Liability:	
Service Cost	\$ 6,895
Interest	7,086
Changes in assumptions	7,436
Benefit Payments	<u>(4,838)</u>
Net change in total OPEB liability	16,579
Total OPEB liability, beginning	<u>188,600</u>
Total OPEB liability, ending	<u><u>205,179</u></u>
Net position as a percentage of total OPEB liability	118.0 %
Covered-employee payroll	\$ 51,472
Total OPEB liability as a percentage of covered-employee payroll	398.6 %

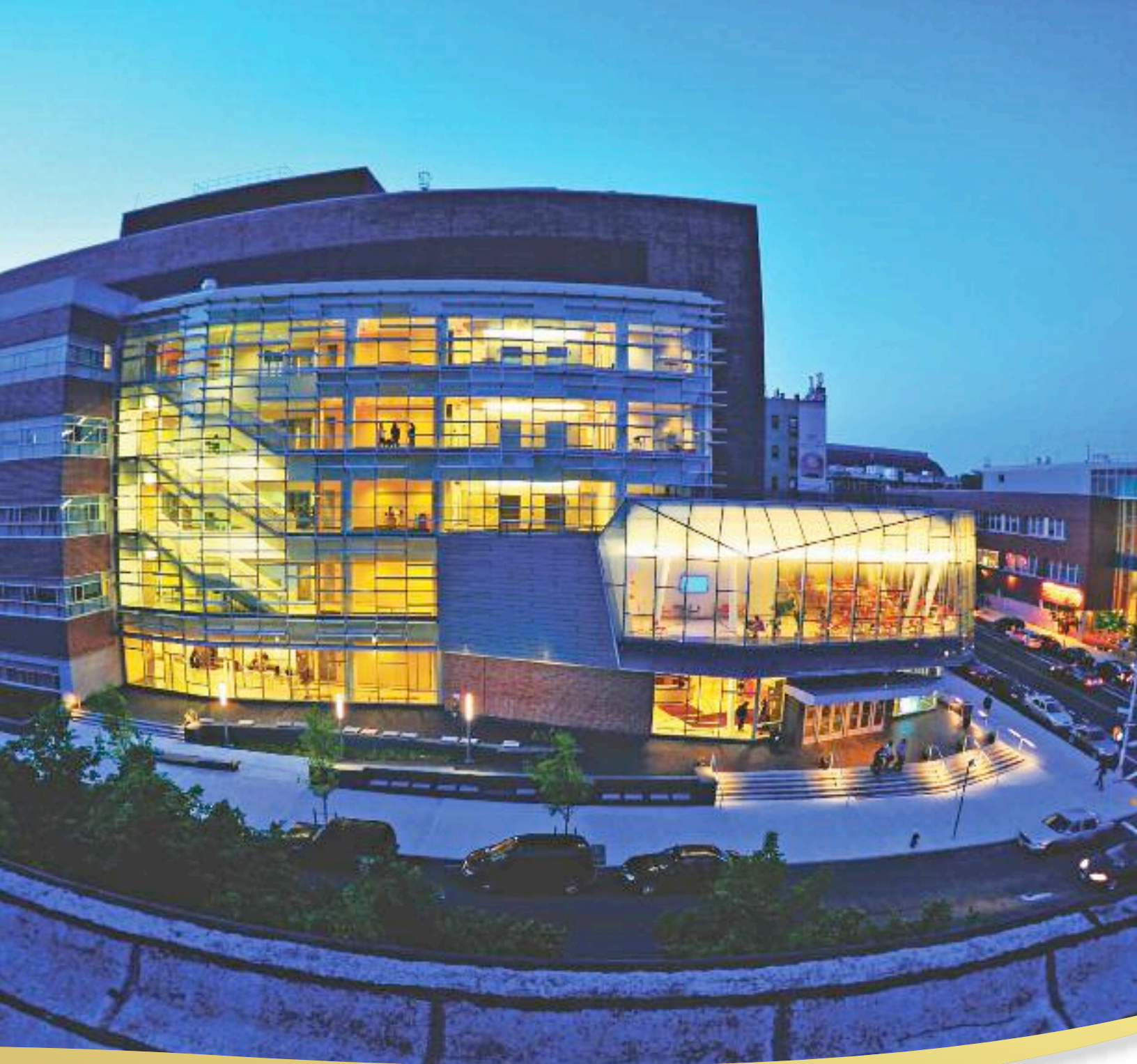
Changes in benefit terms. There were no significant changes in benefits for the March 31, 2018 actuarial valuation.

Changes in assumptions. The discount rate was updated from 3.67% in 2018 to 3.44% in 2019.

Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

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