MISSION STATEMENT

We commit to deliver exceptional service and professional expertise on every financing and construction project for our clients and the public, in a cost-effective manner, while advancing the policy goals of New York State.

OPERATIONS AND ACCOMPLISHMENTS

DASNY is a public benefit corporation originally established in 1944 under the laws of the State of New York (the State) to finance and build dormitories at State teachers’ colleges to house an influx of soldiers returning from World War II and attending college under the GI Bill. DASNY successfully addressed this challenge and has been responding to challenges ever since. As a result, the scope of its responsibilities has greatly expanded.

Today, DASNY is one of the nation's largest issuers of low-cost, tax-exempt bonds and a prominent public builder. DASNY is New York State's premier financier, developer, and construction manager, making New York competitive and inclusive by financing and building the health care, education and scientific facilities that form the backbone of sustainable communities.

OPERATIONS OVERVIEW

DASNY has two main lines of business: public finance and construction services. During Fiscal Year (FY) 2018-19, DASNY completed 12 bond financings for a total of approximately $8.7 billion. DASNY also completed three lease transactions totaling approximately $22.1 million under its Tax-Exempt Leasing Programs (TELP I and TELP II). The largest public, higher education and health care financings were:

- State Sales Tax Revenue Bonds, Series 2018C (Tax-Exempt) and Series 2018D (Federally Taxable) ($1,781,515,000);
- New York University Revenue Bonds, Series 2019A (Tax-Exempt) and Subseries 2019B-1 (Taxable) and Subseries 2019B-2 (Taxable Green Bonds) ($862,755,000); and
- Montefiore Obligated Group Revenue Bonds, Series 2018A (Tax-Exempt) and Series 2018B (Federally Taxable) ($685,150,000).

Further information on these and other significant DASNY public finance accomplishments can be found in the Executive Leadership and Finance sections of this report.

DASNY is authorized to provide a broad range of construction project services to certain educational, governmental and not-for-profit institutions. DASNY works primarily in planning, design and construction, construction monitoring, and purchasing of furnishings and equipment. During FY 2018-19, construction expenditures for DASNY-managed projects totaled approximately $705.2
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million. DASNY also awarded new professional services contracts, construction contracts and associated purchase orders for client programs, totaling approximately $319 million. In addition, DASNY issued term contract work authorizations, job order contract work orders and term purchase orders totaling approximately $142.9 million. As such, new procurement activity for FY 2018-19 totaled nearly $462 million.

Construction-related accomplishments for FY 2018-19 include, successfully completing:

- A $60.5 million project to upgrade the mechanical systems at CUNY’s City College’s Marshak Science Building;
- A $40.5 million Utilities Plant Expansion at CUNY’s Lehman College; and
- A $22.8 million, 250 design-build residence hall at SUNY College at Brockport.

Further information on these and other significant DASNY construction accomplishments can be found in the Executive Leadership and Construction sections of this report.

CHALLENGES

DASNY’s challenges in the public finance sector include competition from other issuers of tax-exempt debt and market conditions. While the total amount financed increased by $200 million in FY 2018-19, DASNY experienced a decrease in the number of private client transactions. Private client business decreased to six transactions valued at approximately $2.5 billion, as compared to 13 transactions valued at approximately $1.4 billion during the prior fiscal year.

DASNY accelerated six issuances in December 2017, which led to a decrease in the number of transactions. This action was taken to assist DASNY clients when they were faced with potential changes to the federal tax law, which would have severely limited their ability to access tax-exempt financing. In particular, the elimination of private activity bonds would have driven up borrowing costs for not-for-profit entities, restricting their ability to create infrastructure and curbing growth of New York’s economy.

DASNY’s business also continues to be impacted by the proliferation of local development corporations issuing tax-exempt debt, which do not have to comply with State oversight procedures applicable to DASNY. Furthermore, the interest-rate spread between taxable and tax-exempt financing has remained relatively compressed, minimizing the impact of the tax-exemption.

In addition to the reduction in bond issuances, DASNY also experienced a decrease in the number of Tax-Exempt Leasing Program (TELP) financings from 11 leases valued at approximately $148 million in 2018 to three leases valued at $22.1 million. DASNY also accelerated four TELP transactions at the end of 2017 to assist clients faced with potential tax law changes.

Within the construction sector of DASNY’s business, DASNY-managed construction expenditures were $705.2 million in FY 2018-19, as compared to approximately $856.5 million during FY 2017-
18, a decrease of approximately 17.7 percent. The profile of this work continues to shift to a high number of smaller-sized projects. The challenge DASNY faces is to maintain a competitive cost structure in managing these smaller projects, which by their nature can incur similar administrative tasks as larger scale projects, including costs associated with contract and payment management.

To address these challenges, DASNY has undertaken a number of initiatives during FY 2018-19 to improve efficiency and maintain growth, while also properly managing risk. These initiatives are more fully discussed in the Executive Leadership section in this report.

EXECUTIVE LEADERSHIP

Entering its 75th year, DASNY is New York State’s financier, developer, and construction manager. DASNY plays a crucial role in making New York a better place to live, work, and learn and is continuously striving to better serve its clients and further its public service mission.

To ensure and expand DASNY’s role as an essential partner that responds swiftly and expertly to the needs of its clients, under the One DASNY initiative, DASNY has successfully implemented numerous internal changes that are speeding its processes and making them more efficient, while effectively managing risk. As a direct result, DASNY’s business is growing. Some of the process adjustments include:

- Upgrading information systems;
- Deploying data management dashboards;
- Instituting succession-planning and knowledge-development programs;
- Implementing electronic payments; and
- Advancing alternative delivery method capabilities (e.g., construction manager-build and design-build).

In addition to the accomplishments previously noted, management has undertaken and completed several initiatives during FY 2018-19, which include:

Revising Financing Guidelines – DASNY amended its Financing Guidelines for Independent Institutions to apply a market-driven approach to security features on investment-grade bond issues, streamlining the review process, and providing clients with greater clarity, certainty, and flexibility. This is significant as it has led to clients, such as Montefiore Health System, returning to work with DASNY.

Expanding Energy Performance Contract Offerings – DASNY is expanding its energy performance contracting offerings. DASNY’s new program enables clients to pay for needed facility improvements with the energy savings generated from these upgrades. Through this program, DASNY will offer a turn-key solution to both public and private clients to finance, design, and build capital projects that save energy through a combination of DASNY’s Tax-Exempt Equipment Leasing Program (TELP), as well as its procurement and construction services. This energy program also allows for the
reintroduction of TELP. Within this new program, DASNY will reposition and broaden the profile of TELP across the market.

**Streamlining Contracting Processes** – To improve DASNY’s ability to deliver timely results to its clients, DASNY instituted improvements to the work authorization and job order contracting processes. These include moving to an electronic process and reducing redundant approvals and documentation. DASNY is also in the process of selecting a new project management system for the Construction Division to promote even greater operational efficiencies. In addition, the Construction Contracts Unit significantly reduced the time it takes to move a project from design into the bid phase, enabling construction work to start earlier.

**Maintaining a Competitive Cost Structure** – DASNY continues to see a higher volume of smaller-sized projects. To meet the unique challenges posed by small projects, DASNY implemented four recommendations that are expected to substantially reduce project durations. The recommendations include: establishing delivery cycles tied to the budget process and construction calendar; directing DASNY to perform scoping services; allowing for greater accuracy when compiling budget and estimate documents; assigning a program manager to gain efficiencies; and developing templates and tools for repeated tasks.

**Refining Construction’s Project Coordination** – DASNY is bringing together key staff from all contributing units so they may work and collaborate in a team environment to enhance project delivery.

**Fostering Diversity and Inclusion** – To create and strengthen opportunities to advance diversity and inclusion within the workforce and build a financial services industry that better reflects the people it serves, DASNY launched two full-year Public Finance fellowship positions consisting of two six-month terms. The first term is spent with DASNY, the second term with one of DASNY’s investment bank partners.

**CORPORATE GOVERNANCE**

The Public Authorities Reform Act of 2009 requires each State authority to adopt a mission statement and performance measurements and to review them on an annual basis. At its March 6, 2019 meeting, DASNY undertook its annual review of DASNY’s Mission Statement, Performance Measures and Metrics to Quantify Performance Goals.

**LEGISLATIVE MATTERS**

DASNY continues to monitor legislative activity that would improve its ability to respond to client needs and advance sound policy for the State. In addition to matters referenced in the Operations and Accomplishments, Executive Leadership and Finance sections of this report, the following are highlights of recent legislation affecting DASNY:
• Medical Care Facilities Finance Agency (MCFFA) Act: The enacted FY 2019-20 State Budget clarified DASNY's authority to finance health care projects covered under both the MCFFA Act and DASNY's authorizing statute. The legislation provides guidance for certain health care financings as to when the MCFFA Act versus the DASNY Act should be used for purposes of citing statutory authorization. It makes clear that the MCFFA Act would govern in the event that the entire project falls within the scope of the MCFFA Act. This technical change only affects health care institutions that are eligible to be financed under the MCFFA Act and are already specifically named in the DASNY statute.

• State Department of Environmental Conservation (DEC) and the Office of Parks, Recreation, and Historic Preservation (Parks): The FY 2019-20 enacted State Budget extended for two years DASNY’s authorization to provide design and construction management services to the NYS DEC and Parks.

• Vital Brooklyn: As part of the Governor’s Vital Brooklyn initiative, the enacted FY 2019-20 State Budget provides additional authorization for DASNY’s Atlantic Avenue Healthcare Property Holding Corporation subsidiary to sell, exchange, transfer, lease, and convey real property located in Brooklyn upon direction by the Commissioner of the New York State Division of Homes and Community Renewal.

• Health Facility Restructuring (HFR) Program, Bridge Funding: The enacted FY 2019-20 State Budget appropriated $19.6 million to the HFR Program, which is consistent with previous years. Further, the budget enables the Department of Health (DOH) and DASNY to provide additional bridge funding to assist certain financially distressed hospitals to manage short-term liquidity issues. The additional bridge funding is provided through the existing Health Facility Restructuring Program, and capitalized with an $83.3 million appropriation. The legislation allows the Division of Budget (DOB) to authorize transfer of the funds from DASNY to the state after repayments are made from the recipient hospitals.

FINANCE

Bond Financings
DASNY delivered approximately $8.7 billion par value of bonds during FY 2018-19, ending with an outstanding bond portfolio of approximately $54.9 billion. Of the total bonds outstanding, approximately 71 percent are on behalf of public programs (such as State-supported debt and school districts); approximately 22 percent are on behalf of independent higher education institutions and other not-for-profits; and approximately 7 percent are for independent health care institutions.

During FY 2018-19, approximately 71 percent of the $8.7 billion total par value of bonds delivered by DASNY were for its public clients.
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DASNY delivered a total of approximately $6.2 billion of bonds in FY 2018-19 for its public clients:

- Municipal Health Facilities Improvement Program Lease Revenue Bonds (New York City Issue) 2018 Series 1 $340,390,000
- Sales Tax Revenue Bonds, Series 2018C (Tax-Exempt) and Series 2018D (Federally Taxable) $1,781,515,000
- Sales Tax Revenue Bonds, Series 2018E (Tax-Exempt), 2018F (AMT) and 2018G (Federally Taxable) $1,692,385,000
- School Districts Revenue Bond Financing Program Revenue Bonds, Series 2018A-E $585,230,000
- State University of New York Dormitory Facilities Revenue Bonds, Series 2018A $134,070,000
- Personal Income Tax Revenue Bonds (General Purpose), Series 2018A (Tax-Exempt) and Series 2018B (Federally Taxable) $1,669,590,000

**Total State-Supported and Other Public Financings** $6,203,180,000

DASNY also delivered approximately $2.5 billion of bonds in FY 2018-19 for its independent, private-sector clients:

- American Academy of Dramatic Arts Private Placement Bonds, Series 2019A and Series 2019B $34,000,000
- Columbia University Revenue Bonds, Series 2018A and Series 2018B $325,185,000
- InterAgency Council Pooled Loan Program Revenue Bonds, Series 2018A (Subseries 2018A-1 (Tax-Exempt) and Subseries 2018A-2 (Federally Taxable)) $14,250,000
- Montefiore Obligated Group Revenue Bonds, Series 2018A (Tax-Exempt) and Series 2018B (Federally Taxable) $685,150,000
- New York University Revenue Bonds, Series 2018A (Tax-Exempt) and Series 2018B (Taxable) $592,585,000
- New York University Revenue Bonds, Series 2019A (Tax-Exempt), Subseries 2019B-1 (Taxable) and Subseries 2019B-2 (Taxable Green Bonds) $862,755,000

**Total Independent, Private-Sector Financings** $2,513,925,000

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

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

- United Health Services Hospitals, Inc. $10,065,000
- Oswego Hospital $5,000,000

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

- NYSARC $7,039,059

**Total TELP Leases** $22,104,059
CONSTRUCTION

Construction Statistics

At the close of FY 2018-19, DASNY had a total construction workload of 1,025 full and modified services projects valued at more than $6.5 billion, of which 147 are valued at greater than $5 million. Expenditures on projects for which DASNY provided full services during FY 2018-19 totaled $705.2 million.

Projects in the pipeline as of March 31, 2019 are summarized in the table below:

<table>
<thead>
<tr>
<th>Type of DASNY Service</th>
<th>Number of Projects</th>
<th>Total Value of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary phase</td>
<td>257</td>
<td>$1,278,010,383</td>
</tr>
<tr>
<td>Design phase</td>
<td>548</td>
<td>$3,033,193,820</td>
</tr>
<tr>
<td>Construction phase</td>
<td>220</td>
<td>$2,254,309,874</td>
</tr>
<tr>
<td>Total of All Phases (Full and Modified)</td>
<td>1,025</td>
<td>$6,565,514,078</td>
</tr>
</tbody>
</table>

DASNY-managed projects completed in FY 2018-19 include:

- City University of New York (CUNY), City College of New York, Marshak Science Building, Mechanical Systems Upgrade ($60.5 million);
- CUNY, Lehman College, Utilities Plant Expansion ($40.5 million);
- CUNY, Borough of Manhattan Community College, HVAC and Controls Upgrades ($22 million);
- CUNY, College of Staten Island, Roadway Reconstruction ($8.6 million);
- Governor’s Office of Storm Recovery (GOSR), Rotterdam Firehouse ($1.9 million);
- New York State Department of Environmental Conservation (DEC), Lows Lake Dam ($2.0 million);
- New York State Office of Mental Health (OMH), Hutchings Psychiatric Center, Rehabilitation Building 1 ($24.3 million);
- State University of New York (SUNY), The College at Brockport, New 250 Bed Residence Hall ($22.8 million);
- SUNY, State University College at Plattsburgh, Macomb and Mason Hall Renovations ($14.1 million);
- SUNY, Buffalo State College, Bishop Hall Renovation ($15.9 million).

Major ongoing DASNY-managed projects include:

- CUNY, LaGuardia Community College, Center 3 façade replacement ($122.7 million);
- CUNY, Queens College, new chiller plant ($31.8 million);
- CUNY, Queensborough Community College, electrical reconstruction ($42.0 million);
- OMH, South Beach Psychiatric Center, new inpatient building ($272.0 million);
- OMH, Central New York Psychiatric Center, renovations to Building 30 ($133.0 million);
- SUNY, State University College at Plattsburgh, Whiteface Hall renovations ($19.0 million);
- SUNY, College of Technology at Alfred, renovation at MacKenzie Complex, Phase II ($18.4 million);
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- SUNY, University at Albany, Dutch Quad G & H renovations ($26.5 million);
- SUNY, Buffalo State College, Renovations to Tower 3 ($16.0 million); and
- SUNY, Plattsburgh, upgrades and site improvements to Kent Hall ($12.0 million).

New projects added to DASNY’s construction pipeline during FY 2018-19 include:
- CUNY, Brooklyn College, Reconstruction of Cupola on Clock Towne at LaGuardia Hall Library ($2.4 million);
- CUNY, City College of New York, Roof Replacement at Compton-Goethals Hall ($4.3 million);
- CUNY Graduate School and University Center, Renovation of 11,750 sf to create multi-purpose space for training and research ($6.1 million);
- CUNY, Hunter College, Renovation of North Building Auditorium ($24.0 million);
- CUNY, NYC College of Technology, Voorhees Hall Bathroom Renovations ($3.5 million);
- CUNY, Queens College, Kiely Hall Window Replacement ($4 million);
- OMH, Hutchings Psychiatric Center, HVAC and mechanical upgrades ($37.7 million);
- New York State Office of Mental Health, Western NY Psychiatric Center, Building 80 ($15 million);
- SUNY, State University College at Cortland, Renovations to the Smith & Casey Tower for apartment-style living ($30.2 million);
- SUNY, Alfred State College, Phase 3, Renovations of North Wing of MacKenzie Hall ($18.2 million);
- SUNY College of Agriculture and Technology at Morrisville, Renovations of Stewart Hall ($17.7 million); and
- SUNY, State University College at New Paltz, Phased Renovations of Bouton Hall ($7 million).

New projects in programs where DASNY has various levels of oversight:
- Homeless Housing and Assistance Program (HHAP): 23 projects for homeless housing located in Albany, Bronx, Erie, Kings, Monroe, New York, Niagara, Ontario, Richmond, Steuben, Suffolk and Westchester Counties ($528.2 million).
- Office of Alcoholism and Substance Abuse Services (OASAS): Four renovation and new construction projects in Monroe, New York, Oswego, and Queens Counties ($22.4 million).
- Office of Parks, Recreation, and Historic Preservation (OPRHP): Three projects in Niagara, Putnam, and Ulster Counties ($9.0 million).

Construction Developments

- State University of New York – Residence Hall Program: DASNY completed four capital projects with an overall project value exceeding $59 million and 30 summer projects with an overall project value of approximately $30.6 million during the summer of 2018. In addition, the 2019 summer activity includes three new capital projects with an overall project value of approximately $71.3 million and 34 summer projects with a value of more than $81.8 million.
- New York City Housing Authority (NYCHA): The FY 2016-17 State Budget authorized $100 million for public housing modernization and improvement program to improve safety and quality of life for NYCHA residents. DASNY was specified as the entity to execute the program by providing construction services for all projects within the program, which currently
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consists of three phases: (1) security improvement projects; (2) appliance replacement projects; and (3) Quality of Life projects. One hundred percent of the projects are in progress or completed.

- **Governor’s Office of Storm Recovery (GOSR):** DASNY’s work for GOSR includes approximately 24 projects totaling more than $85 million in NYC and on Long Island along with the seven Upstate projects totaling approximately $13 million. DASNY has progressed three projects to substantial completion and continues to work closely with GOSR to advance the remainder of the projects into the construction phase. DASNY managed the design phase for 10 projects, totaling $78 million, across the state for projects that local beneficiaries will be managing in construction.

- **NY Works:** During FY 2018-19, DASNY continued to perform construction management services for the NYS Department of Environmental Conservation (DEC) and the NYS Office of Parks, Recreation and Historic Preservation (OPRHP) under the NY Works Program, including dams, flood control and dredging projects (DEC) and the Niagara Falls State Park project (OPRHP).

- **Department of Health Certificate of Need Reviews:** DASNY continues to provide document review services. As of March 31, 2019, DASNY has contracted for 302 reviews for 117 hospitals and health care providers with a total project value of approximately $10.8 billion. Projects reviewed include hospitals, nursing homes, ambulatory surgical centers, and diagnostic and treatment centers.

- **Construction Site Safety Initiatives:** DASNY is committed to maintaining a safe working environment at each of its construction sites. To support this commitment, DASNY holds contracts with three safety/loss control firms. The consultants assist DASNY staff and contractors in identifying ways to control hazards normally associated with an active construction site. In fiscal year 2018-19, the safety/loss control consultants conducted 228 construction site surveys.

**NEW YORK STATE PROGRAMS**
Consistent with DASNY’s mission statement and long-standing history of public service, DASNY’s professional staff supported numerous State of New York programs, policies, and economic development initiatives during Fiscal Year 2018-19:

- **Health Care Transformation (Department of Health)** – Upon taking office, Governor Andrew M. Cuomo created the Medicaid Redesign Team to craft a first-year Medicaid budget proposal and develop a multiyear reform plan for the transformation of health care in New York State. In 2014, New York finalized terms and conditions with the federal government for a waiver amendment that allocates $6.42 billion to the Delivery System Reform Incentive Payment (DSRIP) Program. The purpose of the DSRIP Program is to fundamentally restructure the health care delivery system in New York using federal savings generated by the State’s Medicaid reforms, creating a financially sustainable health care system. Although DASNY does not have a direct role in the DSRIP Program, DASNY has significant
responsibilities under several programs which are central to achieving the State’s health care transformation goals including financing programs through issuance of bonds.

- **Capital Restructuring Financing Program** – The Capital Restructuring Financing Program (CRFP) is a $1.2 billion capital grant program originally included in the enacted 2014-15 State Budget to provide funds to health care providers for funding capital projects. After program changes in 2015, a Request for Applications was released by DOH and DASNY on April 10, 2015 and on March 4, 2016, DOH and DASNY announced 135 grant awards totaling approximately $1.2 billion to qualifying institutions. Post-award work on these grants continues to date.

- **Health Care Facility Transformation Programs (HCFTP)** – The enacted State Budget for 2015-16 to date included $2.225 billion in appropriations and re-appropriations for Health Care Facility Transformation Program (HCFTP) capital grant funding, intended to strengthen and protect continued access to health care services in New York’s communities:
  - **The HCFTP Kings County** is a $700 million capital grant program originally included in the enacted 2015-16 State Budget to provide capital funding in support of projects that replace inefficient and outdated facilities as part of a merger, consolidation, acquisition or other significant corporate restructuring activity intended to create a financially sustainable system of care. A Request for Applications (RFA) was issued for the program on March 9, 2017, and an award of up to $663,993,428 to One Brooklyn Health (OBH) was announced January 31, 2018. Post-award work on the OBH grant continues to date.
  - **The HCFTP Oneida County** is a $300 million capital grant program originally included in the 2016-17 State Budget to provide capital funding in support of projects located in the largest population center of Oneida County that consolidate multiple licensed health care facilities into an integrated system of care. A Request for Applications (RFA) was issued by DOH for this program on November 22, 2016, and an award of up to $300 million was made to Mohawk Valley Health System (MVHS) on April 3, 2017. Post-award work on the MVHS grant continues to date.
  - **The HCFTP Statewide** is a $200 million capital grant program originally included in the enacted 2016-17 State Budget to provide up to $195 million in capital funding in support of projects that replace inefficient and outdated facilities as part of a merger, consolidation, acquisition, or other significant corporate restructuring activity that is part of an overall transformation plan intended to create a financially sustainable system of care, and up to $5 million for the purchase of mammography equipped vehicles. This program, which can be found at Section 2825-d of the Public Health Law, is referred to as “Statewide I”.
  - **The HCFTP Statewide II** is a $500 million capital grant program originally included in the enacted 2017-18 State Budget to provide capital funding in support of projects that replace inefficient and outdated facilities as part of a merger, consolidation, acquisition, or other significant corporate restructuring activity that is part of an overall
The HCFTP Statewide III is a $525 million capital grant program originally included in the enacted 2018-19 State Budget to provide funding in support of capital projects, debt retirement, working capital or other non-capital projects that facilitate health care transformation activities. A minimum of $60 million from Statewide III shall be awarded to community-based health care providers and a minimum of $45 million shall be awarded to residential health care facilities. Subject to approval of the Director of the Budget, the Commissioner of Health is also authorized to award up to $20 million to assisted living programs, exclusive of funds awarded to community-based health care providers and residential health care facilities as listed above.

Interest in all three Statewide grant programs has been high, and the administration of each program by DOH and DASNY continues as per the Administration Agreement required for each respective program.

- **Statewide I:** A Request for Applications (RFA) for Statewide I was issued on July 20, 2016 (Statewide RFA 1607010255). Due to significant RFA response, State officials determined to seek additional funding for the applicants under this RFA during the 2017-18 State Budget process. Effective with the enactment of the Statewide II program on April 1, 2017, the Commissioner of Health was authorized, upon approval of the Director of the Budget, to award up to $300 million from the new Statewide II program to unfunded capital grant applications submitted in response to Statewide I (RFA 1607010255). On April 20, 2017, DOH officials determined to award grants to 92 projects totaling approximately $491 million for the HCFTP Statewide I RFA. Post-award work on these grants continues to date, with approximately $28 million (45 projects) awarded to community-based health care providers.

- **Statewide II:** A Request for Applications (RFA) for the approximately $204 million remaining in the HCFTP Statewide II program was issued on January 8, 2018 (DOH01-SHCFT2-2018). On February 5, 2019, DOH officials determined to award grants to 95 projects totaling approximately $204 million for the HCFTP Statewide II RFA (DOH01-SHCFT2-2018). Post-award work on these grants continues to date. Due to significant response to the Statewide II RFA (DOH01-SHCFT2-2018), State officials elected to seek additional funding for applicants under this RFA during the 2019-20 State Budget process.

- **Statewide III:** Effective April 1, 2019, the Commissioner of Health was authorized, upon approval of the Director of the Budget, to award up to $300 million from the new Statewide III program to unfunded capital grant applications submitted in response to Statewide II RFA (DOH01-SHCFT2-2018). DASNY continues to support DOH in the administration of this program and an RFA for Statewide III is anticipated by the Fall of 2019.
Each Health Care Facility Transformation Program specifies that: (a) the particular HCFTP program is jointly administered by DASNY and the DOH in accordance with the terms of the applicable legislation, appropriation and administration agreement; (b) that the funds appropriated for the particular HCFTP program shall be awarded without a competitive bid or request for proposals process; (c) the programs may be financed in significant part through the issuance of DASNY and/or the New York State Urban Development Corporation (UDC) bonds; and (d) the issuance of such bonds or notes shall be approved by the NYS Public Authorities Control Board (PACB).

Community Health Care Revolving Loan Capital Fund – DASNY and the New York State Department of Health have established the $19.5 million Community Health Care Revolving Capital Fund to improve access to capital for clinics and other organizations that have limited resources and are seeking to broaden access to primary care services. In February 2017, DASNY, in consultation with DOH, selected the Primary Care Development Corporation to administer the fund. Borrowers are chosen by PCDC through an application process that was approved by DASNY and DOH. The funds will be used to provide loans for projects at eligible facilities. This new loan program was placed into operation during April 2018 and the first loans have been made from the Fund.

New York Rising Storm Recovery Program (GOSR/HTFC) – In FY 2018-19, DASNY continued to work with the Governor’s Office for Storm Recovery (GOSR) and Housing Trust Fund Corporation (HTFC) to provide services for the New York Rising Storm Recovery Program. Further details on this program are included in the Construction section of this report.

Public Housing Support (NYCHA) – In FY 2018-19, DASNY continued to work with the New York State Division of Housing and Community Renewal (DHCR) and New York City Housing Authority (NYCHA) on a public housing modernization and improvement program benefitting housing developments owned or operated NYCHA. Further details on this program are included in the Construction section of this report. DASNY also continues to work with DHCR and NYCHA to deploy additional funding in the amount of $200 million for capital projects and other improvements pursuant to a plan approved by the Director of the Budget, and additional funding in the amount of $250 million pursuant to a plan established under 402-d of the Public Housing Law.

NY Works (OPRHP and DEC) – In FY 2018-19, DASNY continued to provide design and construction management services to the New York State Office of Parks, Recreation and Historic Preservation (OPRHP) and Department of Environmental Conservation (DEC) under the NY Works Program and further details on this program are included in the Construction section of this report.

Transformational Economic Development Infrastructure and Revitalization Projects
Jacob K. Javits Convention Center Expansion Project – Part G of Chapter 73 of the Laws of 2016 authorized the New York Convention Center Development Corporation (CCDC) to request that DASNY act as the construction-permitting agency, pursuant to Article 18 of the Executive Law and the regulations promulgated thereunder, for the Jacob K. Javits Convention Center project (the Javits Project). All required permits have been issued by DASNY to date, and CCDC’s work on this project is continuing.

Moynihan Station/James A. Farley Building Replacement – Pursuant to Article 18 of the Executive Law and the regulations promulgated thereunder, in FY 2017 DASNY took on the responsibility to act as the construction-permitting agency for the Urban Development Corporation’s (UDC) (DBA Empire State Development) adaptive reuse of the James A. Farley Post Office Building and Annex, as part of UDC’s Moynihan Station Civic and Land Use Improvement Project. This work includes the creation of Moynihan Train Hall connected to Penn Station. All required permits have been issued by DASNY to date, and UDC’s work on this project is continuing.

NYS Life Sciences Public Health Initiative – Pursuant to certain legislation and appropriations enacted in the 2017-18 State Budget appropriations and re-appropriations enacted in the 2018-19 State Budget, and reappropriations enacted in the 2019-20 State Budget, DASNY is authorized to provide design and construction services for a new (combined) Life Sciences Public Health Initiative in the Capital District that would provide opportunities to evolve the DOH Wadsworth Laboratory’s basic research; attract and retain sustainable partners in its current state without key enhancements; and serve as a focal point for the Capital Region’s life sciences industry cluster. The new facility will be in accordance with a plan developed and approved by the Chief Executive Officer of the New York State Urban Development Corporation jointly with the Commissioner of the New York State Department of Health. The New York State Infrastructure Development Act was amended to authorize DASNY and Urban Development Corporation to utilize the alternative delivery method known as design-build for the new life sciences laboratory. A total of $750 million is appropriated for the capital portion of this project, for which UDC and DASNY are authorized to issue bonds. State officials have designated a site for the project at the Harriman State Office Campus. A Request for Qualifications (RFQ) pursuant to the New York State Infrastructure Investment Act is currently underway.

State Capital Grant Programs – DASNY currently administers 17 capital grant programs on behalf of New York State that support community and economic development, including competitive programs as further described below:

- Nonprofit Infrastructure Capital Investment Program (NICIP) – In FY 2018-19, DASNY continued to administer grants under the program’s $120 million bonding authorization. The competitive NICIP program was enacted to make targeted investments in capital projects that will improve the quality, efficiency, accessibility, and reach of nonprofit human services organizations that serve New Yorkers.

- Higher Education Capital Matching Grant Program (HECap) – In FY 2018-19, DASNY, as staff to the HECap Board, continued to administer grants under the
program’s $270 million bonding authorization. A Request for Applications (RFA) was released on October 31, 2018, and awards to successful applicants are expected to be made in Summer 2019.

○ The State and Municipal Facilities Capital Program (SAM) – DASNY continued to administer SAM Grants awarded by the Senate Finance Committee, the Assembly Ways and Means Committee, and the Executive. The total amount authorized under the SAM program is $2.4735 billion. Eligible SAM grantees include the State, Municipal corporations, and other organizations including certain educational facilities, nonprofit organizations, regional transportation authorities, special districts, and certain public authorities.

• Other Programs – Raise The Age Facilities: The FY 2018-19 State Budget authorizes DASNY to provide capital construction services to the NYS Office of Children and Family Services (OCFS) and authorizes DASNY to provide construction and financing services for certain detention facilities certified by OCFS in conjunction with the “Raise the Age” legislation enacted in the 2017-18 State Budget. DASNY and OCFS are working to effectuate a financing pursuant to this authorization.

MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE (MWBE) INITIATIVES

• MWBE 15-A Contract Goals and Expenditure Results for FY 2019: DASNY’s MWBE Article 15-A aspirational goal for contracts executed in FY 2019 was 30% (18% MBE and 12% WBE). DASNY’s cumulative MWBE expenditures for FY 2019 was $179,777,390, which is 32.99% (18.43% MBE and 14.56% WBE) of total contract expenditures for FY 2019. This represents an increase of approximately $5 million when compared to MWBE expenditures in the previous fiscal year. These accomplishments position DASNY to better serve its clients and promote inclusion in New York State contracting opportunities.

• MWBE Financial and Professional Services: The chart below outlines the MWBE participation for non-construction related professional services expenditures for FY 2019. Four categories, Legal, Accounting, Official Statement Printing and Insurance are reported to Empire State Development (ESD). Financial Advisory, Swap Advisory, Underwriters for Public Transactions, Broker Dealer and Private Client Transactions with Multiple Underwriters are tracked by DASNY, but not reported to ESD.
Summary Fiscal Year April 1, 2018 - March 31, 2019

<table>
<thead>
<tr>
<th>Non-Construction Professional Service</th>
<th>Total</th>
<th>MWBE Participation</th>
<th>MWBE Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal (1)</td>
<td>$ 9,195,596</td>
<td>$ 2,262,828</td>
<td>24.61%</td>
</tr>
<tr>
<td>Accounting</td>
<td>$ 380,500</td>
<td>$ 106,778</td>
<td>28.06%</td>
</tr>
<tr>
<td>Financial Advisory</td>
<td>$ 26,500</td>
<td>$ 10,000</td>
<td>37.73%</td>
</tr>
<tr>
<td>Official Statement Printing</td>
<td>$ 65,933</td>
<td>$ 47,287</td>
<td>71.71%</td>
</tr>
<tr>
<td>Swap Advisory</td>
<td>$ N/A</td>
<td>$ N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Insurance (2)</td>
<td>$ 540,353</td>
<td>$ 185,032</td>
<td>34.24%</td>
</tr>
<tr>
<td>Underwriters for Public Transactions</td>
<td>$ 5,860,464</td>
<td>$ 1,904,844</td>
<td>32.50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Construction Professional Service</th>
<th>Total</th>
<th>MWBE Participation</th>
<th>MWBE Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker-Dealer (3)</td>
<td>$ 7,010,903,000</td>
<td>$ 1,309,073,000</td>
<td>18.67%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Construction Professional Service</th>
<th>Number of Transactions</th>
<th>Transactions with MWBE Participation</th>
<th>MWBE Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Client Transactions with Multiple Underwriters</td>
<td>6</td>
<td>5</td>
<td>83.33%</td>
</tr>
</tbody>
</table>

(1) Blended rate including voluntary private client MWBE participation not required under Executive Law Article 15-A.
(2) Values include fees paid by DASNY and commissions paid by insurance carriers in association with policies placed for DASNY. Values do not include insurance premiums, which total $11.36 million. Brokers do not retain any part of those funds, which are paid directly to insurance carriers on DASNY’s behalf.
(3) Participation based upon par value transactions awarded to MWBE.

SERVICE-DISABLED VETERAN-OWNED BUSINESS (SDVOB) INITIATIVES

DASNY is dedicated to assisting SDVOBs to compete successfully in its building services and procurement programs. DASNY continues to employ numerous strategies/programs designed to identify, notify, educate and support SDVOB enterprises in DASNY’s complete platform of services. Based on the Division of Service-Disabled Veterans’ Business Development Annual Report, as of December 31, 2018, DASNY ranked eighth (8th) among ninety-eight (98) State Agencies and Authorities in disbursements to SDVOB firms. The DASNY Business Registry currently has 46 active SDVOB firms.

SUSTAINABILITY PROGRAMS: DASNY Green Projects in Design and Construction

All DASNY projects that are new construction, additions or significant renovations must include a goal of LEED Silver or higher and be fully submitted to the United States Green Building Council
(USGBC) for a rating review. As of March 31, 2019, 43 projects have received a rating of Certified or better, including three Platinum, 15 Gold, 22 Silver and three Certified.

- **LEED Accredited Professionals at DASNY**
  DASNY has 21 LEED-Accredited Professionals (AP) and one Green Associate on staff to assist DASNY and its clients with the LEED certification process. DASNY encourages all employees involved with design and construction to prepare for and take the test to achieve LEED-AP status.

- **DASNY Works to Advance New York State Policy Goals**
  DASNY continues to work collaboratively with other State entities to further State Policy Goals, including Executive Orders No. 88 (relating to energy efficiency, commissioning and metering), No.18 (striving to eliminate single use water bottles), No. 4 (pertaining to green procurement and waste reduction) and Executive Order No. 166 (with goals of statewide greenhouse gas (GHG) emissions reductions of 40 percent by 2030 and 80 percent by 2050). Where possible, DASNY incorporates these policy goals into its construction projects by striving for extremely high efficiency in every project and discussing the potential benefits of net zero designs with clients, consultants, and contractors.

  DASNY assists with achieving the goals of Executive Order No. 4 by training State agency staff and potential State vendors and developing the specifications and definitions to assist other entities in the development of procurement processes to comply with the Order. DASNY is also the co-chair of the Operations and Engagement subcommittee, providing communications between state sustainability coordinators, and facilitating sourcing and development of case studies, guidance, and other resources, for the publicly accessible GreenNY website, hosted by the New York State Office of General Services.

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

- **NGHP Holding Corporation; and**
- **Atlantic Avenue Healthcare Property Holding Corporation.**

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

In addition, pursuant to the 2016-17 enacted State Budget, the New York State Design and Construction Corporation (DCC) was established as a statutory DASNY subsidiary.
The purpose of this memo is to review the activities undertaken by Atlantic Avenue Healthcare Property Holding Corporation (the “Corporation” or “Atlantic”) since the last Annual Meeting of the Board on April 11, 2018.

History

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

Current Activities

To fund the ongoing operations following its emergence from Bankruptcy, New IMC has been receiving regular operating assistance from the State. Last fiscal year, DASNY made a loan to New IMC for purchase of new chillers and during this fiscal year an additional advance on that loan was made; one more advance in the 2019-2020 fiscal year is anticipated. The purchase of the new chillers will enable New IMC to avoid having to rent chillers at a rental of approximately $1 million per year. Ultimately, we anticipate that 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 is participating in the DSRIP Preferred Provider System led by Maimonides Medical Center.

New IMC has struggled with cash flow issues during this fiscal year and, as a consequence, rent payments were reduced with the consent of DOH and even with such reduction rent payments have been late through the year and New IMC is currently several months in arrears. 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. We anticipate that we will receive little or no rental payments from New IMC in the next fiscal year and therefore even larger payments by the State under its Service Contract will be required.

NYS Homes and Community Renewal has issued two Requests for Proposals involving 11 separate parcels, four of which are 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 are not clear at this time.

cc: Adrian Swierczewski
    Joseph Gilchrist
    Tracy Raleigh
TO: Mr. Alfonso L. Carney Jr.
Mr. John B. Johnson, Jr.
Paul S. Ellis, Esq.
Jonathan H. Gardner, Esq.
Mr. Wellington Z. Chen
Beryl L. Snyder, Esq.
Gerard Romski, Esq.
Hon. Mary Ellen Elia
Hon. Robert F. Mujica
Dr. Howard A. Zucker

FROM: Gerrard P. Bushell
President

RE: NGHP Holding Corporation

DATE: March 29, 2019

The purpose of this memo is to review the activities undertaken by NGHP Holding Corporation (the “Corporation” or “NGHP”) since the Corporation’s last Annual Meeting on April 11, 2018.

History

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

In accordance with the Plan of Liquidation, on June 30, 2011, the Main Building, the Annex and the Parking Lot were conveyed to NGHP, and NGHP and the New York City Health and Hospitals Corporation (“HHC”) entered into a Lease Agreement (the “HHC Lease”), pursuant to which NGHP leased the Main Building to HHC to be renovated by HHC for use as a Long Term Acute Care Hospital (“LTACH”). On the same date, NGHP sold the Parking Lot to HHC for redevelopment as a skilled nursing facility and NGHP sold the Annex to the Institute for Family Health for use as a family practice center. In late December 2012, after the renovation of the Annex was completed, the family practice center was opened for business.
Pursuant to the Plan of Liquidation and the Confirmation Order, a liquidation trustee (the “Liquidation Trustee”) appointed by the Bankruptcy Court liquidated all of the other assets of NGH and has since settled and paid the remaining claims of creditors. A portion of the proceeds of the sale of the properties noted above in the amount of $1,720,000, had been set aside in case it was needed to pay claims of creditors; the Liquidation Trustee determined these funds to be unnecessary for the payment of claims, and on October 30, 2013, they were used to redeem a portion of the DASNY Bonds issued for the benefit of North General Hospital.

**Current Activities**

The Liquidation Trustee has now resolved all claims submitted by unsecured creditors. The Liquidation Trustee has filed her final accounting with the Bankruptcy Court and the Bankruptcy case has been closed. DASNY received an additional payment during the year from the Liquidation Trustee. From amounts remaining in the account, the Liquidation Trustee transferred to her counsel an amount to satisfy final legal and accounting costs of the Liquidation Trustee; there may be a small balance remaining after all invoices have been paid which would be transferred to DASNY/NGHP. 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. The last rental payment made by HHC was for the period through June 30, 2017. That rent was sufficient to make the bondholder interest-only payment due on August 15, 2018, but the State provided funds for most of the February 15, 2019 principal and interest payment to bondholders. We have been unsuccessful in getting HHC on a quarterly rental payment schedule as provided by the lease. We do anticipate an additional rental payment in the next few months.

cc: Adrian Swierczewski
    Joseph Gilchrist
    Tracy Raleigh