

## PRESIDENT’S MESSAGE

*By Blaine Bandi*

Welcome to a new year and an exciting near national championship for the Arizona Cardinals. I’m writing this edition of the President’s Message the day after the game following an admittedly late and restless night. Poor grammar or content within this message is directly attributable to this fact. I have no excuse for my previous four messages.

I anticipate this newsletter will be coming out about the same time we are meeting in Florida for our Spring Conference. This year we will be recognizing the Past Presidents of our two precursor associations. These volunteers gave tirelessly of their time, talent and energy to set us on our current path. Now that I am a little past the halfway point of my tenure as your President (please hold your applause), I find myself wondering what will NAHEFFA look like in five or ten years. I suspect this was a common thought among our Past Presidents, and I for one, am looking forward to their recollections of where we were and where they thought we were headed during their tenures.

As I mentioned in my opening remarks at our Fall Conference in Seattle, I am a proponent of using quotes to prepare an audience for the topic at hand. As we recognize our precursor associations’ Past Presidents, we are well served by the words of one of our nation’s Past Presidents.

“While I take inspiration from the past, like most Americans, I live for the future.” Ronald Reagan

Now, one year into our reincarnation as a merged Association, it seems appropriate that we transition from transitioning and begin planning for our future. How will we be different? How will we be better, more responsive to our members, more essential to our industry? How will we be more relevant? While we will most certainly benefit from the experience and traditions shared by our Past Presidents, the future direction of this

Association is in the hands and minds of the membership. As we draw inspiration from the past, we must continue the process of visualizing our future.

You may also remember my preference for quotes which diminish expectations. Lest any of you mistakenly anticipate wisdom for the ages, I offer the following quote as a buffer.

“Prediction is very difficult, especially about the future.” Anonymous

I am pleased to present my ten predictions for the future of NAHEFFA. Please note that these ideas are solely the product of my sleep deprived imagination and do not necessarily reflect the desires of any other board member.

### 1) Development of Advocacy Objectives and Advocacy Evaluation

Each year we struggle with evaluating our advocacy efforts. We never seem to be able to adequately assess what we wanted to do, what we’ve done and what changes we should make going forward. I would like to see the Advocacy Committee and the Advocacy Consultant jointly develop annual advocacy objectives and a mechanism to objectively measure our advocacy activities within those objectives. These objectives should include establishing/expanding relationships with borrower agencies and their trade associations, industry associations and regulatory agencies.

### 2) Implement a 50 State Initiative

Our membership should comprise every state in the country. Eligible members in currently unrepresented states should be offered introductory memberships at associate member rates. Eligible associate members in currently unrepresented states should be offered introductory associate memberships at appropriate discounts. During this introductory period we will demonstrate the value of membership to the new members.

### 3) Regionalize Membership

Regionalization will facilitate our ability to staff those committees which benefit from

geographically diverse representation (Advocacy, Sponsorship and Membership). Regionalization will also permit future regional mini-conferences and insure the most appropriate representation of the anticipated increase in membership. Initially, four regions (Northeast, Southeast, Midwest and West) would be comprised of 10-15 geographically appropriate members.

### 4) Develop Speakers Bureau

Our membership comprises immense and diverse expertise in tax exempt financing. Many of our members are already frequent speakers at conferences, meetings, workshops and media events. Our website should provide bios and areas of expertise for all members of the speakers’ bureau.

### 5) Develop a Partial Rotation for the Spring Conference

The Spring Conference should be held in even numbered years in Washington DC. To enhance educational and advocacy opportunities, whenever possible the dates of the DC conference should be coordinated with higher education and health care industry trade association meetings. Spring Conferences in odd numbered years should rotate among member “hosted” sites. With the possible exception of occasional joint conferences in DC, Spring Conference attendance should be limited to NAHEFFA members and guests.

### 6) Develop a Four City Rotation for the Fall Conference

The Fall Conference should be placed into a four city rotation. The selected cities should

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offer the best attributes of ease of travel, moderate weather, availability of reasonably priced meeting space and sponsor/attendee attractiveness. It is anticipated that a site rotation will facilitate the development of regional sponsors and minimize attendance fluctuations due solely to location.

### 7) Design the Fall Conference as a Non Profit Capital Finance Conference

The Fall Conference should include educational tracks for Authorities as well as Higher Education and Health Care borrowers. It is conceivable that such a conference could easily become the largest non profit capital finance conference in the nation. A more broadly attended conference which maintains a capital finance focus would enable us to broaden our sponsor base, enhance advocacy opportunities, and create a forum for dialogue between issuers, borrowers, industry professionals and regulatory agencies.

### 8) Create Monthly Webinars

Webinar technology is ideally suited to the educational needs of a national organization operating within a volatile environment. There are multiple topics and presenters that our membership could have accessed in the last year alone. The costs are very reasonable and the outcomes more timely when compared to conferences. Webinars would also likely result in many suggestions for more formal presentations at conferences.

### 9) Road Test the Concept of Smaller Regional Conferences

A number of our members have already held small regional conferences. Regional conferences could offer many advantages. Their smaller size and potential for lower travel costs are perfectly suited to a more intense educational focus for new Authority board or staff.

### 10) Develop Certification Program

Working in consultation with industry trade groups, NAHEFFA should develop a Non Profit Capital Finance Professional Certification Program. This designation, which would be offered to new Authority board and staff, would demonstrate the recipient's dedication to professional development.

Upon development, the designation could be expanded to include borrower/applicant staff.

Well there you have it, my look into the future. If you agree, or more importantly if you disagree, I urge you to share your thoughts, ideas and visions while we are gathered in Florida. Alternatively, if you strongly agree or strongly disagree, contact Linda Beaver, Chair of the Nominating Committee, and tell her you want to serve on the Board. I look forward to seeing and hearing from you in Florida.

## WASHINGTON ADVOCACY REPORT

*By Charles A. Samuels*

*Mintz Levin*

*February 17, 2009*

After years of advocacy, we are delighted that in the stimulus bill Congress finally liberalized the "bank deductibility" rules.

Ever since the restrictions on banks' deducting carrying costs were put in place in 1986, it was recognized that the exemption (\$10 million) and its irrational application to state authorities (exemption measured at issuer level) need to be repaired. Indeed, before he became president, then-Governor Clinton sat on a panel which recommended the changes we have just obtained. The legislation includes our borrower eligibility because of an energetic campaign by many NAHEFFA authorities and their constituents/customers and by governmental issuers. Special kudos goes to Senators Bingaman (NM) and Crapo (ID), and Congressmen Neal Frank (MA), and Ron Kind (WI). Although initially confused with language relating to pool issues, we finally obtained good clear language.

The new law applies to obligations issued during 2009 and 2010. It increases from \$10 million to \$30 million the annual limit for "qualified small issuers." Most importantly, from our viewpoint, the new law applies the \$30 million exemption at the borrower level and states that a "qualified borrower" includes a 501(c)(3) and that a "qualified financing issue" is a composite, pool or "other conduit financing issue." Thus, a stand-alone issuance by our authorities on behalf of an individual 501(c)(3) will qualify as long as

issuance is not for more than \$30 million. There will be questions about how this provision applies to multiple issues within a year for the same institution and for hospital systems, but the basic paradigm of an issuance for a relatively small amount for a small college, hospital or clinic has been made clear.

As with most of the tax provisions, this revision technically lasts only for issuances in 2009 and 2010. This means that we and many other parties will go to Congress next year and ask for an extension or permanent authority. The key component of our argument must be that a significant number of helpful projects have been done to stimulate the economy and help entities that would otherwise have had difficulty accessing the market.

In sum, combined with last year's passage of the Federal Home Loan Bank (FHLB) letter of credit legislation, major new tools have been put in our hands to help our borrowers.

There were significant numbers of other bond provisions in the legislation. The alternative minimum tax for private activity bonds was repealed for 2009 and 2010. In combination with the bank deductibility liberalization, there is a new deminimus rule on banks' bond indebtedness which will make the purchase of bonds more attractive. There are several new taxable bond or tax credit bond options including one for state and local governments in which either the issuer could receive the cash subsidy from the federal government or the bond holder receives federal tax credits. There is a broader definition of tribal economic development bonds and modernization of the definition of a manufacturing facility for industrial development bonds. There is a new category of taxable/tax credit "Recovery Zone" bonds as well as tax credit bonds for qualified public school construction and additional qualified zone academy bonds. Additional clean renewable energy bonds have been authorized along with qualified energy conservation bonds. High speed rail projects will qualify for private activity bonds.

Plans also are afoot to assist the muni market administratively and through legislation. Although, at this writing, Treasury Secretary Geithner has not announced new programs

## WASHINGTON ADVOCACY REPORT

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for munis, there is work in the Administration to develop some type of liquidity/ credit facility or "bad bank" support. In the Congress, House Financial Services Chairman Frank in particular is looking at mechanisms to create new or supplement bond insurance. Frank intends to cover 501(c)(3) bonds. What strings might be attached to any of these programs, such as executive pay restrictions, are unknown.

Perhaps on the more defensive side, we can look forward to financial services regulatory reorganization which may include munis and certainly raises the specter of direct regulation of issuers. This is not the intention of House Chairman Frank but others, such as the SEC, undoubtedly will be proponents. Meanwhile,

the Municipal Securities Rulemaking Board (MSRB) continues to expand and invigorate its program, not only the EMMA disclosure system, but also proposals to expand, for example, its jurisdiction over various municipal actors in the "pay- to -play" arena. There is talk of a municipal bond "czar." If this person is not given regulatory authority, money to distribute or the ear of the Secretary of the Treasury or the President, his value is unclear.

In somewhat more mundane but important activities, NAHEFFA has taken the lead in arguing for the modernization and clarification of TEFRA public hearing and approval rules. We not only filed testimony, mostly in favor of an IRS/Treasury proposed rule, but were one of the few witnesses testifying in favor. Opposing these needed reforms were anti-stadia community activists and local officials who do not want to cede authority to state issuers.

The stimulus bill includes massive new spending programs in health and education. Undoubtedly, many of these new programs will have strings attached and we must be wary of potential "backdoor" regulation of bond issuances as part of the quid pro quo.

## BRIEFLY NOTED

- ... For each \$1 billion of government economic stimulus spending, economists say 35,000 jobs will be created.
- ... Droughts and insect infestations brought on by global warming have doubled the loss of mature forests in the western U.S. over the past 30 years. (*Source: USA Today; 01/23/09*)
- ... Efforts to use IT to improve U.S. health care appear to be falling short of expectations. A New England Journal of Medicine study says only 4% of U.S. doctors have adopted computerized health record systems to help them make decisions about patient care or to order tests. (*Source: Reuters; 01/09/09*)
- ... A new website, [www.Medicare.gov/NHcompare](http://www.Medicare.gov/NHcompare), is a new tool to help persons evaluate nursing home options. (*Source: Houston Chronicle; 12/18/08*)
- ... There is a large shortage of geriatricians with only 300 new ones being trained each year and the number of people over 65 doubling in the next 20 years. (*Source: New York Times, 12/30/08*)
- ... 23% of U.S. medical students now graduate with at least \$200,000 in debt. One year of medical school averages \$62,000 at private schools and \$44,000 at state schools. (*Source: New England Journal of Medicine; 12/08/08*)
- ... In 2008 the average U.S. wedding cost \$28,000, had 175 invited guests, and had a \$3,800 honeymoon trip. Brides averaged 26 years old and grooms 28 years old. (*Source: Milwaukee Journal Sentinel; 01/05/09*)
- ... The songs that whales and dolphins use to communicate, orient themselves, and find mates is being drowned out by man-made noise (shipping, seismic surveys & military sonar), thus posing a threat of ultimate extinction. (*Source: Associated Press; 12/04/08*)
- ... 9% of our nations imported oil (1.2 million barrels a day) flows into Superior, Wisconsin at the head waters of the world's largest freshwater system (the Great Lakes). (*Source: Milwaukee Journal Sentinel; 12/07/08*)
- ... Using a computer model, which predicted the dissolution of the Soviet Union, Russian academics now predict that by 2010 the U.S. will sustain an economic and moral collapse which will trigger civil war and the breakup of our country into four regions which will align with other nations. (*Source: The Wall Street Journal; 01/10/09*)
- ... In all of history, only 161,000 tons of gold have been mined, barley enough to fill two Olympic pools. More than half has been extracted in the past 50 years. (*Source: National Geographic; January 2009*)
- ... The number of international students enrolled in American colleges in 2007 (623,805) shattered previous records and was the largest one year increase in decades. (*Source: The Chronicle of Higher Education; 11/21/08*)
- ... 30% of U.S. high school students reported stealing from a store in the past year and 64% reported cheating on a test. (*Source: Associated Press; 12/01/08*)

## BRIEFLY NOTED

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- ... People who engage in regular exercise develop more small blood vessels in their brains and thereby reduce the risk of cognitive decline. (Source: *Milwaukee Journal Sentinel*; 12/02/08)
- ... Almost one in five young American adults has a personality disorder that interferes with daily living. Fewer than 25% of college aged Americans with such mental problems get treatment. (Source: *Associated Press*; 12/02/08)
- ... Hawaii is dropping the only universal child health care program in the country just seven months after it was launched. Reasons cited include budget shortfalls and other health care options. Persons who could pay for private coverage began to stop paying for it so they could get the universal coverage for free. (Source: *Yahoo News*; 10/17/08)
- ... There is no regulation or control of pharmaceuticals in Iraq. 70% are illegal and 20% are total fakes. (Source: *USA Today*; 11/06/08)
- ... Technology is available to suck the “bad” LDL cholesterol out of a patient’s blood. The LDL cholesterol-removal process is similar to kidney dialysis, which filters out impurities from the blood. (Source: *St. Louis Post Dispatch*; 11/03/08)
- ... Primary care doctors in the U.S feel overworked and 50% plan to cut back or retire entirely. 60% say they would not recommend medicine as a career. (Source: *Yahoo News*; 11/18/08)
- ... As an example of deferred capital projects, the Shriners Hospitals for Children in St. Louis, Missouri and Galveston, Texas have halted or delayed construction plans for major capital improvements. (Source: *St. Louis Post Dispatch*; 01/22/09)
- ... European regulators are drafting laws to tighten control of rating agencies. (Source: *New York Times*; 10/30/08)



*Is this deferred maintenance?*

Source: *Facilities Manager*

- ... 33 states will soon receive \$42 million in grants aimed at directing persons away from nursing homes and into home and community based services. (Source: *Provider*; November 2008)
- ... More than 80% of seniors say they are very or somewhat concerned about Alzheimer’s disease. 68% self-reported memory complaints, but only one in five discuss them with their health care provider. (Source: *Provider*; November 2008)
- ... Big game/trophy hunting is having its toll on the animal kingdom as hunters remove the biggest and strongest of the species leaving an over abundance of females and inferior males to provide for future population (evolution in reverse). (Source: *Newsweek*; 01/12/09)

## STATE HAPPENINGS

### MASSACHUSETTS

#### ***Massachusetts HEFA combines tax-exempt bond issue with New Markets Tax Credit Financing***

The Massachusetts Health and Educational Facilities Authority (HEFA) has invested \$11 million in New Markets Tax Credits with nonprofit Harbor Health Services, Inc., to fund expansion of a program that will enable more elderly to remain in their homes while receiving complete medical care. Benefits of the tax credits, coupled with a \$10.6 million

tax-exempt bond issue, will refinance and renovate a three-floor building to house the Elder Service Plan.

This transaction — the first time Massachusetts HEFA has invested New Markets Tax Credits and issued bonds for the same organization at once — was an unusual deal that required hard work and creative thinking from all parties involved.

“The complexity of this transaction, made even more challenging with the current condition of the credit market, demanded nothing short of excellence on all sides,” said Benson Caswell, Massachusetts HEFA Executive Director. “We are proud to have

played a role in financing this important project. Helping smaller organizations secure capital to better serve underprivileged communities is at the heart of our mission.”

The New Markets Tax Credit Program was established by the federal government in 2000 to stimulate investment and economic development in low-income communities. The program grants authority to entities such as Massachusetts HEFA to allocate federal tax credits to investors who finance such development. In 2007, the government awarded \$66 million in tax credit allocation to HEFA - the only Massachusetts recipient of tax credits that year.

## STATE HAPPENINGS

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### **Massachusetts HEFA awards grants to community health centers**

The Massachusetts HEFA awarded 20 grants, totaling more than \$475,000, to community health centers across the state. The Community Health Center Grant Program provides awards of up to \$25,000 for infrastructure projects, which include construction, renovation, equipment, furniture and technology—often projects deferred in favor of providing services.

“The HEFA program has been invaluable for the state’s community health centers,” said Massachusetts League of Community Health Centers President James W. Hunt, Jr. “Community health centers work on the front lines of the health care system, providing comprehensive primary and preventive care and chronic disease management to more than 700,000 state residents. HEFA’s commitment to addressing the capital needs of health centers has helped to sustain their clinical excellence and expand their capacity for serving more patients.”

The selection process is based on a weighted scale which evaluates the viability and need for the project, the benefit and level of impact, the creativity and innovation, and the budget and sustainability of the project. Over the last three years, Massachusetts HEFA’s program has provided more than \$1.2 million in grants to community health centers.

## NEW YORK

### **DASNY Helps Health Care, Higher Education & Nonprofit Organizations Fund a Record \$219.6 million in TELP Equipment Leases In 2008**

Health care facilities and higher education institutions are continually investing in new technology to bolster productivity and improve the quality of their services. To assist with the acquisition of major medical equipment, business systems, and energy technology acquisitions, the Dormitory Authority of the State of New York (“DASNY” or the “Authority”) has operated a tax-exempt leasing program for more than 15 years, the Tax-Exempt Equipment Leasing Program

(“TELP”). The result has been ease of technology acquisition methods and lower bottom-line costs to institutions statewide. The TELP program has provided easy access to low cost tax-exempt equipment lease interest rates, which are substantially lower than taxable lease rates.

“TELP is available to any non-profit college, university, hospital, residential health care facility, diagnostic and treatment center, or other not-for-profit organizations eligible to issue bonds through DASNY. TELP saves our clients real dollars, lowers their technology funding costs and helps them remain up-to-date and provide the latest care, education or other services in their communities,” said Paul T. Williams, Jr., Executive Director of DASNY, one of the nation’s most frequent and largest issuers of tax-exempt financings.

Neil Benjamin, Director of the Division of Health Facility Planning at the New York State Department of Health, stated: “We have had a long standing working partnership with DASNY, its programs and staff. For 15 years we have helped DASNY and the hospitals of New York State save millions of dollars by recommending low-interest loans for high technology medical equipment through TELP lease financings. Our health care facilities are able to provide state-of-the-art care, and operate business systems effectively, through the availability of this innovative financing alternative. This program is one of the many examples of collaboration for the benefit of all New Yorkers, working together to improve health care access and affordability.”

William C. Hasselbarth, Executive Vice President and CFO of Albany Medical Center Hospital said, “The TELP program has been critical to AMCH’s annual capital budgeting and acquisition process. TELP has consistently provided AMCH with the low-cost capital dollars needed to keep our technology current and deliver the highest quality of care to our patients.”

The TELP program is a private placement funding transaction that converts a traditional two-party lease and sublease structure into a tri-party lease and sub-lease. Under the program, for example, a higher education or health care facility makes payments to the

Authority, but the payments are assigned to the outside lending source. Because the TELP lease qualifies as a tax-exempt lease, the lending source does not pay federal, state, or local tax on the interest portion of the lease payments, the lease interest rate is lowered to reflect the full tax savings and is generally reduced by about one third. Recently, the Authority successfully funded its first tax-exempt off balance sheet operating lease, which is described in more detail below.

According to Raymond Sweeney, Executive Vice President of the Health Care Association of New York State (“HANYS”) located in Albany, New York, “Access to capital is essential to New York’s hospitals seeking to provide the highest quality of care and access to life-saving technologies for the patients they serve. Unfortunately, New York’s providers are at the bottom of the list of hospitals nationwide in their ability to obtain needed capital. The TELP is one shining example of the state’s commitment to ensure that its residents receive the health care they deserve. Over its 15-year tenure, TELP has provided almost \$2 billion in technology leases, saving our member facilities more than \$13 million in financing costs. The TELP program issued more than \$181 million to health care in 2008 alone, with more than 85 percent of these funds going to improve medical and information technology. TELP provides a vehicle for facilities to acquire some of the lowest tax-exempt cost of capital helping the state’s non-for-profit hospitals meet their missions to provide the highest quality health care to the communities they serve.”

“The TELP program has been a source of lower cost financing for New York Presbyterian Hospital over the last few years,” according to Mark Larmore, Senior Vice President of Finance. “We have financed MRI systems, hospital beds, telemetry and monitoring equipment, and IV pumps, as well as, refinanced certain taxable capital leases to tax-exempt leases which generated substantial savings for the hospital. Given the size of our equipment replacement projects, it was compelling to access the tax-exempt financing market through DASNY’s TELP Program.”

## STATE HAPPENINGS

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In calendar year 2008, \$219.6 million was secured by DASNY from private leasing firms for its equipment and technology financing program. These financings were carried out as follows; 20 health care institutions (\$172.6 million), four higher education facilities (\$38.4 million) and one, first ever, health care shared services energy tax-exempt operating lease (\$8.6). Clients use the TELP Program for major movable medical equipment like radiology equipment, computer equipment, angiographic systems, CT scanners and other imaging systems, MRI systems, lab analysis equipment, telecommunications equipment, information technology, energy and energy performance contracting equipment.

Nicholas Nicoletta, Corporate Vice President and CFO at the Mary Imogene Bassett Hospital, located in Cooperstown, NY – the home of the Baseball Hall of Fame – said, “The Bassett Healthcare System has completed seven TELP leases since 2000. We have made a substantial investment in information technology and diagnostic and treatment modalities over this timeframe. When you are eligible for tax-exempt leasing,

it simply does not make sense to use taxable leasing for large equipment financings. We are grateful for the value that TELP adds as an important component of our annual budget planning year after year. We congratulate DASNY staff on a record setting 15th year for the TELP program.”

Consistently medical equipment is the largest segment of assets funded by the TELP program year after year. This year was no different as the program funded more that 65 percent of its activity or \$144.1 million for various medical, CT Scanners, MRIs or other medical imaging systems. The TELP program further funded \$41.3 million in information technology or approximately 19 percent of its lease financings. Energy efficiency equipment came in at just over 5 percent or \$9.5 million.

Dennis O’Shea, Director of Finance for United Health Services Hospital of Binghamton said, “United Health Services Hospital in Binghamton, NY was one of the first hospitals to use the TELP program in the early 1990s. We have done 12 TELP leases since that time and TELP is an integral part of our annual capital planning and budgeting process. We usually do one or more TELP leases a year and the savings have been substantial. Our

hospital is appreciative to DASNY for making this program consistently available to us year after year.”

Fred Matthews of the SUNY Office of Hospital and Clinical Services in Albany said, “The State University of New York operates three academic medical centers (Stony Brook, Downstate Medical Center, and Upstate Medical Center). These important medical systems provide essential medical services on Long Island, in Brooklyn, and in Syracuse and are important providers of care to the uninsured and underinsured. Each of our medical centers usually completes at least one TELP lease annually as part of our annual capital plans. Our high tech, tertiary medical facilities have extensive equipment capital budgets. SUNY and DASNY have always had a close working relationship and TELP has proven to be the most cost-effective solution for financing our annual equipment needs. SUNY is required to competitively bid each lease pursuant to NYS procurement procedures and the result has been very low interest rates. We thank DASNY for helping the SUNY family of administrators and clinicians to acquire and finance important state-of-the-art equipment for the deserving residents of New York.”

### ***Dormitory Authority TELP Fundings for 2008***

<b>1-1-08 to 12-31-08</b>	<b>Dollar Amount</b>	<b>No. of Leases</b>	<b>% Total</b>
Bank of America	\$ 93,561,770.00	7	42.598
Chase Equipment Leasing	69,194,856.00	7	31.504
HP Financial Services	19,927,627.00	2	9.073
Key Government Finance	13,411,330.00	3	6.106
M&T Equipment Finance	10,271,265.00	2	4.676
TD Equipment Finance	4,710,892.00	1	2.145
GE Capital Public Finance	4,050,000.00	1	1.844
Interstate Leasing Company	2,482,990.00	1	1.130
Sun Trust Equipment Finance	2,026,500.00	1	0.923
<b>Total</b>	<b>\$219,637,230.00</b>	<b>25</b>	<b>100.000</b>

## STATE HAPPENINGS

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Bank of America provided 42.6 percent or \$93.6 million in fundings to the Authority's program. "At Bank of America, we work with many of the tax-exempt conduits across the country, and we have experienced a variety of solid programs," said MJ Klimas, Bank of America National Sales Manager for Healthcare Equipment Finance. "From that national perspective, our view is that the DASNY tax-exempt leasing program in particular enjoys the benefits of a seasoned and knowledgeable staff, and operates under a seamless infrastructure."

Rick Owen, whose territory on Klimas' team includes the state of New York, has worked with the DASNY program for 12 years. "Our clients are always impressed with how efficiently DASNY moves their equipment financing application to a successful conclusion, working through numerous state and federal agencies as well as adhering to strict federal tax requirements," Owen said.

Chase Equipment Leasing provided 31.5 percent or \$69.2 million in municipal leasing under the Authority's TELP program. There were seven other lending sources that made up the other 26 percent of the lease activities undertaken by the Authority for its nonprofit clients in 2008. Patrick McGrath, Market Manager of JPMorgan Chase Bank, N.A., Not for Profit/Healthcare/International, whose division funded eight technology transactions last year under DASNY's TELP program said, "Chase is committed to providing health care facilities, government entities, higher-education institutions and non-profits with the equipment they need to support their communities. We have participated in the TELP for about 10 years and have increased our financing for this critical sector from \$43.6 million in 2007 to \$69.2 million in 2008. We anticipate strong participation in 2009."

Glenn Lipomanis of HP Financial Services, a division of the Hewlett-Packard Company, provider of more than \$19.9 million in technology and equipment leases under TELP said, "Our financial services company is in the business of enhancing HP's global product and service solutions, enabling customers worldwide to acquire complete IT solutions, in

a seamless fashion. Our partnership with DASNY in the TELP program enjoys the same vision – supporting our joint customers and driving to the lowest total cost of ownership. DASNY and their staff take a simple yet extremely efficient approach, from initiation of the program to the closing and beyond."

Since the TELP program began in 1994, approximately \$1.9 billion and 349 leases have been arranged for higher education, health care organizations and other eligible not-for-profits statewide with an average project lease amount of \$5.4 million and an average interest rate of 4.71 percent. The 25 leases that were funded in calendar 2008 totaled more than \$219 million and the average transaction rose to more than \$8.7 million. Sixteen transactions exceeded \$5.0 million, while nine were less than the \$5.0 million mark. The tax-exempt lease portfolio interest rates averaged 3.96 percent. On a present value basis this saved DASNY clients over \$14.2 million cumulatively comparing taxable vs. tax-exempt funding rates under TELP.

"We at Memorial Sloan-Kettering Cancer Center find the TELP process to be an extremely cost effective and efficient tool for financing capital equipment purchases. By using TELP financing, we effectively lower borrowing costs, match the useful life of equipment purchases to the life of the financing and strategically manage our mid-term capital needs via this disciplined programmatic approach," said Mark Svenningson, Corporate Controller of Memorial Sloan-Kettering Cancer Center, located in New York City.

In addition, DASNY and the New York State Energy Research and Development Authority (NYSERDA) have a 10-year collaboration of helping customers develop and deploy innovative energy saving, environmental, and green building projects. "Assistance from NYSERDA and DASNY with energy efficiency projects can help customers save money and reduce their environmental impact," observes NYSERDA's Tom Barone, Director of Energy Efficiency Services. "Often the savings are significant for a customer's bottom line in terms of energy efficiency and electric utility savings, and can provide a positive return-on-investment that allows the customer to move

forward with projects that will further extend the benefits in terms of equipment, services, and tenant comfort."

Anthony Macaluso, Controller at St. John's University, looks to the TELP program to fund its technology and equipment year after year. Tony said, "We have saved considerable dollars by using TELP, money that goes back to enhance our operations, bolster efficiency and foster our academic mission in the Queens community that we serve. Tony also said, "We even use TELP to fund our IT and computer laptop technology and savings are passed on to our student body and faculty staff. The way we take advantage of TELP allows us to offer each incoming freshman a laptop without additional charge when they register and tuition and fees are paid. We are looking further to TELP as a program to help us become greener and more energy efficient as we develop, propose and set forth a more environmentally friendly sustainable campus."

### ***First Off-Balance Sheet Lease Transaction Completed***

The Authority also completed its first off-balance-sheet operating lease transaction. This financing enabled a hospital, located in the downstate area, to finance an energy savings project on a tax-exempt basis without having to characterize it as debt on its financial statements. The hospital is only required to make payments if the projected savings are realized and, if not, a performance guarantee offered by a major energy service company will cover the shortfall. The borrower received the advantages of the Authority's low interest rate, obtained the benefits of updated assets to reduce the cost of operating, without having to incur additional debt.

For more information, contact Mr. Art Ware, Senior Financing Analyst Tax Exempt Leasing Programs, 515 Broadway, Albany, NY 12207, (518) 257-3373. Art's fax number is (518) 257-3100 and his e-mail address is [aware@dasny.org](mailto:aware@dasny.org). The Authority's website address is [www.dasny.org](http://www.dasny.org). For additional information on the TELP program go directly to: [www.dasny.org/tefp](http://www.dasny.org/tefp).



National Association of Health and Educational Facilities Finance Authorities

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