

Memorandum

TO: Jack D. Homkow, Director, Office of Environmental Affairs

FROM: Matthew A. Stanley, AICP, Senior Environmental Manager



DATE: April 13, 2015

RE: *State Environmental Quality Review (SEQR) Negative Declaration Concurrence for the North Shore Long Island Jewish Health System Obligated Group 2015 Financing Project — Hospitals Program*

The North Shore Long Island Jewish Obligated Group (“NSLIJ Obligated Group”) has requested financing from the Dormitory Authority State of New York (“DASNY”) pursuant to DASNY’s Hospitals Program for its *2015 Financing Project*. Accordingly, the *2015 Financing Project* is subject to environmental review pursuant to the *State Environmental Quality Review Act (“SEQRA”)*.

Based on a review of the attached *Single Approval Credit Summary*, dated April 2, 2015, it has been determined that for purposes of *SEQRA*, the Proposed Action would consist of DASNY’s authorization of the issuance of an amount not to exceed \$620,000,000 in one or more series of 30-year, tax-exempt and/or taxable, fixed-rate Series 2015 Bonds on behalf of NSLIJ. The proceeds of the bond issuance would be used to finance or refinance the *2015 Financing Project* (the “Proposed Project”).

2015 Financing Project. The *2015 Financing Project* would consist of new construction and renovation of Emergency Departments at both Huntington Hospital (Huntington, Suffolk County, New York) and Southside Hospital (Bay Shore, Suffolk County, New York). Both Huntington Hospital and Southside Hospital have indicated that their respective Emergency Departments (“EDs”) are over 30 years old, are severely undersized and handle the expanding patient volume with increasing difficulty. Each ED Project would look to improve operational efficiency and patient flow. Completion of both ED Projects is anticipated by the first quarter of 2016. In addition, the *2015 Financing Project* would involve the refunding of previous DASNY NSLIJ Obligated Group bonds, described further below.

The System. North Shore – Long Island Jewish Health System, Inc. (“NSLIJ” or the “System”) is the nation’s second-largest, non-profit, secular healthcare system based on the number of beds. NSLIJ is an integrated health-care-delivery system comprising seventeen hospitals, three long-term-care facilities, three certified home-healthcare agencies, one long-term home-healthcare agency, five trauma centers, a hospice network, over 400 outpatient centers, The Feinstein Institute for Medical Research, two insurance companies, and other related entities. NSLIJ-owned hospitals and long-term-care facilities house more than 6,400

beds, employ nearly 11,000 nurses and have affiliations with about 10,000 physicians. These programs and related diagnostic, therapeutic and prevention services make NSLIJ well positioned to meet all of its patients' healthcare needs, as well as the needs of the communities served throughout Manhattan, Queens, Staten Island, Long Island and Westchester County. NSLIJ has also partnered with Hofstra University to develop the Hofstra North Shore-LIJ School of Medicine. The Medical School welcomed its first class in August 2011.

The Obligated Group. As part of a financing DASNY completed in 2011, Lenox Hill Hospital, Southside Hospital, Staten Island University Hospital, Huntington Hospital, Franklin Hospital, and NSLIJ Health Care Inc. (HCI or Parent) were added to the North Shore Long Island Jewish Obligated Group (the "Obligated Group"). Each member of the Obligated Group is jointly and severally liable to repay all obligations and guarantees issued under the Master Trust Indenture ("MTI"). Each time an Obligated Group member incurs debt or guarantees the debt of a non-obligated group member, the Obligated Group issues an Obligation pursuant to the MTI to secure the member's obligation with respect to repayment. The MTI contains a uniform set of financial and operating covenants applicable to the Obligated Group for the creation of Obligated Group debt or the guaranty of non-obligated group debt, and the addition of entities to, or the withdrawal of entities from, the Obligated Group.

SEQR Determination. DASNY completed this environmental review in accordance with SEQRA, codified at Article 8 of the New York *Environmental Conservation Law* ("ECL") and implementing regulations, promulgated at Part 617 of Title 6 of the *New York Codes, Rules and Regulations* ("N.Y.C.R.R."), which collectively contain the requirements for the New York *State Environmental Quality Review* ("SEQR") process. Representatives of NSLIJ provided information on previous environmental reviews for the construction components of the Proposed Project (see attached). These components and their respective SEQR status are described briefly below.

Huntington Hospital ED Project. Huntington Hospital proposes to construct a replacement Emergency Department of approximately 23,997 gross square feet ("gsf") and install an additional 18 ED treatment bays for a total of 47 treatment bays. Huntington Hospital is a New York State-designated Stroke Center, Level II Perinatal Care and a Level II Area Trauma Center. The current ED treats approximately 50,000 patients annually. The replacement ED would also include its own imaging service, with a dedicated CT Scan room, and radiology facilities. The new ED would also include new, larger, state-of-the-art trauma and resuscitation rooms. The existing ED would remain open until construction on the new ED is finished. Upon opening the replacement ED, the existing ED would close. The total basic cost of construction is approximately \$42.7 million. The project is currently under construction. Huntington Hospital is an acute-care community hospital with 408 New York State Department of Health ("NYSDOH")-certified beds located at 270 Park Avenue, Huntington, Suffolk County, New York.

Several approvals from the Town of Huntington (“TOH”) were required in order to facilitate construction of the new ED, including site plan approval (TOH Planning Board), and area and side yard variances (TOH Zoning Board of Appeals). Prior to consideration of the requested approval, the new ED was the subject of a coordinated *SEQR* review by the TOH Zoning Board of Appeals as an Unlisted action. The Town of Huntington issued a *SEQR Negative Declaration Notice of Determination of Nonsignificance* on June 26, 2014 (attached). The approvals were granted subsequent to the completion of *SEQR*. The project is currently under construction.

While DASNY was not an involved agency during the TOH Zoning Board of Appeals’ coordinated *SEQR* review in 2014, it is bound by the determination of the lead agency.¹ DASNY independently analyzed the relevant areas of environmental concern and concurred with the TOH Zoning Board of Appeals’ *Negative Declaration* that the new ED would not have a significant adverse impact on the environment. No further *SEQR* review is required.

Southside Hospital ED Project. Southside Hospital proposes to upgrade and renovate its existing Emergency Department and install an additional 14 ED treatment bays for a total of 49 treatment bays. The project would include the demolition of three buildings totaling approximately 35,766 gsf, construction of an approximately 9,445-gsf addition and interior alterations to modernize and expand the ED, plus additional parking, landscaping and drainage facilities. Southside Hospital is a New York State designated Stroke Center, Level II Perinatal Care and an Area Trauma Center. The current ED treats approximately 70,000 patients annually. The replacement ED would include its own CT Scan and radiography rooms and sub-waiting areas. The existing ED is anticipated to remain open as the renovation would occur in phases. The total basic cost of construction is approximately \$36.1 million. The project is currently under construction. Southside Hospital is a NYSDOH-certified, tertiary-care hospital with 341 beds located at 301 East Main Street, Bay Shore, Suffolk County, New York.

Several approvals from the Town of Islip (“TOI”) were required to facilitate construction of the new ED, including site plan approval. Prior to consideration of the requested approvals, the new ED was the subject of a coordinated *SEQR* review by the TOI Planning Board as a Type I action. The TOI Planning Board issued a *SEQR Negative Declaration Notice of Determination of Nonsignificance* on August 21, 2014 (attached). The approvals were granted subsequent to the completion of *SEQR*. The project is currently under construction.

While DASNY was not an involved agency during the TOI Planning Board’s coordinated *SEQR* review in 2014, it is bound by the determination of the lead agency.² DASNY independently analyzed the relevant areas of environmental concern and concurred with the

¹ 6 N.Y.C.R.R. § 617.6(b)(3)(iii).

² *Ibid.*

TOI Planning Board's *Negative Declaration* that the new ED would not have a significant adverse impact on the environment. No further *SEQR* review is required.

Refundings. North Shore Long Island Jewish Obligated Group is proposing to refund all or a portion of DASNY's Series 2003, Series 2005 A & B, Series 2007A and Series 2009A Bonds. Under current market conditions the combined refundings would provide a net present value benefit of approximately \$22 million, which is approximately 4.5 percent of the bonds being refunded.

Refinancing of existing debt is a Type II action as specifically designated by 6 *N.Y.C.R.R.* § 617.5(c)(23). Type II "actions have been determined not to have significant impact on the environment or are otherwise precluded from environmental review under Environmental Conservation Law, article 8."³ Therefore, no further *SEQR* determination or procedure is required for any project identified as Type II.

SHPA Determination. The Proposed Project was also reviewed in conformance with the *New York State Historic Preservation Act of 1980 ("SHPA")*, especially the implementing regulations of Section 14.09 of the *Parks, Recreation, and Historic Preservation Law ("PRHPL")*, as well as with the requirements of the Memorandum of Understanding ("*MOU*"), dated March 18, 1998, between DASNY and the New York State Office of Parks, Recreation, and Historic Preservation ("*OPRHP*"). Neither of the ED projects would involve a building listed in or eligible for listing in the State and/or National Registers of Historic Places. Any in-ground construction activities would take place in previously-disturbed areas. It is the opinion of DASNY that the Proposed Project would have no impact on historic or cultural resources in or eligible for inclusion in the National and/or State Registers of Historic Places.

SSGPIPA Determination. Since the Proposed Action would include DASNY bond financing, a Smart Growth Impact Statement ("*SGIS*") for the Proposed Project was prepared pursuant to the *State of New York State Smart Growth Public Infrastructure Policy Act ("SSGPIPA")* procedures (see "*Smart Growth Impact Statement Assessment Form ["SGISAF"]*", attached). DASNY's Smart Growth Advisory Committee reviewed the *SGIS* and attested that the Proposed Project, to the extent practicable, would meet the smart growth criteria established by the legislation. The compatibility of the Proposed Project with the ten criteria of the *SSGPIPA*, article 6 of the ECL, is detailed in the *SGISAF*. As indicated on the form, the Proposed Project would be generally supportive of *SSGPIPA* and no further *SSGPIPA* analysis is required.

Attachments

cc: Dena T. Amodio, Esq. (via email); Matthew T. Bergin (via email); *SEQR* File

³ 6 *N.Y.C.R.R.* § 617.5(a).