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TOWN OF BROOKHAVEN
LOCAL DEVELOPMENT CORPORATION

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SUPPLEMENTAL PUBLIC HEARING

HELD BY CONFERENCE CALL

RE: BROOKHAVEN MEMORIAL HOSPITAL MEDICAL CENTER, INC.

-----x

October 7, 2020
10:00 a.m.

TRANSCRIPT OF PROCEEDINGS

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A P P E A R A N C E S :

TOWN OF BROOKHAVEN
LOCAL DEVELOPMENT CORPORATION
One Independence Hill
Farmingville, New York 11738

BY: LISA M.G. MULLIGAN,
CHIEF EXECUTIVE OFFICER

ALSO PRESENT: TERENCE V. WALSH, ESQ.,
NIXON PEABODY

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MS. MULLIGAN: Good morning. It's October 7, 2020 at ten a.m. This is the Brookhaven Local Development Corporation public hearing. I'm going to read the notice for the record.

**NOTICE OF SUPPLEMENTAL PUBLIC HEARING
FOR UPDATED PROJECT DESCRIPTION**

NOTICE IS HEREBY GIVEN that a supplemental public hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "**Code**") will be held by the Town of Brookhaven Local Development Corporation (the "**Issuer**") on the 7th day of October, 2020, at 10:00 a.m., local time, as described below, in connection with the following matters:

Pursuant to Revenue Procedure 2020-21, a teleconference hearing accessible to the residents of the approving governmental unit by calling a toll-free number is treated as held in a location that, based on the facts and circumstances, is convenient for residents of the approving governmental unit for purposes of the public hearing requirement in

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Section 147(f) and the Regulations provided

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that the teleconference is held between May 4,

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2020 and December 31, 2020.

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On May 18, 2020, the Issuer held such

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teleconference public hearing accessible to

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local residents by calling a toll-free number

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and upon proper notice in compliance with the

9

Code.

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Brookhaven Memorial Hospital Medical

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Center, Inc., a New York not-for-profit

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corporation and an organization described in

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Section 501(c)(3) of the Code and exempt from

14

federal income taxation pursuant to Section

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501(a) of the Code, and doing business as Long

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Island Community Hospital (the "**Hospital**"),

17

submitted a proposal to the Issuer on

18

February 12, 2020, as amended, that the Issuer

19

issue in one or more series as part of a plan

20

of financing of qualified 501(c)(3) Bonds to

21

finance or refinance the costs of various

22

hospital facilities and equipment.

23

Subsequent to its initial submission,

24

the Hospital revised its request (1) for the

25

Issuer to issue the Series 2020 bonds as a

1
2 tax-exempt series and a taxable series to be
3 known as (i) Revenue Bonds (Long Island
4 Community Hospital Project), Series 2020A,
5 (the "**Series 2020A Bonds**"), such Series 2020A
6 Bonds to be issued as "qualified 501(c)(3)
7 bonds" as defined in Section 145 of the Code,
8 in one or more series (as part of a plan of
9 financing), and its Taxable Revenue Bonds
10 (Long Island Community Hospital Project),
11 Series 2020B, in the estimated principal
12 amount of \$16,500,000 but not to exceed
13 \$20,000,000 (the "**Taxable Bonds**"; and together
14 with the Series 2020A Bonds, the "**Series 2020**
15 **Bonds**"), and (2) to increase the amount of the
16 Series 2020A Bonds to finance additional new
17 money project expenditures. Following the
18 revisions, the total estimated principal
19 amount of the Series 2020A Bonds is expected
20 to be \$73,500,000 but not to exceed
21 \$85,000,000. Proceeds of the Series 2020A
22 Bonds will be loaned to the Hospital and
23 applied to pay, reimburse, or refinance the
24 costs of the following Hospital facilities and
25 equipment at the Hospital's Main Campus

1

2 (defined below) (collectively, the "**Project**):

3 (A) the proceeds of Series 2020A Bonds
4 will be used for: (i) the costs, including
5 principal, interest, and premium, of
6 refinancing of the Issuer's \$17,500,000
7 Revenue Bonds, Series 2014A (Brookhaven
8 Memorial Hospital Medical Center, Inc.
9 Project) (the "**Series 2014A Bonds**") and its
10 \$17,500,000 Revenue Bonds, Series 2014B
11 (Brookhaven Memorial Hospital medical center,
12 Inc. project) (the "**Series 2014B Bonds**", and
13 together with the Series 2014A Bonds, the
14 "**Series 2014 Bonds**"), the proceeds of which
15 Series 2014 Bonds were used for (1) the
16 acquisition, development, construction,
17 renovation, installation, equipping,
18 improvement and upgrade of the Hospital and
19 the Hospital's facilities located on the
20 Hospital's 35-acre main campus at 101 Hospital
21 Road, in Patchogue, Town of Brookhaven,
22 Suffolk County, New York (the "**Main Campus**"),
23 including, but not limited to, design,
24 development, construction and equipping of (2)
25 a modular unit to provide catheterization and

1
2 other clinical or support services, (3) the
3 Knapp Cardiac Center, a three-story,
4 approximately 60,000-square-foot addition to
5 the existing main hospital that will house a
6 centralized suite for cardiac catheterization
7 labs, a four-room operating suite and a
8 post-anesthesia care unit, (4) a new lobby
9 entrance and common area, as well as an
10 approximately 12,500-square-foot mechanical
11 penthouse, and (5) the renovation of certain
12 space in the existing main hospital building
13 in connection with the new construction and
14 the relocation of certain services
15 (collectively, the "**2014 Hospital**
16 **Improvements**"), all for use by the Hospital in
17 the providing of inpatient and ambulatory
18 health care services to the community; (b) the
19 refinancing of two term loans held by TD Bank,
20 N.A., with a then outstanding balance of
21 \$12,479,100.16, the proceeds of which were
22 used to pay the costs of (1) constructing and
23 equipping a one-story, approximately
24 5,500-square-foot sewer treatment plant and
25 (2) upgrading the Hospital's electrical

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2

system, all on the Main Campus (the "**2014**

3

Refinanced Improvements", and together with

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the 2014 Hospital Improvements, the "**2014**

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Facility"; and (3) the payment of all or a

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portion of the costs incidental to the

7

issuance of the Series 2014 Bonds, including

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issuance costs of the Series 2014 Bonds and

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capitalized interest; and

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(ii) the refinancing of multiple

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Capital Equipment Leases totaling not more

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than \$7,000,000, the proceeds of which were

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used to purchase critical pieces of hospital

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equipment including IT hardware (incl.

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processors, memory kits, external hard drives,

16

computers, etc.), IT software (incl. software

17

upgrades, software licenses, email encryption,

18

licenses, data protection licenses, etc.),

19

batteries, ph recorder, vacuum pumps, new HVAC

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systems, MRI machine (and accompanying

21

equipment), CAT scanners, multiple patient

22

monitors, multiple ventilators, telemetry

23

upgrades, and other medical equipment all

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located on the Hospital's Main Campus

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(collectively, the "**Capital Lease Equipment**");

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and

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(iii) the financing, refinancing, or

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reimbursement of approximately \$20,000,000

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(but not to exceed \$25,000,000) of the

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acquisition, construction, renovation,

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installation, equipping, improvements, or

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upgrade costs on the Hospital's Main Campus

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including, but not limited to, (1) interior

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and exterior renovations throughout the

11

Hospital, including renovations to lighting,

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flooring and doors, kitchen, medical intensive

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care unit, cardiac care unit, operating room,

14

patient rooms, air purification systems,

15

chillers, boiler plants, flooring, central

16

sterile sterilizer, the HVAC system,

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electrical systems, storage facilities, the

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Hospital's sewage treatment plant, and the

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Hospital's power plant, as well as renovations

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to the Hospital's Behavioral Health Areas to

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comply with certain regulatory requirements

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and any renovations necessary to install and

23

operate the 2020 Equipment (defined below)

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(the "**2020 Improvements**"), and (2) the

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acquisition and installation of certain

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equipment, including information technology

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and computer equipment; beds, stretchers, and

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other furniture; imaging, diagnostic, blood

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bank, laboratory, and other medical and

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surgical equipment (the "**2020 Equipment**" and,

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together with the 2020 Improvements, the

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Capital Lease Equipment, and the 2014

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Facility, the "**Facility**").

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Each component of the Facility is

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located on the Hospital's Main Campus.

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Accordingly, all of the proceeds of the Series

13

2020A Bonds are directly or indirectly

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allocable (through a series of refinancings)

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to capital expenditures at the Hospital's Main

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Campus.

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The proceeds of the Taxable Bonds will

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be used for the following:

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(B) the costs, including principal,

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interest, and premium, of refinancing of the

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Town of Brookhaven Industrial Development

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Agency's (the "**Agency**") \$20,000,000 Civic

23

Facility Revenue, Refunding Bonds, Series

24

2006A (Brookhaven Memorial Hospital Medical

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Center, Inc. Civic Facility) (the "**Series**

1
2 **2006A Bonds**"), the proceeds of which Series
3 2006A Bonds were used to (a) advanced refund
4 the Agency's \$20,000,000 civic Facility
5 Revenue Bonds, Series 2000A (Brookhaven
6 Memorial Hospital Medical Center, Inc. Civic
7 Facility) (the "**Series 2000A Bonds**"), the
8 proceeds of which Series 2000A Bonds were used
9 for (i) the construction, renovation,
10 equipping and expansion of an approximately
11 28,000 square foot emergency department (the
12 "**Emergency Department**") located on the Main
13 Campus, (ii) the refinancing of all or a
14 portion of a taxable loan entered into on
15 July 20, 1999 from The Dime Savings Bank of
16 New York to the Hospital, with a principal
17 balance of approximately \$6,300,000, which
18 taxable loan financed renovations at the
19 Hospital's outpatient facility located at
20 101-147 West Main Street, in the Village of
21 Patchogue, Town of Brookhaven, Suffolk County,
22 New York (the "**Outpatient Facility**") and
23 refinanced a tax exempt loan from the
24 Dormitory Authority of the State of New York
25 ("**DASNY**") to the Hospital in 1974 that

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financed or refinanced certain improvements at the Main Campus including an additional two stories on the Hospital's existing "T" wing, construction of a new "North" Wing, renovation of existing areas of the Hospital, the expansion of existing service areas, the construction of a sewage treatment plant, and certain other capital expenditures all relating to the Hospital's Main Campus (the **"Miscellaneous Main Campus Improvements and Equipment"** and, together with the Emergency Department and the Outpatient Facility, the **"2000 Facility"**); (3) funding a debt service reserve fund; and (iv) paying all costs of the issuance of the Series 2000A Bonds and other costs incidental thereto (collectively, the **"2000 Project"**); and (b) pay a portion of the costs of issuance of the Series 2006A Bonds (collectively, the **"2006 Project"**), and the costs of paying any breakage fees associated with any swaps.

The proceeds of the Series 2020 Bonds will be used for paying all or a portion of the costs incidental to the issuance of the

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Series 2020 Bonds, including issuance costs of the Series 2020 Bonds and funding any reserve funds as may be necessary to secure the Series 2020 Bonds.

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The proceeds of the Series 2020 Bonds will be loaned by the Issuer to the Hospital pursuant to the terms of a certain loan agreement (the "**Loan Agreement**") between the Issuer and the Hospital to pay the costs of the Project. The Hospital will be initial owner and principal user of the Facility. The Hospital and the State University of New York acting through Stony Brook University Hospital ("**Stony Brook University Hospital**") have entered in a letter of intent to explore a possible affiliation between them. If the affiliation is completed, it is anticipated that the Hospital will lease the Facility to Stony Brook University Hospital. The Series 2020 Bonds will be special obligations of the Issuer payable solely from loan payments made by the Hospital to the Issuer pursuant to the Loan Agreement and certain other assets of the Hospital pledged to the repayment of the

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Series 2020 Bonds. The Series 2020 Bonds

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shall not be a debt of the State of New York

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or any political subdivision thereof,

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including the Town of Brookhaven, and neither

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the State of New York nor any political

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subdivision thereof, including the Town of

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Brookhaven, shall be liable thereon.

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Due to the Novel Coronavirus (COVID-19)

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Emergency State and Federal bans on large

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meetings or gatherings and in accordance with

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Governor Cuomo's Executive Order 202.1 issued

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on March 12, 2020, as amended to date,

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permitting local governments to hold public

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hearings by telephone and video conference

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and/or similar device, the Issuer will hold a

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hearing remotely by telephone conference call

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on the proposed financing and transaction set

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forth above, at the date and time listed

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above. Interested members of the public are

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invited to participate in the conference call

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for the public hearing by dialing

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(877)870-5858 (Toll Free) and entering the

24

following password: 274483#. In order to

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facilitate registration of participants, it is

1

2

requested that members of the public call the
above number no later than five minutes before
start time. If a member of the public is
having difficulty accessing the telephone
conference call, they should contact
(631)451-6563 for assistance.

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A representative of the Issuer will, at
the above-stated time and place, hear and
accept written comments from all persons with
views in favor of or opposed to either the
issuance of the Series 2020 Bonds, the
granting of other financial assistance
contemplated by the Issuer or the location or
nature of the Project. For those members of
the public desiring to review the application
for financial assistance before the date of
the hearing, copies of these materials are
currently available at www.brookhavenldc.org.
Persons desiring to make a brief statement
during the conference call regarding the
proposed transactions should give prior notice
to the Issuer by contacting The Town of
Brookhaven Local Development Corporation no
later than 5 p.m. the day before the hearing.

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Written comments may be submitted to the

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Issuer to the following email addresses:

4

lmulligan@brookhavenny.gov and

5

jlinse@brookhavenny.gov.

6

Minutes of the supplemental hearing

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will be made available to Hon. Edward P.

8

Romaine, Supervisor of the Town of Brookhaven.

9

Approval of the issuance of the Series 2020A

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Bonds by the Town of Brookhaven, through Hon.

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Edward P. Romaine, is necessary in order for

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the interest on the Series 2020A Bonds to be

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excluded from gross income for federal income

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tax purposes.

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Dated: September 29, 2020

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TOWN OF BROOKHAVEN

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LOCAL DEVELOPMENT CORPORATION

18

By: Lisa MG Mulligan

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Title: Chief Executive Officer

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Are there any participants on the call?

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(No response.)

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MS. MULLIGAN: Would anyone care to

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make comment?

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(No response.)

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MS. MULLIGAN: Okay. I'm going to

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2 leave this open for about 15 more minutes just
3 to see if anybody wants to make comment.

4 (Pause.)

5 MS. MULLIGAN: It's 10:20 a.m. on
6 October 7, 2020. This is the Town of
7 Brookhaven Local Development Corporation
8 public hearing for updated project description
9 for the Brookhaven Memorial Hospital Medical
10 Center, Incorporated project.

11 Would anyone like to make comment?

12 (No response.)

13 MS. MULLIGAN: Hearing none, I'm going
14 to keep this open for ten more minutes in case
15 anyone joins.

16 (Pause.)

17 MS. MULLIGAN: It's 10:30 a.m. on
18 October 7, 2020. This is the supplemental
19 public hearing for the updated project
20 description for the Brookhaven Memorial
21 Hospital Medical Center, Incorporated project
22 through the Brookhaven Local Development
23 Corporation.

24 There has been no participation and no
25 comment on this public hearing.

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Would anyone like to make comment now?

(No response.)

MS. MULLIGAN: Hearing none, I am closing this public hearing at 10:30 a.m.

Thank you.

(Time noted: 10:30 a.m.)

I, JOANN O'LOUGHLIN, a Notary Public for and within the State of New York, do hereby certify that the above is a correct transcription of my stenographic notes.

JOANN O'LOUGHLIN