

**KATHY HOCHUL**  
Governor

**LISA GOMEZ**  
Chair

**ROBERT J. RODRIGUEZ**  
President & CEO

***Memorandum***

**TO:** Robert S. Derico, R.A., Director, Office of Environmental Affairs

**FROM:** Matthew A. Stanley, AICP, Senior Environmental Manager, Office of Environmental Affairs

**DATE:** March 10, 2025

**RE:** *State Environmental Quality Review (SEQR) Type II Determination* for the Memorial Sloan-Kettering Cancer Center *2025 Financing Project* — Other Independent Institutions Program (various locations), New York

***Description of Proposed Action and Proposed Project.*** The Memorial Sloan-Kettering Cancer Center (“MSKCC”) has requested financing from the Dormitory Authority of the State of New York (“DASNY”) for its *2025 Financing Project* (the “Proposed Project”). Based on a review of the attached Transaction Report - Single Approval, dated February 28, 2025, it has been determined that the Proposed Action would involve DASNY’s authorization of the issuance of one or more series of tax-exempt and/or taxable, fixed- and/or variable-rate Series 2025 Bonds to be sold through a negotiated offering and/or a private placement, in an amount not to exceed \$700,000,000 in funding under DASNY’s Other Independent Institutions Program.

The Proposed Project would include these MSKCC facilities in Manhattan, New York County: 530 East 74th Street; 1275 York Avenue; 417 East 68th Street; 430 East 67th Street; 160 East 53rd Street; 633 Third Avenue; 425 East 67th Street; 300 East 66th Street; 205 East 64th Street; 1919 Madison Avenue; 1250 First Avenue; 410 East 68th Street; 411-419 East 67th Street; 444 East 68th Street; 1133 York Avenue; 353 East 68th Street; 327 East 64th Street; 330 East 62nd Street (also known as 32 East 61st Street); 222 East 70th Street; 160 East 63rd Street; 1233 York Avenue; 1231-1241 York Avenue; 432-436 East 67th Street; and 430 Main Street, Roosevelt Island. In addition, the Proposed Project would include MSKCC facilities at 57 Atlantic Avenue, Brooklyn (Kings County); 39-40 Crescent Street, Long Island City (Queens County); 500 Westchester Avenue, West Harrison (Westchester County); 1101 Hempstead Turnpike, Uniondale (Nassau County); and 650 Commack Road, Commack (Suffolk County).

***2025 Financing Project.*** The proceeds of the bond issuance would be used to finance the *2025 Financing Project*, which would involve:

*Reimbursement Projects.* This component of the proposed financing would involve the reimbursement of funds to MSKCC for a series of completed or substantially completed system-wide maintenance, repair, renovation and equipment projects, including replacement of imaging equipment, renovation of research and/or hospital labs; engineering services; construction and fit-out of shell space; bathroom and pantry renovation; debris removal; electrical work; mechanical, electrical and plumbing system startup; furniture procurement and installation; information technology network installation; wiring installation; audiovisual system procurement and installation; carbon monoxide monitor installation; elevator refurbishment; nurse call equipment update; flooring and wall covering replacement; nurse station modification; door operator replacement; patient lift upgrade; various infrastructure projects; millwork replacement; IT/TV equipment upgrades; HVAC upgrades; radiology master plan; interior fit out of existing floors; telecommunications closet upgrades; bulk oxygen system upgrade; expansion/renovation of conference space; capital equipment replacement; various equipment replacement; repair and/or replacement of damaged, worn or emergency conditions in roofing and/or waterproofing; Local Law 11 (façade inspection) compliance; repair fire damage; renovation of existing conference room into electron microscope space; steam line installation; renovation of existing exam rooms into treatment rooms including bathroom upgrades; renovation of existing exam rooms to accommodate medicine and surgery procedures; renovation of existing space for a clean and soiled room; reconfiguration of existing office space; fire alarm system upgrades; and, acquiring, improving, and equipping residential units for use as employee housing.

*Renovation and Maintenance Projects.* This component of the proposed financing would involve a series of system-wide repair, maintenance, renovation, architecture/engineering/planning, and equipment purchase projects, including laboratory renovations and upgrades; autoclave replacement; tissue culture room upgrades; molecular biology lab renovation; mechanical upgrades; capital facilities planning; Local Law 11; waterproofing; housing renovations; campus wide sprinkler system upgrade; IT infrastructure upgrade; consultant expenses; elevator refurbishment; signage/wayfinding; fire sprinkler upgrade; grease traps upgrade; minor renovations to hospital space; equipment replacement; nurse call replacement; imaging equipment; pediatrics upgrades; heating, ventilation and air conditioning (“HVAC”) upgrades; training area renovations; blood draw area renovations; pharmacy upgrades; expansion/renovation of conference space; storage area upgrades; facade, canopy and interiors (feasibility study); ceiling remediation; façade upgrades; shell space fit out; operating room renovations; research space renovations; procedure room upgrades; office renovations; clinic renovations and upgrades; and, laboratory consolidation.

The attached project lists provide the specific locations and other details of the above. Together, these various project elements constitute the “Proposed Project” for purposes of SEQR compliance.

***Institution.*** Memorial Sloan-Kettering Cancer Center (the “Center Corporation”) is part of a group of corporations that make up the oldest and largest privately-operated not-for-profit cancer center in the world. The other corporations in the group include Memorial Hospital for Cancer and Allied Diseases (the “Hospital”), Sloan-Kettering Institute for Cancer Research, S.K.I. Realty, Inc., MSK Insurance US, Inc., the Louis V. Gerstner Jr. Graduate School of Biomedical Sciences and MSK Insurance, Ltd., collectively (the “Related Corporations”) and, collectively with the Center Corporation. The Hospital, a 514-bed licensed specialty hospital traces its roots to the New York Cancer Hospital, founded in 1884 as the nation’s first cancer hospital. The Hospital is the premier institution for setting the standard of care for cancer patients and countless discoveries in clinical

research have occurred here that have led to standard-setting innovations in all areas of cancer diagnosis and treatment.

**SEQR Determination.** DASNY conducted this environmental review in compliance with the *State Environmental Quality Review Act* (“SEQRA”), codified at Article 8 of the New York *Environmental Conservation Law* (“ECL”), and its 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 *State Environmental Quality Review* (“SEQR”) process. The Proposed Project components are classified as follows:

*Reimbursement for completed property acquisition, construction, renovation, fit-out, maintenance, repair, and equipment purchase and installation activities.* Refinancing of existing debt is a Type II action as specifically designated by 6 N.Y.C.R.R. § 617.5(c)(29).

*Maintenance or Repair.* Those elements of the Proposed Project involving “*maintenance or repair involving no substantial changes in an existing structure or facility*” are Type II actions as specifically designated by 6 N.Y.C.R.R. § 617.5(c)(1).

*Renovation or Rehabilitation.* Those elements of the Proposed Project involving “*replacement, rehabilitation, or reconstruction of a structure or facility, in kind, on the same site, including upgrading buildings to meet building, energy or fire codes...*” are Type II actions as specifically designated by 6 N.Y.C.R.R. § 617.5(c)(2).

*Architecture, Engineering, and Planning.* Those elements of the Proposed Project involving “*information collection including basic data collection and research, water quality and pollution studies, traffic counts, engineering studies, surveys, subsurface investigations and soils studies that do not commit the agency to undertake, fund or approve any Type I or Unlisted action*” and/or “*conducting concurrent environmental, engineering, economic, feasibility and other studies and preliminary planning and budgetary processes necessary to the formulation of a proposal for action, provided those activities do not commit the agency to commence, engage in or approve such action*” are Type II actions as specifically designated by 6 N.Y.C.R.R. § 617.5(c)(24) and (27), respectively.

*Equipment Purchases.* Those elements of the Proposed Project involving “*the purchase or sale of furnishings, equipment or supplies, including surplus government property, other than the following: land, radioactive material, pesticides, herbicides, or other hazardous materials*” are Type II actions as specifically designated by 6 N.Y.C.R.R. § 617.5(c)(31).

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.*”<sup>1</sup> Therefore, no further SEQR determination or procedure is required for any component of the Proposed 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

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<sup>1</sup> 6 N.Y.C.R.R. § 617.5(a).

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 the DASNY and the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP"). In compliance with Article III, Section 3.0 of the MOU, OPRHP would be notified of the Proposed Project being funded with bond proceeds.

It is the opinion of DASNY that the Proposed Project would have no adverse impact on historical or cultural resources in or eligible for inclusion in the National and State Registers of Historic Places.

Cc: Michael Logan, Esq., Matthew T. Bergin

Project	Project Address*	Project Description	SEQR Type	SEQR notes
U2002491	1275 York Avenue	Memorial CRC Phase 1 Equipment Replacement - 8 M6 OR Booms 4 MRI Upgrades (7) M2 ORs and Booms/Monitor Arms in (4) Endo Rms M6 Brainlab Upgrades for 2 Rms (144) Omnicell Upgrades for Memorial & Off-Site Locations R337 Lap Laser M2 OR Equipment Booms	T2	equipment purchase
U2002438	1250 First Avenue	Renovate S-7, 10 and 12 to accommodate Research and/or Hospital lab expansions.	T2	renovation
U1000535	1275 York Avenue	Main Campus Emergency Upgrade Preconstruction Services including Fuel Oil Tank Location Investigative work and Tracing	T2	engineering services
U2002699	1101 Hempstead Turnpike, Uniondale (MSK Nassau or Garage)	Construction and fit-out of shell space and of the new addition to the MSK Nassau facility	T2	renovation
U2002560	633 Third Ave	Phase 1: Various Bathrooms and Pantries Floors 2, 3, 4, 5 Phase 2: Various Bathrooms Floors 3, 4, 5 and Pantries 3, 5, 11, 15, Phase 3: REO Day 2 Additions	T2	renovation
U2003326	885 Third Ave	Work related to the temporary (August 2024 thru March 2025) occupancy of floors 6, 12, 13, and 14 of the Lipstick building by the Nexus teams. Construction scope of work largely limited to debris removal, electrical work, and existing MEP system startup. Other scope includes: extensive furniture procurement/installation, IDF/network installation on each floor, low voltage wiring installation, and AV procurement/install.	T2	renovation & equipment purchase
U2002012	1275 York Avenue	Installation of CO Monitoring for (9) NYC MSK facilities	T2	equipment purchase
U2001943	160 East 53rd Street	Elevator Refurbishment of Cars 1 to 5 at RRL over the next two and half years.	T2	renovation
U2002511	1275 York Avenue	Nurse Call Update as part of CRC	T2	equipment purchase
U2001436	500 Westchester Avenue, West Harrison	Westchester Shell Space Fit Out	T2	renovation

		1) M18 Flooring & Wall Covering Replacement in Corridor and Patient Rms 2) M18 Nurse Station Modifications 3) M6 Sterile Core Flooring Replacement 4) M6 OR Sterile Core Flooring Replacement 5) M2 Soiled Utility Flooring Replacement 6) M6 Wave Door Operators (five (5) ORs) Replacement 7) M18 Patient Lift Alcove		
U2002299	1275 York Avenue	8) M19 Corridor Flooring Replacement - Cancelled	T2	renovation
U2003244	1275 York Avenue	Various infrastructure project	T2	renovation
U2002300	1275 York Avenue	Pediatric Refresh - Phase 2 - Bobst 9 Platform - Replace millwork footwalls in (30) treatment bays and replace flooring in each bay. IT/TV equipment upgrades to be included.	T2	renovation & equipment purchase
U2001278	300 East 66th Street	Project being reactivated after being put on hold during covid. Install a new PET CT scanner from Siemens. Original plan was for a GE machine. Re-planning of PET CT room to turn Siemens machine 180 degrees was necessary. Additionally, (3) new uptake rooms were added.	T2	equipment purchase
U2002256	160 East 53rd Street	New HVAC Upgrades at 53rd St (design and implementation) and BAIC (design only)	T2	equipment purchase
U2002523	425 East 67th Street	Radiology Masterplan	T2	renovation
U2002533	TBD	Interior fit out of twenty-one MSK floors.	T2	renovation
U2002558	1919 Madison Avenue	Provide CT Scanner to space.	T2	equipment purchase
U2003327	417 East 68th Street	Scope of work to be developed based on Anti-Tumor Assessment & Gene Editing Sequencing Core Facility requirements.	T2	renovation
U2003339	VARIOUS	yearly improvements to IDF closets	T2	equipment purchase
U2003367	1250 First Avenue	New "Main Campus Bulk Oxygen System Upgrade" increasing capacity per MSK-Plant Ops Request	T2	equipment purchase
U2003374	74TH STREET	Expansion/renovation of the existing 6th floor "East River Room" conference space at the David H. Koch Center for Cancer Care, to be utilized for MSK Executive Board meetings.	T2	renovation
U2002492	VARIOUS	Design and Renovation of Items in the Capital Equipment Replacement Program Radiology Department - CIGI 1 and CIGI 2, A-293 Radiation Oncology - RO 441 and 443	T2	equipment purchase
U2002489	300 East 66th Street	- BAIC CRC Phase 1 Equipment Replacement: 1 CT, 6 Mammography, 1 MRI	T2	equipment purchase

U2002490	650 Commack Rd, Commack	Replace Linac and X-Ray Sytem	T2	equipment purchase
U2002177	1275 York Ave	1. Repair and or replace damaged, worn or emergency conditions to roofing and or waterproofing at MSK Facilities. 2. Comply with DOB LL11/98 which is now named FISP for Housing and Facilities at MSK portfolio for addresses which fall within the Local Law requirements. 2021 - Cycle 9A	T2	renovation
U2002569	74TH STREET	Restore fire damage on the Koch Center 6th Floor Terrace	T2	renovation
U2002503	430 East 67th Street	Convert existing Conference room at RL-117 to a New Krios Cryo TEM with infrastructure for SKI as per Senior Management.	T2	renovation
U2002562	1275 York Ave	2022 DigITS ER's	T2	equipment purchase
U2001000	205E 64th Street	Design proposals for possible Implementation of infrastructure upgrades at 205E 64th Street after Koch Center Opens.	T2	renovation
U2003227	160 East 53rd Street	Installation of steam line from Bobst basement to RRL M1 level.	T2	renovation
U2002907	74TH STREET	The existing footprint of five exam rooms will be fitted out for three Urology treatment rooms on the 17th floor of the David H. Koch Center. The existing bathrooms adjacent to each exam room area will be fitted with a dual entrance to the treatment room and corridor. The six exam rooms on the south side of Koch's 17th floor will be modified to accommodate both Head & Neck medicine and surgery procedures. In addition to this, a clean and soiled room for soiled/clean scope storage will be fitted out in the existing footprint.	T2	renovation
U2002204	1275 York Ave	upgrading of main campus fire alarm system to interconnect fire alarm panels via fire works system	T2	equipment purchase
	430 Main Street, Roosevelt Island	Acquiring, improving, and equipping 104 residential units (approx 68,616 rentable square feet) in the subject property for use as employee housing	T2	acquisition, fit-out, equipment purchase

\*all addresses are in Manhattan (New York County) unless otherwise indicated

2025 Capital Forecast				
Unifier	Site/Location	Fund Title	SEQR Type	SEQR notes
U2001875	430 E 67th St	Annual Lab Renovations-Misc.	T2	renovation
U2003377 A	430 E 67th St	RARC: Autoclave Replacement at RL-12th floor Animal Facility (Execution)	T2	equipment
U2003377 B	430 E 67th St	RL-430 Tissue Culture room	T2	renovation
U2003445	430 E 67th St	RRL-8th & 9th Fl. Molecular Bio Renovation	T2	renovation
Annual Allocation	N/A	Facilities Master Plan/Capital Intake Annual Allocation	T2	professional services
U1000219	N/A	(Yearly) - Main Campus Final Certificate of Occupancy	T2	professional services
U1000570	N/A	Facilities Planning - Capital Intake	T2	professional services
U2003443	N/A	Facilities Master Plan 2025-2040	T2	professional services
U2002177	All Sites	Local Law 11 and Main Campus Waterproofing	T2	renovation
U2002012	All Sites	LL 191 Carbon Monoxide Monitoring Initiative	T2	equipment
Annual Allocation	All Housing Sites	Housing Renovations Annual Allocation	T2	renovation
U1000332	Koch Center	Koch Center 74th Street -Project Closeout	T2	professional services
U1000332	Koch Center	Koch Center 74th Street - OCIP Closeout	T2	professional services
U1000408	1275 York Avenue	Infrastructure Upgrade of Campus Wide Sprinkler System NFPA 101	T2	renovation
U2003339	1275 York Avenue	IT Infrastructure Upgrade 2024	T2	equipment
N/A	N/A	Misc. Audit Consultant Expenses	T2	professional services
U2001943	430 E 67th St	Elevator refurbishment RRL	T2	renovation
U2001435	All Sites	Branding/Signage Master Plan/Way finding	T2	renovation
U2000890	1275 York Avenue	Main Campus Fire Sprinkler Horizontal Distribution	T2	equipment
U2001942	1275 York Avenue	Upgrade Memorial Kitchen Grease Traps	T2	equipment
TBD	1275 York Avenue	Minor Renovations - Hospital Space Refresh	T2	renovation
U2002490	650 Commack Rd, Commack	CRC Phase 1 Commack Equipment Replacement	T2	equipment
U2002491	1275 York Avenue	CRC Memorial Equipment Replacement (M-2 Booms)	T2	equipment



U2002492 B	1275 York Avenue	CRC RO Phase 2 (441&443)	T2	equipment
U2002492 E	1275 York Avenue	CRC Radiology Phase 2 (M-278, 280 CIGI)	T2	equipment
U2002511	Various	CRC Nurse Call Replacement	T2	equipment
U2002471	1275 York Avenue	Total Body PET/CT	T2	equipment
U2002300	1275 York Avenue	Memorial 9th Flr Pediatrics Refresh Phase 2 & 3	T2	renovation
U2002429	Long Island City	Collected Pathology Projects	T2	renovation
U2002562	1275 York Avenue	2022 Collected DiGI Ts Projects	T2	equipment
U2002256	53rd Street NYC	53rd Street Pharmacy HVAC Upgrades	T2	equipment
U2003326	885 Third Ave NYC	Lipstick Building - Nexus Training Area	T2	renovation
U2003294	650 Commack Rd, Commack	Commack Blood Draw	T2	renovation
U2003252	Long Island City	Specialty Pharmacy at Long Island City	T2	renovation
U2003374	Koch Center	East River Room Expansion at Koch Center (interim Board Room)	T2	renovation
U2003375	300 E 66th Street	Research Kit Storage at BAIC	T2	equipment
U2003418	1275 York Avenue	M-G Memorial Exterior Facade, Canopy and Interiors (feasibility)	T2	planning / engineering
TBD	417 E 68th Street	ZRC Cage Wash Ceiling Remediation	T2	equipment
TBD	All Sites	Enterprise Façade / Window Washing Rigs Modernization	T2	equipment
U2001436	500 Westchester Ave, West Harrison	Westchester Shell Space Fit Out	T2	renovation
U2001897 A	1275 York Avenue	In-Patient OR Mitigation Projects / Track B	T2	renovation
U2002438	1275 York Avenue	MSK Research Space - Schwartz Floors 7,10, & 12	T2	renovation
U2002523	1275 York Avenue	Haupt 2 - (2) IR Procedure Room (Radiology 2nd Floor Master Plan)	T2	renovation
U2002699	1101 Hempstead Tpke, Uniondale	MSK Nassau Annex + Shell Space Fit Out	T2	renovation
U2002533	885 Third Ave NYC	885 Third Ave Renovations. (Lipstick)	T2	renovation
U2000970	417 E 68th Street	Alpha Emitter GMP Lab	T2	renovation
U2001278	300 E 66th Street	BAIC - PET CT Upgrades	T2	equipment
U2002907	530 East 74th St	Koch Urology Clinic	T2	renovation
U2002908	530 East 74th St	Koch Anesthesia Pain Clinic	T2	renovation
U2003327	417 E 68th Street	Z3 Lab Consolidation	T2	renovation



## Transaction Report – Single Approval

# Memorial Sloan Kettering Cancer Center – New York, New York

February 28, 2025

### PROGRAM:

Other Independent Institutions

### PURPOSE:

New Money

### NOT TO EXCEED AMOUNT:

\$700,000,000

### NOT TO EXCEED TERM:

31 Years

### INTEREST RATE TYPE:

Fixed and/or Variable

### BOND TAX STATUS:

Tax-Exempt and/or Taxable

### SALE TYPE:

Negotiated Offering and/or

Private Placement

### RATINGS: Aa3/AA-/AA

### SECURITY:

A general obligation of Memorial Sloan Kettering Cancer Center and guarantees from Sloan-Kettering Institute for Cancer Research and S.K.I. Realty Inc.

### Proposed New Issue Overview

The Board is being asked to adopt the necessary documents for one or more series of fixed and/or variable rate, tax-exempt and/or taxable bonds in an amount not to exceed \$700,000,000 with maturities not to exceed 31 years to be sold at one or more times through a negotiated offering and/or a private placement.

#### Financing Team:

- Senior Manager – J.P. Morgan
- Co-Bond Counsel – Orrick Herrington & Sutcliffe LLP and Marous Law Group, P.C.
- Underwriter’s Counsel – Katten Muchin Rosenman LLP

#### Purpose:

- Financing the costs associated with various acquisitions, renovations and upgrades as well as equipment purchases.

#### Security:

- A general obligation of Memorial Sloan Kettering Cancer Center (“MSKCC” or the “Center Corporation”).
- Guarantees from Sloan-Kettering Institute for Cancer Research and S.K.I. Realty Inc.

#### Description of the Bonds:

- The Bonds are a special obligation of DASNY.
- The Loan Agreement is a general obligation of MSKCC.

#### Financing Details:

**New Money:** MSKCC proposes to use bond proceeds to fund various acquisitions, renovations and upgrades as well as equipment purchases. The following list outlines the main components of the various projects and their locations.

**Roosevelt Island Employee Housing:** Located at 430 Main Street on Roosevelt Island, bond proceeds will be used to acquire, improve and equip 104 residential units for employee housing.

**Memorial Hospital for Cancer and Allied Diseases:** Located at 1275 York Avenue in Manhattan, bond proceeds will be used for various renovations and improvements. Projects include upgrades to the emergency power system, the nurse call system, the fire alarm monitoring system, the sprinkler system and information technology projects. In addition, the projects identified include the purchases of various medical equipment, office equipment and furniture.

In addition to the projects at Memorial Hospital for Cancer and Allied Diseases, various projects have been identified for its research facilities in Manhattan and for its ambulatory care facilities and other facilities which are located in the boroughs of Manhattan, Brooklyn and Queens as well as in Westchester, Nassau and Suffolk

Counties. These projects include upgrades to the elevators, the HVAC systems, the nurse call systems, the fire remediation systems,

and information technology projects. In addition, the projects identified include various office renovations, the construction of shell space, as well as purchases of medical equipment, office equipment and furniture.

**Sources and Uses:** The proposed new money financing will require a deposit to the project fund of approximately \$630.0 million. Total costs of issuance, including underwriter’s discount, are estimated at approximately \$3.5 million. In order to provide for market fluctuations, a bond issue of an amount not to exceed \$700,000,000 is being requested. Please see below for the estimated Sources and Uses.

<b>Sources of Funds:</b>	
Bond Proceeds	
Par Amount	\$ 633,500,000
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<i>Total Sources</i>	<i>\$ 633,500,000</i>
<b>Uses of Funds:</b>	
Project Fund Deposit	\$ 630,000,000
Cost of Issuance & Underwriter's Discount	3,500,000
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<i>Total Uses</i>	<i>\$ 633,500,000</i>

**Approvals**

TEFRA Hearing – March 10, 2025\*    SEQR Filing – March 11, 2025\*                      PACB Approval – March 19, 2025\*  
 \*Anticipated date

**Borrower Overview**

The Center Corporation is part of a group of corporations that make up the oldest and largest privately-operated not-for-profit cancer center in the world. The other corporations in the group include Memorial Hospital for Cancer and Allied Diseases (the "Hospital"), Sloan Kettering Institute for Cancer Research (the "Institute"), S.K.I. Realty, Inc. ("Realty"), MSK Insurance US, Inc. ("MSKI"), the Louis V. Gerstner Jr. Graduate School of Biomedical Sciences (the "Graduate School") and the Prostate Cancer Clinical Trials Consortium, LLC ("Consortium") and collectively, (the "Affiliated Corporations") and, collectively with the Center Corporation ("MSKCC and Affiliated Corporations"). The mission of MSKCC and Affiliated Corporations is to provide leadership in the prevention, diagnosis, treatment and cure of cancer through excellence, vision and cost effectiveness in patient care, outreach programs, research and education. The Center Corporation was organized in 1960 to promote a more intimate exchange between the clinical and research programs, and to provide general administrative, financial management and other services to the clinical and research enterprises to support the initiative against cancer. The principal facilities of MSKCC and Affiliated Corporations are located on the Upper East Side of Manhattan. The Affiliated Corporations include the following entities:

**Memorial Hospital for Cancer and Allied Diseases:** The Hospital, which has been in existence since 1884, is the Center Corporation's clinical enterprise. This 514-bed licensed specialty hospital is the nation's premier cancer treatment facility. The Hospital is one of only 72 institutions in the United States that have been designated as a Comprehensive Cancer Center by the National Cancer Institute. The Hospital's professional staff consists of approximately 1,200 physicians. As a teaching institution, the Hospital is affiliated with various medical schools with its primary affiliation being with Cornell University's Weill Cornell Medical College and Graduate School of Medical Sciences.

The Hospital uses an interdisciplinary, multi-modality approach to cancer care. Patients are treated by a group of specialists who work together as part of a Disease Management Team ("DMT"). Each DMT brings together the skills and experience of physicians, nurses, and other healthcare professionals who specialize in diagnosing and treating one type of cancer using treatment pathways developed

for each type and stage of the disease. The DMTs may include surgical oncologists, medical oncologists, radiation oncologists, diagnostic radiologists, pathologists, oncology nurses, and other healthcare professionals. These teams of specialists treat various aspects of a patient's disease, with one physician on the team coordinating care.

**Sloan Kettering Institute for Cancer Research:** The Institute, established in 1945, is the primary laboratory research enterprise of the Center Corporation. The Institute is organized into the following major fields of study: Molecular Biology, Chemical Biology, Cell Biology, Immunology, Cancer Biology and Genetics, Developmental Biology, Structural Biology, Computational and Systems Biology, and Molecular Pharmacology.

One of the greatest strengths of MSKCC and Affiliated Corporations is that clinical researchers collaborate closely with their science research colleagues, the Hospital and the Institute to improve the diagnosis and treatment of human cancers. Cancer research at MSKCC and Affiliated Corporations is integrated into cancer treatment; consequently, clinical research laboratories are immediately adjacent to patient care facilities. This co-location of research and clinical facilities fosters interaction among scientists, clinical investigators and clinicians; expedites the translation of basic science discoveries into clinical applications; and facilitates the swift application of knowledge gained in the clinic back to the laboratory.

**S.K.I. Realty, Inc.:** Realty is a 501(c)(3) not-for-profit corporation formed in March 1986 to support and benefit MSKCC and Affiliated Corporations primarily through the development and management of staff housing.

**MSK Insurance U.S., Inc.:** MSKI is the primary insurance company for certain insurable risks of the Center Corporation and the Affiliated Organizations. The primary insurance policies provided by MSKI are health care professional liability, warranty coverage for healthcare equipment, assumed coverage for workers' compensation, general liability and certain employee benefits of long-term disability and life insurance.

**Louis V. Gerstner Jr. Graduate School of Biomedical Sciences:** The Graduate School opened in 2004, with the first students graduating in 2012. The Tri-Institutional MD–PhD Program is a partnership of MSKCC and Affiliated Corporations, Weill Cornell Medicine, and The Rockefeller University. The dual degree program takes advantage of the close proximity of these three institutions for collaboration on biomedical research and medical training.

**Prostate Cancer Clinical Trials Consortium, LLC:** Consortium is a network of over 112 participating institutions sponsored by the Prostate Cancer Foundation and the Department of Defense Prostate Cancer Research Program with its coordinating center headquartered at Center Corporation. It is recognized as the nation's premier multicenter clinical research organization specializing in cutting-edge prostate cancer research.

### Financing History:

MSKCC currently has six bond issues outstanding with DASNY totaling approximately \$946 million as of December 31, 2024. MSKCC has met all of its obligations on time and in full and has been a client of DASNY since 1989.

Utilization:

	<u>Selected Utilization Statistics</u>					<u>2022</u>	<u>2022</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Statewide</u>	<u>DASNY</u>
						<u>Median</u>	<u>Median</u>
Licensed Beds (excluding bassinets)	514	514	514	514	514		
Total Discharges (excluding Nursery)	25,617	22,803	24,167	23,763	25,187		
Total Patient Days (excluding Nursery)	173,729	160,917	171,355	170,075	177,204		
Total Outpatient Visits	1,454,836	1,376,577	1,700,066	1,621,583	1,622,034		
Full-time equivalent (FTE) employees	19,412	20,799	21,223	21,877	21,373		
Occupancy	92.60%	85.54%	91.34%	90.65%	94.45%	46.49%	71.81%
Average Length of Stay	6.78	7.06	7.09	7.16	7.04	5.19	5.79

- The table above presents the past five years of historical utilization results for the Hospital which draws patients from virtually every state in the U.S. as well as from outside the country. Discharges have recently increased and in 2023, were close to pre-pandemic levels.
- In recent years, the Average Length of Stay has been higher than both the Statewide and DASNY Medians. The Hospital’s case mix index is currently greater than in 2019, a reflection of a larger proportion of complex and more resource-intensive patients.
- The Occupancy Rate, which measures total patient days to total licensed bed days available, was recorded at 94.45% in 2023 and has historically been above both the 2022 Statewide and DASNY Medians.
- Outpatient visits have fluctuated in recent years but are currently above pre-pandemic levels. The Hospital has focused on expanding its regional network of outpatient sites to capture more patients. It has opened and expanded several diagnostic and treatment centers in Manhattan and multiple regional network facilities. Regional network facilities in the area are in Brooklyn, New York; Uniondale, New York; Hauppauge, New York; Commack, New York; West Harrison, New York; Basking Ridge, New Jersey; Montvale, New Jersey and Monmouth, New Jersey.
- In January 2025, a partnership was announced between MSKCC and Jamaica Hospital that will establish a “Comprehensive Cancer Program of Queens,” including a new Radiation and Infusion Therapy Campus at Jamaica Hospital with the State providing capital funding to support this project.
- For the nine-month period ending September 30, 2024, clinical volumes including discharges, patient days, surgical cases and clinic visits have increased compared to the same nine-month period ending in 2023.
- The Hospital is consistently ranked as one of the best hospitals in the nation; its primary local competitors are: Mt. Sinai Hospital, Montefiore Hospital, NYU Langone Health and The New York and Presbyterian Hospital.

	<u>Payor Mix (% of revenue)</u>				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Medicare	27.5%	28.4%	30.9%	30.9%	30.1%
Medicaid	1.7%	2.9%	1.9%	2.2%	4.3%
Commercial	69.4%	67.3%	66.4%	65.9%	63.0%
Self Pay	1.5%	1.4%	0.8%	1.0%	2.6%
Other	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%

- The historical payor mix is presented above with Commercial constituting the largest portion of gross revenue followed by Medicare.



Operations:

<u>Selected Operating Statistics</u>						<u>2022</u> <u>Statewide</u> <u>Median</u>	<u>2022</u> <u>DASNY</u> <u>Median</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>		
Total Operating Revenue	\$ 5,483,376,000	\$ 5,407,196,000	\$ 6,398,365,000	\$ 6,630,444,000	\$ 7,354,228,000		
Total Operating Expenses	<u>5,288,897,000</u>	<u>5,824,368,000</u>	<u>6,163,263,000</u>	<u>6,878,496,000</u>	<u>7,219,951,000</u>		
Operating Income	\$ 194,479,000	\$ (417,172,000)	\$ 235,102,000	\$ (248,052,000)	\$ 134,277,000		
Total Non Operating Activities	<u>457,468,000</u>	<u>1,013,472,000</u>	<u>937,228,000</u>	<u>(952,708,000)</u>	<u>312,425,000</u>		
Operating Excess	\$ 651,947,000	\$ 596,300,000	\$ 1,172,330,000	\$ (1,200,760,000)	\$ 446,702,000		
Total Other Changes in Unrestricted	<u>(149,929,000)</u>	<u>426,371,000</u>	<u>231,708,000</u>	<u>140,114,000</u>	<u>(36,718,000)</u>		
Change in Unrestricted Net Assets	\$ 502,018,000	\$ 1,022,671,000	\$ 1,404,038,000	\$ (1,060,646,000)	\$ 409,984,000		
Operating Margin	-2.73%	-14.82%	-1.62%	-10.16%	-4.17%	-2.64%	-0.74%
Excess Margin	3.16%	-8.05%	2.77%	-4.06%	1.55%	-2.08%	-0.74%
Net Profit Margin	9.19%	18.97%	22.15%	-16.05%	5.59%	-2.30%	-2.64%
EBIDA Debt Service Coverage Ratio	4.53	0.44	4.13	1.36	3.62	0.99	1.17

- The above table presents the historical income statement analysis for MSKCC and Affiliated Corporations for the period 2019 through 2023. During this time period, total operating revenue has grown by \$1.87 billion (34.1%).
- The Income Statement reflects growth in both net patient service revenue and total operating revenue in every year with the exception of 2020. This was due to the pandemic and the adverse effect on patient volume.
- With the exception of 2020 and 2022, operating gains have been recorded. In both of these years, increased labor and non-labor expenses (related to supplies and services) caused operating expenses to outpace operating revenues. As with 2020, an operating loss was sustained in 2022 due to the pandemic and subsequent slow return of patients receiving care. In 2021, those losses were offset by CARES funding programs.
- MSKCC focuses on adhering to its budget and concentrates its efforts on controlling expenses. Its largest expense item, compensation and fringe benefits (approximately \$3.7 billion), continues to increase as additional staffing is needed for expanded programs which come online annually at its various operating facilities. The next largest expense item is purchased supplies and services (approximately \$2.9 billion) which continues to increase as programs expand.
- MSKCC’s policy reflects investment income allocated to operations as part of operating income. Operating income derived from investment returns in 2023 was approximately \$222 million. These returns have supported operations over the last five years. However, operating margins are shown to be negative in each of the last five years because the DASNY calculation excludes realized investment gains and investment income and contribution revenue. The 2022 Statewide and DASNY Medians for operating margins were -2.64% and -0.74%, respectively.
- The EBIDA debt service coverage ratio of 3.62 in 2023 was above both the 2022 Statewide and DASNY Medians of 0.99 and 1.17, respectively and has consistently been above the Medians with the exception of 2020.
- For the nine-month period ending September 30, 2024, MSKCC and Affiliated Corporations recorded a \$61.84 million operating gain on \$5.94 billion in operating revenue resulting in a 1.04% operating margin.



Balance Sheet:

<u>Selected Balance Sheet Statistics</u>						<u>2022</u>	<u>2022</u>
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Statewide</u>	<u>DASNY</u>
						<u>Median</u>	<u>Median</u>
<b>Assets:</b>							
Current Assets	\$ 1,816,195,000	\$ 2,354,088,000	\$ 2,544,140,000	\$ 2,598,628,000	\$ 2,849,152,000		
Limited Use Assets	239,571,000	234,492,000	242,091,000	310,049,000	275,249,000		
Long-Term Assets	<u>9,565,687,000</u>	<u>10,726,670,000</u>	<u>12,155,021,000</u>	<u>11,103,913,000</u>	<u>11,557,382,000</u>		
Total Assets	\$ 11,621,453,000	\$ 13,315,250,000	\$ 14,941,252,000	\$ 14,012,590,000	\$ 14,681,783,000		
<b>Liabilities:</b>							
Current Liabilities	\$ 982,517,000	\$ 1,257,180,000	\$ 1,322,101,000	\$ 1,180,236,000	\$ 1,384,102,000		
Long-Term Debt	2,475,905,000	2,883,196,000	2,942,100,000	3,206,694,000	3,173,140,000		
Other Long-Term Liabilities	<u>1,187,691,000</u>	<u>1,106,333,000</u>	<u>852,661,000</u>	<u>885,378,000</u>	<u>890,682,000</u>		
Total Liabilities	\$ 4,646,113,000	\$ 5,246,709,000	\$ 5,116,862,000	\$ 5,272,308,000	\$ 5,447,924,000		
<b>Net Assets:</b>							
Unrestricted	\$ 5,602,186,000	\$ 6,625,438,000	\$ 8,106,198,000	\$ 7,055,808,000	\$ 7,487,624,000		
Temporarily Restricted	1,373,154,000	1,443,103,000	1,718,192,000	1,684,474,000	1,746,235,000		
Permanently Restricted	-	-	-	-	-		
Total Net Assets	\$ 6,975,340,000	\$ 8,068,541,000	\$ 9,824,390,000	\$ 8,740,282,000	\$ 9,233,859,000		
Current Ratio	1.85	1.87	1.92	2.20	2.06	1.29	1.23
Cushion Ratio	6.95	7.91	8.85	7.26	9.39	8.27	7.96
Days Operating Cash Available	60.35	98.24	95.76	86.75	93.48	57.56	95.72
Cash to Debt	32.60%	49.73%	50.70%	45.72%	53.07%	91.56%	50.15%
Debt to Capitalization	31.33%	30.92%	27.02%	32.49%	30.61%	27.68%	64.83%

- The above table presents the historical balance sheet analysis for MSKCC and Affiliated Corporations for the period 2019 through 2023. During this time period, total assets have increased by approximately \$3.06 billion while total liabilities have increased by approximately \$800 million. From 2019 to 2023, unrestricted net assets increased by \$1.88 billion.
- During the five-year time period shown above, the current ratio has averaged 1.98 as compared to the 2022 Statewide and DASNY Medians of 1.29 and 1.23, respectively. Another indication of their financial position is the cushion ratio. This measures the ability to pay debt service from cash and unrestricted board designated funds. In 2023, the cushion ratio stood at 9.39 while the 2022 Statewide and DASNY Medians were 8.27 and 7.96, respectively.
- Days operating cash available was recorded at 93.48 days in 2023, as compared to the 2022 Statewide and DASNY Medians of 57.56 and 95.72 days, respectively. It will be noted that the DASNY calculation for days operating cash available does not factor in long term investments and in 2023, MSKCC and Affiliated Corporations recorded approximately \$6.1 billion in long term investments.
- In 2023, the cash to debt ratio was reported at 53.07%, and the debt to capitalization ratio was reported at 30.61%. Both of these levels were between the 2022 Statewide and DASNY Medians.
- For the nine-month period ending September 30, 2024, MSKCC and Affiliated Corporations reported a current ratio of 2.39 and approximately \$9.75 billion in total net assets. Both of these levels were higher than the levels reported for the nine-month period ending September 30, 2023.

**Recommendation**

- The Board is being asked to adopt the necessary documents for the MSKCC. Orrick Herrington & Sutcliffe and Marous Law Group, P.C., co-bond counsel, will provide the Board with an overview of certain bond document provisions at the March 12, 2025 Board meeting.



*This report was prepared solely to assist DASNY in its review and approval of the proposed financing described therein and must not be relied upon by any person for any other purpose. DASNY does not warrant the accuracy of the statements contained in any offering document or any other materials relating to or provided by the Institution in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.*

*The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution pursuant to the Loan Agreement, certain funds established under the Resolution and other property, if any, pledged by the Institution as security for the Bonds.*