

CAPITAL COMMITTEE

July 12, 2012

MEETING AGENDA

11:00 a.m.

125 Worth Street,
Room 532
5th Floor Board Room

CALL TO ORDER

Emily A. Youssouf

- ADOPTION OF MINUTES June 7, 2012 Emily A. Youssouf
- ASSISTANT VICE PRESIDENT'S REPORT Alfonso C. Pistone

ACTION ITEMS

- **Resolution** Lauren Johnston
Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") to execute a revocable license agreement with Atlantic Dialysis Management Services LLC (the "Licensee") for use and occupancy of space to provide chronic dialysis services at Harlem Hospital Center, Kings County Hospital Center, Metropolitan Hospital Center, Lincoln Medical and Mental Health Center and North Central Bronx Hospital (the "Facilities").

Vendex: Approved.

- **Resolution** Arthur Wagner
Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation" or "Licensor") to execute a revocable license agreement with the Staten Island Inter-Agency Council for the Aging, Inc. (the "Licensee"), for its continued use and occupancy of space to provide services to seniors at the Sea View Hospital Rehabilitation Center and Home (the "Facility").

Vendex: Approved.

- **Resolution** Lynda Curtis
Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") to execute a revocable license agreement with Eyes and Optics (the "Licensee") for use and occupancy of space to operate an optical dispensary at Gouverneur Healthcare Services (the "Facility").

Vendex: Pending. Documents have been delivered to the Office of Legal Affairs for review.

- **DASNY Work Order** Lynda Curtis
Authorizing a work order in the amount of \$2,600,000 to the Dormitory Authority of the State of New York (DASNY) to provide planning, pre-construction, architectural and engineering design services, construction management and project management services necessary for the design

and installation of an automatic sprinkler system as required by the amendment of Federal regulation by the Centers for Medicare and Medicaid Services (CMS). This request increases the previous authorization level of \$25,501,000 to \$28,101,000.

- **DASNY Work Order**

Lynda Curtis

Authorizing a work order in the amount of \$915,000 to the Dormitory Authority of the State of New York (DASNY) to provide planning, project management and construction services required to replace the existing aged boiler and boiler house serving both Coler and Goldwater Hospital. This increases the work order authorization level from \$2,943,325 to \$3,858,325.

INFORMATION ITEMS

- **Lincoln Medical and Mental Health Center – Emergency Department Expansion**
- **Project Status Reports**
 - North Bronx Health Network
 - South Manhattan Health Network
 - Southern Brooklyn/Staten Island Health Network

* Network contains project(s) that require a delay report

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT

CAPITAL COMMITTEE MEETING MINUTES

JUNE 7, 2012

MINUTES

Capital Committee

Meeting Date: June 7, 2012

Time: 2:00 P.M.

Location: Board Room

Board of Directors:

Members of the Capital Committee

Emily A. Youssouf, Chair
Josephine Bolus, RN
Michael A. Stocker, MD, Chairman of the Board
Alan D. Aviles, President

HHC Staff:

Jawwad Ahmad – Director, Office of Facilities Development
Edward Baron, MD – Chief of Ophthalmology, North Bronx Health Network
William Bateman – Medical Director, Gouverneur Healthcare Services
Jeremy Berman – Deputy Counsel, Legal Affairs
Diane Carr – Deputy Executive Director, North Brooklyn Health Network
Deborah Cates – Chief of Staff, Office of the Chairman
Ruby Cruz – Associate Director, Lincoln Medical and Mental Health Center
Manding Darboe – Assistant Director, Office of Facilities Development
Nancy Doyle – Assistant Vice President, Workforce Development
Martin Everette – Director, Affirmative Action/Equal Opportunity Employment
Jonathan Goldstein – Senior Consultant, Corporate Planning
Anthony Gounaris – Senior Project Manager, Office of Facilities Development
Christopher Gowrie – Associate Executive Director, North Bronx Health Network
Mendel Hagler – Executive Director, Gouverneur Healthcare Services
Robert Hughes – Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility
Juan Izquierdo – Associate Executive Director, Queens Hospital Center
Caroline Jacobs – Senior Vice President, Patient Safety and Human Development
James King, MD – Harlem Hospital Center
Lisa Lee – Deputy Inspector General, Office of the Inspector General
Liny Liu – Senior Associate Director, Lincoln Medical and Mental Health Center
Patricia Lockhart – Secretary to the Corporation, Office of the Chairman
Floyd Long – Chief Operating Officer, Coler-Goldwater Specialty Hospital and Nursing Facility
Peter Lynch – Office of Facilities Development
Tamiru Mammo – Chief of Staff
Antonio Martin – Executive Vice President
Dean Moskos – Director, Office of Facilities Development
Seth Narine – Coordinating Manager, Bellevue Hospital Center
Anita O'Brien – Associate Executive Director, Harlem Hospital Center

Dean Pearce – Senior Director, Office of Facilities Development
Alfonso Pistone – Assistant Vice President, Office of Facilities Development
Ann Rozakis – Assistant Vice President, Labor Relations
Salvatore Russo – Senior Vice President & General Counsel, Legal Affairs
Beau Scelza – Director, North Bronx Health Network
Denise Soares – Executive Director, Harlem Hospital Center
Xenia Urban – Jacobi Medical Center
Ksenija Vukov-Drazevic – Senior Associate Director, Queens Hospital Center
Sylvia White – Chief of Staff, Harlem Hospital Center
Manasses Williams – Director, Affirmative Action/Equal Opportunity Employment
Dion Wilson – Assistant Director, Office of Facilities Development
Mark Winiarski – Assistant Director, Corporate Planning
Elizabeth Youngbar – Assistant Director, Office of Facilities Development
Frank Zanghi – Supervising Confidential Examiner, Internal Audits

Other Attendees:

Len Bell – New York State Nurses Association
Steve Curro – Dormitory Authority of the State of New York
Mark Fogel – NEC
Miles Louis – Chief Executive Officer, General Vision Services
Benjamin Marcusfield – Siemens Healthcare
Karen Miller – Vice President, Cohen Fashion Optical
Elizabeth Norman – New York City Office of Management and Budget
James Palace – Hunter Roberts Construction Group
John Pasicznyk – Managing Director, Construction and Metro New York Operations, Dormitory Authority of the State of New York
Randy Retkin – New York Legal Assistance Group

CALL TO ORDER

The meeting was called to order by Emily A. Youssouf, Capital Committee Chairman, at 2:14 P.M.

On a motion by Ms. Youssouf, which was duly seconded, the Capital Committee adopted the minutes of May 10, 2012.

ASSISTANT VICE PRESIDENT'S REPORT

Alfonso Pistone, Assistant Vice President, Office of Facilities Development, informed the Committee that there would be five (5) action items on the agenda; including, a resolution to rename the Department of Dentistry at Harlem Hospital Center, a license agreement with the New York Legal Assistance Group for services to be provided at Coler-Goldwater, a license agreement with the Department of Education for space on the Goldwater campus to operate a Licensed Practical Nurse Program, a license agreement with GVS/Cohen Fashion Optical for space to operate an optical shop at Jacobi Medical Center (Jacobi), and a request for approval on a change order to complete work at Jacobi.

Mr. Pistone noted that in addition to these action items would be two information items; a status report on the major modernization at Gouveneur Healthcare Services, and a delay report regarding the Emergency Room Renovation project at Lincoln Medical and Mental Health Center.

This concluded his report.

ACTION ITEMS

- **Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to rename the Department of Dentistry and Oral Surgery at Harlem Hospital Center (the "facility") the "Dr. James E. McIntosh Department of Dentistry and Oral Surgery.**

Denise Soares, Executive Director, Harlem Hospital Center, read the resolution into the record on behalf of Iris Jimenez-Hernandez, Senior Vice President, Generations+/Northern Manhattan Health Network. Ms. Soares was joined by James King, MD, and Sylvia White, Chief of Staff, Harlem Hospital Center.

Dr. King advised that Dr. McIntosh served the Corporation for forty (40) years, beginning in 1969 at Sydenham Hospital. Mr. McIntosh then went on to become the Director of Dentistry at Sydenham and then served for two (2) terms as Medical Board President at the facility, including during the time that the Sydenham facility was closed, which he worked tirelessly to prevent. Mr. McIntosh helped establish the Renaissance Healthcare Network before moving to Harlem Hospital Center, where he helped bring dentistry services to a departmental level. Under Dr. McIntosh's supervision, the Department of Dentistry increased visits from 6,000 to 27,000 annually. Dr. McIntosh created the Minority Specialty Program where over 30 African Americans were trained in dental specialties to provide services in underserved communities.

Ms. Youssouf thanked Dr. King for his impressive presentation and expressed pleasure in moving the item forward.

There being no questions or comments, the Committee Chair offered the matter for a Committee vote.

On motion by the Chair, the Committee approved the resolution for the full Board's consideration.

- **Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") to execute a license agreement with the New York Legal Assistance Group (the "Licensee" or "NYLAG") for use and occupancy of space at Coler-Goldwater Specialty Hospital and Nursing Facility (the "Facility") to provide *pro bono* legal services to patients and training to Corporation staff.**

Robert Hughes, Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility, read the resolution into the record on behalf of Lynda Curtis, Senior Vice President, South Manhattan Health Network. Mr. Hughes was joined by Dion Wilson, Assistant Director, Office of Facilities Development, later joined by Randye Retkin, New York Legal Assistance Group (NYLAG).

Mr. Hughes explained that NYLAG would provide assistance in the decanting of Goldwater Hospital, with issues relating to immigration, entitlements, family law, etc. He noted that their services would also allow for NYLAG staff to train Coler-Goldwater staff to identify which residents may need legal services. He advised that a NYLAG attorney would be on-site for one half day, once a week and would occupy approximately 150 square-feet of space, for six months. The organization would be paid \$36,000 for their services.

Mrs. Bolus asked how many patients have been helped by NYLAG. Mr. Hughes advised that the relationship between Coler-Goldwater and NYLAG originated after the earthquake in Haiti, when NYLAG provided assistance to patients and residents who were Haitian, in efforts to gain them temporary protective status (TPS), they successfully filed 13 applications and received TPS for five (5) or six (6) individuals.

Alan Aviles, President, noting that Ms. Retkin was present, invited her to provide an overview of the relationship NYLAG has with other HHC facilities. Ms. Retkin advised that the organization's relationship with Coler-Goldwater had historically been related to immigration issues more than anything else, but moving forward they will be providing assistance having to do with patients being reintegrated into the community. She stated that NYLAG's relationship with other facilities has ranged from advanced planning, assistance with benefits, immigration, housing, and/or a wide variety of other services.

Ms. Youssouf noted that this relationship will be specifically related to the decanting of the facility, and Ms. Retkin confirmed.

Ms. Youssouf asked if the \$36,000 was a flat rate or if it was related to a specific number of cases or some other factors. Ms. Retkin advised that the payment amount covers any and all services being that the organization can only handle so many cases. She noted that if something requiring additional help came up, staff from another facility would assist.

There being no questions or comments, the Committee Chair offered the matter for a Committee vote.

On motion by the Chair, the Committee approved the resolution for the full Board's consideration.

- **Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation" or "Licensor") to execute a revocable license agreement with the New York City Department of Education (the "Licensee") for its continued use and occupancy of space to operate a Licensed Practical Nurse ("LPN") training program at Coler-Goldwater Specialty Hospital and Nursing Facility, Goldwater campus (the "Facility").**

Robert Hughes, Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility, read the resolution into the record on behalf of Lynda Curtis, Senior Vice President, South Manhattan Health Network. Mr. Hughes was joined by Nancy Doyle, Assistant Vice President, Workforce Development.

Mr. Hughes advised that the Goldwater campus had served as a site to the Licensed Practical Nurse (LPN) program since its inception in 2007. Since that time, four classes have graduated, with a fifth scheduled to graduate in June 2012. He noted that HHC hired 103 of 157 students that completed the program, 39 of whom were hired by Coler-Goldwater. Mr. Hughes explained that the program would occupy 7,100 square-feet of space at no fee, with the benefit of having the first opportunity to hire graduating LPNs. The term should not exceed one year, and the licensee was noted as being aware that the space will not be available when the facility is closed.

Mrs. Bolus inquired as to why graduates from the East New York LPN program are being hired as Patient Care Assistants (PCAs) and not LPNs. She said not only is that embarrassing for an individual who completed this program, but the individuals are functioning out of title.

Ms. Doyle advised that when the program began, there was robust funding from the State for training HHC staff. The current program is very different from that initial program. Funding for employee training has been stopped, but the Department of Education (DOE) has expressed significant support of the program, and desires to keep it running for as long as the facility is open at that location. Ms. Doyle advised that at this time employment is not promised to graduates due to changing circumstances but staff works with employees and graduates to help find them employment. Ms. Doyle advised that she would follow-up regarding Mrs. Bolus's concern regarding working out of title and would advise the Committee of her findings.

Ms. Youssouf asked where the program would be relocated to after the facility closes in 2013. Mr. Hughes advised that they have expressed a desire to remain on Roosevelt Island, possibly at the Coler campus but it has not yet been determined. Ms. Youssouf asked that the Committee be kept abreast of any decisions being that the partnership and program are beneficial to the Corporation. Mrs. Bolus agreed, and added that there may be space available at other HHC facilities.

There being no questions or comments, the Committee Chair offered the matter for a Committee vote.

On motion by the Chair, the Committee approved the resolution for the full Board's consideration.

- **Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") to execute a revocable license agreement with General Vision**

Services/Cohen Fashion Optical (the "Licensee") for use and occupancy of space to operate an optical store on the campus of Jacobi Medical Center (the "Facility").

Diane Carr, Deputy Executive Director, North Bronx Health Network, read the resolution into the record on behalf of William Walsh, Senior Vice President, North Bronx Health Network. Ms. Carr was joined by Edward Baron, MD, Chief of Ophthalmology, North Bronx Health Network, Dion Wilson, Assistant Director, Office of Facilities Development, Miles Louis, Chief Executive Officer, General Vision Services and Karen Miller, Vice President, Cohen Fashion Optical.

Dr. Baron advised that the optical shop is capable of providing necessary services that are not currently available at the facility. He noted that these increased services may allow for the department to focus more on eye disease and would likely decrease appointment wait time. He explained that the facility, on a daily basis, has patients that ask what to do with the prescription they have received for glasses, and he believes that this optical store would make it easier for patients to fill prescriptions, and could also serve as a referral source for the facility.

Mrs. Bolus asked if there is a reporting system in place to note whether prescriptions have been filled. Dr. Baron said there is not a system in place, but the idea that there would be an on-site location to take care of that would undoubtedly increase the number of prescriptions filled.

There being no questions or comments, the Committee Chair offered the matter for a Committee vote.

On motion by the Chair, the Committee approved the resolution for the full Board's consideration.

- **Request for approval from the Capital Committee for changes exceeding the \$200,000 threshold for construction changes, in order to accomplish work needed to complete the following; Campus Site Improvements, Transportation Intermodal Facility at Jacobi Medical Center.**

Diane Carr, Deputy Executive Director, North Bronx Health Network, read the change order into the record on behalf of William Walsh, Senior Vice President, North Bronx Health Network. Ms. Carr was joined by Beau Scelza, Director, and Christopher Gowrie, Associate Executive Director, North Bronx Health Network.

Ms. Carr provided before and after project photos to assist in describing the work being performed, and what the additional funding would be utilized for. She advised that the first change order request in the amount of \$475,000 would be used to complete lobby renovations. She explained that funding for the work was derived from surplus funds from a Fire Alarm System project at the facility. The second proposed change order for \$777,000 would allow for the completion of a pedestrian plaza and site improvements around the campus.

Ms. Youssouf asked if the projects had already been completed. Ms. Carr stated no, parts of the projects have been completed, but not those portions that requests are being made for. Ms. Carr explained that contracts that are already in place which provided exterior and interior work, but exterior work was all that was completed because of time constraints and therefore interior work needed to be completed. She noted that the project had received favorable bids at the time of award, and had benefited greatly from

aggressive negotiations by the Construction Management firm, TDX, which allowed for holding prices firm for the proposed change order work as the base project was continuing. The savings from favorable bid results from the Fire Alarm System project and the firm price structure for the additional site work would allow the facility to incorporate these additional site improvements, which will provide for the installation of new lights, sidewalk repairs, and emergency telephones.

Ms. Youssouf asked if the facility was concerned about going over budget. Ms. Carr said no. Mr. Pistone added that cost was being held firm, and that TDX has confirmed the validity of that cost.

Mrs. Bolus asked whether lighting in the unmentioned lots was sufficient. Ms. Carr said either work had already been completed in those locations or would be part of a future project.

There being no questions or comments, the Committee Chair offered the matter for a Committee vote.

On motion by the Chair, the Committee approved the resolution for the full Board's consideration.

INFORMATION ITEMS

- **Gouverneur Healthcare Services – Major Modernization**

Mendel Hagler, Executive Director, Gouverneur Healthcare Services provided the status report. Mr. Hagler was joined by James Palace, Hunter Roberts Construction Group, and Steve Curro, Dormitory Authority of the State of New York.

Mr. Hagler noted that the Board had been informed of recent project delays and budget overruns and apologized for this news. He stated that construction at the facility is ongoing on floors two (2), three (3), four (4), five (5), six (6), seven (7), and eight (8), and the existing campus now includes the Ambulatory Care Pavilion and the 13th floor Sub Acute Care units. He advised that floors nine (9), ten (10), eleven (11), and twelve (12) would be turned over in the coming months, and finally on the first floor. Work would extend until late 2013 or early 2014, with forecasted completion expected for late 2014.

Mr. Hagler accepted responsibility for the issues associated with the project and again apologized to the Board, noting that he, along with the Dormitory Authority of the State of New York (DASNY), RMJM Hillier Architects, HHC Central Office, and the South Manhattan Network are all part of the project team.

Mr. Pistone added that as part of the team, he as well took partial responsibility for the project and advised that the Board would receive, from the Office of Facilities Development, a complete analysis on causes of the overrun and recommendations for the project moving forward.

Ms. Youssouf kindly noted both apologies but asked where the funding would be coming from for the \$36 million variance. She asked whether funding had been approved by the Office of Management and Budget (OMB). Mr. Pistone said funding had not been secured but he has been in ongoing discussions with OMB and they are clearly supportive of the project. He advised that they were notified that there were anticipated over-runs and they have been continually kept abreast of the situation.

Ms. Youssouf expressed disappointment, on behalf of the Committee, in respect to where the project currently stands, and advised that the Committee looks forward to having detailed recommendations on how to change the procedure with regards to outside program and construction

mangers so that these types of issues won't continuously happen.

Michael Stocker, MD, Chairman of the Board, asked why previous reports had advised that the project was on budget, including times he had specifically asked whether the project was on budget.

Mr. Hagler advised that when status reports were given in 2010, after work on the Ambulatory Care Pavilion had begun, everything was still on target and the project team was still comfortable with progress. He stated that he provided the Board with any and all information that he had at the time he was presenting and when it was initially anticipated that there would be some delays and some budget difficulties the Board was informed. He said that every time he presented to the Board he gave them all the information that he had at the time, as current and accurate as he had.

Ms. Youssouf said that the team that he mentioned, including DASNY and outside construction groups, should be meeting and having serious discussions, including asking why the information provided to Mr. Hagler informed the Committee that the project was on time and on budget when that was not the case. Mr. Hagler said that when the project was presented as on time and on budget, that was the case, and it was not until work on the existing building began and the latent conditions started to appear that the team really started to see changes in the project cost and schedule.

Mr. Palace explained that in 2010, the project was at a stage when construction on the Ambulatory Care Pavilion was well underway and it was then, when renovation of the existing building began that things really started to change. There were failing risers, the existing façade couldn't support planned work, there was an unexpected amount of asbestos, there was a steam pipe explosion. He noted that destructive surveys are quite difficult in an occupied building so some of these issues and conditions were unforeseen.

Ms. Youssouf advised that she felt that surveys and even research on buildings built around the time of Gouverneur's existing facility should have provided significant information on what would be encountered. Mr. Palace noted that there was a thorough survey done but some assumptions were not made. It was determined that there was asbestos but not to the extent seen once the walls were opened up.

Dr. Stocker said that this information does not seem credible. If the building is inspected properly and we (HHC) know the age of the facility and have had possession of it for such a long time, there is no excuse why there would be so many unknown factors.

Mr. Curro advised that resources were not made available at the onset of the project to complete as thorough an investigation as necessary. He said the existing conditions survey that was performed was not completed as in depth as it should have been.

Ms. Youssouf asked what was meant by insufficient funding for preliminary investigations. Mr. Curro said that HHC leadership had not given enough money to perform a more thorough investigation. Mrs. Bolus asked if HHC leadership had been told that there was not enough money and Mr. Curro said that DASNY was given a budget to work with and that is what they used. Mrs. Bolus said that is not acceptable, if there was not enough money to do proper investigation, as needed, then somebody should have been told.

Dr. Stocker said that one of the most disturbing factors to him was that as the project budget was increased the contingency remained the same. He asked how that happened. Mr. Curro explained that the project started at \$80 million and after schematic design it was increased to \$159 million, at that time with

a \$14.5 million contingency. The next increase, to \$182 million, was when HHC asked DASNY to take over construction of existing floors of the facility (initially planned to be completed by HHC). He noted that along with those increases funding was provided. He stated that at the time he believes HHC leadership was aware that there was no additional contingency but DASNY had a budget to work with and they were doing so. When it went from \$182 million to \$207 million DASNY was told that \$14 million was for furniture, fixtures and equipment (FF&E) and \$5 million was for a budget overrun, the remainder was for program changes. He noted that the budget now does contain an additional 10% contingency.

Ms. Youssouf stated that the project had gone from \$81 million to \$246 million and noted that all participants should be seriously concerned with what went wrong. She said it is mind boggling, and she was shocked and appalled that the project is so out of hand. She added that Dr. Stocker, OMB, and Sr. Management was not at all aware of how significant the problem was.

Dr. Stocker said this is a very bad time to have these cost overruns and that money could have been spent on a number of other important issues and services. Dr. Stocker asked if there were any way that the project could be downsized or if there were something that would be cut out of the scope.

Mr. Hagler said that the bulk of the cost went to infrastructure work, and that is complete. He said that cutting out a floor or two would not make a significant difference at this point. It is very difficult at this point to take anything out of the project.

Ms. Youssouf said she disagreed that infrastructure work at \$50 million was the bulk of a \$246 million project. Mr. Hagler apologized.

Dr. Stocker asked whether the Ambulatory Surgery Center was necessary and whether the original reasoning in constructing the Center was to decant Bellevue.

Mr. Hagler advised that at the time that the project was planned it was thought that services would increasingly be handled in an outpatient capacity and less in an inpatient capacity and it was thought that services provided by the Ambulatory Surgery Center would greatly support Primary Care services. It was anticipated that Gouverneur would assist in decanting Bellevue since many Gouverneur patients were heading up to Bellevue, at that time Metropolitan Hospital was not a part of the South Manhattan Network. He noted that 85% of community hospital procedures are done in an outpatient capacity and therefore this service would be relevant.

Dr. Stocker advised that there is an Ambulatory Surgery Center at Metropolitan, which is currently part of the South Manhattan Health Network that has capacity, and asked why Bellevue would not send patients there. He suggested that it be reviewed whether or not the Ambulatory Surgery Center should still be part of the project.

Mr. Hagler stated that it is an integral part of the project and advised that all staffing of the unit would come from existing Gouverneur staff. Dr. Stocker asked that a study be performed that convinces the Board that there will be adequate utilization for the site.

Ms. Youssouf acknowledged that HHC is a large family, with multiple facilities throughout New York City and recommended that services not be duplicated unnecessarily. She advised that the Capital Committee would be looking at how to revamp what is going on with these major projects.

Mr. Hagler explained that when the project originated around 2005 the world was a different place, hospitals and operating rooms were primarily full, there was no breakthrough process to streamline

decision making, things have changed greatly since the projects inception.

Ms. Youssouf noted that there were some disagreements and explanations that would not be solved by this debate and thanked Mr. Hagler.

- **Project Status Reports**
Central/North Brooklyn Health Network
Generations+/Northern Manhattan Health Network*
Queens Health Network*
* Network contains project(s) that require a delay report

Generations+/Northern Manhattan Health Network

Peter Lynch, Office of Facilities Development, provided a brief delay report on the Lincoln Emergency Room Renovation project. Mr. Lynch was joined by Liny Liu, Senior Associate Director, Lincoln Medical and Mental Health Center.

Mr. Lynch advised that the project originally fell behind schedule early on due to delays in receiving Certificate of Need (CON) and funding approvals but work is now in progress. The project commenced in 2011, this being the first of five phases, with an anticipated completion date of July 2013. He advised that the job was moving along well. Mr. Pistone added that there would be a need for additional funding and he would provide a written update for the committee. Ms. Youssouf asked what that mean. Mr. Pistone said that the project is over budget.

Dr. Stocker asked whether this was an in house project. Mr. Pistone said yes.

There being no further business, the meeting was adjourned at 3:17 P.M.

LICENSE AGREEMENT

ATLANTIC DIALYSIS MANAGEMENT SERVICES, LLC

VARIOUS FACILITIES

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") to execute a revocable license agreement with Atlantic Dialysis Management Services LLC (the "Licensee") for use and occupancy of space to provide chronic dialysis services at Harlem Hospital Center, Kings County Hospital Center, Metropolitan Hospital Center, Lincoln Medical and Mental Health Center and North Central Bronx Hospital (the "Facilities").

WHEREAS, the Corporation, through a Negotiated Acquisition, solicited proposals from qualified vendors to manage inpatient and outpatient dialysis services at the Facilities;

WHEREAS, the Licensee, a New York-based manager of dialysis services provided by related entities licensed under Article 28 of the New York State Public Health Law, submitted a proposal, was deemed to have met the solicitation's requirements by the Corporation's Selection Committee, and has been approved for contract award by the Corporation's Contract Review Committee;

WHEREAS, by a separate resolution presented in conjunction with this one, the President seeks authorization to enter into a service agreement with the Licensee to govern the provision of both chronic and acute dialysis services to the patients of the Facilities;

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to execute a revocable license agreement with Atlantic Dialysis Management Services, LLC (the "Licensee") for use and occupancy of space to provide chronic dialysis services at Harlem Hospital Center, Kings County Hospital Center, Metropolitan Hospital Center, Lincoln Medical and Mental Health Center and North Central Bronx Hospital (the "Facilities").

The Licensee shall be granted use and occupy of approximately 9,260 sq. ft. of space on the 4th floor of the New Patient Pavilion at Harlem Hospital Center, approximately 8,970 sq. ft. of space on the 6th floor of the "C" Building at Kings County Hospital Center, approximately 5,015 sq. ft. of space on the 14th floor of the Main Hospital building at Metropolitan Hospital Center, approximately 5,998 sq. ft. of space on the 7th floor at Lincoln Medical and Mental Health Center, and approximately 6,825 sq. ft. on the 6th floor at North Central Bronx Hospital (the "Licensed Space"). The Licensee shall pay an occupancy fee, based on the fair market value of the space, of \$50.00 per sq. ft. at Harlem, or \$463,000 per year; \$54.00 per sq. ft. at Kings County, or \$484,380 per year; \$50.00 per sq. ft. at Metropolitan, or \$250,750 per year; \$40.00 per sq. ft. at Lincoln, or \$239,920 per year; and \$40 per sq. ft. at NCB or \$273,000 per year. The occupancy fee will increase by 10% every five years. The license agreement may be amended, upon the mutual consent of the Corporation and the Licensee, to expand the area licensed at each of Lincoln and NCB to bring the total at each Facility to up to 9,000 sq. ft. and the occupancy fee shall be increased accordingly at \$40 per sq. ft.

The Facilities shall provide building security, heat, air conditioning and ventilation, electricity, internet access, structural maintenance, disposal of medical waste and access to the space twenty-four (24) hours a day, seven (7) days per week. The Licensee shall provide its own housekeeping perform non-structural repairs and maintenance, and maintain and repair the mechanical systems installed for use in the operation of a dialysis clinic.

Page Two – Resolution
Atlantic Dialysis Management Services LLC

The Licensee will provide acute dialysis services to the Facilities' inpatients in space controlled by the Corporation and not licensed to the Licensee under the proposed license agreement.

The Licensee shall indemnify and hold harmless the Corporation and the City of New York from any and all claims arising by virtue of its use of the licensed space, and shall provide appropriate insurance naming the Corporation and the City of New York as additional insured parties.

The license agreement shall not exceed five (5) years without further authorization from the Board of Directors and shall be revocable by either party on one hundred and eighty (180) days prior notice. If the Corporation terminates the license agreement without cause prior to the end of the allowed five year period, the Corporation shall reimburse the Licensee for its un-depreciated, verifiable, reasonable out-of-pocket expenses incurred to prepare the licensed spaces for its intended use and for reasonable expenses actually incurred to wind-down the operation prematurely. The Licensee shall have an option to extend the term of the license agreement for an additional four (4) years with the approval of the Corporation's Board of Directors.

The Licensee may assign the license agreement to an entity or entities licensed under Article 28 of the New York Public Health Law or another entity legally entitled to engage doctors, nurses or other medical professionals provided that such entity(ies) are affiliates of the Licensee and that the Corporation receives satisfactory assurances that the financial strength of the Licensee will continue to stand behind the Licensee's performance under the license agreement.

EXECUTIVE SUMMARY

DIALYSIS SERVICES ATLANTIC DIALYSIS MANAGEMENT SERVICES LLC

HARLEM, KINGS COUNTY, METROPOLITAN, LINCOLN, AND NORTH CENTRAL BRONX

OVERVIEW: The President seeks authorization from the Board of Directors of the Corporation to execute a revocable license agreement with Atlantic Dialysis Management Services LLC (the "Licensee") to provide dialysis services at Harlem Hospital Center ("Harlem"), Kings County Hospital Center ("Kings County"), Metropolitan Hospital Center ("Metropolitan"), Lincoln Medical and Mental Health Center ("Lincoln") and North Central Bronx Hospital ("NCB").

**NEED/
PROGRAM:** The Corporation, through a Negotiated Acquisition, solicited proposals from qualified vendors to manage inpatient and outpatient dialysis services at Harlem, Kings County, Metropolitan, Lincoln and NCB. Atlantic Dialysis Management Services LLC, a manager of dialysis services provided by related entities holding licenses under Article 28 of the New York State Public Health Law to operate at ten sites within the New York City metropolitan area, submitted a proposal, was deemed to have met the solicitation's requirements by the Corporation's Selection Committee and was approved for contract award by the Corporation's Contract Review Committee. The Licensee will provide both inpatient acute dialysis and outpatient chronic dialysis treatments.

UTILIZATION: The Corporation provides more than 16,300 acute dialysis treatments to inpatients and more than 50,000 chronic dialysis treatments to outpatients annually.

TERMS: The Licensee will have use and occupancy of approximately 9,260 sq. ft. of space on the 4th floor of the New Patient Pavilion at Harlem, approximately 8,970 sq. ft. of space on the 6th floor of the "C" Building at Kings County, approximately 5,015 sq. ft. of space on the 14th floor of the Main Hospital building at Metropolitan, approximately 5,998 sq. ft. of space on the 7th floor at Lincoln, and approximately 6,825 sq. ft. on the 6th floor at NCB (the "Licensed Space"). The Licensee shall pay an occupancy fee, based on the fair market value of the space, at \$50.00 per sq. ft. at Harlem, or \$463,000 per year; \$54.00 per sq. ft. at Kings County, or \$484,380 per year; \$50.00 per sq. ft. at Metropolitan, or \$250,750 per year; \$40.00 per sq. ft. at Lincoln, or \$239,920 per year; and \$40.00 per sq. ft. at NCB, or \$273,000 per year. The occupancy fee will increase by 10% every five years. The license agreement may be amended, upon the mutual consent of the Corporation and the Licensee, to expand the area licensed at each of Lincoln and NCB to bring the total at each facility to up to 9,000 sq. ft. and the occupancy fee shall be increased accordingly at \$40 per sq. ft.

Because the Licensee is not entitled under the New York State Public Health Law to employ physicians and nurses, the Licensee may assign its rights and obligations under the license agreement to one or more entities licensed under Article 28 of the New York State Public Health Law or to a medical professional corporation. Any such assignments shall be made only on condition that such entity(ies) are properly constituted to legally perform their obligations under the license agreement pursuant to the Public Health Law, are affiliates of the Licensee and provide the Corporation adequate assurances that the financial strength of the Licensee will stand behind the operations.

Page Two – Executive Summary
Atlantic Dialysis Management Services LLC

The Facilities shall provide building security, heat, air conditioning and ventilation, electricity, internet access, structural maintenance, removal of hazardous waste and access to space twenty-four (24) hours a day, seven (7) days per week. The Licensee shall provide its own housekeeping, perform non-structural repairs and maintenance, and maintain and repair mechanical systems installed for use in the operation of a dialysis clinic.

The Licensee will indemnify and hold harmless the Corporation and the City of New York from any and all claims arising by virtue of its use of the licensed space, and will provide appropriate insurance naming the Corporation and the City of New York as additional insured parties.

The license agreement will not exceed five (5) years without further authorization from the Board of Directors and shall be revocable by either party on one hundred and eighty (180) days prior notice. If the Corporation terminates the license agreement without cause prior to the end of the allowed five year period, the Corporation shall reimburse the Licensee for its un-depreciated, verifiable, reasonable out-of-pocket expenses incurred to prepare the licensed spaces for their intended use and for reasonable expenses actually incurred to wind-down the operation prematurely.

RELATED SERVICES:

Pursuant to a companion resolution, the Corporation will contract with the Licensee to accept referrals from the Facilities of their outpatients to receive chronic dialysis services and for the Licensee to provide acute dialysis services to the Facilities' inpatients. The Facilities will provide the space for the Licensee to use in performing dialysis services on the Facilities' inpatients whether it be at bedside, in the Emergency Department, in an Intensive Care unit or at a location within the hospital equipped to provide dialysis services to patients who can be brought from their beds to such location. Such service agreement will require the Licensee to assure the quality and timeliness of the services, stipulate that the Licensee will accept all of the Facilities' patients regardless of their ability to pay, and set forth the rate at which the Facilities will compensate the Licensee for services rendered to inpatients. Chronic services provided to outpatients will be billed to third party payors when insurance is available.

Facility	Sq. Ft.	Price/Sq. Ft.	Annual Occupancy Fee
Harlem	9,260	\$50	\$463,000
Kings County	8,970	\$54	\$484,000
Lincoln	5,998	\$40	\$239,920
Metropolitan	5,015	\$50	\$250,750
North Central Bronx	6,825	\$40	\$273,000

Dialysis Outsourcing Financial Analysis

Conclusion: Over a nine year period, the corporation would incur costs of up to \$83 million to provide contracted dialysis services to chronic and acute patients at Coney Island, Harlem, Jacobi, Kings County, Lincoln, Metropolitan, North Central Bronx, Queens and Woodhull Hospitals. Over the same period, the Corporation would realize combined cost savings and rental income of \$230 million for total net savings of \$147 million. In addition to contracting out existing services, the proposal includes the creation of a new chronic service at North Central Bronx Hospital to serve referrals from the North Bronx Network.

Assumptions

A cost-benefit analysis for contracting out dialysis services at nine HHC hospitals was conducted using Institutional Cost Report (ICR) data for HHC Fiscal Year 2010, which is the most recently completed ICR. Total costs at the nine facilities were \$47.9 million, of which \$14.4 million are fixed costs that the facilities would continue to bear. The facilities' FY 2010 revenue for outpatient dialysis, adjusted to reflect a recent increase in Medicaid rates, was \$9.6 million, resulting in a Total Net Cost of \$38.3 million, and Net Variable Costs of \$23.9 million, without considering revenue associated with inpatient treatments.

Payment for inpatient dialysis treatments is included in the per case DRG reimbursement rates; therefore in this analysis there is no revenue loss associated with contracting out inpatient dialysis services. There is however, an additional cost to pay a vendor to provide the inpatient treatments. Contract costs for inpatient treatments are estimated using rates negotiated with the vendor.

<u>Acute Treatment Type</u>	<u>Year 1 Rate</u>	<u>Est. Percentage of Workload</u>
Routine	\$412.50	72%
Bedside	\$434.50	18%
Off Hours	\$467.50	10%
Average Blended Rate	\$421.96	

In addition, in order to ensure continuing access to care for all patients, the analysis assumes that HHC will pay the vendor to provide outpatient treatments to patients who cannot be enrolled in any insurance program. As a worst case scenario, the outpatient "uninsurable" population is estimated at 15 percent of patients. Vendor payments for outpatient treatments are estimated using a flat rate of \$235.00 negotiated with the vendor.

Projected Vendor Payments (current dollars)

<u>Service</u>	<u>Treatments</u>	<u>Total Cost</u>
Inpatient Total	16,335	\$6.9 million
Outpatient	Current Chronic Services	43,267
	Projected North Bronx	7,488
	Total Outpatient	50,755
Outpatient Uninsured (15%)	7,613	\$1.9 million
Total		\$8.8 million

Rates will be inflated annually by the inflation trend factor applied to NYS Medicaid rates. For this analysis the trend factor is very conservatively assumed to be 3% per year.

HHC savings will be offset by retaining staff currently employed to provide dialysis services at the nine facilities until they attrit out or are redeployed to existing vacancies. The nine facilities employ a total of 146 FTES. Approximately 20 percent are in Tech titles – the titles primarily used by most vendors – and the balance are predominately nurses. The vendor is projected to hire 50 percent of the Techs and 5 percent of the nurses and other staff during each implementation phase. Those staff not hired by the vendor are assumed to attrit out over the three years following implementation at their facility.

Title	Current FTEs	Projected Vendor Hires	Attrition/Redeployment
Tech	31.5	14.0	17.5
Nurse	96.0	5.0	91.0
Other	18.5	0.0	18.5
Total	146.0	19.0	127.0

It is anticipated that the vendor will lease space for outpatient dialysis services at each of the four facilities currently offering chronic dialysis and at NCB for the new North Bronx Chronic Service. Projected rental income is based on a market rate appraisal and negotiations with the vendor.

<i>(current dollars)</i> Facility	Square Footage	Market Rate Rent	Total Rental Income
Metropolitan	5,015	\$51.50	\$0.3 million
KCHC	9,500	\$51.50	\$0.5 million
Lincoln	5,998	\$40.00	\$0.3 million
Harlem	9,260	\$51.50	\$0.5 million
NCB	7,000	\$40.00	\$0.3 million
Total			\$1.5 million

* All costs and revenues, excluding rental income, are assumed to inflate by 3% per year.

** This analysis does not include any income associated with the potential lease or sale of existing HHC dialysis equipment to the vendor or any other party.

Central Office Finance, June 13, 2012

(financial analysis narrative & assumptions 6-13-12.docx, dialysis analysis summary by fy 6-13-12.xlsx)

SAVITT PARTNERS

June 19, 2012

Dion Wilson
Director
Office of Facilities Development Real Estate
NYC Health and Hospitals Corporation
346 Broadway, 12 West
New York, NY 10013

Re: Appraisal of Renal Dialysis unit at Harlem Hospital

Dear Dion,

Pursuant to your request, on Wednesday, March 28, 2012, I visited the referenced Renal Dialysis unit which was in the final stages of construction, to establish its fair market value (FMV) rent, based on the information that you provided to me and knowledge of area rental values and the condition of the premises. The evaluation is subject to the following assumptions:

- The hospital will soon open a 25 chair outpatient Renal Dialysis unit
- The square footage of the unit is approximately 9,260 Gross Internal (net useable)
- General office/retail space in the surrounding East Harlem community leases at a rent of approximately \$55 per square foot through the Madison Avenue retail corridor.

The Renal Dialysis unit currently in the finishing stages of construction, is located within the Harlem Hospital complex, specifically within the hospital's new building. It will occupy space on the 4th floor. The Harlem Hospital complex is readily accessible by the number 2 and 3 subway lines at 135th Street and Lenox Avenue and by bus routes running East/West and North/South through that intersection. There is no building parking but there are 2 public parking facilities nearby, as well as street parking.

The proposed Renal Dialysis unit which will be completed summer/fall of 2012 with occupancy 3rd to 4th quarter of 2012 represents what we believe is a dialysis unit designed and built in accordance with all regulatory agency requirements and to a building standard consistent with new construction and within an institutional location. The unit will have the ability to treat and monitor up to 25 dialysis patients, on an outpatient basis, at a given time and will be further capable of accommodating the lengthy time periods required for each patient's care. While treating patients, the unit will also provide staff with opportunities to carry out administrative tasks. The unit will take advantage of the efficiencies of the hospital's electric, common areas, cleaning services, IT and telephone services etc.

The unit as previously mentioned comprises 9,260 internal useable square feet. There is no common area mark up typical of commercial space leased outside of an institutional setting. It consists of 25 Renal Dialysis stations to receive patients on an outpatient basis inclusive of 2 isolation areas of a larger than typical size. There will be ample storage for both dry and wet

supplies needed to operate the unit. However, storage will be housed in the main MLK building and not in the unit.

The space is divided into 2 separate and distinct treatment modules. The 2 isolation areas are in one of the modules. There is a common reception and waiting area serving the entire space. The unit, while brand new, has not yet been equipped with furnishings, equipment, supplies, communication system, dialysis machines, tanks, etc, so its setup and to some degree its efficiency cannot yet be determined.

The method of measurement used to calculate the available square footage within the institution gives us an accurate reading, leading to a truer measure of the useable square footage than in a traditional office space. A traditional office space generally suffers a loss factor of 30% or greater, meaning that a 12,000 sf requirement necessitates approximately 17,143 sf to achieve the same net square footage result.

Space in medical offices found in this area typically is in or competes with retail/commercial space in residential buildings. Rents range from approximately \$30 RSF for office locations to upwards of \$60 RSF for spaces considered and used as retail. There is average to above average retail in the area, benefitting from the hospital's location and its population, keeping the retail pricing firm. The low end spectrum of the market should typically be in the older, un-renovated or minimally renovated office or residential buildings. They would typically not be built for medical but for general office use and not provide full building services. Such offices would generally be found on side street locations. However, the size of the unit being evaluated for this report is typically not found in these buildings due to size limitations. The high end spectrum of the market would be in the larger and recently renovated buildings providing full service amenities such as concierge service with 7 day, 24 hour access.

Alternately, the spaces would be retail spaces leased to either retail users or non-retail users taking advantage of retail street presence and increased visibility. Medical offices in these buildings would be to code, be in good to excellent condition, with enhanced plumbing, electric and HVAC systems, and in many instances would also have substantial fixture improvements within the space (millwork, plumbing fixtures and cabinetry). These building spaces, while used for medical offices, would also be quite suitable for general office and specifically retail purposes but for the specific build-out needed for medical. Most medical offices, in general, unless built within the last 6-7 years or recently renovated, will not meet current ADA or other municipal code requirements, and unless nothing but a cosmetic face lift is contemplated, would require structural changes, permits, filings, etc. to meet code.

These proposed Renal Dialysis unit, however, is specific to the hospital's use as an outpatient dialysis unit, which makes it somewhat more difficult to compare to spaces found within the general community. In addition, there is little or no value placed on common areas so our evaluation only considers the space within the demised premises. Accordingly, we value the space at approx \$35/sf net of any services and any additional physical space add, to account for common area within the premises or common area needed for access to the premises.

In addition to the base rent of \$35, which we previously described as net, you would add in approximately \$3.50/sf for utility services but would credit \$2.25/sf for cleaning services, since the tenant will be responsible for this, and as much as \$5/sf for IT and telephone services depending on the level of sophistication provided. In addition to these services, the tenants occupying the spaces do not have to maintain service contracts or maintenance of AC, communications or office equipment etc. That can be value-added into the cost of the space as well. Accordingly, we value the space at a gross rent of approx \$44sf with services provided, which would be consistent with general office tenants.

It has been our experience that a build out of a Renal Dialysis unit, complete with the extensive plumbing, technical equipment, maintenance and regulatory agency compliance required to provide dialysis services equates to \$350 per square foot. This figure would be broken down to approximately \$250/sf for unit build out and approximately \$100/sf for FF&E (furniture, fixtures, and equipment). While this sum describes the build out costs for the intended use, it also includes base building work performed to include, but not be limited to HVAC installation and equipment, electrical, plumbing and other building conditions that would be required and calculated in the total fit-out costs. On a 10 year lease, fully amortized and with an interest rate factor on the money used for the build out, this comes to \$40 per square foot. Coupled with a market rent of approximately \$40 per square foot for the area, the result would be a rent of \$80 per square foot for a built dialysis space that is operational and current to code.

However, while the unit is new and has an anticipated occupancy several months away, it must be noted that significant design flaws exist that contribute to a less than ideal flow for this space as used for a dialysis unit. More importantly, the attraction to the space by an operator is limited because of the inability to treat the proper number of patients without a significant reworking of the space and the time lost to do so. Specifically, the unit has been built as two (2) separate operating sections and the unit's ultimate function requires additional construction costs to streamline its use. Alternately, the build out in its current configuration requires some duplicity in staffing, thereby increasing the unit's operating costs. The isolation room will be reduced to one and the extra space, we assume, will be reconfigured for additional chairs. We estimate the construction costs to reconfigure and/or complete the spaces to be at \$30/sf. FF&E will be provided for an paid for by the operator. Additionally, it has been determined that the prospective tenant will be responsible for the cost to complete the unit's construction and fully equip and furnish the unit. Accordingly, we believe the rent for this newly built outpatient dialysis unit is approximately \$50 per square foot.

In the event I can be of any further assistance to you, please do not hesitate to call me.

Very truly yours,



Michael Dubin
Partner
Savitt Partners LLC

SAVITT PARTNERS

June 13, 2012

Dion Wilson
Director
Office of Facilities Development Real Estate
NYC Health and Hospitals Corporation
346 Broadway, 12 West
New York, NY 10013

Re: Appraisal of dialysis unit at Kings County Hospital Center

Dear Dion,

Pursuant to your request, on Wednesday, March 28, 2012, I visited the referenced Renal Dialysis unit to establish the fair market value (FMV) rent of the existing dialysis unit, based on the information that you provided to me, knowledge of area rental values and the condition of the premises. The evaluation is subject to the following assumptions:

- The hospital operates a 24 chair outpatient Renal Dialysis unit
- The square footage of the unit is approximately 8,970 Gross Internal (net useable) RSF
- General medical space in the surrounding Wingate/Crown Heights community leases at a rent of approximately \$21 per square foot on average.

The Renal Dialysis unit is located within the Kings County Hospital Center, which is readily accessible by the number 2 subway line at Winthrop Street and by bus routes running along Clarkson, New York, and Nostrand Avenues. Building parking is limited and there is surface street parking available.

The Renal Dialysis unit is located on the hospital's 6th floor. It consists of 17,940 gross useable square feet. It is divided equally between inpatient and outpatient services. For the purpose of this report only the outpatient portion and any common areas used for outpatient treatment are described. The outpatient portion of the unit comprises approximately 8,970 gross useable square feet. The central corridor that accesses the entire Renal Dialysis unit houses the entrance to both spaces and shares a common waiting room. There are staff lockers, an office, and phone alcove in the common area here but it could not be determined who the users are.

The outpatient portion consists of 24 dialysis stations (chairs), 1 private exam room, 1 staff locker room with toilet, 2 additional toilets, 3 doctor's offices, 1 private exam room and reception. There are also storage rooms. The outpatient unit is set up as 3 open units; 2 with six chairs each and the third with twelve chairs. The large unit has 2 nurse's stations with a smaller nurses/staff monitoring station in each of the others. This space was built with a proper design for outpatient dialysis services and is of the correct size to maximize a unit's efficiency.

The adjacent but connected inpatient portion has larger storage areas and the water treatment room, pump room, and other private offices. It is assumed that some storage, the water treatment and pump rooms service both portions of the premises. The square footage for the space, therefore, must be adjusted to account for this by an estimated 1,000 square feet. HVAC appears to be provided by the main building systems.

The method of measurement used to calculate the available square footage within the institution gives us an accurate reading, leading to a truer measure of the useable square footage than in a traditional office space. A traditional office space generally suffers a loss factor of 30% or greater, meaning that a 9,000 sf requirement necessitates approximately 12,800 sf to achieve the same net square footage result.

Space in medical offices found in this area typically is in or competes with retail/commercial space in residential buildings. Rents range from approximately \$19 RSF - \$26 RSF. The low end spectrum of the market should typically be in the older, un-renovated or minimally renovated offices or residential buildings. They would typically have been converted to small spaces found on the ground floor of residential buildings and would not provide full building services. Such offices would generally be found on side street locations. However, the size of the unit being evaluated for this report is typically not found in these buildings due to size limitations and use. Renal Dialysis is considered invasive to building systems and accordingly is not always welcomed as a tenant. Tenants may also pay a premium to Landlord for the use. The high end spectrum of the market would be in the larger and recently renovated buildings providing more services. These spaces are more limited in this location.

More commonly, the spaces would be retail spaces leased to either retail users or non-retail users taking advantage of retail street presence and increased visibility. Medical offices in these buildings would be to code, be in good to excellent condition, with enhanced plumbing, electric and HVAC systems, and in many instances would also have substantial fixture improvements within the space (millwork, plumbing fixtures and cabinetry). These building spaces, while used for medical offices, would also be quite suitable for general office and specifically retail purposes but for the specific build-out needed for medical. Retail will garner higher rents. Most medical offices, in general, unless built within the last 6-7 years or recently renovated, will not meet current ADA or other municipal code requirements, and unless nothing but a cosmetic face lift is contemplated, would require structural changes, permits, filings, etc. to meet code.

Retail Space in a hospital zone typically garners a rent premium based on its proximity to a hospital. The added population and street traffic is a financial benefit most tenants of the space are willing to pay for.

This dialysis unit, however, was developed and is specific to the hospital's use, as an outpatient facility which makes it somewhat more difficult to compare to spaces found within the general community. In addition, there is little or no value placed on common areas so our evaluation only considers the space within the demised premises. Accordingly, we value the space at approx \$22/sf net of any services and any additional physical space add, to account for common area within the premises or common area needed for access to the premises.

In addition to the base rent of \$22, which we previously described as net, you would add in approximately \$3.50/sf for utility services, as much as \$5/sf for IT and telephone services depending on the level of sophistication provided, but would credit \$2.25/sf for cleaning services since the tenant will be responsible for this. In addition to these services, the tenants occupying the spaces do not have to maintain service contracts or maintenance of AC, communications or office equipment etc. That can be value-added into the cost of the space as well. Accordingly, we value the space at a gross rent of approx \$27/sf with services provided, which would be consistent with general office tenants found within the general community.

It must be noted that the unit is 10 years old and presents in an above average in condition. The infrastructure and equipment must be evaluated when determining this build out and FF&E component to establish an ultimate rental value.

It has been our experience that a build out of a dialysis unit, complete with the extensive plumbing, technical equipment, maintenance and regulatory agency compliance required to provide dialysis services equates to \$350 per square foot. This figure would be broken down to approximately \$250/sf for the unit build out and approximately \$100/sf for FF&E (furniture, fixtures, and equipment). While this sum describes the build out costs for the intended use, it also includes base building work performed to include, but not be limited to HVAC installation and equipment, electrical, plumbing and other building conditions that would be required and calculated in the total fit-out costs. On a 10 year lease, fully amortized and with an interest rate factor on the money used for the build out, this comes to \$40 per square foot for a newly constructed and equipped space. Coupled with a market rent of approximately \$50 per square foot for the area with services and utilities, the result would be a rent of \$70 per square foot for a built dialysis space that is operational and current to code.

It is important to note, however, that while this is a well functioning dialysis unit for outpatient use, it is also a 10 year old installation with equipment of the same age. As such, the useful life of the installation has been significantly amortized and the equipment is in need of upgrades, repair or replacement. Accounting for this, therefore, it would be proper to recognize that the value of this unit would be reduced by as much as \$20 per square foot for any potential tenant or licensee, which would be charged with the obligation to upgrade, repair, replace and modernize both the space, equipment and infrastructure. Accordingly, we place the value of this unit at approximately \$54 per square foot for the built dialysis unit in its current condition and configuration.

In the event I can be of any further assistance to you, please do not hesitate to call me.

Very truly yours,



Michael Dubin
Partner
Savitt Partners LLC

SAVITT PARTNERS

June 13, 2012

Dion Wilson
Director
Office of Facilities Development Real Estate
NYC Health and Hospitals Corporation
346 Broadway, 12 West
New York, NY 10013

Re: Appraisal for a proposed dialysis unit at Lincoln Hospital, 234 East 149th Street, Bronx, NY 10451

Dear Dion,

Pursuant to your request, on Wednesday, May 16, 2012, I visited the referenced hospital community to canvass and establish the fair market value (FMV) rent for the proposed dialysis unit, based on the information that you provided to me and knowledge of area rental values. The evaluation is subject to the following assumptions:

- The hospital will house a soon to be built outpatient Renal Dialysis unit
- The square footage of the unit is approximately 5,998 Gross Internal (net useable) RSF
- General medical space in the surrounding community leases at a rent of approximately \$25-32 per square foot on average. Retail along Morris Avenue and 149th Streets rent at approximately \$100 per square foot on average.
- The unit is proposed to be located on the hospital's seventh floor.
- The proposed unit will be built and financed by the designated tenant/vendor.

The Renal Dialysis unit is slated to be located on the 7th floor within Lincoln Hospital in space that is currently being used as a storage facility. Lincoln is readily accessible by the number 2, 4, 5 A, B, C and D subway lines. Building parking is available and there is limited surface street parking. There is also a municipal parking facility nearby.

The size of the space should be able to treat and monitor up to 18 dialysis patients at a given time and is further capable of accommodating the lengthy time periods required for each patient's care. The actual number of chairs is still to be determined. While treating patients, the unit will also provide staff with opportunities to carry out administrative tasks. The unit will take advantage of the efficiencies of the hospital's electric, common areas, cleaning services, IT and telephone services etc. The method of measurement used to calculate the available square footage within the institution gives us an accurate reading, leading to a truer measure of the useable square footage than in a traditional office space. A traditional office space generally suffers a loss factor of 30% or greater, meaning that a 5,998sf requirement necessitates approximately 8,580sf to achieve the same net square footage result.

Space in medical offices found in this area typically is in or competes with retail/commercial space in residential buildings. Rents range from approximately \$23 RSF - \$32 RSF. The low end spectrum of the market should typically be in the older, un-renovated or minimally renovated offices or residential buildings. They would typically have been converted to small spaces found on the ground floor of residential buildings and would not provide full building services. Such offices would generally be found on side street locations. However, the size of the unit being evaluated for this report is typically not found in these buildings due to size limitations and use. Renal Dialysis is considered invasive to building systems and accordingly are not always welcomed as Tenants. Tenants may also pay a premium to Landlord for the use. The high end spectrum of the market would be in the larger and recently renovated buildings providing more services. These spaces are more limited in this location.

More commonly, the spaces would be retail spaces leased to either retail users or non-retail users taking advantage of retail street presence and increased visibility. Medical offices in these buildings would be to code, be in good to excellent condition, with enhanced plumbing, electric and HVAC systems, and in many instances would also have substantial fixture improvements within the space (millwork, plumbing fixtures and cabinetry). These building spaces, while used for medical offices, would also be quite suitable for general office and specifically retail purposes but for the specific build-out needed for medical. Retail will garner higher rents. Most medical offices, in general, unless built within the last 6-7 years or recently renovated, will not meet current ADA or other municipal code requirements, and unless nothing but a cosmetic face lift is contemplated, would require structural changes, permits, filings, etc. to meet code.

Retail Space in a hospital zone typically garners a rent premium based on its proximity to a hospital. The added population and street traffic is a financial benefit most tenants of the space are willing to pay for. The area seems to house medical offices in ground floor spaces of local apartment buildings. Morris Avenue and 149th Street are heavily trafficked retail corridors. The retail spaces command a premium and there is little vacancy. Most of the office space in the area aside from the previously described residential buildings area found on the 2nd – 4th floors of these retail spaces. In addition, there is little or no value placed on common areas so our evaluation only considers the space within the demised premises. Accordingly, we value the space at approx \$28/sf net of any services and any additional physical space to account for common area within the premises or common area needed for access to the premises.

In addition to the base rent of \$28, which we previously described as net, you would add in approximately \$3.50/sf for utility services, \$2.25/sf for cleaning services and as much as \$5/sf for IT and telephone services depending on the level of sophistication provided. In addition to these services, the tenants occupying the spaces do not have to maintain service contracts or maintenance of AC, communications or office equipment etc. That can be value-added into the cost of the space as well. Accordingly, we value the space at a gross rent of approx \$40/sf with services provided, which would be consistent with general office tenants found within the general community. These additional costs can be adjusted based on actual services provided. For example, cleaning costs can be deducted if provided by tenant/vendor, as well as electric costs if metered or submetered directly.

It has been our experience that a build out of a dialysis unit, complete with the extensive plumbing, technical equipment, maintenance and regulatory agency compliance required to provide dialysis services equates to \$350 per square foot. This figure would be broken down to approximately \$250/sf for the unit build out and approximately \$100/sf for FF&E (furniture, fixtures, and equipment). These build out costs, hard and soft construction costs and FF&E expenses will be borne by the tenant/vendor.

In the event I can be of any further assistance to you, please do not hesitate to call me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael Dubin". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael Dubin
Partner
Savitt Partners LLC

SAVITT PARTNERS

June 19, 2012

Dion Wilson
Director
Office of Facilities Development Real Estate
NYC Health and Hospitals Corporation
346 Broadway, 12 West
New York, NY 10013

Re: Appraisal of dialysis unit at Metropolitan Hospital

Dear Dion,

Pursuant to your request, on Wednesday, March 28, 2012, I visited the referenced property to evaluate the fair market value (FMV) rent of the newly built dialysis unit, based on the information that you provided to me, knowledge of area rental values and the condition of the premises. The evaluation is subject to the following assumptions:

- The hospital will soon open a 12 chair Renal Dialysis unit
- The square footage of the unit is approximately 5,015 Gross Internal (net useable) RSF
- General office/retail space in the surrounding community leases at a rent of approximately \$70 per square foot through the Upper East Side corridor of York Avenue through Lexington Avenue to 96th Street.

The Renal Dialysis unit is located within the Metropolitan Hospital complex, which is readily accessible by the number 6 subway lines at 96th Street and Lexington Avenue and by bus routes running East/West along 96th Street and North/South along First through Lexington Avenue. There is no building parking but there are public parking facilities nearby, as well as on street surface parking.

The proposed dialysis unit represents what we believe is a dialysis unit efficiently designed and built in accordance with all regulatory agency requirements and to a building standard consistent with an institutional location. The unit will have the ability to treat and monitor up to 12 dialysis patients, on an outpatient basis, at a given time and will be further capable of accommodating the lengthy time periods required for each patient's care. While treating patients, the unit will also provide staff with opportunities to carry out administrative tasks. The unit will take advantage of the efficiencies of the hospital's electric, common areas, cleaning services, IT and telephone services etc provided.

The 14th floor Renal Dialysis unit consists of 5,015 internal useable square feet. There is no common area mark up typical of commercial space which would be leased outside of an institutional setting.

The newly constructed unit consists of 12 dialysis stations, including one (1) isolation space. There are 3 restrooms - one staff, one patient, and one for the isolation room. Outside of the unit there is a family waiting area large enough to accommodate 8 visitors, that also contains a restroom for the visitors. The unit has a private exam room and one nurse's station currently set up with 7 chairs in this working area to monitor the patients.

The unit is fully built, equipped with the new dialysis equipment in place, general equipment, furniture and phones. It has never been operational and is ready to receive its first outpatients.

The unit benefits from its own, designated HVAC unit exclusive to the dialysis unit. The ceilings are finished to 8ft. There are floor drains throughout the space fitted into concrete floors that have been painted and textured.

Besides the family waiting area there is an RO (reverse osmosis) water treatment room, a storage room of approximating 10x18 and an administrative office area, all located outside of the Renal Dialysis unit but included within the square footage measurements for this evaluation.

The method of measurement used to calculate the available square footage within the institution gives us an accurate reading, leading to a truer measure of the useable square footage than in a traditional office space. A traditional office space generally suffers a loss factor of 30% or greater, meaning that a 5,000 sf requirement necessitates approximately 7,200 sf to achieve the same net square footage result.

Space in medical offices found in this area typically is in or competes with retail/commercial space in residential buildings. Rents range from approximately \$40 RSF for office locations to upwards of \$90 RSF for spaces considered retail. The low end spectrum of the market should typically be in the older, un-renovated or minimally renovated office or residential buildings. They would typically not be built for medical but for general office use and not provide full building services. Such offices would generally be found on side street locations. However, the size of the unit being evaluated for this report is typically not found in these buildings due to size limitations and use. Renal Dialysis is considered invasive to building systems and accordingly are not always welcomed as Tenants. Tenants may also pay a premium to Landlord for the use. The high end spectrum of the market would be in the larger and recently renovated buildings providing full service amenities such as concierge service with 7 day, 24 hour access.

Alternately, the spaces would be retail spaces leased to either retail users or non-retail users taking advantage of retail street presence and increased visibility. Medical offices in these buildings would be to code, be in good to excellent condition, with enhanced plumbing, electric and HVAC systems, and in many instances would also have substantial fixture improvements within the space (millwork, plumbing fixtures and cabinetry). These building spaces, while used for medical offices, would also be quite suitable for general office and specifically retail purposes but for the specific build-out needed for medical. Retail will garner higher rents. Most medical offices, in general, unless built within the last 6-7 years or recently renovated, will not meet current ADA or other municipal code requirements, and unless nothing but a cosmetic face lift is contemplated, would require structural changes, permits, filings, etc. to meet code.

There is an interesting real estate dynamic, however for this location. Commercial spaces south out of 96th street along the First and Second Avenue corridors benefit from the higher end of the described rental rates. Spaces north of 96th Street, in the same north-south corridor do not have the same concentration of retail or office space and have disproportionately lower rents due in part to the lack of foot traffic. Rents would fall by as much as 20% (\$30-\$70 respectively)

This proposed dialysis unit, however, is specific to the hospital's use, as an outpatient facility which makes it somewhat more difficult to compare to spaces found within the general community. In addition, there is little or no value placed on common areas so our evaluation only considers the space within the demised premises. Accordingly, we value the space at approx \$38/sf net of any services and any additional physical space add, to account for common area within the premises or common area needed for access to the premises.

In addition to the base rent of \$37.75, which we previously described as net, you would add in approximately \$3.50/sf for utility services, but would credit \$2.25/sf for cleaning services since the tenant will be responsible for this, and as much as \$5/sf for IT and telephone services depending on the level of sophistication provided. In addition to these services, the tenants occupying the spaces do not have to maintain service contracts or maintenance of AC, communications or office equipment etc. That can be value-added into the cost of the space as well. Accordingly, we value the space at a gross rent of approximately \$44/sf with services provided, which would be consistent with general office tenants found within the general community.

It has been our experience that a build out of a dialysis unit, complete with the extensive plumbing, technical equipment, maintenance and regulatory agency compliance required to provide dialysis services equates to \$350 per square foot. This figure would be broken down to approximately \$250/sf for the unit build out and approximately \$100/sf for FF&E (furniture, fixtures, and equipment). While this sum describes the build out costs for the intended use, it also includes base building work performed to include, but not be limited to HVAC installation and equipment, electrical, plumbing and other building conditions that would be required and calculated in the total fit-out costs. On a 10 year lease, fully amortized and with an interest rate factor on the money used for the build out, this comes to \$40 per square foot. Coupled with a market rent of approximately \$44 per square foot for the area, the result would be a rent of \$84 per square foot for a built dialysis space that is operational and current to code.

However, while the unit is new, plumbed and equipped, it appears to have been designed improperly for its most efficient dialysis use. There are areas of the unit's build out and design that will cause the ultimate tenant or licensee to undertake additional construction costs or other overhead or operating costs that would not otherwise exist had the unit been built according to that user's plans. Specifically, most users expect an outpatient unit to house approximately 25 chairs for optimum efficiency. The limited size of this unit causes an operator to spread its costs over a smaller operation even though the staffing requirements remain fairly constant. Further, this unit is built without a central distribution for the acid and base materials, resulting in either additional construction retrofit or an additional personnel function. Finally, these deficiencies in size and design will have an impact on a prospective tenant's or licensee's interest in operating the unit. Accordingly, we will reduce the rental value by \$30 per square foot, bringing the rental

value to approximately \$54 per square foot for a built dialysis unit equipped and current to code but with these shortcomings. It should be noted that if the prospective operator chose to reimburse HHC for the FF&E component, the rental value can be further reduced on a straight dollar per dollar basis.

Further, we have been advised that the FF&E will be addressed separately. As such, the original cost of approximately \$200,000.00 as amortized will be paid for by the prospective tenant and the rent shall be reduced accordingly. Therefore, on a 10 year amortization with 10% of the term for this equipment having been used, the cost of \$180,000.00 divided by the square footage of 5,015 gross square feet further reduces the actual rental value by \$4, bringing it to \$50/sf.

In the event I can be of any further assistance to you, please do not hesitate to call me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael Dubin". The signature is fluid and cursive, written over a white background.

Michael Dubin
Partner
Savitt Partners LLC

SAVITT PARTNERS

June 13, 2012

Dion Wilson
Director
Office of Facilities Development Real Estate
NYC Health and Hospitals Corporation
346 Broadway, 12 West
New York, NY 10013

Re: Appraisal for a proposed dialysis unit at North Central Bronx Hospital (“NCB”), 3423 Kossuth Avenue at 210th Street, Bronx, N.Y., 10467

Dear Dion,

Pursuant to your request, on Wednesday, May 16, 2012, I visited the referenced hospital community to canvass and establish the fair market value (FMV) rent for the proposed dialysis unit, based on the information that you provided to me and knowledge of area rental values. The evaluation is subject to the following assumptions:

- The hospital will house a soon to be built outpatient Renal Dialysis unit
- The square footage of the unit is approximately 6,825 Gross Internal (net useable) RSF
- General medical space in the surrounding community leases at a rent of approximately \$25 per square foot on average. Retail along Jerome Avenue and East Gun Hill Road rents at approximately \$60 per square foot on average.
- The proposed unit will be built and financed by the designated tenant/vendor.
- The Renal Dialysis unit is slated to be located on the 6th Floor within NCB.

NCB is located off of East Gun Hill Road at 210th Street. It is readily accessible by the number 4 and D subway lines. Building parking is limited and surface street parking is available.

The size of the space should be able to treat and monitor up to 20 dialysis patients at a given time and is further capable of accommodating the lengthy time periods required for each patient’s care. The actual number of chairs is still to be determined. While treating patients, the unit will also provide staff with opportunities to carry out administrative tasks. The unit will take advantage of the efficiencies of the hospital’s electric, common areas, cleaning services, IT and telephone services etc. The method of measurement used to calculate the available square footage within the institution gives us an accurate reading, leading to a truer measure of the useable square footage than in a traditional office space. A traditional office space generally suffers a loss factor of 30% or greater, meaning that a 6,825sf requirement necessitates approximately 9,750sf to achieve the same net square footage result.

Space in medical offices found in this area typically is in or competes with retail/commercial space in residential buildings. Rents range from approximately \$20 RSF - \$35 RSF. The low end spectrum of the market should typically be in the older, un-renovated or minimally renovated

offices or residential buildings. They would typically have been converted to small spaces found on the ground floor of residential buildings and would not provide full building services. Such offices would generally be found on side street locations. However, the size of the unit being evaluated for this report is typically not found in these buildings due to size limitations and use. Renal Dialysis is considered invasive to building systems and accordingly is not always welcomed as a Tenant. Tenants may also pay a premium to Landlord for the use. The high end spectrum of the market would be in the larger and recently renovated buildings providing more services. These spaces are more limited in this location.

More commonly, the spaces would be retail spaces leased to either retail users or non-retail users taking advantage of retail street presence and increased visibility. Medical offices in these buildings would be to code, be in good to excellent condition, with enhanced plumbing, electric and HVAC systems, and in many instances would also have substantial fixture improvements within the space (millwork, plumbing fixtures and cabinetry). These building spaces, while used for medical offices, would also be quite suitable for general office and specifically retail purposes but for the specific build-out needed for medical. Retail will garner higher rents. Most medical offices, in general, unless built within the last 6-7 years or recently renovated, will not meet current ADA or other municipal code requirements, and unless nothing but a cosmetic face lift is contemplated, would require structural changes, permits, filings, etc. to meet code.

Retail Space in a hospital zone typically garners a rent premium based on its proximity to a hospital. The added population and street traffic is a financial benefit most tenants of the space are willing to pay for. The hospital competes with Montefiore Medical Center with one of its campuses located on an adjacent street. Much of the campus medical spaces are connected and leased to that institution or private practices that benefit from the later. Accordingly, there is little available office space. The area seems to be dotted with medical offices in ground floor spaces of local apartment buildings and ground floor units in private homes. In addition, there is little or no value placed on common areas so our evaluation only considers the space within the demised premises. Accordingly, we value the space at approx \$28/sf net of any services and any additional physical space to account for common area within the premises or common area needed for access to the premises.

In addition to the base rent of \$28, which we previously described as net, you would add in approximately \$3.50/sf for utility services, \$2.25/sf for cleaning services and as much as \$5/sf for IT and telephone services depending on the level of sophistication provided. In addition to these services, the tenants occupying the spaces do not have to maintain service contracts or maintenance of AC, communications or office equipment etc. That can be value-added into the cost of the space as well. Accordingly, we value the space at a gross rent of approx \$40/sf with services provided, which would be consistent with general office tenants found within the general community. These additional costs can be adjusted based on actual services provided. For example, cleaning costs can be deducted if provided by tenant/vendor, as well as electric costs if metered or submetered directly.

It has been our experience that a build out of a dialysis unit, complete with the extensive plumbing, technical equipment, maintenance and regulatory agency compliance required to provide dialysis services equates to \$350 per square foot. This figure would be broken down to

approximately \$250/sf for the unit build out and approximately \$100/sf for FF&E (furniture, fixtures, and equipment). These build out costs, hard and soft construction costs and FF&E expenses will be borne by the tenant/vendor.

In the event I can be of any further assistance to you, please do not hesitate to call me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael Dubin". The signature is fluid and cursive, with a prominent loop at the end.

Michael Dubin
Partner
Savitt Partners LLC

Office of Legal Affairs

MEMORANDUM

To: Lauren Johnston
Medical & Professional Affairs

From: Karen Rosen 
Assistant Director

Date: June 15, 2012

Subject: VENDEX Approval

For your information, on June 15, 2012 VENDEX approval was granted by the Office of Legal Affairs for the following company:

Atlantic Dialysis Management Services.

cc: Norman M. Dion, Esq.



Licensing Space to
Atlantic Dialysis Management System, LLC
for Dialysis Services.

Capital Committee July 12, 2012

Current State

- HHC currently incurs an annual loss of \$24m* to provide dialysis services
- HHC lacks sufficient capacity to provide access to all patients who need treatment
- Aging equipment throughout HHC dialysis operations would require a substantial investment in new equipment which would add to HHC's losses

The Solution

- The contract would shift HHC exposure to vendor and reduce our exposure to the cost of acute dialysis, care for the uninsured and attrition of staff
- Vendor would increase capacity - giving more access to patients
- The contract would make all equipment costs the responsibility of the vendor
- The contract would create a revenue stream of \$379,958 (in yr 1) to \$1,746,670 (in yr 9)
- Current vendor has been successfully providing dialysis services at Elmhurst Hospital Center

Licensing space for Chronic Dialysis

- Licensed space in which to provide dialysis
 - Article 28 process to be followed
- Vendor to fit out, equip and maintain units
- Current equipment to be replaced by vendor, including water systems as needed

Annual Lease fees:

Facility	sq ft	cost/sf
KCHC	8970	\$54.00
MHC	5015	\$50.00
HHC	9260	\$50.00
LMMHC*	5998	\$40.00
NCB*	6825	\$40.00

- *LMMHC and NCB sites are shell space which will be built out by the vendor
- KCHC is most efficiently developed and built. Other sites require further modifications to increase efficiency and productivity

Evaluating Fair Market Value

- Compliance with Stark Rules
- Determine the fair market value in a given location
- Determine value added to location by improvements
- Determine the value of the workflow efficiency of location

Resolution

Authorizing the President of the New York City Health and Hospitals Corporation (the “Corporation” or “Licensor”) to execute a revocable license agreement with Atlantic Dialysis Management Services LLC (the “Licensee”) for use and occupancy of space to provide chronic dialysis services

Atlantic Dialysis Management Services, LLC

Key Personnel

J. Ganesh Bhat, M.D.

Dr. Bhat received his M.B.B.S. and M.D. degrees from University of Mysore in India. He completed a Residency in Internal Medicine at Government Wenlock Hospital, Mangalore, India, Kasturba Medical College Hospital, Manipal, India and Methodist Hospital in Brooklyn. He completed his fellowship training in nephrology at NYU Medical Center. He was awarded a post doctoral fellowship for two years by New York State Kidney Disease Institute to continue research at NYU Medical Center. Dr. Bhat is a diplomat of American Board of Internal Medicine and Nephrology. He has earned numerous honors and awards most notably, the Government of India's Ministry of Health Merit Scholarship.

Dr. Bhat has been affiliated with most major medical and educational institutions in the New York area for over three decades. He has been intimately involved with post graduate medical education and has served on the panels of several training programs in the area. His past faculty appointments included NYU School of Medicine and State University of New Health Sciences Center in Stonybrook. Currently he holds faculty appointment at Albert Einstein School of Medicine. He has held various administrative and leadership positions in different hospitals in New York including interim Chairman of Medicine and Medical Director at North Shore University Hospital at Forest Hills. He has an avid interest in research and has published numerous papers in the fields of kidney diseases. He is considered an expert on health care economics in general and End Stage Renal Disease (ESRD) program in particular and has been sought after speaker on this issue nationwide.

Dr. Bhat is co-founder of Atlantic Dialysis Management Services, a New York based dialysis chain providing high quality dialysis services to patients with ESRD. He is currently serving as director on Kidney Care Council, a Washington D.C. based industry group working with the government to improve quality of care for patients on dialysis. Dr. Bhat was appointed as Chancellor of Xavier University School of Medicine in Oranjestad, Aruba in 2008. He is also a trustee of the Xavier University Foundation in Aruba.

In recognition of his long and dedicated service to the people of New York State, Governor David Paterson appointed him to prestigious New York State Public Health Council in 2010. His appointment was confirmed by the State Senate and he served on the Establishment Committee and Health Personnel Committee of the Public Health Council. He was re-appointed by Governor Paterson to the newly formed New York State Public Health and Health Planning Council for a full six year term to expire in 2016.

Nirmal K. Mattoo, M.D.

Dr. Mattoo received his M.D. degree from the University of Delhi, India in 1968. He completed his residency training in internal medicine at Long Island Jewish Medical Center and completed his fellowship in nephrology at Elmhurst Hospital Center in Queens, New York. Dr. Mattoo is certified by the American Board of Internal Medicine and Nephrology.

Dr. Mattoo is the former Chief Executive Officer and Chief Medical Director of Wyckoff Heights Medical Center in Brooklyn, New York. Prior to that leadership position, he has served as Chief of Nephrology and President of the Medical Staff. Dr. Mattoo is published in nephrology and has been an active teacher in the Hospital's residency programs. Dr. Mattoo is a founding partner in Mattoo and Bhat Medical Associates, PC, one of the largest group practices in New York City devoted exclusively to nephrology practice.

Dr. Mattoo is deeply involved in the Indian community in the U.S. He has been president of the American Association of Indians in America. In 1998, he co-edited *Ananya*, a collection of essays on Indian culture and contributions published on the 50th Anniversary of Indian Independence. The book was critically well-received and widely distributed throughout the country. Dr. Mattoo is also President of the India Center at Stony Brook University in Long Island.

Edward Dowling

Edward "Buzz" Dowling former president and continued advisor to Atlantic Dialysis Management Services, LLC. Mr. Dowling has held a number of key, senior level positions within New York State such as the Deputy Director and Associate Director at the Division of Health Planning, Deputy Director at the NYS Health Planning Commission, and Assistant Commissioner at the NYS Department of Social Services.

William D. Cundiff

Bill joined the ADMS family in 2008 as its Vice President of External Relations and Regulatory Affairs with responsibilities in areas of compliance and the performance of corporate, legal, and regulatory compliance services related to the ADMS development of facilities; business development to undertake the identification, valuation and initial due diligence process of potential acquisition targets and joint venture partners. In addition, he maintains full strategic responsibility for organizational development and responsible for counseling the executive and senior management groups on all aspects of the ADMS business including sales, marketing, employment law, business development, drafting, negotiating and reviewing contracts and providing counsel where appropriate.

Starting in the mid 1990s, Bill has held positions as President and/or Chief Operating Officer in a series of medical schools located the Netherland-Antilles, England and West Africa. Prior to that, Bill spent a number of years with Fortune 100 companies such as the DeVry Corporation, Time Warner/HBO and Capital Cities/ABC. Possessing a law degree from the Touro College Law Center, Bill also holds a Masters in Business Administration in Finance and Analysis and Bachelor's degrees in both Accounting and Computer Science.

LICENSE AGREEMENT

**STATEN ISLAND
INTER-AGENCY COUNCIL FOR THE AGING**

**SEA VIEW HOSPITAL
REHABILITATION CENTER AND HOME**

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation" or "Licensor") to execute a revocable license agreement with the Staten Island Inter-Agency Council for the Aging, Inc. (the "Licensee"), for its continued use and occupancy of space to provide services to seniors at the Sea View Hospital Rehabilitation Center and Home (the "Facility").

WHEREAS, in June 2007, the Corporation's Board of Directors authorized the President to execute a license agreement with the Licensee; and

WHEREAS, the Licensee's services will enhance the quality of life for the Facility's patients; and

WHEREAS, the Facility continues to have space available to accommodate the Licensee's needs.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") be and hereby is authorized to execute a revocable license agreement with the Staten Island Inter-Agency Council for the Aging, Inc. (the "Licensee"), for its continued use and occupancy of space to provide services to seniors at the Sea View Hospital Rehabilitation Center and Home (the "Facility").

The Licensee shall continue to have use and occupancy of approximately 200 square feet of space on the first floor of the Administration Building and, subject to availability, occasional use of the Fireside Room also located in the Administration Building (the "Licensed Space"). The Licensee shall pay an occupancy fee of \$3,600 per annum or approximately \$18.00 per square foot.

The Facility shall provide structural maintenance and utilities to the Licensed Space. The Licensee shall provide housekeeping and general maintenance. The Licensee shall indemnify and hold harmless the Corporation and the City of New York from any claims arising by virtue of its use of the Licensed Space and shall also provide appropriate insurance naming the Corporation and the City of New York as additional insured parties.

The License Agreement shall be revocable by either party on sixty (60) days prior notice, and shall not exceed a term of five (5) years without further authorization by the Board of Directors of the New York City Health and Hospitals Corporation.

EXECUTIVE SUMMARY

LICENSE AGREEMENT INTER-AGENCY COUNCIL FOR THE AGING SEA VIEW HOSPITAL REHABILITATION CENTER AND HOME

The President seeks the authorization of the Board of Directors of the Corporation to execute a revocable license agreement with the Staten Island Inter-Agency Council for the Aging, Inc, ("IAC"), for its continued use and occupancy of space to provide services to seniors on the campus of Sea View Hospital Rehabilitation Center and Home ("Sea "View")

The IAC is an advocacy group established to identify and address the needs of the borough's elderly. The IAC is comprised of over sixty (60) organizations with a mission to facilitate and promote programs for senior citizens. The IAC advocates for the financial, educational, housing, health care, social and transportation needs of Staten Island's elderly population.

The IAC encourages seniors to recognize that they are productive members of a society that appreciates and respects the significance of their life experiences. The IAC has established committees, consisting of seniors, their families, representatives from various organizations providing services to seniors, and caregivers, to provide a forum for discussion and an action platform for policies and programs affecting the elderly. The committees are as follows:

Education: Promotes awareness of educational opportunities available to seniors. For example, the committee co-sponsors a program with the College of Staten Island offering college-level courses.

Housing: Focuses on the need for affordable senior housing.

Legislative: Monitors political developments and lobbies for legislation in support of seniors.

Natural Supports: Assesses the service needs of caregivers, family, and other support systems.

Senior Center and Social Activities: Provides a networking forum for managers of senior centers where cultural programs and social activities for seniors can be planned and discussed.

Transportation: Addresses the transportation requirements of the borough's seniors.

Page Two - Executive Summary
Staten Island Inter-Agency for the Aging, Inc.
Sea View Hospital Rehabilitation Center and Home

The IAC, working in conjunction with the staff of Sea View and the larger Staten Island Community, will provide services that will enhance the quality of life for the facility's patients.

The IAC will continue to have use and occupancy of approximately 200 square feet of space on the first floor of the Administration Building and, subject to availability, occasional use of the Fireside Room in the Administration Building. The IAC will pay an occupancy fee of \$3,600 per annum, or approximately \$18.00 per square foot.

Sea View will provide structural maintenance and utilities to the licensed space. The IAC will provide housekeeping and general maintenance. The IAC will indemnify and hold harmless the Corporation and the City of New York from any claims arising by virtue of its use of the licensed space and will also provide appropriate insurance naming the Corporation and the City of New York as additional insured parties.

The license agreement shall be revocable by either party on sixty (60) days prior notice, and shall not exceed a term of five (5) years without further authorization by the Board of Directors of the Corporation.

Office of Legal Affairs

MEMORANDUM

To: Pedro Irizarry
Sea View Hospital Rehabilitation Center & Home

From: Karen Rosen *(CB)*
Assistant Director

Date: June 26, 2012

Subject: VENDEX Approval

For your information, on June 26, 2012 VENDEX approval was granted by the Office of Legal Affairs for the following company:

Staten Island Inter-Agency Council for Aging, Inc

cc: Norman M. Dion, Esq.

LICENSE AGREEMENT

EYES & OPTICS

GOUVERNEUR HEALTHCARE SERVICES

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") to execute a revocable license agreement with Eyes and Optics (the "Licensee") for use and occupancy of space to operate an optical dispensary at Gouverneur Healthcare Services (the "Facility").

WHEREAS, in April 2008 the Board of Directors authorized the President to enter into a license agreement with the Licensee which by its terms expires July 31, 2012; and

WHEREAS, the Facility operates an Ophthalmology and Eye Clinic, performing an array of vision screenings, diagnostic tests and ophthalmic procedures for its patient population; and

WHEREAS, the Licensee's optical dispensary augments available ophthalmology and eye clinic resources for the Facility's patient population by providing an on-site ophthalmic dispensary; and

WHEREAS, the optical dispensary has been a beneficial addition to the Facility's programs and the Facility desires to continue to provide space for the Licensee's operation.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") be and hereby is authorized to execute a revocable license agreement with Eyes and Optics (the "Licensee") for use and occupancy of space to operate an optical dispensary at Gouverneur Healthcare Services (the "Facility").

The Licensee shall have the continued use and occupancy of approximately 100 square feet of space on the third floor of the Facility (the "Licensed Space"). The Licensee shall pay an occupancy fee of \$45 per square foot, or approximately \$4,500 per year. The occupancy fee represents the fair market value of the space. The cost of electricity shall be included in the occupancy fee. The occupancy fee shall be escalated by 3% per year.

The Licensee shall indemnify and hold harmless the Corporation and the City of New York from any claims arising by virtue of its use of the Licensed Space and shall also provide appropriate insurance naming each of the parties as additional insureds.

The term of this agreement shall not exceed five (5) years without further authorization of the Board of Directors of the Corporation. The License Agreement shall be revocable by either party on ninety (90) days notice.

EXECUTIVE SUMMARY

LICENSE AGREEMENT
EYES AND OPTICS
GOUVERNEUR HEALTHCARE SERVICES

The President of the New York City Health and Hospitals Corporation seeks authorization from the Board of Directors to execute a revocable license agreement with Eyes and Optics for use and occupancy of space to operate an optical dispensary at Gouverneur Healthcare Services ("Gouverneur").

Gouverneur operates an Ophthalmology and Eye Clinic, performing an array of vision screenings, diagnostic tests and ophthalmic procedures for its patient population. The Eyes and Optics optical dispensary augments available ophthalmology and eye clinic resources for Gouverneur's patient population by providing an on-site dispensary where patients are able to fill prescriptions for eye glasses, protective goggles, contact lenses and other related products. Eyes and Optics offers a range of moderate-to-low cost options for children and adults and its product lines are available for customers at all income levels.

Eyes and Optics shall have the continued use and occupancy of approximately 100 square feet of space on the third floor of the Facility (the "Licensed Space"). The Licensee shall pay an occupancy fee of \$45 per square foot, or approximately \$4,500 per year. The occupancy fee represents the fair market value of the space. The cost of electricity shall be included in the occupancy fee. The occupancy fee shall be escalated by 3% per year.

Eyes and Optics will indemnify and hold harmless the Corporation and the City of New York from any claims arising by virtue of its use of the licensed space and will also provide appropriate insurance naming each of the parties as additional insureds.

The term of this agreement shall not exceed five (5) years without further authorization of the Board of Directors of the Corporation. The license agreement shall be revocable by either party on ninety (90) days notice.

SAVITT PARTNERS

May 23, 2012

Mr. Dion Wilson
Director
Office of Facilities Development, Real Estate
NYC Health and Hospitals Corporation
346 Broadway, 12 West
New York, NY 10013

Re: Fair Market Value/appraisal of Eyes & Optics within Gouverneur Healthcare Services
Facility located at 227 Madison Street, New York, NY 10002
On behalf of NYC Health & Hospitals Corporation

Dear Dion:

Pursuant to your request, on Tuesday, May 22, 2012, the referenced location was inspected in order to assess the Fair Market Value (FMV) of the designated retail space. This assessment is inclusive of the value of the tenant improvements and specified operating expenses such as utilities, housekeeping, security, service contracts, repairs and maintenance, etc. As the owner is designated as a not for profit (501C3) real estate taxes may not be applicable, however this expense will also be considered when evaluating the value of the space in order to provide a comprehensive FMV. This appraisal will assess the estimated value of the base rent inclusive of the tenant improvements and operating expenses. This evaluation is subject to the following:

- The Eyes and Optics space is appropriately zoned for the use (retail) within the space.
- The premises are located within the medical facility on the ground floor.
- This evaluation is for the purpose of establishing the FMV to lease/license the referenced property and considers numerous factors including but not limited to location, market conditions, market area comparables, lease terms and conditions, as well as tenant improvements.

There are two variables that must be considered in this evaluation which are in fact weighted greater than other variables. These unique factors are location and use.

The location of the space provides the tenant with an immediate and "captured" client base according to the facility operator. Eye wear prescriptions generated by the non-affiliated ophthalmology and optometry physicians within the medical facility generate 90% of the client base for this tenant. The community medical center also benefits by providing this amenity to the patients; the convenience of access to a retailer that can fill the prescription immediately. The proposed retail operation compliments the physician practices with an optical modality. The balance of the Eyes and Optics patient base comes from the existing customer referral and not walk-in street traffic.

It would be inappropriate and unjustifiable to evaluate the value of the referenced space as retail. Despite the obvious benefit of the readily available retail client base the space does not have the one most important value to be considered retail, street presence. Therefore the space must be assessed as commercial property with a retail build out and operation. Our assessment of the value of the tenant improvement for an optical, retail operation within the hospital at this specific location would be that it is dramatically less than the cost for a typical store front optical store. The space is open (minimal walls or partitions) with extensive space for display cases, both free standing and mounted on the unit's walls.

Another important factor is the value of the space for medical use. It is our experience that space within built medical facilities is valued at a premium simply due to the fact that it is a finite resource which is in demand. Allocation of medical space for ancillary use is a primary cause for concern for medical facility administrators. This is the case even when the organization can garner a higher rent for the space. This assessment takes into consideration the value of this space for medical facility operations.

It is apparent that proximity within the medical facility complex is attractive to this tenant and benefits the facility's patients as well. The provision of tenant services that are uncommon for retail facilities, i.e., 24-7 access, even if not utilized and the provision of full time services such as HVAC, repairs and maintenance, security, etc. must also be factored in this evaluation. However, when assessing the value the fact that the client base is limited to foot traffic within the medical facility impacts the success of the tenant. The tenant has no opportunity to promote their presence and the average pedestrian walking by the building would not be aware of this retail operation.

The referenced medical space is located on the ground floor away from the main entrance of the medical center. When assessing the FMV for this space we took into consideration the referenced factors and used comparables for medical space, hospital space and retail space within the immediate market where available to establish benchmarks for market rents. The proposal offers the licensee a full service building with amenities typically provided only by hospitals and full service medical office buildings and not retail properties. Typical retail operations are triple net, with the tenant absorbing all of the related operational expenses. However, this opportunity provides the tenant with comprehensive services which will be reflected in our evaluation.

Market conditions for each use were established for comparison. Medical space, specifically physician, private offices garners rents at \$35 - \$55 per RSF. Retail rents are \$75-\$100 per RSF. Asking rents in this market remained flat in 2011 but landlord concessions are still negligible. Although these areas have medical offices, the lack of product, i.e., rental opportunities has maintained a stable rental market.

CONCLUSION

The ability to access the space and the provision of services without interruption is an amenity that benefits this retail tenant. This retail tenant, however, remains viable only as long as an eye care practice remains present at the premises. The minimal expense for tenant improvements was a variable that was evaluated as well.

Not all of the locations that were inspected for this report were handicapped accessible. To reiterate 24-7 security is a valuable and an attractive amenity provided by the landlord. All of the lavatories throughout the facility are ADA compliant. The corridors are also wheelchair accessible.

For the purpose of this appraisal, we shall assume that all operating expenses, i.e., security, refuse removal, utilities, repairs and maintenance, service contracts, etc. are provided by the landlord

In conclusion this analysis finds that the FMV for this space is essentially a hybrid due to the location of the space, proposed use and lack of opportunity to promote a true retail operation. However, it also provides the retailer with an immediate client base.

It is our professional opinion that the value of the referenced space is \$40 - \$45 per RSF. It would not be appropriate to provide a tenant with a construction concession of rent abatement given the size of the unit.

It would be appropriate for the tenant to negotiate an escalation provision to the base rent/fee of 2.75% to 3% commencing in the second year of the license agreement. These would be commercially fair and reasonable terms based on the data and information assessed in this report.

In the event I can be of any further assistance to you, please do not hesitate to call me.

Very truly yours,



Michael Dubin
Partner

**WORK ORDER
DORMITORY AUTHORITY OF NEW YORK (DASNY)**

**SPRINKLER PROJECT INFRASTRUCTURE AND
FIT-OUT CONSTRUCTION PHASE**

**COLER-GOLDWATER SPECIALTY HOSPITAL AND
NURSING FACILITY**

**NEW YORK CITY HEALTH & HOSPITALS CORPORATION
CAPITAL COMMITTEE**

**DORMITORY AUTHORITY
WORK ORDER APPROVAL**

Date: July 12, 2012

In accordance with the Operating Agreement by and between HHC and the Dormitory Authority of the State of New York (DASNY), the President of HHC respectfully submits for approval by the Capital Committee the following Work Order to be issued to DASNY:

Facility: Coler/Goldwater Specialty Hospital and Nursing Facility

Title: Coler Campus Sprinkler Project Infrastructure and Fit-Out Construction Phase

Scope: Provide the planning, pre-construction, architectural and engineering design services, construction management and project management services necessary for the design and installation of an automatic sprinkler system as required by the amendment of Federal regulation by the Centers for Medicare and Medicaid Services (CMS).

Need: Request an increase in funding to authorize the addition of a program change for partial renovation of the patient areas in building C and A. Additional work is recommended to satisfy NYS DOH comments expressed during a pre-occupancy survey in which it was advised that conditions other than the sprinkler installation would be considered as a condition of occupancy. The program change is optimally performed during a period when patient areas are vacant. Work has been conducted on three floors in C.

Estimate of Cost:

	<i>Previously Approved 3/10/2011 →</i>	<i>Presented for Committee Authorization on 7/12/12 →</i>	<i>New Approval Level</i>	<i>Modified Budget</i>
<i>Construction</i>	\$ 19,793,000	\$ 2,600,000	\$ 22,393,000	\$ 22,393,000
<i>Design</i>	1,935,000	0	1,935,000	1,935,000
<i>Construction management</i>	597,000	0	597,000	597,000
<i>Other Costs</i>	139,000	0	139,000	139,000
<i>Movable Equipment</i>	0	0	0	0
<i>DASNY Labor</i>	1,100,000	0	1,100,000	1,100,000
<i>Contingency</i>	1,937,000	0	0	1,937,000
<i>Additional CON Processing Fee</i>	0	0	0	99,066
<i>Total</i>	<u>\$ 25,501,000</u>	<u>\$ 2,600,000</u>	<u>\$ 28,101,000</u>	<u>\$ 28,200,066</u>
Funding:				
<i>City Council/Boro. Pres</i>	0	0	0	0
<i>NYC G. O. Bonds</i>	25,501,000	1,341,934	26,842,934	26,942,000
<i>HHC Tax-exempt Bonds</i>	0	1,258,066	1,258,066	1,258,066
<i>Total</i>	<u>\$ 25,501,000</u>	<u>\$ 2,600,000</u>	<u>\$ 28,101,000</u>	<u>\$ 28,200,066</u>

EXECUTIVE SUMMARY

COLER/GOLDWATER SPECIALTY HOSPITAL AND NURSING FACILITY COLER CAMPUS SPRINKLER UPGRADE BY THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK

OVERVIEW:

The President seeks authorization to execute a work order in the amount of \$2.6 million for DASNY to provide construction and construction management services for a program change.

In March 2010, an authorization was approved based upon a preliminary estimate of \$30,422,000. Since March 2010, one additional work order was approved in March 2011, which reset the estimate at \$30,521,000, to include an additional \$99,000 for a CON application fee. The approval level against that budget was approved at \$25,501,000.

Since March 2011, design has been completed, and most major contracts have been awarded. The authorization is recommended to be reset to \$28,200,066, a reduction of \$2,320,934 from the previous level of \$30,521,000. The \$28,200,066 estimate has reflective an adequate budget for the project. As work has progressed, both DASNY and HHC are comfortable with recommending the partial use of funds to undertake a program change that can be accomplished in conjunction with the sprinkler project, and will support the overarching purpose of the sprinkler installation, which is to retain DOH authorization to occupy the space affected by the sprinkler project.

The requested increase in funding will authorize partial renovation of the patient areas in buildings C and A. Additional work is recommended to satisfy NYS DOH suggestions expressed during a pre-occupancy survey, in which it was advised that conditions other than the sprinkler installation would be considered as a condition of re-occupancy. The program change is optimally performed at this time, when patient areas are vacant. The request is consistent with the Capital Committee's recommendation to conduct as much work as is reasonable during the period space remains unoccupied during installation of the sprinkler system. Other projects, such as the window replacement project at the facility (conducted under a separate work order) are being performed under this premise.

This is an opportune time to conduct such work, as the space remains unoccupied, and there are sufficient funds in place that will permit the additional work without jeopardizing funding for the underlying sprinkler system project. It is not anticipated that additional funding above the threshold amount of \$28,200,066 will be required to incorporate this program change.

NEED:

The program change should be approved for the purpose of conducting work that can optimally be performed in conjunction with the underlying sprinkler project during a period patient areas remain vacant. The work is being requested to address NYS DOH comments expressed during a pre-occupancy survey. Work has not been conducted on most floors since late 1970's, early 1980's. Some work has been conducted on three floors in building C.

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DASNY WO – Coler Sprinkler

- SCOPE:** Through a program change, provide the construction and construction management services necessary for the renovation of space in buildings C and A.
- TERMS:** The work order will be executed pursuant to the Operating Agreement by and between the Corporation and DASNY.
- COSTS:** \$28.1 million in Work Orders to DASNY (Infrastructure Construction Phase Only), \$28.2 million total budget.
- FINANCING:** New York City General Obligation Bonds.
- SCHEDULE:** Infrastructure and fit out construction phase by August 2013.

NEW YORK CITY HEALTH & HOSPITALS CORPORATION CAPITAL COMMITTEE

DORMITORY AUTHORITY WORK ORDER APPROVAL

Date: March 10, 2011
 In accordance with the Operating Agreement by and between HHC and the Dormitory Authority of the State of New York (DASNY), the President of HHC respectfully submits for approval by the Capital Committee the following Work Order to be issued to DASNY:

Facility: Coler/Goldwater Specialty Hospital and Nursing Facility

Title: Coler Campus Sprinkler Project infrastructure and Fit-Out Construction Phase

Scope: Provide the planning, pre-construction, architectural and engineering design services, construction, construction management and project management services necessary for the design and installation of an automatic sprinkler system as required by the amendment of Federal regulation by the Centers for Medicare and Medicaid Services (CMS). This increases the previous work order amount by twenty-two million, eight hundred ninety three thousand dollars (\$22.893 million).

Need: The existing nursing facility was constructed without an automatic sprinkler system. On March 13, 2008, CMS published a final rule announcing the amendment of regulations requiring all nursing homes participating in the Medicare or Medicaid programs to be protected throughout by a supervised automatic sprinkler system no later than August 13, 2013.

Estimate of Cost:

	<i>Previously Approved →</i>	<i>Presented for Committee Authorization on 3/2011 →</i>	<i>New Approval Level</i>	<i>Preliminary Budget</i>
<i>Construction</i>	\$ 0	\$19,793,000	\$19,793,000	\$ 22,762,000
<i>Design</i>	1,935,000	0	1,935,000	1,935,000
<i>Construction Management</i>	97,000	500,000	597,000	1,138,000
<i>Other Costs</i>	39,000	100,000	139,000	455,000
<i>Movable Equipment</i>	0	0	0	0
<i>DASNY Labor</i>	300,000	800,000	1,100,000	1,366,000
<i>Contingency</i>	237,000	1,700,000	1,937,000	2,766,000
<i>Additional CON Processing Fee</i>	0	0	0	99,066
Total	\$2,608,000	\$22,893,000	\$25,501,000	\$30,521,066
Funding:				
<i>City Council/Boro. Pres</i>	\$ 0	\$ 0	\$ 0	\$ 0
<i>Donat. & Homeland Secu.</i>	0	0	0	0
<i>NYC G. O. Bonds</i>	2,608,000	22,893,000	25,501,000	30,521,066
Total	\$2,608,000	\$22,893,000	\$25,501,000	\$30,521,066

End Date: August 2013
CON: NF Administrative
CON: Hospital Limited Review
Filed: November 2010
Approval NF: Pending
Approval Hospital: February 2011

Coler Sprinkler Project - July 2012 Status
 All major contracts have been awarded

	<i>Preliminary Budget As Approved 3/11/10</i>	<i>Approved Work Order Last as of 3/11</i>	<i>Committed To Date</i>	<i>Invoiced To Date</i>
<i>Construction</i>	\$22,762,000	\$19,793,000	\$17,598,471	\$5,085,237
<i>Additional C Bldg Scope from DOH Comments</i>	Not in project scope	\$0	\$1,350,000 *	\$260,000
<i>Design</i>	\$1,935,000	\$1,935,000	\$2,466,527	\$1,751,422
<i>Other Consultant fees</i>	\$1,138,000	\$139,000	\$83,008	\$59,974
<i>Furniture & Equipment</i>	0	\$0	\$103,397	\$75,662
<i>DASNY/CM Fee</i>	\$1,366,000	\$1,697,000	\$1,700,000	\$1,047,000
<i>Contingency</i>	\$2,766,000	\$1,937,000	\$2,199,597	\$0
<i>Other Costs</i>	\$455,000			
Total	\$30,422,000	\$25,501,000	\$25,501,000	\$8,279,295

<i>Project Costs Excluding Contingency</i>	\$23,301,403	36%	of project has been invoiced as against validated cost of \$23.3 million.
<i>Construction Costs (including DOH scope)</i>	\$18,948,471	28%	of project would be invoiced against, assuming inclusion of requested additional work.
<i>Current Contingency</i>	\$2,199,597	9%	of project contingency remains, considered reasonable for the remaining project.
		12%	represents the combined value of construction work, which includes the proposed C building scope and sprinkler project that would be committed to complete the project.

Premise: There is sufficient contingency remaining in the project to absorb a \$1.35 million commitment to address DOH comments relating to the condition of the wards where sprinkler work is taking place. * Pending Approval

- Justification:
- 1) Opportunity to provide renovation that provides for painting, ceilings, patching, floor replacements in vacant patient spaces.
 - 2) There is sufficient savings in the project to perform this additional work without significant risk of not having sufficient funding to complete the core project of sprinkler installation
 - 3) Space was last addressed with work of this type in late 1970's early 1980's;
 - 4) If work is not performed as part of the core project, it is anticipated that the space will require significant touch up in order to satisfy DOH occupancy requirements. DOH has indicated that it will view the space in its totality, not just completion of the sprinkler work.
 - 5) Two floors have been completed using funds from the construction allowance, authorization requested to complete an additional 5 floors
 - 6) Work can be done concurrently with sprinkler work, with no disruption to patient services or the completion schedule.

**WORK ORDER
DORMITORY AUTHORITY OF NEW YORK (DASNY)**

NEW BOILER PLANT FOR COLER FACILITY

**COLER-GOLDWATER SPECIALTY HOSPITAL AND
NURSING FACILITY**

NEW YORK CITY HEALTH & HOSPITALS CORPORATION CAPITAL COMMITTEE

DORMITORY AUTHORITY WORK ORDER APPROVAL

Date: July 12, 2012

In accordance with the Operating Agreement by and between HHC and the Dormitory Authority of the State of New York (DASNY), the President of HHC respectfully submits for approval by the Capital Committee the following Work Order to be issued to DASNY:

Facility: Coler-Goldwater Specialty Hospital & Nursing Facility

Title: New Boiler Plant for Coler Hospital

Scope: This authorization will provide additional funding to continue the planning, architectural and engineering design, project management and construction services required to replace the existing aged boiler and boiler house serving both Coler and Goldwater Hospital. There will be at least one additional request to increase the value of DASNY's Work Order after a more defined scope and construction estimate has been established. The total project may be modified once this preliminary work is complete. This authorization also includes funds to prepare a comprehensive design and other related information for the decommissioning of the existing Power Plant located at Goldwater Hospital and to turn the facility back to the Roosevelt Island Operating Corporation who owns the Building.

Estimate of Cost:

	<i>Previously Approved 12/6/2011 →</i>	<i>Presented for Committee Authorization on 7/12/12 →</i>	<i>New Authorization Level</i>	<i>Preliminary Budget</i>
<i>Construction</i>	\$ 846,500	\$ 700,000	\$ 1,546,500	\$ 8,706,452
<i>Design</i>	1,528,475			1,528,475
<i>Other Construction Consultants</i>	50,000	145,000	154,650	79,751
<i>Other Project Costs</i>	125,000			398,755
<i>Furniture & Equipment</i>	0			0
<i>DASNY Fee</i>	308,700			478,506
<i>Contingency</i>	84,650	70,000		2,392,530
Total Project Cost	\$ 2,943,325	\$ 915,000	\$ 3,858,325	\$ 13,584,469

Funding:

<i>HHC tax-exempt bonds</i>	\$ 0	\$ 0	\$ 0	\$ 5,202,469
<i>NYC General Obligation Bonds</i>	2,943,325	915,000	3,858,325	8,382,000
Total	\$ 2,943,325	\$ 915,000	\$ 3,858,325	\$ 13,584,469

End Date: September 2012

CON: Limited Review

Filed: CON application will be filed once preliminary construction estimates have been established.

Approval: TBD

EXECUTIVE SUMMARY

COLER/GOLDWATER SPECIALTY HOSPITAL AND NURSING FACILITY COLER CAMPUS NEW BOILER PLANT BY THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK

- OVERVIEW:** The President seeks authorization to execute a work order in the amount of \$915,000 for the design project management services and investigatory work necessary for the preparation of a facility energy assessment report for the replacement of the existing boiler and boiler house serving both Coler and Goldwater Hospitals, including conducting non-destructive testing of the piping and distribution system. The new boiler plant will serve only Coler as Goldwater will be decommissioned in 2013. This increases the work order authorization level from \$2,943,325 to \$3,858,325.
- NEED:** The existing boilers and boiler house were constructed in 1938 and renovated in 1953. The existing boilers burn number 6 oil which will be illegal to burn in NYC and its use must be phased out by the end of 2015. The boilers are beyond their useful life, and are in need of replacement. The replacement boiler(s) will service only the Coler campus, as the Goldwater Campus will be decanted in the end of 2013.
- SCOPE:** Provide the planning, architectural and engineering design, project management and construction services required to replace the existing aged boiler plant and provide emergency repairs to the existing structure. DASNY and the consultant, Fulcrum, will recommend installation of de-centralized, multiple, ultra-high efficiency, natural gas fired, hot water boilers at each of the Coler buildings (A, B, & C). A number of activities must be accomplished prior to start of the major construction in order to meet the project schedule, such as installation of the emergency backup system designed for use of the temporary portable boilers in the unlikely event of total loss of Con Ed gas supply, preparatory work to supplement structural elements of the building required for installation of the new equipment, some asbestos abatement in the areas of the interior affected by new construction and coordination and negotiations with Con Edison for additional natural gas lines (to the S Building) and enlargement of the service entrance at the B Building. A more definitive total project budget will be determined after conclusion of this portion of work. This authorization also includes funds to prepare a comprehensive design and other related information for the decommissioning of the existing Power Plant located at Goldwater Hospital and to turn the facility back to the Roosevelt Island Operating Corporation who owns the Building.
- TERMS:** The work order will be executed pursuant to the Operating Agreement by and between the Corporation and DASNY.
- COSTS:** \$3,858,325 in Work Order to DASNY, \$13,584,469 in preliminary project budget.
- FINANCING:** \$8,382,000 in New York City General Obligation Bonds* and \$5,202,469 in HHC tax-exempt bonds.
- SCHEDULE:** HHC expects DASNY to complete this phase by September 2012. A budget increase will be requested through other work orders authorizing the boiler construction and any additional design, fees and other related costs.

NEW YORK CITY HEALTH & HOSPITALS CORPORATION CAPITAL COMMITTEE

DORMITORY AUTHORITY WORK ORDER APPROVAL

Date: December 6, 2011

In accordance with the Operating Agreement by and between HHC and the Dormitory Authority of the State of New York (DASNY), the President of HHC respectfully submits for approval by the Capital Committee the following Work Order to be issued to DASNY:

Facility: Coler-Goldwater Specialty Hospital & Nursing Facility

Title: New Boiler Plant for Coler Hospital

Scope: This authorization will provide funding for the architectural and engineering design services required to prepare a Facility Energy Assessment Report for replacement of existing aged boiler and boiler house serving both Coler and Goldwater Hospital, and to conduct non-destructive testing of the piping and distribution system. The new boiler plant resulting from this study and eventual construction will only service Coler Hospital, as Goldwater will be decommissioned in 2013. There will be at least one additional request to increase the value of DASNY's Work Order after a more defined scope and construction estimate has been established. The total project budget cannot be fully reflected until this preliminary work is completed.

Estimate of Cost:

	<i>Previously Approved</i>	<i>Proposed Authorization Increase</i>	<i>New Authorization Level</i>	<i>Preliminary Budget</i>
<i>Construction</i>	\$ 0	\$ 846,500	\$ 846,500	\$ 8,706,452
<i>Design</i>	0	1,528,475	1,528,475	1,528,475
<i>Other Construction Consultants</i>	0	50,000	50,000	79,751
<i>Other Project Costs</i>	0	125,000	125,000	398,755
<i>Furniture & Equipment</i>	0	0	0	0
<i>DASNY Fee</i>	0	308,700	308,700	478,506
<i>Contingency</i>	0	84,650	84,650	2,392,530
<i>Total Project Cost</i>	\$ 0	\$ 2,943,325	\$ 2,943,325	\$ 13,584,469

Funding:

<i>HHC tax-exempt bonds</i>	\$ 0	\$ 0	\$ 0	\$ 5,202,469
<i>NYC General Obligation Bonds*</i>	0	2,943,325	2,943,325	8,382,000
<i>Total</i>	\$ 0	\$ 2,943,325	\$ 2,943,325	\$ 13,584,469

End Date: April 2012 (1)

CON: Limited Review

Filed: CON application will be filed once preliminary construction estimates have been established.

Approval: TBD

* NYC General Obligation Bonds will be pledged by the City of New York to complete this project. General Obligation bonds are a non-project specific promise to use the full faith and credit of the City of New York to repay the obligation. Contract commitments against this project will be registered with the New York City Comptroller's Office, whose responsibility is to maintain a record of a completed projects impact on the city's debt capacity through its Financial Management System (FMS).

(1) Refers to anticipated completion for this work order only. A budget increase will be requested through other work orders authorizing construction and any additional design, fees and other related costs.

PROJECT STATUS REPORTS

North Bronx Healthcare Network
South Brooklyn/Staten Island Health Network
South Manhattan Health Network

Project Status Reports
(As of June 2012)

Network: NORTH BRONX HEALTHCARE NETWORK

Facility: JACOBI MEDICAL CENTER

Project Number	PROJECT TITLE	Project Budget (\$000s)	Paid to Date (\$ 000s)	% Paid to Date	Construction Start	Projected Completion	Forecast/ Actual Completion	Delay (if any)	Comments
21200707	Campus Site Improvements	4,646	1,727	37.17%	Jun-11	May-13	May-13		Project is approximately 50% complete and slightly ahead of schedule due to favorable weather conditions. Additional work will be done in the lobby area to take advantage of the closed main entrance.
21201101	Corrective Work for Local Law 11 Compliance	610	420	68.85%	Jun-11	Dec-12	Dec-12		Project is approximately 60% complete and slightly ahead of schedule due to favorable weather conditions.

Network: SOUTH MANHATTAN HEALTHCARE NETWORK

Facility: BELLEVUE HOSPITAL CENTER

Project Number	PROJECT TITLE	Project Budget (\$000s)	Paid to Date (\$ 000s)	% Paid to Date	Construction Start	Projected Completion	Forecast/ Actual Completion	Delay (if any)	Comments
11201103	Expansion of Inpatient Psychiatric Unit	2,208	587	27.00%	May-12	Sep-12	Oct-12	(1)	Construction contract was awarded in May 2012, subject to vendex approval.

Project Status Reports
(As of June 2012)

Network: SOUTHERN BROOKLYN / STATEN ISLAND HEALTH NETWORK

Facility: CONEY ISALND HOSPITAL

Project Number	PROJECT TITLE	Project Budget (\$000s)	Paid to Date (\$ 000s)	% Paid to Date	Construction Start	Projected Completion	Forecast/ Actual Completion	Delay (if any)	Comments
26200901	Emergency Department Expansion and Renovation	10,000	5,174	51.74%	Dec-10	Dec-12	Dec-12		New ED expansion unit enclosed. Interior framing, ductwork, plumbing, electrical ceiling grid work in progress. Installation of the exterior façade in progress. Project is approximately 70% complete.
26201001	Window Replacement	10,995	3,842	35.00%	Oct-11	Dec-12	Dec-12		Project is approximately 50% complete. As of June 22, 2012, 1,130 windows and 338 air conditioning units have been installed. Asbestos abatement is completed.
26201102	Boiler Plant Replacement	7,000	0	0.00%	Jun-12	Feb-13	Feb-13		Mobilization in progress.
26201202	Convert 6-Bedded rooms to 4-Bedded rooms	211,471	0	0.00%	Aug-12	Dec-12	Dec-12		Mobilization in progress.
26201203	New Non-Invasive Cardiology Unit	113,908	0	0.00%	Aug-12	Dec-12	Dec-12		Mobilization in progress.

Facility: SEA VIEW HOSPITAL REHABILITATION CENTER & HOME

Project Number	PROJECT TITLE	Project Budget (\$000s)	Paid to Date (\$ 000s)	% Paid to Date	Construction Start	Projected Completion	Forecast/ Actual Completion	Delay (if any)	Comments
75201203	Installation of Fire/Smoke Dampers - Robitzek Building	102	5	5.00%	Jan-12	Mar-12	Jun-12	(3)	Project is substantially completed.