AGENDA

FINANCE COMMITTEE

MEETING DATE: APRIL 9, 2013
TIME: 9:00 A.M.
LOCATION: 125 WORTH STREET
BOARD ROOM

BOARD OF DIRECTORS

CALL TO ORDER — **BERNARD ROSEN**

ADOPTION OF THE MARCH 12, 2013 MINUTES

SENIOR VICE PRESIDENT'S REPORT — **MARLENE ZURACK**

KEY INDICATORS/CASH RECEIPTS & DISBURSEMENTS REPORTS — **FRED COVINO**

ACTION ITEMS

1. Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a tax-exempt financing with the New York Power Authority ("NYPA") for a principal amount not-to-exceed $22,847,521 to finance the Comprehensive Energy Efficiency upgrade project at Metropolitan Hospital Center (the "Metropolitan Project"). **LINDA DEHART**

2. Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a tax-exempt financing with the New York Power Authority ("NYPA") for a principal amount not-to-exceed $23,061,199 to finance the Comprehensive Energy Efficiency upgrade project at Elmhurst Hospital Center (the "Elmhurst Project"). **LINDA DEHART**

OLD BUSINESS
NEW BUSINESS
ADJOURNMENT — **BERNARD ROSEN**

MINUTES

MEETING DATE: MARCH 12, 2013

FINANCE COMMITTEE

BOARD OF DIRECTORS

The meeting of the Finance Committee of the Board of Directors was held March 12, 2013 in the 5th floor Board Room with Bernard Rosen presiding as Chairperson.

ATTENDEES

COMMITTEE MEMBERS

Bernard Rosen
LaRay Brown (representing Alan Aviles, President in a voting capacity)
Michael A. Stocker, MD
Robert Doar, Commissioner, Human Resources Administration
Josephine Bolus, RN
Emily Youssouf
Andy Cohen, (representing Deputy Mayor Linda Gibbs in a voting capacity)

OTHER ATTENDEES

J. DeGeorge, Analyst, Office of the State Comptroller
M. Dubowski, Analyst, OMB
M. Dolan, Senior Assistant Director, DC 37
C. Fiorentini, Analyst, NYC Independent Budget Office (IBO)
R. McIntrye, Account Executive, Siemens
M. Meagher, Analyst, OMB
I. Hartman-O'Connell, Mayor's Office
L. Schomp, Senior Budget Analyst, CIS

HHC STAFF

V. Bekker, Chief Financial Officer (CFO), Generations+ Northern Manhattan Health Network
M. Brito, Chief Financial Officer (Acting), Coler/Goldwater Specialty Care Facility
D. Cates, Chief of Staff, Board Affairs
A. Cohen, Chief Financial Officer, South Manhattan Health Network
F. Covino, Corporate Budget Director, Corporate Budget
K. Depass, Assistant Controller, Coney Island Hospital
L. Free, Senior Director, Managed Care/Finance
D. Frimer, Controller, Coney Island Hospital
K. Garramone, Chief Financial Officer, North Bronx Healthcare Network
G. Guilford, Assistant Vice President, Office of the Senior Vice President/Finance/Managed Care
L. Guttman, Assistant Vice President, Intergovernmental Relations
D. Guzman, Deputy Chief Financial Officer, Metropolitan Hospital Center
J. John, Chief Financial Officer, Central Brooklyn Family Health Network
L. Johnston, Senior Assistant Vice President, Medical & Professional Affairs
M. Katz, Senior Assistant Vice President, Corporate Revenue Management
P. Lockhart, Secretary to the Corporation, Office of the Chairman
K. Madej, Director of Marketing, Communications/Marketing
T. Mammo, Chief of Staff, Office of the President
A. Marengo, Senior Vice President, Communications/Marketing
A. Martin, Executive Vice President/Chief Operating Officer, Office of the President
H. Mason, Deputy Executive Director, Kings County Hospital Center
R. Mayer, Director, Office of Internal Audits
M. Nunez, Chief Financial Officer, North Brooklyn Health Network
K. Olson, Senior Director, Corporate Budget
K. Park, Associate Executive Director, Queens Health Network
G. Proctor, Senior Vice President, North Brooklyn & Central Brooklyn Networks
S. Russo, General Counsel, Office of Legal Affairs
D. Santo, Associate Executive Director, Bellevue Hospital Center
L. Schomp, Senior Budget Analyst, CIS
B. Stacey, Chief Financial Officer, Queens Health Network
A. Sullivan, Deputy Chief Financial Officer, Corporate Restructuring
J. Wale, Senior Assistant Vice President, Office of Behavioral Health
M. Weinberg, Executive Director, Metropolitan Hospital
J. Weinman, Corporate Comptroller, Corporate Comptroller's Office
R. Wilson, Senior Vice President/Chief Medical Officer, Medical & Professional Affairs
M. Zurack, Senior Vice President, Corporate Finance/Managed Care

Minutes of the March 12, 2013 Finance Committee Meeting

CALL TO ORDER **BERNARD ROSEN**

The meeting of the Finance Committee was called to order at 9:05 a.m. The minutes of the January 13, 2013 Finance Committee meeting were adopted as submitted.

CHAIR'S REPORT **BERNARD ROSEN**

SENIOR VICE PRESIDENT'S REPORT **MARLENE ZURACK**

Ms. Zurack informed the Committee that her report would cover two items. Last week HHC testified before the NY City Council regarding the preliminary budget for FY 14. The Committee should be aware that it is important that the City Council restores the $8.5 million that was restored in HHC's FY 13 budget but is yet to be restored in the FY 14 budget. These funds are necessary in order to protect the funding for the child health clinic program of $5 million; the Rapid HIV testing of $2 million and approximately $1.5 million in delayed funding for patients. The Major's Office has restored HHC's November Plan subsidy PEG. HHC will continue to address the restoration of those funds with the Council.

Ms. Zurack stated that there are 33 days of cash on hand (COH) compared to 41 days last month. Due to the closures at Coney Island and Bellevue, the projected revenue losses total $183 million which puts HHC in dire need of a funding source to offset that loss. HHC has been advocating for the use of Community Development Block Grant (CDBG) funds that were in the Sandy appropriation for that revenue loss. HHC's cash flow projections include the impact of not receiving those funds and if HHC makes all of its payments that are due to the City by 6/30/13 which would include a large pension payment, malpractice and debt service, the cash balance would be $91 million negative. HHC has met with Deputy Mayor, Linda Gibbs and Mark Page, City Budget Director regarding this issue. Additionally, Ms. Zurack stated that she had gone to Albany with Ms. LaRay Brown, Senior Vice President, Corporate Planning Services, Community Partnership and Intergovernmental Relations and met with the division of Budget and the State Department of Health (SDOH). There are collective efforts to review the mechanism for getting the CDBG funds directed toward HHC to meet the funding need for the revenue loss due to the storm.

Ms. Youssouf asked if the issue is being discussed in terms of where those funds should go.

Ms. Zurack stated that HHC received a request from Budget but there has not been a definitive decision in terms of the interpretation of those regulations and the use of that funding stream for revenue losses. There have been discussions with some of the Committee members regarding this issue and efforts are being made to advocate for this important funding stream.

Dr. Stocker asked if there has been a major change from last month's reporting in this area. Ms. Zurack stated that it is the same as reported in January 2013.

Ms. Cohen stated that under the regulations it looks as if it is possible to make use of those funds for the revenue losses. Ms. Zurack agreed adding that based on discussions with others there is some ambiguity.

Ms. Brown stated that HHC has received various perspectives on whether the regulations are clear in the use of the CDBG funds to fund revenue losses. Although there is some uncertainty, based on recent guidelines, HHC is moving forward based on the certainty that it can be. In HHC's message to all levels of government including the congressional members and senate offices that their support of the supplemental dollars and the presumptions that the $810 million which was allocated included a total package that included funding for HHC for the revenue losses.

Ms. Zurack added that if in fact the regulations are problematic, HHC would be eligible for operational subsidy from the CDBG based on eligible expenses and that process of review to identify those expenses that can be claimed is currently under review for either a revenue loss or an operational expense.

Mr. Rosen asked if the eligible expense would include salaries and fringes for the staff that continued to show up for work although services at those two facilities were not being provided. Ms. Zurack stated that those expenses would be included and concluded her report.

KEY INDICATORS & CASH RECEIPTS & DIBURSEMENTS REPORTS **FRED COVINO**

Mr. Covino stated that based on data through January 2013, acute discharges are down by 8.4% which includes the impact of Hurricane Sandy for Bellevue and Coney Island, whereby the facilities were forced to close. By excluding those two facilities, utilization is up by 1% or 805 discharges. The D&TC visits are down by 12.1% which is a slight improvement from the last reporting period. Nursing home days are down by 13.3% due to the transition at Coler/Goldwater Specialty Hospital/Nursing Facility. The ALOS, all of the facilities with the exception of Lincoln, Metropolitan, and, Bellevue are within 1/3 day of the corporate average. Bellevue was 6/10 greater than the expected; Lincoln was 7/10 less and Metropolitan 4/10 less than the average. The CMI corporate-wide is up by .5% compared to last year for the same period. A comparison of the budget to actual, FTEs are down by 688 compared to last year's base of 6/12/12 and against the YTD budget of 385 FTEs, the reduction is 300 FTEs greater than the targeted reduction. Receipts are down by $189 million compared to disbursements of $39 million worse than budget that resulted in a net negative variance of $228 million.

Ms. Youssouf asked how the ALOS for Bellevue and Coney Island was calculated given that the two facilities were closed due to the storm.

Mr. Covino stated that it is being calculated in the usual manner. There were some late discharges at Bellevue when the facility was forced to evacuate that related to some rather long stays that increased the LOS; however, the facility has not added to that in recent months but is expected to be back on track now that the facility has reopened.

Ms. Youssouf asked if the data for Bellevue and Coney Island was for the same period given that those two facilities were closed and would not have had any discharges.

Mr. Covino stated that the data is year-to-date for the same period for all of the acute facilities but as previously stated there were some late discharges at Bellevue.

Ms. Youssouf asked that there be a footnote added to all of the reports explaining the data for those two facilities given that the report will become part of the record.

Dr. Stocker added that it is important to clarify the data for the purpose of comparisons in the future.

Mr. Covino stated that a footnote would be added to each of the reports.

Mr. Rosen added that the reductions in utilization at those two facilities are very pronounced on the report as indicated by the large variances. If those two facilities were excluded in the reporting the actual trend for the other facilities would be more reflective.

Mr. Covino stated that Bellevue and Coney Island were kept in the reporting to show the full picture and the impact of the storm. However, the reports will be reissued to reflect that footnote. Continuing with the reporting, a comparison of the current cash receipts and disbursements to the prior year, receipts are $52 million better than the prior year due to a $126 million increase in DSH/UPL payments for prior years. Expenses are $182 million better than last year due to the timing of pension payments. At this time last year expenses were paid through December 2012 of $149 million and $94 million in payments to the City. Actual versus budget, inpatient receipts are down by $153 million due to Medicaid fee-for-service which is down by 6,000 cases and 31,000 psych cases. Outpatient receipts are down by $62 million and all other receipts are up by $26 million due to grants and tax levy receipts. Expenses are reflective of $55 million in expenses relative to the storm that were not included in prior data but is now included as part of the OTPS expenses.

Ms. Cohen asked what the change in outpatient services is attributable to.

Ms. Zurack stated that Dr. Wilson has begun a major effort to analyze primary care access. At the starting point the drop in clinic visits has been confounding given that MetroPlus, HHC's managed care plan has indicated that it is difficult to get appointments at HHC facilities. There is a major effort to resolve this issue which is being addressed by Dr. Wilson.

Ms. Cohen added that it is difficult to understand how those two things have occurred at the same time, not enough access and yet FTEs have remained stable in that area.

Dr. Stocker stated that inpatient admissions are up slightly but outpatient visits are down. There are some access issues and it is hard to determine how to get the cash to invest in primary care which is an important factor in reducing inpatient stays.

Dr. Wilson stated that it is a very complicated problem that has been very difficult to pinpoint given the factors required to address the issue at this time. However, HHC is aware that there is a major access issue. HHC has done a major transformation which is near completion in the patient centered medical home team base model which alters HHC's ability to understand the FTE and productivity ratio. HHC is one month into a 24 month engagement with McKenzie Consultants to analyze this issue in an effort to find answers to some of those questions regarding FTE productivity and access. HHC expects that through the use of the consultancy the access and capacity compensation will be must clearer. Additionally, there are geographical factors. For example, at Cumberland there are neighborhood changes and re-gentrification housing changes. Six months ago, it was perceived that the issues were understood only to later conclude that HHC did not understand. It is important to understand that this is a complicated issue but HHC expects to have an answer to this issue in terms of understanding the factors involved and when completed, the information will be shared with the Committee.

Mr. Rosen asked if the contract Dr. Wilson referenced is for ambulatory care services. Dr. Wilson stated that it is.

Ms. Brown stated that in terms of the SNFs it is not a theory but a reality, in that HHC is aggressively reducing the census at Goldwater as part of the restructuring. Therefore, beds have been taken out of services; 189 patients have been discharged with the assistance of the New York City Housing Authority (NYCHA), and a great deal of effort on the part of the Coler/Goldwater staff and Corporate Planning staff in terms of exerting some very concentrated efforts in helping patient and their families find appropriate housing and support which is very much related to the reduction in the SNF.

Ms. Zurack added that the capital project at Gouverneur is also a factor. Ms. Brown stated that at Gouverneur some beds have been moved off-line until the modernization project is back on track.

Dr. Stocker added that if HHC gets to an Accountable Care Organization (ACO) with a capitated system it would be more feasible to invent in primary care given that it would reduce inpatient admissions.

ACTION ITEM **MARLENE ZURACK**

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract and related agreements with North Shore-Long Island Jewish Health Systems, Inc. ("NSLIJ") (i) to establish a jointly controlled not-for–profit hospital cooperative ("CoOpLab") that will provide laboratory services at cost to NSLIJ's and the Corporation's respective health systems in a new cooperative laboratory facility to be located within the City of New York for this purpose; (ii) for the period prior to CoOpLab obtaining the requisite licenses to provide such laboratory services, to have NSLIJ's existing not-for-profit corporation, which operates its core laboratory perform the Corporation's reference laboratory work that is now sent to commercial vendors at cost and have the Corporation join such not-for-profit corporation as a member; and (iii) to provide for NSLIJ to indemnify the Corporation for any cost, damage or liability arising out of its laboratory activities prior to the launch of the cooperative venture and out of any ongoing laboratory activities unrelated to the cooperative venture and for CoOpLab to purchase liability insurance to cover any claims that may arise in the conduct of CoOpLab's cooperative business.

AND

Authorizing the President of the Corporation to effectuate the establishment of CoOpLab and take such other actions as he/she deems appropriate to establish the cooperative laboratory structure described below consistent with these Resolutions.

Ms. Zurack introduced the team involved in the presentation, George Proctor, Senior Vice President, North Brooklyn/Central Brooklyn Networks, Dr. James Crawford and Robert Stallone. The presentation would be done in two parts, Mr. Proctor and Ms. Zurack and NSLIJ, Dr. Crawford and Mr. Stallone.

Mr. Proctor stated that his section of the presentation would cover an overview of HHC's current conditions as well as the vision of the CoOpLab, structure and governance, notwithstanding the business model, staffing changes, the projected five-year cost savings and the implementation. Currently HHC operates four core labs serving the entire system with twelve rapid response labs at each of the facilities. The restructuring project efforts have yielded approximately $7.3 million to-date in savings. This was achieved through the standardization of products and a review of best tier pricing in terms of lab supplies. The restructuring project initially included the review of four operations in conjunction with two expert consultants to assist in the process which resulted in the best option for the Corporation. The selected option will allow HHC significant opportunity to achieve greater efficiencies through a shared core lab with another large integrated delivery system. The process used to identify potential partners included the review of several proposers one of which included Mount Sinai. At one point during the process, Mount Sinai expressed an interest in partnering with HHC; however, the proposal was not the most feasible for HHC and did not meet the goals of the restructuring project. Through that process, HHC was able to determine that NSLIJ would best meet the needs of the Corporation in this endeavor. The vision of the CoOpLab would be to standardize test menus for local hospital clinic tests. This standardized menu has been reviewed by a clinical operations committee which has been overseen by HHC's Chief Medical Officer and is currently being finalized. The hospital labs will continue to provide clinical results needed for less than four hours particularly for the emergency departments and the inpatient units which would be the rapid response tests. The hospitals will continue to provide surgical and anatomical pathology at each of the sites as well as the blood bank. NSLIJ and HHC will cooperate to create one shared core lab to process clinical lab work for nursing homes, diagnostic treatment centers and hospital clinics as well as micro and molecular biology tests and test on behalf of community physicians and other outside business. The key goal would be through a collaboration to achieve the economy of scale, better pricing; savings for both entities as well as an improvement in quality and data sharing for best practices. The structure of the cooperative would be a not-for-profit cooperation and NSLIJ will have joint membership and operate the shared core lab. There will be a Board of Directors with participation in membership from NSLIJ and HHC. The lab will have a CBO and management team on site with oversight by the Board; maintain NSLIJ business and support HHC commercial insurance collections. Some of the other key components of the joint venture will also include collaboration on lab methods between both systems but independently operate hospital rapid response lab. There would be a sharing of information and technology. The test menus and group purchases to a greater extent than currently available to HHC for equipment, reagents and blood products. In terms of the governance structure of this entity, NSLIJ

will have the majority of seats on the Board of Directors of the CoOpLab. North Shore (NS) operates the current core lab and has successfully done so for fifteen years. It will provide initial capital for the new expanded CoOpLab. Given the phase-in of HHC over the next four years and NS test growth rate, it is almost certain that NSLIJ will always have plurality of test volume. HHC will receive funding member status that will guarantee that if new member joins, HHC will continue to have rights and benefits that will not be diminished. Critical decisions will require consent as a common courtesy. Some of the types of decisions that will require HHC's consent as a founding member include sale and relocation requirements for additional capital; additional members with the same rights as HHC or termination of the CoOpLab; an increase in the reserve that would impact on the cost per test or any other action that would benefit NSLIJ at the expense of HHC. The organizational structure of the CoOpLab, the Board of Directors will include membership from HHC and NSLIJ. The chief executive officer and the management team at the shared core lab and the shared suppliers including the vendors, reference tests/blood products, equipment, reagents and information technology, including the join the various joint standards committees that will focus on quality, system interoperability, equipment and reagents, policy and procedures, test menu and research. The rapid response labs will continue to operate at the HHC facilities.

Ms. Zurack stated that the business model for the CoOpLab venture includes the CoOpLab as an independent not for profit structure which would sell test to both NS and HHC. In addition HHC would move its current microbiology and molecular biology staff to the core lab site and the CoOpLab would pay HHC for those staff costs and it would also pay NSLIJ for the staff that would be moved from their current location in Long Island to NYC as part of that venture. Since NSLIJ will be doing the initial capital, the CoOpLab will pay rent and as stated in the resolution and by agreement as part of the intent. There will be a cap on the amount of rent based on the agreed upon budget for the capital project. The CoOpLab and its affiliated structures will be able to bill commercial insurers which will be revenue for both NS and HHC. The CoOpLab would be able to get the volume of both entities in terms of group purchasing which would produce saving at the CoOpLab and at the rapid response labs at both institutions. It would also create a great venue for best practice sharing for all parties. In terms of how this venture will impact staffing at HHC, the clinical staffing as reflected on the slide are the staff that will be needed and maintained by HHC to operate the rapid response labs. There is significant attrition between the base period and 2018 as a result of sending the test to the core lab that this will free up work and would allow HHC the flexibility to not backfill those technicians in those clinical lab services. The microbiology and molecular biology staff are those employees who perform these tests currently at all of HHC facilities. This would be consolidated to the core lab. The reason the decrease in the staffing over time is due to the process of this joint venture which involves going one set of hospitals at a time so that it can be done in a measured way to avoid disruptions in services. In 2015, thirty FTEs will move from HHC sites to the core lab which would be based upon the movement of, for example Queens and Elmhurst. In total, HHC's total staff complement for the labs is 1,405 and would be reduced to 1,215 by 2018. In terms of expenses and projected savings, the projected savings in 2014 total $11.1 million growing to $18.5 million in 2018 with a revenue opportunity of $300,000 in 2015 growing to $4.6 million in 2018. The total benefit is $11.1 million in 2014 growing to $23.1 million in 2018. There are many implementation issues and if approved by the Board will take some time to implement. As Mr. Proctor stated earlier and as stated in the resolution, the immediate steps

would be for HHC to obtain membership in NSLIJ current 501 C-3 for its current core lab operation which would generate a saving of $1.7 million resulting from HHC sending its lab work to NSLIJ at cost which would be lower than the market rates. Initially NSLIJ would enter into a real estate deal. A site has been identified in College Point Queens, NY as part of the capital project. Simultaneously, NSLIJ and HHC will seek an IRS status for the new CoOpLab. Specifically 501 E status which relates to two hospital organizations forming a joint venture to do work on behalf of its members. When the CoOpLab is up and running as a core lab which is expected to be in approximately eighteen months from April 2013 the time constraints is the capital work on the new site. However, during that time period, the new entity will need to obtain insurance, legal and regulatory work and as discussed internally with management at HHC would need to have a robust disaster plan.

Commissioner Doar asked if the new established Board would be compensated and whether the compensated levels for the management of the new entity will be consistent with HHC practices or different practices with regard to NS.

Ms. Zurack stated that the Board would not be compensated. There are different practices at NSLIJ but not that much different than HHC as determined through the process. This would be through the current letter of intent a majority Board decision which would mean that NSLIJ would have that authority. The salary scales are not that much higher than HHC.

Ms. Youssouf asked if NSLIJ has an estimate of the build out cost. Ms. Zurack stated that there is an estimate. Ms. Youssouf asked if it would be shared with HHC.

Ms. Zurack stated that in the savings analysis that was presented earlier, the current estimate for the capital cost was factored in which would be cap and not a risk to the projected savings given that it is already factored in as reflected in the analysis.

NSLIJ LAB PRESENTATION

Ms. Zurack re-introduced the NSLIJ representatives, Robert Stallone, Vice President, Laboratory Services/Health System and Dr. James Crawford, Senior Vice President of Laboratory Services.

Mr. Stallone stated that NSLIJ is extremely excited about joining HHC in the venture and looks forward to working with HHC on the fully implementation of the project. It is important for HHC to know that NSLIJ has been in business for an extended period of time and is very familiar with laboratory operations. The current central laboratory has been operating since March 23, 1998, fifteen years and occupies space of 60,000 square feet. During that time, NSLIJ has integrated all of its hospital laboratories through an evolving process, one at a time and as the system has grown additional hospitals have been added. After fifteen years of continuous growth, NSLIJ is doing 8.5 million tests per year at the central laboratory. This is about half the volume of tests at HHC. NSLIJ has run out of space and needs to find a new facility; therefore, the timing is right for NSLIJ to do a joint venture. There are eleven hospitals laboratories that are currently standardized and a unified management of the laboratories. There are staff working in the laboratory that have decisions about the best practices

with representatives from each of the hospitals. It is a collaborative effort that is made within the existing organization at NSLIJ that has enabled best practices. There are standardized information systems and equipment on a Cerner laboratory information system. There are two hospitals that are yet to be added to that system. The equipment is standardized at all of the hospitals laboratories so that the testing regardless of where it is being done the results will be same and the work could move from one hospital laboratory to a core laboratory or from outpatient location and to physicians who utilize that information and it would be the same ranges encumbering the same type of equipment. Testing is done by moving samples around unknown values to ensure consistency and accuracy at each of the sites on a regular basis. As Mr. Proctor stated testing that is necessary within a four hour-time frame, that testing will remain at the hospitals. The testing that will remain is primarily the testing that is necessary for the management of the patients in the hospital. There is a highly developed logistic service and infrastructure that is utilized. A FedEx type tracking is used and specimens are monitored by each individual container from pickup to the delivery site. The staff who do this tracking have backgrounds in running the UPS for NYC and airborne at Kennedy airport prior to working with NSLIJ. Initially and strategically, the goals were to find a partner similar to NSLIJ. There were multiple requests from commercial laboratories to join with them. The laboratory services are a part of the core services to the health system, to patients and are becoming more important as healthcare moves forward. NSLIJ's goal was to find a partner in the area to work together with the same value, patient centered, etc. Given the size in the amount of testing that is done, the number of employees in the labs; the organization size in the area that is currently occupied, there are synergies. The goal is to increase the volume and decrease cost. The initial step in deciding to partner with another entity was to review a variety of different models and deciding what to keep in the hospitals; whether there should be four core labs similar to HHC or one core lab. NSLIJ has achieved a 15% reduction in cost and another 10% reduction is anticipated. In addition to reducing the cost, there is an improvement in the quality of the depth of services by putting all the experts in the specialized testing areas that all of the hospitals within the organization will have access to. Different opportunities will be developed through the joint venture. The structure of NSLIJ includes the hospitals work done for physicians' practices although many of them are from NSLIJ faculty and LTC/NH many of which are affiliates. Clinical trials work is also done and non-hospital testing for a few hospitals outside the NSLIJ health system. NSLIJ has a good track record having done this work for the past fifteen years. NSLIJ measures its performance to validate how well it is performing. The stat turnaround time for ambulatory testing is 248 minutes or four hours for that to happen and any testing needed more quickly than that is done at the hospital. NSLIJ has been successful in doing this in slightly over three hours and has the best record in the NY area. On the routine turnaround time even though many of these tests are not needed before the next day, all work is done as quickly as possible.

Ms. Youssouf stated that she had to leave for a City Council hearing but wanted to commend the HHC staff for its hard work and for doing an excellent job in putting the information together after several meetings with the Board.

Mr. Stallone stated that in addition, NSLIJ monitors its error rates within the laboratory. There are defects out of a million opportunities. NSLIJ measures its service in terms of the "likelihood to recommend" by survey both to its patients and physicians who utilize the laboratories. At a 99.7% rate

based on 5,000 patient surveys over the past three months from physicians, 97.5% likely to recommend. It's important to continue to strive for improvement. The abandoned call rates in all of the call centers are less than 4.4% as the benchmark was achieved at 3.4%. Those stats are reported through the system and will be reported to the leadership of the laboratory as part of the CoOpLab. Patient safety is a big issue for the laboratories, value notification typically the benchmark is twenty minutes, and NSLIJ strives to do it in fifteen minutes which is achieved 98% of the time and is the current measurement.

Mr. Rosen asked what DPMO represented. Mr. Stallone stated that it is the defects per a million opportunities. Laboratories are at high volumes whereby millions of tests are done and the error rate is very small. Basically, out of every million tests reported there is some type of error with 229 of the test.

Mrs. Bolus asked what type of research is done by NSLIJ.

Mr. Stallone stated that not much research is done given that it is a clinical laboratory so the primary focus is on testing. The only type of research that is currently being done relates to the clinical research that Mr. Crawford would address.

Mr. Crawford stated that there is funded research in the clinical microbiology lab that is very robust. It is one of the world class laboratories in molecular biology and there is research in blood banking. Those are the two primary areas of research that would be relevant to the joint venture. One area that is of particular interest to NSLIJ as it relates to the consolidated laboratory is research in how to deliver healthcare better through the work that is current done to learn how to provide better patient care across the coordination of the continuum of care to health systems. This consolidated network will provide an opportunity to lead the country in that research as a future objective on the research side.

Mrs. Bolus asked if in the event there was a major breakthrough that came out of that research who would get the credit given that NSLIJ has 51%.

Dr. Crawford stated that it would be called an intellectual property if it comes out of the CoOpLab it would be the CoOpLab that would get the credit. The credit goes to the institutional entity that generates it which would be the integrated network.

Ms. Zurack stated that as described in the letter of intent, the joint standard committee is 50/50. The Board has majority of NSLIJ. So in terms of the intellectual property it is not clear whether it follows the Board or the joint oversight.

Dr. Crawford stated that it should be addressed by the legal structure of the CoOpLab.

Mr. Stallone stated that the joint research that takes place if something like this were to occur and there was a joint effort, it would be shared by both entities. The structure of such an occurrence would be determined by the legal structure on how it will be incorporated into the agreement.

Dr. Wilson stated that on the research projects there are projects by projects as opposed to lab by lab or hospital by hospital. Each individual project requires a hypothesis, a team and IMB approval. In putting together a proposal for a project, two things are very important, the intellectual property rights and commercial rights that flow as a result of that project which must be specified upfront and in advance of the project. This relates to each project in a laboratory or a hospital system.

Commissioner Doar asked where the core lab will be located. Mr. Stallone stated that NSLIJ has identified a building in College Point Queens that is central to all of the hospitals.

Ms. Zurack stated that HHC is requiring that it be in the City of New York as part of its participation in the CoOpLab and has to be in one of the five boroughs.

Mr. Rosen asked what is the estimated square footage of the new facility. Mr. Stallone stated that the square footage is 70,000 which would be appropriate for the type of production testing that will be performed. It appears to be in a safe location away from the water. However, the necessary steps will be taken to ensure that the building is safe in the event of a major storm and the plan for what happens must be very robust in all aspects of the service delivery to ensure that there are no major disruptions and that the work can be moved around seamlessly.

Dr. Stocker stated that the Corporation is in the process of installing EPIC; therefore it is important that the Cerner system can interface with that system.

Mr. Stallone stated that NSLIJ is aware of the EPIC system at HHC and there are multiple sites that are EPIC integrated to Cerner across the country. Therefore, it is something that can be done. NSLIJ is using Allscripts and is currently in the process of integrating to that system. The process will begin with interfacing HHC's current lab system to NSLIJ through an interface approach which would allow the work to flow back and forth and most importantly is that the systems are able to talk to one another.

Ms. Zurack stated that in the budget as part of the $23 million savings the assumption is that HHC will be doing as Mr. Stallone described.

Mr. Stallone stated that NSLIJ has a great team and the expectation is that it will be one of the largest labs in the country.

Dr. Stocker stated that it would be twenty seven hospitals. Mr. Stallone agreed.

Commissioner Doar asked if the percentage of growth will increase significantly after partnering with HHC.

Mr. Stallone stated that the core lab does approximately 8.5 million tests and an additional 8 million tests are expected from HHC facilities over a period of 4 to 5 years and NSLIJ grows its programs to the physicians' offices and nursing homes and other business to about 2 million a year. In five years it is

anticipated to increase to 22 million tests. Together it is expected to be three times bigger than today. The continued growth is important in order to achieve the projected savings.

Commissioner Doar asked if there is an audit function or an outside review of those metrics.

Mr. Stallone stated that it is only an internal review that is monitored by NSLIJ and reported to the health system on the websites. All of the organizations measures include experience, customers, patients and financial and operational performance.

Ms. Cohen asked if the metric be reported to a standards committee. Mr. Stallone stated that it would be and that one of the standard committees will be the joint quality management group where performance and errors will be reported and monitored at all levels of performance. There is a business side of this joint venture.

Ms. Zurack stated that the financial portion would be subject to an independent audit as part of the deal and HHC would reserve the right to choose the auditing firm given that the price is at cost.

Ms. Cohen asked if there is a model of another CoOpLab providing services to this number of hospitals.

Mr. Stallone stated that there is one other 501 that NSLIJ is aware of, TriCore Laboratories in Albuquerque, New Mexico. It is a 100,000 square feet laboratory established as a 501 E hospital profit service organization between two large health systems in that area. In addition there are other models that are not setup as a 501 E. Similarly, the biggest one is in Chicago and Wisconsin which is the ACL and the Abbott Health System. This joint venture is the next level up that will be the structure for other health systems in the future.

The resolution was approved for the full Board's consideration.

INFORMATION ITEM **FRED COVINO**
FINANCIAL PLAN UPDATE

Mr. Covino stated that HHC's Financial Plan is a part of the City's overall budget process that will be forwarded to the State. The plan includes the actual result for FY 2012, the budget for the current FY 13 and the Corporation's plan for FY 14 through FY 17. The plan is comprised of three sections, receipts, disbursements and corrective actions. The overview will include some of the major highlights of the plan. Beginning with the receipts, in terms of the major payers, the plan reflects current NYS Medicaid law including the impact of the Medicaid Redesign Team (MRT) and State budget adjustments; however, the plan does not include the latest State budget which was not finalized before the plan was completed. Medicaid fee-for-service receipts are projected based on the current year-to-date (YTD) actual and adjusted for projected impact of items not yet reflected in the receipts; such as retro rate adjustments, appeals and settlements. FY 13 projected receipts include a reduction in workload of approximately $117 million and an additional reduction for revenue losses due to Hurricane Sandy and an increase of $44 million for HIV. $9.5 million for Medical Home funding; UPL

funding reflects a large increase in FY 13 due to the receipt of $143 million on behalf of prior fiscal years but in the out years the funding is projected to stabilize. The DSH funding includes two components, the base of $330 million annually and the DSH maximization (Max) which varies over the life of the plan. The projected DSH Max payments range from $305 million which were received in FY 13 as part of the $600 million payment increasing to $387 million. In FY 14 the plan reflects the impact of the federal healthcare reform, whereby DSH payments will be reduced by 5%. Additionally, DSH Max payments of $100 million in FY 13 are reduced by $20 million each year due to the uncertainty in the State's cap. The DSH reduction also impacts the out years of the bad debt and charity care pools (BD&CC) as reflected in the plan as a downward trend. Medicaid managed care reflects growth but is projected to decline to 3% due to a change in the rate. Medicaid managed care also include $89 million for enhancements in FY 13 to $86 million in the out years and also includes an anticipated MetroPlus risk payment of $95 million in FY 13 and $120 million in FY 14 and $75 million each year thereafter. Medicare fee-for-service and managed care receipts reflect projected rate reductions for DSH cuts including the Affordable Care Act as well as a 2% reduction in FY 14. Moving to the next section of the plan, expenses reflect over $580 million savings due to the Corporation's corrective action plans which over the last four years total $1.6 billion in savings cumulatively. Personal Services (PS) reflect an additional reduction of $65 million in FY 13 and an additional $20 million for collective bargaining for City Laborers titles due to a Controller's determination, and $10 million for overtime expenditures related to Hurricane Sandy. The out years are projected to remain flat with minor increases for collective bargaining of 1.25% per year beginning FY 14. Fringe benefits are projected to increase by 3% to 5% beginning FY 13 due to an increase in health insurance premiums projected to grow by 8.6% each year or 40% over the life of the plan. Pension estimates are projected to increase by 1% in FY 13 increasing to 4% each year thereafter. OTPS expenses in FY 13 reflect an increase of $100 million nonrecurring expenses related to Hurricane Sandy and increasing by 3% each year thereafter. Medical malpractice expenses in FY 13 include payments for FY 12 and FY 13 and in FY 14 expense are projected to return to the normal average of $135 million per year.

Mr. Rosen asked if the malpractice payments were lagged from FY 12 to FY 13 at the end of FY 12. Mr. Covino stated that a portion of the $114 million payment was lagged. Continuing with the plan, affiliation expenses are projected to increase by 4% in FY 13 to 3% each year thereafter. The corrective actions include four major components, savings initiatives/corrective actions, which began in FY 10. This program has generated annual deficit reductions of over $300 million which includes a reduction in FTEs of over 1,000 totaling $125 million including fringes and revenue enhancements from MetroPlus risk pools. The remaining deficit reduction for the out years of $10.7 million is for continued improvements in coding and documentation. As part of the Restructuring, the Corporation achieved $136 million in FY 12 and $200 million in FY 13.

Mr. Rosen asked if the restructuring savings for FY 13 are above the line and whether the savings for FY 13 are additional savings for FY 13. Mr. Covino replied that the savings are above the line and the additional savings are a growth of the current reductions.

Ms. Zurack added that for example, the labs restructuring project has achieved $7 million in savings but is expected to achieve an additional $11 million.

Mr. Covino stated that the State and Federal actions include HHC lobbying efforts related to $183 million revenue losses due to Hurricane Sandy.

Mr. Rosen stated that it is a good plan that reflects long range planning.

INFORMATION ITEM **AARON COHEN**
MEDICAID APPLICATION PROCESS STATUS REPORT – BELLEVUE HOSPITAL CENTER

Representatives from Bellevue included Aaron Cohen, Chief Financial Officer and Diana Santos, Patient Accounts Director.

Mr. Cohen stated that Bellevue presented to the Committee in October 2012 and at that time certain goals were established regarding the submission and approval of Medicaid applications. The goal was to reduce the number of cases sent to collection agencies; reductions in self-pay cases and in the patient accounts backlog. It was anticipated that Bellevue would achieve all of those goals; however, the facility did not anticipate a Hurricane Sandy disaster, whereby the facility was impacted by 8 million gallons of water that flooded the hospital's basement. Given the circumstances, the facility has achieved some things that are well beyond its expectations. The disruptions caused by Sandy as things became more settlings; there was an opportunity to reduce and eliminate the patient accounts backlogs, and to process as many Medicaid applications as feasible. In the weeks after the hurricane and the facility was evacuated, staff were relocated to other HHC facilities. The patient accounts and medical records staff in their new locations site worked on Bellevue accounts, local and a combination of both. In January 2013, the staff was returned to the facility and in the medical records department it was decide that it would be used as the "training academy" whereby the time was used to have the doctors and some key staff for the coding and DRG validators, the clinical documentation staff focused on the new DRG system; the APR/DRG for severity of illness which is relatively new; strategic coding for targeted DRGs and also the staff learned about the changes in reimbursement methodologies. The patients' accounts staff focused on the things that were discussed at the October Finance Committee meeting. The medical affiliation process to reinforce that the self-pay collection process and inpatient tracking which includes a new system and all of the systems.

Mr. Cohen moving to the presentation stated that one of the ways of measuring patients accounts is through receivables associated with the patients that were discharged and not final billed. There are two categories, the medical records of coding the cases and the other relates to the patient accounts process of interacting with the patients and families in an effort to obtain documents and information necessary to qualify patients. The amount of the receivable prior to Sandy was $20 million which increased after the evacuation of 600 patients to over $60 million which reduced in January 2013 to $3 million. Accounts Receivable days as reflected on the chart and another way to measure the receivable by dividing the total receivables by the average daily receivables to determine a daily number. This is an important statistic that allows for comparisons across facilities. For example, Bellevue days were under 70 days. This category also includes billed days with the discharge of 600 patients that increased to 70 days, increasing to to 90 days, decreasing to 30 days which is all on the billed side where the facility continues to focus its efforts. The outcomes in terms of cash receipts in September 2012 on the

inpatient side the total receipts were $25 million in October 2012 increased to $34 million and decreased in November 2012 to $15 million then increasing slightly under $25 million in December 2012. On the outpatient side from September to December 2012 there was a slight decrease from $5 million. The Medicaid applications, submissions and approval, the number in September 2012 was slightly over 400 for submissions and slightly under 300 cases for approvals. However, in October 2012, 540 applications were submitted and the success was 350 cases. In November 2012 there was a decline; however, in December 2012 even though there was a decrease in the submissions, there was a catch up that resulted in 350 successful Medicaid applications. The facility will continue to focus its efforts on improving the process. The current census at Bellevue was 577 compared to the normal census of 700. Overtime expenses are down from $1.2 million to $400,000 and FTEs also decreased.

Dr. Stocker stated that it would appear that since Bellevue's presentation in October 2012 there was some improvement. Overall it was a good presentation given the circumstances the facility has endured and overcome.

Ms. Brown added that the facility is to be commended for taking the opportunity to do the training and focusing key staff as a way of engaging the staff back to the reality.

ADJOURNMENT **BERNARD ROSEN**

There being no further business to discuss, the meeting was adjourned at 10:35 a.m.

KEY INDICATORS
FISCAL YEAR 2013 UTILIZATION

Year to Date
February 2013

NETWORKS	UTILIZATION			AVERAGE LENGTH OF STAY		ALL PAYOR CASE MIX INDEX	
	FY 13	FY 12	VAR %	ACTUAL	EXPECTED	FY 13	FY 12
North Bronx							
Jacobi	12,356	13,409	-7.9%	6.5	6.6	1.1149	1.0610
North Central Bronx	5,218	5,401	-3.4%	4.6	4.7	0.7579	0.7005
Generations +							
Harlem	7,715	7,038	9.6%	5.7	5.8	0.9782	0.9833
Lincoln	15,470	15,581	-0.7%	4.9	5.5	0.9055	0.9068
Belvis DTC	38,321	43,791	-12.5%				
Morrisania DTC	53,275	65,515	-18.7%				
Renaissance	38,198	44,659	-14.5%				
South Manhattan							
Bellevue	9,240	16,626	-44.4%	6.7	6.4	1.1390	1.0881
Metropolitan	8,589	7,770	10.5%	4.8	5.2	0.8244	0.7669
Coler	150,001	198,457	-24.4%				
Goldwater	189,284	211,657	-10.6%				
Gouverneur - NF	34,326	45,604	-24.7%				
Gouverneur - DTC	162,577	183,803	-11.5%				
North Central Brooklyn							
Kings County	16,560	15,939	3.9%	6.1	6.0	0.9800	1.0211
Woodhull	9,423	9,477	-0.6%	5.0	4.9	0.8326	0.8029
McKinney	75,598	76,700	-1.4%				
Cumberland DTC	59,644	64,315	-7.3%				
East New York	49,861	56,123	-11.2%				
Southern Brooklyn / S I							
Coney Island	6,151	11,067	-44.4%	6.5	6.2	1.0688	1.0609
Seaview	72,304	72,693	-0.5%				
Queens							
Elmhurst	15,986	16,514	-3.2%	5.6	5.4	0.9378	0.9228
Queens	8,596	8,644	-0.6%	5.6	5.4	0.9175	0.8835
Discharges/CMI-- All Acutes	115,304	127,466	-9.5%			0.9567	0.9540
Visits-- All D&TCs	401,876	458,206	-12.3%				
Days-- All SNFs	521,513	605,111	-13.8%				

Notes:

Utilization

Acute: discharges excl. psych and rehab; D&TC: reimbursable visits;
SNF: chronic and rehab days

All Payor CMI

Acute discharges are grouped using the 2012 New York State APR-DRGs

Average Length of Stay

Actual: discharges divided by days; excludes one day stays.

Expected: weighted average of DRG specific corporate ave. length of stay using APR-DRGs

FY 13 reflects the impact of the temporary closures and suspension of operations at Bellevue and Coney Island hospitals as a result of Hurricane Sandy (Oct 2012)

Bellevue hospital began evacuating on Oct 31,2012. Outpatient clinics and ambulatory services began to re-open in Nov, 2012. Inpatient services reopened in Feb 13 and hospital assumes normal operation on Feb 19,2013

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KEY INDICATORS

FISCAL YEAR 2013 BUDGET PERFORMANCE ($s in 000s)

Year to Date
February 2013

NETWORKS	FTE's VS 6/16/12	RECEIPTS actual	RECEIPTS better / (worse)	DISBURSEMENTS actual	DISBURSEMENTS better / (worse)	BUDGET VARIANCE better / (worse)	
North Bronx							
Jacobi	(45.5)	$ 348,461	$ 40	$ 340,194	$ 5,802	$ 5,842	0.8%
North Central Bronx	(15.0)	121,720	3,152	112,532	8,219	11,372	4.8%
	(60.5)	$ 470,181	$ 3,192	$ 452,726	$ 14,021	$ 17,214	1.8%
Generations +							
Harlem	(65.5)	$ 212,757	$ (10,402)	$ 208,853	$ 691	$ (9,711)	-2.2%
Lincoln	(33.5)	305,302	(10,740)	314,022	261	(10,480)	-1.7%
Belvis DTC	(7.0)	12,336	406	9,692	1,407	1,813	7.9%
Morrisania DTC	(11.5)	20,726	2,871	14,253	3,365	6,236	17.6%
Renaissance	(8.5)	9,635	(2,617)	12,567	615	(2,002)	-7.9%
	(126.0)	$ 560,757	$ (20,482)	$ 559,387	$ 6,339	$ (14,143)	-1.2%
South Manhattan							
Bellevue	(103.0)	$ 383,518	$ (89,679)	$ 465,235	$ (30,665)	$ (120,345)	-13.3%
Metropolitan	(82.0)	187,645	(7,794)	182,151	13,195	5,401	1.4%
Coler	(33.0)	69,807	12,047	92,477	(32,943)	(20,896)	-17.8%
Goldwater	(47.5)	72,951	(13,526)	109,376	(27,177)	(40,703)	-24.1%
Gouverneur	7.0	58,742	6,455	52,200	1,302	7,757	7.3%
	(258.5)	$ 772,663	$ (92,498)	$ 901,438	$ (76,287)	$ (168,785)	-10.0%
North Central Brooklyn							
Kings County	(198.0)	$ 431,167	$ (30,231)	$ 413,089	$ 3,421	$ (26,811)	-3.1%
Woodhull	(67.5)	231,906	(22,702)	243,854	(7,810)	(30,512)	-6.2%
McKinney	(12.5)	25,780	(3,184)	27,356	3,033	(151)	-0.3%
Cumberland DTC	(10.5)	21,091	(194)	18,734	392	198	0.5%
East New York	(3.0)	15,835	(710)	13,137	2,494	1,784	5.5%
	(291.5)	$ 725,779	$ (57,021)	$ 716,171	$ 1,530	$ (55,491)	-3.7%
Southern Brooklyn/SI							
Coney Island	(58.5)	$ 192,390	$ (21,772)	$ 241,596	$ (20,647)	$ (42,419)	-9.7%
Seaview	(11.5)	29,268	(189)	31,005	(1,651)	(1,840)	-3.1%
	(70.0)	$ 221,658	$ (21,961)	$ 272,601	$ (22,298)	$ (44,259)	-9.0%
Queens							
Elmhurst	(22.5)	$ 361,695	$ (12,191)	$ 341,606	$ 21,965	$ 9,774	1.3%
Queens	(20.5)	211,626	(11,743)	225,420	(10,441)	(22,184)	-5.1%
	(43.0)	$ 573,321	$ (23,935)	$ 567,026	$ 11,524	$ (12,410)	-1.1%
NETWORKS TOTAL	**(849.5)**	**$ 3,324,359**	**$ (212,704)**	**$ 3,469,350**	**$ (65,171)**	**$ (277,875)**	**-4.0%**
Central Office	(18.5)	379,395	11,750	181,726	7,174	18,924	3.4%
HHC Health & Home Care	(5.0)	23,954	(4,012)	20,532	4,679	667	1.3%
Enterprise IT	63.0	0	0	98,969	13,496	13,496	12.0%
GRAND TOTAL	**(810.0)**	**$ 3,727,708**	**$ (204,966)**	**$ 3,770,577**	**$ (39,822)**	**$ (244,788)**	**-3.2%**

Notes:

FY 13 reflects the impact of the temporary closures and suspension of operations at Bellevue and Coney Island hospitals as a result of Hurricane Sandy (Oct 2012)

Bellevue hospital began evacuating on Oct 31,2012. Outpatient clinics and ambulatory services began to re-open in Nov, 2012. Inpatient services reopened in Feb 13 and hospital assumes normal operation on Feb 19,2013.

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Residents and Grants are included in the reported FTEs. Reported FTEs are compared to 6/16/12.

New York City Health & Hospitals Corporation
Cash Receipts and Disbursements (CRD)
Fiscal Year 2013 vs Fiscal Year 2012 (in 000's)
TOTAL CORPORATION

	Month of February 2013			Fiscal Year To Date February 2013		
	actual 2013	actual 2012	better / (worse)	actual 2013	actual 2012	better / (worse)
Cash Receipts						
Inpatient						
Medicaid Fee for Service	$ 57,683	$ 83,801	$ (26,118)	$ 571,287	$ 726,351	$ (155,064)
Medicaid Managed Care	44,075	48,090	(4,015)	412,549	382,789	29,761
Medicare	30,863	61,604	(30,741)	351,974	391,597	(39,623)
Medicare Managed Care	15,521	18,929	(3,408)	150,338	163,290	(12,952)
Other	14,212	18,269	(4,057)	137,866	153,402	(15,536)
Total Inpatient	$ 162,354	$ 230,693	$ (68,339)	$ 1,624,014	$ 1,817,429	$ (193,415)
Outpatient						
Medicaid Fee for Service	$ 11,870	$ 16,211	$ (4,341)	$ 110,009	$ 132,770	$ (22,761)
Medicaid Managed Care	27,635	27,389	247	273,832	240,159	33,673
Medicare	6,011	6,536	(526)	39,802	45,433	(5,631)
Medicare Managed Care	3,849	4,963	(1,114)	61,296	64,327	(3,030)
Other	9,028	11,445	(2,417)	94,551	100,145	(5,594)
Total Outpatient	$ 58,393	$ 66,544	$ (8,152)	$ 579,490	$ 582,833	$ (3,343)
All Other						
Pools	$ 94,136	$ 6,030	$ 88,106	$ 328,897	$ 230,916	$ 97,981
DSH / UPL	36,235	-	36,235	878,435	715,650	162,785
Grants, Intracity, Tax Levy	83,981	11,007	72,974	231,701	156,416	75,285
Appeals & Settlements	6,851	(15,173)	22,024	30,480	(6,683)	37,163
Misc / Capital Reimb	4,174	3,871	303	54,690	35,248	19,442
Total All Other	$ 225,377	$ 5,735	$ 219,642	$ 1,524,203	$ 1,131,547	$ 392,656
Total Cash Receipts	**$ 446,124**	**$ 302,972**	**$ 143,152**	**$ 3,727,708**	**$ 3,531,810**	**$ 195,898**
Cash Disbursements						
PS	$ 184,911	$ 187,789	$ 2,878	$ 1,594,101	$ 1,597,615	$ 3,514
Fringe Benefits	57,964	59,996	2,032	486,419	655,941	169,521
OTPS	97,621	98,754	1,133	862,871	820,020	(42,851)
City Payments	-	-	0	141,363	235,257	93,894
Affiliation	78,457	71,683	(6,774)	611,399	581,592	(29,807)
HHC Bonds Debt	7,966	7,928	(38)	74,424	61,978	(12,446)
Total Cash Disbursements	**$ 426,919**	**$ 426,150**	**$ (769)**	**$ 3,770,577**	**$ 3,952,402**	**$ 181,825**
Receipts over/(under) Disbursements	**$ 19,205**	**$ (123,178)**	**$ 142,383**	**$ (42,869)**	**$ (420,593)**	**$ 377,723**

Notes:
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New York City Health & Hospitals Corporation
Actual vs. Budget Report
Fiscal Year 2013 (in 000's)
TOTAL CORPORATION

	Month of February 2013			Fiscal Year To Date February 2013		
	actual 2013	budget 2013	better / (worse)	actual 2013	budget 2013	better / (worse)
Cash Receipts						
Inpatient						
Medicaid Fee for Service	$ 57,683	$ 91,934	$ (34,251)	$ 571,287	$ 733,482	$ (162,195)
Medicaid Managed Care	44,075	45,743	(1,668)	412,549	400,835	11,715
Medicare	30,863	41,687	(10,825)	351,974	370,651	(18,677)
Medicare Managed Care	15,521	21,277	(5,755)	150,338	169,686	(19,348)
Other	14,212	17,935	(3,723)	137,866	158,656	(20,791)
Total Inpatient	$ 162,354	$ 218,577	$ (56,223)	$ 1,624,014	$ 1,833,310	$ (209,296)
Outpatient						
Medicaid Fee for Service	$ 11,870	$ 17,732	$ (5,862)	$ 110,009	$ 139,559	$ (29,551)
Medicaid Managed Care	27,635	27,349	286	273,832	291,862	(18,030)
Medicare	6,011	5,476	535	39,802	48,432	(8,630)
Medicare Managed Care	3,849	4,983	(1,134)	61,296	59,765	1,531
Other	9,028	11,755	(2,728)	94,551	110,802	(16,251)
Total Outpatient	$ 58,393	$ 67,296	$ (8,903)	$ 579,490	$ 650,420	$ (70,930)
All Other						
Pools	$ 94,136	$ 95,261	$ (1,125)	$ 328,897	$ 324,032	$ 4,865
DSH / UPL	36,235	36,235	0	878,435	878,435	0
Grants, Intracity, Tax Levy	83,981	29,749	54,232	231,701	165,364	66,337
Appeals & Settlements	6,851	10,692	(3,841)	30,480	32,904	(2,424)
Misc / Capital Reimb	4,174	4,635	(462)	54,690	48,208	6,482
Total All Other	$ 225,377	$ 176,573	$ 48,804	$ 1,524,203	$ 1,448,943	$ 75,260
Total Cash Receipts	**$ 446,124**	**$ 462,446**	**$ (16,322)**	**$ 3,727,708**	**$ 3,932,674**	**$ (204,966)**
Cash Disbursements						
PS	$ 184,911	$ 185,241	$ 330	$ 1,594,101	$ 1,597,197	$ 3,096
Fringe Benefits	57,964	57,895	(69)	486,419	510,283	23,864
OTPS	97,621	100,010	2,389	862,871	798,950	(63,921)
City Payments	-	-	0	141,363	140,072	(1,291)
Affiliation	78,457	75,163	(3,294)	611,399	609,438	(1,961)
HHC Bonds Debt	7,966	8,039	73	74,424	74,816	392
Total Cash Disbursements	**$ 426,919**	**$ 426,349**	**$ (570)**	**$ 3,770,577**	**$ 3,730,756**	**$ (39,822)**
Receipts over/(under) Disbursements	**$ 19,205**	**$ 36,097**	**$ (16,892)**	**$ (42,869)**	**$ 201,918**	**$ (244,788)**

Notes:
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Annual Deficit in budgeted receipts vs. disbursements is funded through reserves

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a tax-exempt financing with the New York Power Authority ("NYPA") for a principal amount not-to-exceed $22,847,521 to finance the Comprehensive Energy Efficiency upgrade project at Metropolitan Hospital Center (the "Metropolitan Project").

WHEREAS, the Corporation, the City University of New York, the New York City Board of Education, and the City of New York (collectively, the "Customers") entered into an Energy Efficiency-Clean Energy Technology Program Agreement dated March 18, 2005 (" ENCORE Agreement") with NYPA; and

WHEREAS, the Corporation has determined that it is necessary and desirable to authorize the incurrence of Alternative Indebtedness with NYPA to finance the Metropolitan Project (see Exhibit A - Executive Summary for the Metropolitan Project); and

WHEREAS, the City of New York ("NYC") in 2009 passed major legislation known as the "Greener, Greater Buildings Plan", which requires NYC to improve the energy efficiency of existing buildings. The citywide initiative is named PlaNYC 2030 with the goal to reduce citywide greenhouse gas emission by 30% by 2030; and

WHEREAS, PlaNYC will provide $6,502,184 and the City of New York will provide $5,000,000 for a total of $11,502,184 (see Exhibit B – NYC Office of Management and Budget Approval) towards the Metropolitan Project costing approximately $34,349,705; and

WHEREAS, the overall management of the NYPA financing will be under the direction of the Senior Vice President of Finance/Chief Financial Officer and Assistant Vice President, Debt Finance/Corporate Reimbursement Services.

NOW THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and is hereby authorized to negotiate and execute a tax-exempt financing with the New York Power Authority for a principal amount not-to-exceed $22,847,521 to finance the Comprehensive Energy Efficiency upgrade project at Metropolitan Hospital Center.

EXECUTIVE SUMMARY

NYPA financing for the Metropolitan Project

Purpose:

The NYPA financing will provide tax-exempt financing of not-to-exceed $22,847,521 for the Metropolitan Project (see Exhibit A – Executive Summary for the Metropolitan Project) upon completion of the project by June 2015. The $22,847,521 includes an estimated $1,463,098 for interest cost during construction (calculated based on estimated project cost of $34,349,705 and 4% estimated interest rate).

Financing Schedule:

The Corporation expects to approve the initial financing with NYPA upon the approval of this resolution, by executing the Customer Installation Commitment ("CIC") (see Exhibit C – Initial CIC Report). After the completion of the Project and final audit, the Corporation expects to finalize the amount, term, and structure of the financing in August 2015, by executing a Final CIC.

Financing Structure:

(i) Variable rate:

Currently, NYPA only issues variable rate tax-exempt and/or taxable commercial paper (CP) financing for all expenditures from initial audit through the completion of the project (see Exhibit D – NYPA Financing of Energy Efficiency Projects). NYPA has issued tax-exempt commercial paper since 1995, where the tax-exempt interest rate ranges from 0.51% (2011) to 4.15% (2001). The 2013 tax-exempt interest rate is at 0.86% (see Exhibit E – Financing of Energy Efficiency Projects - Annual Variable Rate).

The annual interest rate NYPA used in the repayment of all costs for a completed project, is calculated in January of each year and is based on the weighted average outstanding commercial paper for the previous 12 months. The interest rate is applicable for the succeeding 12 months repayment period January through December (i.e. interest rate will reset every January of each calendar year).

In addition, NYPA also enters into interest rate cap agreement with banks periodically in order to provide a "limit/cap" to manage its interest rate risk exposure on its tax-exempt CP program, which in turn protects its clients.

(ii) Fixed rate:

NYPA is currently evaluating the option of providing fixed rate financing to its clients. If this option becomes available prior to the execution of the Final CIC in 2015, the Senior Vice President of Finance will evaluate the cost and benefit of the two financing options and report back to the Finance Committee and the Board of Directors, as to which financing option she recommends.

Financing Term:

The term of the NYPA financing will not exceed 20 years, which is less than the Metropolitan Project estimated weighted average useful life of 28.8 years.

Monthly debt service payment is estimated at $138,451.48 (annual debt service at $1,661,417.76) based on 4% estimated interest rate and 20-year term.

Executive Summary

Parsons Brinckerhoff

Metropolitan Hospital Center
D&I Audit Program
Table E2: Total Project Summary

* 20% Contingency
* 20yr Amortization

CIC ES-GSN-0543

Project Cost

	Material:	Labor:
Construction Costs:	$8,111,765.90	$12,392,396.62
Asbestos Abatement:	$214,000.00	$636,600.00
Woodard & Curran Consulting Costs:	$0.00	$33,800
Controlled Inspections:	$0.00	$94,000
Totals:	**$8,325,765.90**	**$13,156,796.62**
Total Material & Labor:	$21,482,562.52	
Construction Contingency:	$4,296,512.50	
Subtotal:	$25,779,075.02	
Payment and Performance Bond:	$252,775.00	
Abatement Design & Monitoring:	$127,630.70	
Hazardous Waste Disposal Cost:	$13,263.25	
Resiliency Study:	$85,000.00	
1) Audit, Design & Construction Mgt:	$3,856,654.05	
2) NYPA Project Mgt & Administrative:	$2,577,907.50	
3) NYPA Lighting Material Handling Fees:	$5,151.45	
Reduced Scope Fee:	$189,149.55	
Total Fees:	$6,628,862.55	
Subtotal:	$32,886,606.53	
5) Interest During Construction (IDC):	$1,463,098.00	

Estimated Energy Savings

Electrical:			Fuel:	
Energy Savings:	2,524,067.00 kWh		Gas / Oil Savings:	809,206 therms
Total Demand (monthly):	92.00 kW		Gas / Oil Energy Savings:	$1,261,418
Electrical Energy Savings:	$202,765.00		CO2 Reductions:	9,898.1 tons

Total Estimated Amount Saved: $1,464,183.66
Total Emissions Reduction (%): 42.55%

Payback

Project Name	Total Project Cost	Annual Savings
Current Project: Metropolitan Hospital Center	$34,349,704.53	$1,464,183.66
Previous Project #1: N/A	$0.00	$0.00
Previous Project #2: N/A	$0.00	$0.00
4) Agency/Customer Contribution: DCAS and HHC	$11,502,184.00	N/A
Cumulative Total Project Cost:	$22,847,520.53	
Cumulative Estimated Annual Savings:	$1,464,183.66	
Simple Payback:	**15.60**	

Project Financing

TOTAL AMOUNT FINANCED:	$22,847,520.53
Variable Interest Rate Currently at:	4.00%
Years Financed:	20
Number of Payments:	240
Annual Debt Service to NYPA:	$1,661,417.76
Monthly Debt Service to NYPA:	$138,451.48
Total Project Cost after Financing:	**$33,228,355.23**

(1) A fee of 15 % of equipment and installation labor costs is applicable; a 14% fee of the asbestos abatement is applicable.

(2) A fee of 10% of equipment and labor costs is applicable. This fee includes, but is not limited to, the costs associated with securing contractors, or NYPA personnel as the case may be, to perform the services of construction management, quality assurance, waste disposal permitting, etc., and to obtain payment bonds, as required. Includes estimated Libor rate.

(3) A fee of 1.5% of equipment is applicable.

(4) All indicated previous projects were completed within two years prior to the initiation of the current project, in accordance with OMB guidelines. Direct Agency contributions are deducted directly from the Total Project Cost.

(5) The estimated Interest During Construction (IDC) is calculated over the anticipated construction period at 4%.

Exhibit B

The City of New York
Office of Management and Budget
75 Park Place • New York, NY 10007

NOV 13 2012

Record: 102604
Certificate: 57055
Capital Projects: PU-0025

DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES
HEALTH AND HOSPITALS CORPORATION

Hon. Edna Wells Handy, Commissioner, Department of Citywide Administrative Services
Hon. Thomas A. Farley, Commissioner, Department of Health & Mental Hygiene
Hon. Scott Stringer, President, Borough of Manhattan
Hon. John C. Liu, Comptroller

Section 219 of the New York City Charter and directives of the Mayor authorized thereunder require that prior to the initiation of design or advancement of any Capital Project, a scope defining services to be incorporated in contracts for the services of architects, engineers, landscape architects, etc., or for departmental employees and amounts for structures, works, furnishings and equipment, program of requirements and scope or range of operations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. Initially, preliminary scope approval and subsequently final scope approval incorporating preliminary plans and cost limitations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. In addition, the final design incorporating final contract documents must also be submitted for approval of the Director of Management and Budget or his duly authorized representative. Your request for approval pursuant to the above is approved as follows:

DESCRIPTION OF APPROVAL HEREBY GRANTED

Attached for your review and approval is a Certificate to Proceed in the amount of $11,502,184 for a comprehensive energy efficiency upgrade to HHC'S Metropolitan Hospital (1901 First Avenue, Manhattan).

This project will be charged to Budget Lines PU-0025 and HO-0214, Project ID 856 E11-0011, Budget Codes E856, GQ09, and J376, and is included in the FY13 Capital Commitment Plan.

Approved,

Jennie Nagle
Assistant Director

NYC & NYPA ENCORE II: INITIAL CIC REPORT
CIC APPROVAL

Date: 04-Apr-13

Project No.: ES-GSN-0543

Project: NYC HHC Metropolitan Hospital

CUSTOMER REPAYMENT OBLIGATION

Total Installed Cost of Project	$34,349,704.53
NYPA Incentive Payment	$0.00
Energy Grant	$0.00
CUSTOMER Repayment Obligation	$34,349,704.53

METHOD OF PAYMENT

Progress Payments, payable upon receipt of AUTHORITY invoices after completion of each milestone	$11,502,184.00
Outstanding Balance financed by Authority	$22,847,520.53
Authority Cost of Money	4.00%
Number of Monthly Payments	240
Monthly Bill Surcharge	$138,451.48
Annual Bill Surcharge	$1,661,417.76

ESTIMATED ANNUAL COST REDUCTION

Annual Energy Cost Savings	$1,464,183.66
Annual Other Cost Savings	$0.00
Total Annual Cost Savings	$1,464,183.66

AUTHORIZATIONS

Signatures in the spaces below signify that the parties have reviewed and agree to the CIC Design and specifications presented to them by the AUTHORITY.

Authorized HHC Representative:

Agency	NYC Health & Hospitals Corp.	Agency	NYC Health & Hospitals Corp.
Signature		Signature	
Name	Alan D. Aviles	Name	Marlene Zurack
Title	President	Title	Senior V.P. of Finance/CFO
Date		Date	

Agency	So. Manhattan Health Care Network
Signature	
Name	Lynda D. Curtis
Title	Network Senior V.P.
Date	

Authorized CITY Representative:

Agency	Dept. of Citywide Admin. Services	Agency	Dept. of Citywide Admin. Services
Signature		Signature	
Name	Richard Badillo	Name	Kristen Barbato
Title	Chief - DFMO	Title	Deputy Commissioner - DEM
Date		Date	

Authorized AUTHORITY Representative:

Agency	NYPA - Energy Services Division	Agency	
Signature		Signature	
Name	Gil Quiniones	Name	
Title	President & Chief Executive Officer	Title	
Date		Date	

New York Power Authority - Financing of Energy Efficiency Projects

The steps for implementing an Energy Efficiency project include the Authority and customer identifying a potential project, the Authority performing an engineering audit and defining the scope of work. The Authority issues commercial paper financing for all expenditures from initial audit through the completion of the project.

In 1994, the Board of Trustees authorized the use of commercial paper to finance the expenditures associated with the various energy services programs. Commercial paper is a short-term money market instrument issued by large banks, corporations, municipalities and non-profit entities. The Authority is authorized to issue tax-exempt and taxable commercial paper, although most energy services projects have qualified for tax-exempt financing. Financing charges are determined by the actual interest rate associated with the commercial paper issued to support the Authority programs. Monthly interest during construction rates are based on the weighted average cost of money associated with all outstanding commercial paper issuances for that month.

The annual interest rate used in the repayment of all costs for a completed projected is calculated in January of each year and is based on the weighted average outstanding commercial paper for the previous twelve months. The interest rate is applicable for the succeeding twelve month repayment period January through December.

The interest during construction rate and annual rate include any fees and surcharges to issue the commercial paper, for the revolving credit agreement, and for an interest rate cap on the program. All fees and surcharges applied to the interest rate reflect actual costs incurred by the Authority to cover the costs associated with issuing and maintaining the commercial paper debt.

Program participants typically repay outstanding loan amounts based on an amortization schedule set at completion of the project but also have the option of repaying the full outstanding principal at any time without penalty.

Commercial Paper to support the Energy Efficiency program is presently being issued on an as needed basis. This alleviates the need to invest proceeds that may be subject to interest rate risk, potential loss of principal and/or arbitrage and rebate calculations. Following this philosophy, earnings on proceeds are reduced to a level that is considered de minimis.

New York Power Authority
Generating more than electricity

Financing of Energy Efficiency Projects - Annual Variable Rate

Year	*Tax-Exempt CP*	*Taxable CP*	*Operating Funds*
1995	3.85%		
1996	3.73%		
1997	3.82%		
1998	3.85%		
1999	3.65%		
2000	3.43%		
2001	4.15%		
2002	2.66%		
2003	1.56%	1.56%	
2004	1.22%	1.29%	2.18%
2005	1.43%	1.77%	2.79%
2006	2.75%	3.66%	4.10%
2007	3.71%	5.19%	5.01%
2008	3.76%	5.19%	4.73%
2009	1.92%	3.10%	3.01%
2010	0.73%	0.93%	1.47%
2011	0.51%	0.46%	1.09%
2012	0.88%	0.84%	0.81%
2013	0.86%	0.82%	0.47%

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a tax-exempt financing with the New York Power Authority ("NYPA") for a principal amount not-to-exceed $23,061,199 to finance the Comprehensive Energy Efficiency upgrade project at Elmhurst Hospital Center (the "Elmhurst Project").

WHEREAS, the Corporation, the City University of New York, the New York City Board of Education, and the City of New York (collectively, the "Customers") entered into an Energy Efficiency-Clean Energy Technology Program Agreement dated March 18, 2005 (" ENCORE Agreement") with NYPA; and

WHEREAS, the Corporation has determined that it is necessary and desirable to authorize the incurrence of Alternative Indebtedness with NYPA to finance the Elmhurst Project (see Exhibit A - Executive Summary for the Elmhurst Project); and

WHEREAS, the City of New York ("NYC") in 2009 passed major legislation known as the "Greener, Greater Buildings Plan", which requires NYC to improve the energy efficiency of existing buildings. The citywide initiative is named PlaNYC 2030 with the goal to reduce citywide greenhouse gas emission by 30% by 2030; and

WHEREAS, PlaNYC will provide $4,093,608 and the PlaNYC ARRA expense will provide $1,307,194 (see Exhibit B(i) – NYC Office of Management and Budget Approval and Exhibit B(ii) – NYC Citywide Administrative Service Payment) towards the Elmhurst Project costing approximately $28,462,001; and

WHEREAS, the overall management of the NYPA financing will be under the direction of the Senior Vice President of Finance/Chief Financial Officer and Assistant Vice President, Debt Finance/Corporate Reimbursement Services.

NOW THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and is hereby authorized to negotiate and execute a tax-exempt financing with the New York Power Authority for a principal amount not-to-exceed $23,061,199 to finance the Comprehensive Energy Efficiency upgrade project at Elmhurst Hospital Center.

EXECUTIVE SUMMARY

NYPA financing for the Elmhurst Project

Purpose:

The NYPA financing will provide tax-exempt financing of not-to-exceed $23,061,199 for the Elmhurst Project (see Exhibit A – Executive Summary for the Elmhurst Project) upon completion of the project by June 2015. The $23,061,199 includes an estimated $1,212,316 for interest cost during construction (calculated based on estimated project cost of $28,462,001 and estimated 4% interest rate).

Financing Schedule:

The Corporation expects to approve the initial financing with NYPA upon the approval of this resolution, by executing the Customer Installation Commitment ("CIC") (see Exhibit C – Initial CIC Report). After the completion of the Project and final audit, the Corporation expects to finalize the amount, term, and structure of the financing in August 2015, by executing a Final CIC.

Financing Structure:

(i) Variable rate:

Currently, NYPA only issues variable rate tax-exempt and/or taxable commercial paper (CP) financing for all expenditures from initial audit through the completion of the project (see Exhibit D – NYPA Financing of Energy Efficiency Projects). NYPA has issued tax-exempt commercial paper since 1995, where the tax-exempt interest rate ranges from 0.51% (2011) to 4.15% (2001). The 2013 tax-exempt interest rate is at 0.86% (see Exhibit E – Financing of Energy Efficiency Projects - Annual Variable Rate).

The annual interest rate NYPA used in the repayment of all costs for a completed project, is calculated in January of each year and is based on the weighted average outstanding commercial paper for the previous 12 months. The interest rate is applicable for the succeeding 12 months repayment period January through December (i.e. interest rate will reset every January of each calendar year).

In addition, NYPA also enters into interest rate cap agreement with banks periodically in order to provide a "limit/cap" to manage its interest rate risk exposure on its tax-exempt CP program, which in turn protects its clients.

(ii) Fixed rate:

NYPA is currently evaluating the option of providing fixed rate financing to its clients. If this option becomes available prior to the execution of the Final CIC in 2015, the Senior Vice President of Finance will evaluate the cost and benefit of the two financing options and report back to the Finance Committee and the Board of Directors, as to which financing option she recommends.

Financing Term and Debt Service:

The term of the NYPA financing will not exceed 20 years, which is less than the Elmhurst Project estimated weighted average useful life of 28.1 years.

Monthly debt service payment is estimated at $139,746.33 (annual debt service at $1,676,955.94) based on 4% estimated interest rate and 20-year term.

Exhibit A

Executive Summary

Parsons Brinckerhoff

Elmhurst Hospital Center
D&I Audit Program
Total Project Summary

* 20% Contingency
* 20yr Amortization

CIC **ES-GSN-0544**

Project Cost

	Material:	Labor:
Construction Costs:	$8,529,782.29	$7,967,396.02
Asbestos Abatement:	$250,000.00	$882,000.00
Environmental Engineering Solutions:	$0.00	$42,062.00
Controlled Inspections:	$0.00	$94,000.00
Totals:	**$8,779,782.29**	**$8,985,458.02**
Total Material & Labor:	$17,765,240.31	
Construction Contingency:	$3,553,048.06	
Subtotal:	$21,318,288.37	
Payment and Performance Bond:	$163,918.00	
Abatement Design & Monitoring:	$149,345.00	
Hazardous Waste Disposal Cost:	$37,688.91	
Resiliency Study:	$85,000.00	
1) Audit, Design & Construction Mgt:	$3,184,159.26	
2) NYPA Project Mgt & Administrative:	$2,131,828.84	
3) NYPA Lighting Material Handling Fees:	$16,231.23	
Reduced Scope Fee:	$163,225.19	
Total Fees:	$5,495,444.52	
Subtotal:	$27,249,684.80	
5) Interest During Construction (IDC):	$1,212,316.00	

Estimated Energy Savings

Electrical:		Fuel:	
Energy Savings:	8,302,782.00 kWh	Gas / Oil Savings:	730,719 therms
Total Demand (monthly):	639.00 kW	Gas / Oil Energy Savings:	$1,051,789.00
Electrical Energy Savings:	$520,896.00	CO2 Reductions:	7,612.0 tons

Total Estimated Amount Saved: $1,572,685.00
Total Emissions Reduction (%): 33.20%

Payback

	Project Name	Total Project Cost	Annual Savings
Current Project:	**Elmhurst Hospital Center**	$28,462,000.80	$1,572,685.00
Previous Project #1:	**N/A**	$0.00	$0.00
4) Agency/Customer Contribution:	**PLANYC ARRA**	$1,307,194.00	$0.00
4) Agency/Customer Contribution:	**DCAS**	$4,093,608.00	N/A
Cumulative Total Project Cost:		$23,061,198.80	
Cumulative Estimated Annual Savings:		$1,572,685.00	
Simple Payback:		**14.66**	

Project Financing

TOTAL AMOUNT FINANCED:	$23,061,198.80
Variable Interest Rate Currently at:	4.00%
Years Financed:	20
Number of Payments:	240
Annual Debt Service to NYPA:	$1,676,955.94
Monthly Debt Service to NYPA:	$139,746.33
Total Project Cost after Financing:	**$33,539,118.82**

(1) A fee of 15 % of equipment and installation labor costs is applicable; a 14% fee of the asbestos abatement is applicable.

(2) A fee of 10% of equipment and labor costs is applicable. This fee includes, but is not limited to, the costs associated with securing contractors, or NYPA personnel as the case may be, to perform the services of construction management, quality assurance, waste disposal permitting, etc., and to obtain payment bonds, as required.

(3) A fee of 1.5% of equipment is applicable.

(4) All indicated previous projects were completed within two years prior to the initiation of the current project, in accordance with OMB guidelines. Direct Agency contributions are deducted directly from the Total Project Cost.

(5) The estimated Interest During Construction (IDC) is calculated over the anticipated construction period at 4%.

The City of New York
Office of Management and Budget
75 Park Place • New York, NY 10007

SEP 25 2012

Record: 102585
Certificate: 57056
Capital Projects: PU-0025

DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES
HEALTH AND HOSPITALS CORPORATION

Hon. Edna Wells Handy, Commissioner, Department of Citywide Administrative Services
Hon. Thomas A. Farley, Commissioner, Department of Health & Mental Hygiene
Hon. Helen M. Marshall, President, Borough of Queens
Hon. John C. Liu, Comptroller

Section 219 of the New York City Charter and directives of the Mayor authorized thereunder require that prior to the initiation of design or advancement of any Capital Project, a scope defining services to be incorporated in contracts for the services of architects, engineers, landscape architects, etc., or for departmental employees and amounts for structures, works, furnishings and equipment, program of requirements and scope or range of operations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. Initially, preliminary scope approval and subsequently final scope approval incorporating preliminary plans and cost limitations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. In addition, the final design incorporating final contract documents must also be submitted for approval of the Director of Management and Budget or his duly authorized representative. Your request for approval pursuant to the above is approved as follows:

DESCRIPTION OF APPROVAL HEREBY GRANTED

Attached for your review and approval is a Certificate to Proceed in the amount of $4,093,608 for a comprehensive energy efficiency upgrade to HHC'S Elmhurst Hospital (79-01 Broadway, Queens).

This project will be charged to Budget Line PU-0025, Project ID 856 E12-0048, Budget Codes E248 and GQ07, and is included in the FY13 Capital Commitment Plan.

Approved,

Jennie Nagle
Assistant Director

Exhibit B(ii)

EDNA WELLS HANDY
Commissioner
BHAVNA RAVAL, P.E.
Director

NYC
Citywide Administrative Services

ENGINEERING AUDIT OFFICE
DEDUCTION REPORT

Registration	Payment Nu	Payment Category	Task/WO/INV #	Pay Start	Pay End
20070002908HHC20	01E	PARTIAL		5/1/2011	6/1/2012

Auditor's Name	REName	RE/Tel	Contractor Telephone #	Contractor Fax #	ID:
JiJi Abraham	Chris James	x 7932	(914) 287-3892	(914) 681-6893	18016

Name of Contractor
Energy Services and Technology - New York Power Authority

Address of Contractor
123 Main St. Mail Stop WPO-6F
White Plains, NY 10601

Location and Description Of Work
ELMHURST HOSPITAL

Payment Requisition	$1,307,194.34
EAO Adjustments	$0.00
EAO Recommended Amount	$1,307,194.34

Adjustment Report
No adjustments.

Auditor's Signature		Director's Signature		7/5/12

Electronic Funds Transfer(EFT) **Dept: DSB** **ID: 20130012124** **Ver.: 1** **Function: New** **Phase: Final**

Modified by CWAPBAT , 07/12/2012

Vendor

Vendor Line	Vendor Customer	Legal Name	Line Amount	County Name
1	0000764280	NEW YORK POWER AUTHORITY	$1,307,194.34	

From 1 to 1 Total: 1

General Information Additional Information

Vendor Customer:	0000764280	**Vendor Contact ID:**	
Legal Name:	NEW YORK POWER AUTHORITY	**Principal Contact:**	FS-ES-GSN-0544
Alias/DBA:		**Phone:**	
Address Code:	1	**Phone Extension:**	
Address Line 1:	123 MAIN STREET	**Email Address:**	
Address Line 2:		**Fax Number:**	999 999-9710
City:	WHITE PLAINS	**Fax Extension:**	
State:	NY	**Web Address:**	
Zip:	10601	**Line Amount:**	$1,307,194.34
Country:	US		
County:			

NYC & NYPA ENCORE II: INITIAL CIC REPORT
CIC APPROVAL

Date: 04-Apr-13

Project No.: ES-GSN-0544

Project: NYC HHC Elmhurst Hospital Center

CUSTOMER REPAYMENT OBLIGATION

Total Installed Cost of Project	$28,462,000.80
NYPA Incentive Payment	$0.00
Energy Grant	$0.00
CUSTOMER Repayment Obligation	$28,462,000.80

METHOD OF PAYMENT

Progress Payments, payable upon receipt of AUTHORITY invoices after completion of each milestone	$5,400,802.00
Outstanding Balance financed by Authority	$23,061,198.80
Authority Cost of Money	4.00%
Number of Monthly Payments	240
Monthly Bill Surcharge	$139,746.33
Annual Bill Surcharge	$1,676,955.94

ESTIMATED ANNUAL COST REDUCTION

Annual Energy Cost Savings	$1,572,685.00
Annual Other Cost Savings	$0.00
Total Annual Cost Savings	$1,572,685.00

AUTHORIZATIONS

Signatures in the spaces below signify that the parties have reviewed and agree to the CIC Design and specifications presented to them by the AUTHORITY.

Authorized HHC Representative:

Agency	NYC Health & Hospitals Corp.	Agency	NYC Health & Hospitals Corp.
Signature		Signature	
Name	Alan D. Aviles	Name	Marlene Zurack
Title	President	Title	Senior V.P. of Finance/CFO
Date		Date	

Agency	Queens Health Care Network
Signature	
Name	Dr. Ann M. Sullivan
Title	Network Senior V.P.
Date	

Authorized CITY Representative:

Agency	Dept. of Citywide Admin. Services	Agency	Dept. of Citywide Admin. Services
Signature		Signature	
Name	Richard Badillo	Name	Kristen Barbato
Title	Chief - DFMO	Title	Deputy Commissioner - DEM
Date		Date	

Authorized AUTHORITY Representative:

Agency	NYPA - Energy Services Division	Agency	
Signature		Signature	
Name	Gil Quiniones	Name	
Title	President & Chief Executive Officer	Title	
Date		Date	

New York Power Authority - Financing of Energy Efficiency Projects

The steps for implementing an Energy Efficiency project include the Authority and customer identifying a potential project, the Authority performing an engineering audit and defining the scope of work. The Authority issues commercial paper financing for all expenditures from initial audit through the completion of the project.

In 1994, the Board of Trustees authorized the use of commercial paper to finance the expenditures associated with the various energy services programs. Commercial paper is a short-term money market instrument issued by large banks, corporations, municipalities and non-profit entities. The Authority is authorized to issue tax-exempt and taxable commercial paper, although most energy services projects have qualified for tax-exempt financing. Financing charges are determined by the actual interest rate associated with the commercial paper issued to support the Authority programs. Monthly interest during construction rates are based on the weighted average cost of money associated with all outstanding commercial paper issuances for that month.

The annual interest rate used in the repayment of all costs for a completed projected is calculated in January of each year and is based on the weighted average outstanding commercial paper for the previous twelve months. The interest rate is applicable for the succeeding twelve month repayment period January through December.

The interest during construction rate and annual rate include any fees and surcharges to issue the commercial paper, for the revolving credit agreement, and for an interest rate cap on the program. All fees and surcharges applied to the interest rate reflect actual costs incurred by the Authority to cover the costs associated with issuing and maintaining the commercial paper debt.

Program participants typically repay outstanding loan amounts based on an amortization schedule set at completion of the project but also have the option of repaying the full outstanding principal at any time without penalty.

Commercial Paper to support the Energy Efficiency program is presently being issued on an as needed basis. This alleviates the need to invest proceeds that may be subject to interest rate risk, potential loss of principal and/or arbitrage and rebate calculations. Following this philosophy, earnings on proceeds are reduced to a level that is considered de minimis.

New York Power Authority
Generating more than electricity

Financing of Energy Efficiency Projects - Annual Variable Rate

Year	*Tax-Exempt CP*	*Taxable CP*	*Operating Funds*
1995	3.85%		
1996	3.73%		
1997	3.82%		
1998	3.85%		
1999	3.65%		
2000	3.43%		
2001	4.15%		
2002	2.66%		
2003	1.56%	1.56%	
2004	1.22%	1.29%	2.18%
2005	1.43%	1.77%	2.79%
2006	2.75%	3.66%	4.10%
2007	3.71%	5.19%	5.01%
2008	3.76%	5.19%	4.73%
2009	1.92%	3.10%	3.01%
2010	0.73%	0.93%	1.47%
2011	0.51%	0.46%	1.09%
2012	0.88%	0.84%	0.81%
2013	0.86%	0.82%	0.47%