

**CAPITAL COMMITTEE  
MEETING AGENDA**

**June 7, 2021**

**12:00 PM**

**Virtual Meeting**

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**CALL TO ORDER**

**Feniosky Peña-Mora**

- **ADOPTION OF MINUTES – May 10, 2021**
- **SENIOR VICE PRESIDENT’S REPORT**

**Feniosky Peña-Mora**

**Christine Flaherty**

**ACTION ITEMS**

- **Resolution** **Christine Flaherty**  
Authorizing the New York City Health and Hospitals Corporation (the “System”) to sign a three year lease extension with SDM of Stanley LLC (the “Landlord”) for the use of approximately 8,000 square feet of space at 840 Alabama Avenue, Borough of Brooklyn to operate a Commodity Supplemental Food Program (the “CSFP”) managed by NYC Health + Hospitals/Kings County Hospital Center (the “Facility”) at a base rent of \$136,000.00 per year, or \$17.00 per square foot to be escalated by 2.5% per year, for a total of \$418,285.00 for the three year extension; provided the System will hold an option to extend for an additional five years with the rent for the three year extension and five year option totaling \$1,188,111.76.

**Vendex: NA**  
**EEO: NA**

- **Resolution** **Christine Flaherty**  
Authorizing New York City Health and Hospitals Corporation (the “System”) to sign a five-year revocable license agreement with Tasty Picks II (“Tasty Picks”) for a license for the use and occupancy of approximately 1,956 square feet on the first floor of North Central Bronx Hospital, a Division of NYC Health + Hospitals/Jacobi (“NCB”) for the operation of a restaurant at a monthly charge of \$5,500/month with annual increases of 3% for a total revenue to the System of \$350,402.95 over the five-year term.

**Vendex: Pending**  
**EEO: NA**

- **Resolution** **Christine Flaherty**  
Authorizing New York City Health and Hospitals Corporation (the “System”) to sign a five-year revocable license agreement with Andy’s of Kings County, Corp. (“Andy’s”) for a license for the use and occupancy of approximately 3,336 square feet on the first floor of NYC Health + Hospitals/Coney Island Hospital (“CIH”) for the operation of a restaurant at a monthly charge of \$8,000/month for the first year of operation with annual increases of 3%, provided there shall be a

six month 50% rent abatement at the start of the agreement, for a total revenue to the System of \$485,667 over the five-year term.

**Vendex:** Pending  
**EEO:** NA

- **Resolution**

**Christine Flaherty**

Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute a revocable five-year license agreement with New York University Medical Center (the “NYUMC”) for its use and occupancy of 42,880 square feet of office space and 15,691 square feet of laboratory space in the C&D and Administrative Buildings at NYC Health + Hospitals/Bellevue Hospital Center (the “Facility”) for administrative offices in connection with its residency and research programs at a rate of \$52.80/sf for the office space and \$58.50/sf for the laboratory space to be escalated by 2.5% annually with the price per square foot to be reset to market after two years.

**Vendex:** Approved  
**EEO:** Approved

**OLD BUSINESS**

**NEW BUSINESS**

**ADJOURNMENT**

# **CAPITAL COMMITTEE MEETING MINUTES**

May 10, 2021

**Capital Committee Meeting – May 10, 2021**

**As reported by** Feniosky Peña-Mora

**Committee Members Present:** José Pagán, Feniosky Peña-Mora, Sally Hernandez-Piñero, Freda Wang, Mitchell Katz, MD

Mr. Peña-Mora called the meeting to order at 12:03 p.m.

Upon motion made and duly seconded the minutes of the Capital Committee meeting held on April 12, 2021 were unanimously approved.

**Senior Vice President's Report**

Christine Flaherty, Senior Vice President, Office of Facilities Development presented her report.

Mrs. Flaherty noted that the OFD department had a robust set of activities underway to support the System's facilities. As the COVID-19 number of cases were decreasing, Facility Management teams were supporting restoration of surge units.

Across the System there are hundreds of ongoing capital projects and the team continues to work hard to support the facilities to keep those projects moving through the design, procurement, construction and closeout process.

The new bond funded portfolio, which was less than 5% of the portfolio's value, was underway and the new design consultants were fully engaged. As of April 23rd, there is one project in construction, 5 projects completed design and in construction procurement, 19 projects in design and 12 projects going through the design selection process. Additionally, they received new capital funding from OMB during this April Executive plan, and were working with the facilities to ensure prioritization of the capital work that addressed energy savings and decarbonization, life safety and regulatory compliance, clinical business planning initiatives and ensures equity of our care environments across the boroughs.

In the coming months we anticipate issuing an RFP for on-call master planning and assessment services to support the capital and space planning process and to aid in identifying opportunities to further streamline the real estate portfolio to enable the Housing is Health initiative to help facilitate housing for the most vulnerable high-risk homeless patients.

Mrs. Flaherty said she looked forward to arranging a more robust educational session on the capital planning and implementation process and the actions we are taking to evolve this process to provide the industry standard tools needed to drive transparency and efficiency for the facilities.

That concluded her remarks.

Mrs. Flaherty read the resolution:

**Authorizing the New York City Health and Hospitals Corporation (the "System") to sign a six month lease extension with Cheyenne Realty LLC (the "Landlord") for the use of approximately 1,600 square feet of space at 4302 Church Avenue, Borough of Brooklyn to operate a Supplemental Food Program for Women, Infants and Children (the "WIC Program") managed by NYC Health + Hospitals/Kings County Hospital Center (the "Facility") at a base rent of \$61,437.24 per year, or \$38.40 per square foot, for a total of \$30,718.62 for the six month extension; provided the System will hold an option to extend for an additional five years with the rent for the six month extension and five year option totaling \$356,894.90.**

Mrs. Flaherty was joined by Sheldon McCleod, Executive Director, NYC Health + Hospitals / Kings County.

Mr. McLeod narrated a power point presentation that reviewed background of the WIC, terms of the lease extension and rent schedule. Mr. McLeod stated that the facility would be replacing signage at the site in an effort to make the site more welcoming.

Ms. Wang noted that a full overview of the real estate portfolio had not surprisingly been delayed due to COVID but she looked forward to seeing that when the team had time to prioritize that. Mrs. Flaherty said the team was working on compiling a thorough report.

After discussion and upon motion duly made and seconded the resolution was approved for consideration by the Board of Directors.

Mrs. Flaherty read the resolution:

**Authorizing the New York City Health and Hospitals Corporation ( the "System") to execute five successive one year revocable license agreements with the New York City Department of Housing Preservation and Development ("HPD") for the System's continued use and occupancy of Block 7061, Lots 16, 39, 40, 41, 42, 43, 44 and 45 in the Coney Island area of Brooklyn for the operation of the Ida G. Israel Community Health Center (the "Center") managed by NYC Health + Hospitals/Coney Island Hospital Center (the "Facility") at no occupancy fee payable.**

Mrs. Flaherty was joined by Svetlana Lipyanskaya, Chief Executive Officer, NYC Health + Hospitals / Coney Island, who narrated a power point presentation that reviewed project background and the new agreement. Of special note the previous agreement included an annual payment of \$130,000. Staff negotiated the new agreement with no occupancy fee payable to the HPD.

Mrs. Hernandez-Piñero asked if there was concerns that HPD would want to develop the site in the near future and square footage of the o the

space. Leora Jontef, Assistant Vice President, Office of Facilities Development, said she did not believe there were plans to develop any time in the near future and was unsure of the square footage.

Mr. Peña-Mora thanked Leora and her team for their successful negotiation resulting in a no fee deal.

Mrs. Flaherty thanked HPD as well.

After discussion and upon motion duly made and seconded the resolution was approved for consideration by the Board of Directors.

Mrs. Flaherty read the resolution:

**Authorizing the New York City Health and Hospitals Corporation (the "System") to execute a three-month revocable license agreement with T-Mobile Northeast LLC (the "Licensee") to operate a mobile cellular communications system on an approximately 1,600 square foot parcel of land located on the campus of the former Neponsit Health Care Center (the "Facility"), located at 67 Rockaway Beach Boulevard, Queens, at an occupancy fee of \$50,000 or \$125 per square foot.**

Mrs. Flaherty narrated a power point presentation that reviewed the background of the site, the value of increase cell service during the summer months, the occupancy fee and planned demolition for the site.

Mr. Peña-Mora asked if designers had made determinations on a sustainable approach to the demolition. Mrs. Flaherty said there would be efforts to recycling and reusing to reduce what made it into landfills. Mr. Peña-Mora asked if anything had been noted as historically significant. Mrs. Flaherty said no.

Mrs. Flaherty noted that there would be continued community involvement as the project moves forward.

After discussion and upon motion duly made and seconded the resolution was approved for consideration by the Board of Directors.

Mrs. Flaherty read the resolution:

**Authorizing the New York City Health and Hospitals Corporation (the "System") to execute a one-year extension of its agreement with CBRE, Inc. ("CBRE") for various facility management support services for an amount not to exceed \$17,750,000.**

Mrs. Flaherty was joined by Manuel Saez, Assistant Vice President, Office of Facilities Development, they both narrated a power point presentation that reviewed background of the original contract, current scope of services, anticipated services under the extension, budget, procurement, vendor performance, bridge contract renewal justification, Minority and Women's Business Enterprises (MWBE) current and future commitments, and plans for a possible future procurement.

After discussion and upon motion duly made and seconded the resolution was approved for consideration by the Board of Directors.

There being no further business, the Committee Meeting was adjourned at 12:56 p.m.

**LEASE EXTENSION**

**SDM of STANLEY, LLC**

**840 ALABAMA AVENUE, BROOKLYN**

**COMMODITY SUPPLEMENTAL FOOD PROGRAM  
(CSFP)**

**NYC HEALTH + HOSPITALS / KINGS COUNTY**

## RESOLUTION

Authorizing the New York City Health and Hospitals Corporation (the “**System**”) to sign a three year lease extension with SDM of Stanley LLC (the “**Landlord**”) for the use of approximately 8,000 square feet of space at 840 Alabama Avenue, Borough of Brooklyn to operate a Commodity Supplemental Food Program (the “**CSFP**”) managed by NYC Health + Hospitals/Kings County Hospital Center (the “**Facility**”) at a base rent of \$136,000.00 per year, or \$17.00 per square foot to be escalated by 2.5% per year, for a total of \$418,285.00 for the three year extension; provided the System will hold an option to extend for an additional five years with the rent for the three year extension and five year option totaling \$1,188,111.76.

**WHEREAS**, the Facility has operated a CSFP Program at this location since 1995; and

**WHEREAS**, the CSFP program provides nutritious food to seniors who are at least sixty years old and meet certain income eligibility requirements; and

**WHEREAS**, extending the lease will allow the program to continue to provide services to the population it has traditionally served; and

**WHEREAS**, the CSFP is fully funded by a grant provided by the New York State Child and Adult Care Food Program; and

**WHEREAS**, the current CSFP grant expires in September 2024, the program anticipates receiving a new five year grant in 2024 which will allow the System to exercise its option for an additional five year lease term; and

**WHEREAS**, while the System is optimistic a new grant will be made, the proposed three year lease extension is structured to extend only through the current funding cycle with an option exercisable solely by the System if the funding is continued.

**NOW, THEREFORE, be it**

**RESOLVED**, that New York City Health and Hospitals Corporation (the “**System**”) be and hereby is authorized to sign a three year lease extension with SDM of Stanley LLC (the “**Landlord**”) for approximately 8,000 square feet of space at 840 Alabama Avenue, Borough of Brooklyn to operate a Commodity Supplemental Food Program (the “**CSFP Program**”) managed by NYC Health + Hospitals/Kings County Hospital Center (the “**Facility**”) at a base rent of \$136,000.00 per year, or \$17.00 per square foot, for a total of \$418,285.00 for the three year extension; provided the System will hold an option to renew the lease for an additional five years with the rent for the three year extension and five year option totaling \$1,188,111.76.

## EXECUTIVE SUMMARY

### NYC HEALTH + HOSPITALS/KINGS COUNTY HOSPITAL COMMODITY SUPPLEMENTAL FOOD PROGRAM 840 ALABAMA AVENUE, BOROUGH OF BROOKLYN

- OVERVIEW:** New York City Health and Hospitals Corporation (the “**System**”) seeks authorization from its Board of Directors to sign a three-year lease extension with SDM of Stanley LLC (the “**Landlord**”) for the use of space at 840 Alabama Avenue, Borough of Brooklyn, to operate a Commodity Supplemental Food Program (the “**CSFP**”) managed by NYC Health + Hospitals/Kings County Hospital Center (“**Kings County**”). The CSFP is fully funded by a grant provided by the New York State Child and Adult Care Food Program. The current CSFP grant expires in September 2024, the program anticipates receiving a new five year grant in 2024 which will allow the System to exercise its option for an additional five year lease term. While the System is optimistic a new grant will be made, the proposed three year lease extension is structured to extend only through the current funding cycle with an option exercisable solely by the System if the funding is continued.
- NEED/PROGRAM:** Kings County has operated the CSFP at this location since 1997. The CSFP provides nutritious meals to seniors who are at least sixty years old and meet certain income eligibility requirements. The program also provides guidance on the preparation of nutritious meals and health information prepared by nutritionists. Referrals to health care and social service organizations for other services are provided as needed. The food distributed by the program includes cheese, UHT and nonfat dry milk, canned meats and fish, canned vegetables and fruit, breakfast cereals, fruit juices, rice, spaghetti, macaroni, whole grain rotini, peanut butter and dried beans.
- UTILIZATION:** The program has approximately 10,000 participants.
- TERMS:** The System will occupy approximately 8,000 square feet of space, and will pay a base rent of \$136,000 year, or \$17.00 per square foot. The base rent will be escalated by 2.5% per year. The three-year lease extension term will commence October 1, 2021 and end September 31, 2024. The System will hold an option to renew the lease for an additional five years. The first year of the option term will commence October 1, 2024. The base rent for the option term will commence at a rate 2.5% above year three of the initial term rent. Electricity, gas, and water will be separately metered and will be the responsibility of the System.
- The landlord will be responsible for all interior and exterior maintenance and structural repairs on the premises. The System will be responsible for non-structural maintenance and repairs.
- REAL ESTATE TAXES:** The system will pay its share of real estate tax increases above the 2021/22 base year
- FINANCING:** The New York State Child Health and Adult Care Food Program (“**CACFP**”) funds both rent, P.S. and operating expenses.

# SAVITT PARTNERS

May 12, 2021

Mr. Dion Wilson  
Legal Affairs – Office of the General Counsel  
NYC Health + Hospitals Corporation  
125 Worth Street  
New York, 10013

Re: Fair Market Value Report  
Commodity Supplemental Food Nutrition Program  
840 Alabama Avenue, Brooklyn NY 11207

Dear Dion:

You have requested that I comment on the value of the referenced property for the rental renewal. The referenced premises is an H+H sponsored program referred to as the Commodity Supplemental Food Nutrition Program. This shall serve to comment on the unit's rent valuation going forward.

This letter confirms that I've been given the general terms of the tenancy renewal and am being asked to evaluate the economic rent terms, as presented, of the lease by and between Landlord and NYC Health + Hospitals Corporation and the intended response as Tenant comprising the following:

- The unit is currently occupied and zoned for its current use.
- The lease is up for renewal within the next 90 days. The proposal is for a three-year initial extension term and a five-year tenant option thereafter.
- The Landlord has proposed renewal terms with a base rent of \$17 per RSF along with a reset of taxes to the current tax year of 2021/2022.
- The unit collectively totals approximately 8,000 RSF of the referenced premises.
- The property is demised as approximately 3,000 RSF of office space which is exclusively used by the program and 5,000 RSF for storage and distribution.
- This evaluation is for the purpose of a lease renewal.

Landlord has proposed a starting base rent at \$17.00 RSF, which represents an increase over the existing base year. The real estate taxes will be reset to the current tax base year of 2021/2022. The former tax base year was 2007 when the Tenant first leased the premises. With the existing tax base year, the tax bill has compounded yearly and the reset represents current market conditions. This reset is not only acceptable but encouraged.

While the asking rent from the Landlord at \$17.00 per SF is appropriate for the location and the property's use, I have not been provided any information regarding rent escalations. We do know that the lease is for three years with a five-year extension. The extension is subject to a renewal of the grant funding which is expected. The in place funding expires October of 2023.

We are advised the utilities are separately metered and billed according to consumption. There is no on-site parking servicing this building.

The renewing Tenant will provide Landlord with a continued rent stream uninterrupted by vacancy, little or no Tenant Improvement Allowance, no gap in marketing a vacant space and the time it takes to do so, and any free rent which would be given to a new Tenant. In addition, ancillary costs such as architects and engineering, commissions, and hard and soft legal fees are also avoided.

(Please see space comparables.)

Given the proposed Landlord rent, we value the rents in the general vicinity of this location at a range of \$17.00-26.00/RSF. The proposed Landlord's rent of \$17.00 per RSF with a rest of the tax base year plus electric is consistent with the market and I would consider favorable at this time.

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

If you have any further questions, please let me know.

Very Truly Yours,

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

Michael E. Dubin  
Partner

Schedule A – Comparables

<b>Address</b>	<b>Cross Streets</b>	<b>Square Feet</b>	<b>Price Per SF</b>	<b>Closed Deal (Y/N)</b>
265 Sumpter Street	Sumpter Street & Thomas Boyland Street	11,250	\$23.92	Y
68 34 <sup>th</sup> Street	34 <sup>th</sup> Street & Gowanus Expressway	6,237	\$30.00	Y
219 Eagle Street	Eagle Street & Polaski Bridge	5,000	\$21.39	Y
820 Williams Avenue	Williams Avenue & Will Place	10,000	\$17.50	Y
1360 Ralph Avenue	Ralph Avenue & Avenue D	6,000	\$20.00	N
4312 Second Avenue	Second Avenue & 44 <sup>th</sup> Street	76,613	\$21.02	Y
645 Clinton Street	Clinton Street & Lorraine Street	108,000	\$26.92	Y

**NYC Health + Hospitals/Kings Cty.  
Hospital Center  
Commodity Supplemental Food  
Program  
840 Alabama Avenue  
Brooklyn, New York**

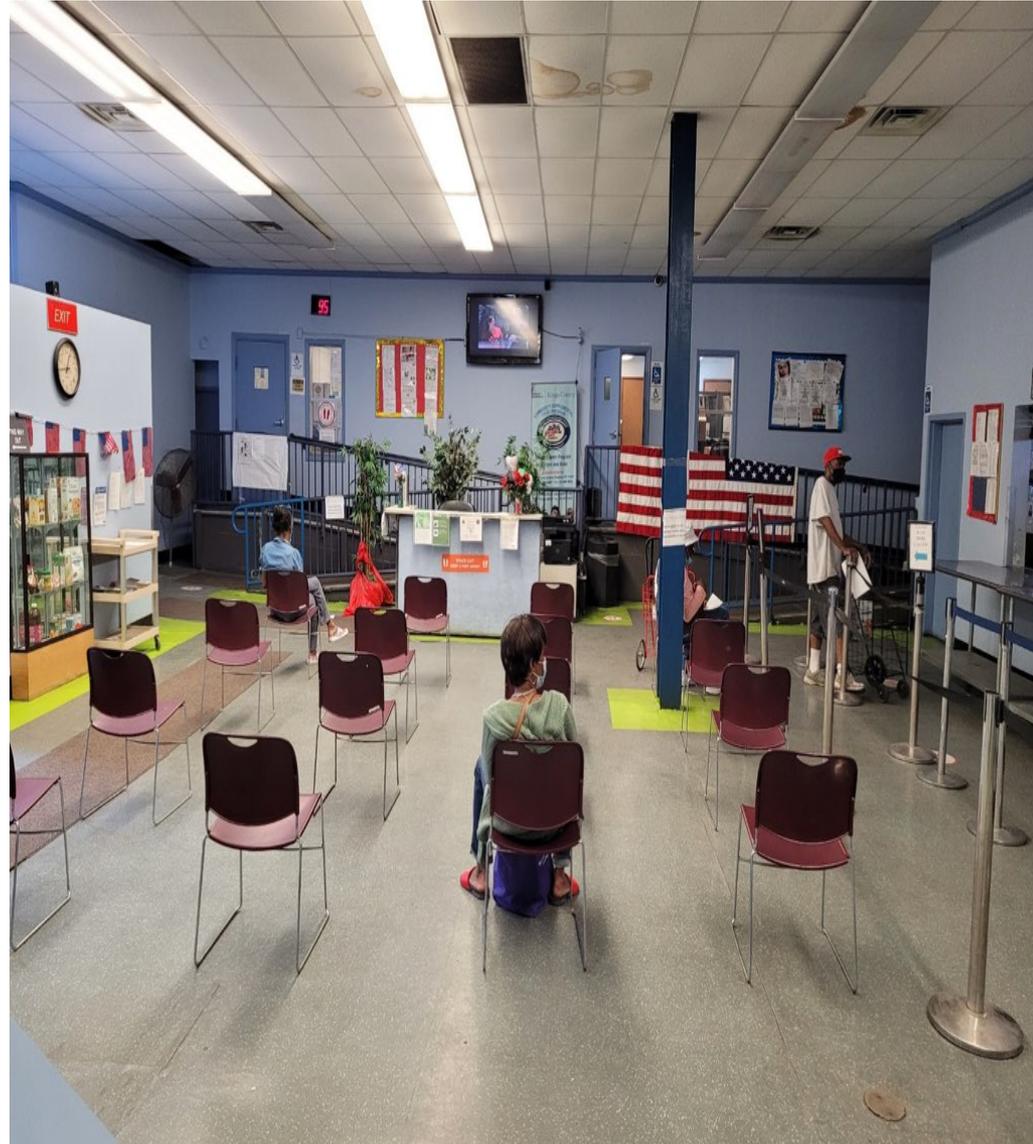
Capital Committee Meeting  
June 7, 2021

Vincent Mulvihill, Deputy Executive Director, NYC Health + Hospitals/Kings  
Christine Flaherty, Senior Vice President, Office of Facilities Development

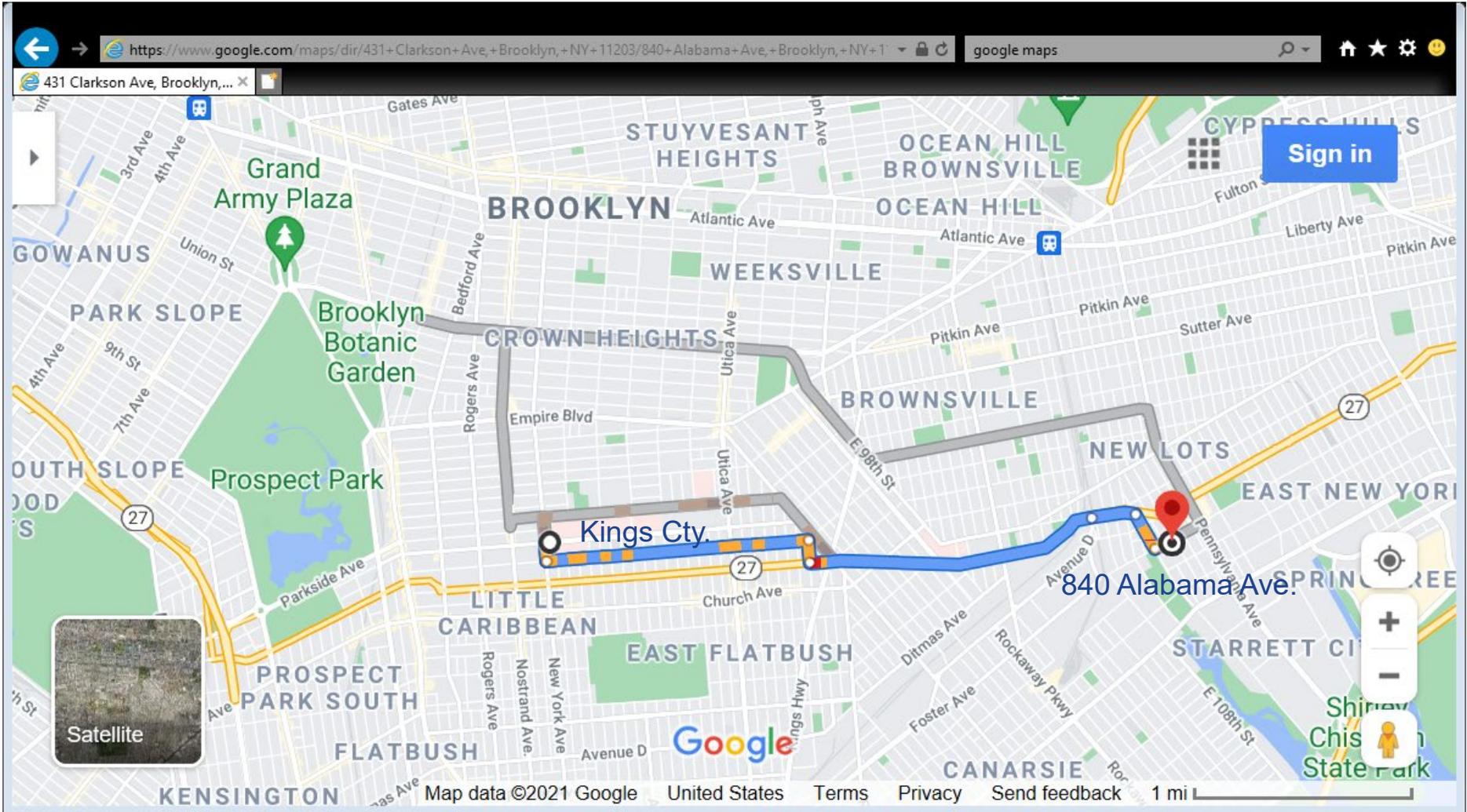


# Background

- NYC H+H/Kings has operated a Commodity Supplemental Food Program (“CSFP”) at this location since 1995. The program occupies 8,000 square feet of space.
- CSFP is a Federal grant funded program designed to improve the health of low-income families by supplementing their diets with nutritious United States Department of Agriculture (“USDA”) commodity foods.
- Once a month, a food package is provided to seniors 60 years of age or older who are income eligible and reside in New York City.
- The food package includes 1% low-fat milk, non-fat dry milk, canned fruits and vegetables, canned meats, fish and chicken, cheese, cold and hot cereals, fruit juices, spaghetti, macaroni, whole wheat rice and rotini, peanut butter and dried beans.
- CSFP staff pre-pack and distribute food for local participants as well as participants across the five boroughs. CSFP delivers food to approximately 30 outreach sites.
- The program provides guidance on the preparation of nutritious meals and other health information prepared by nutritionists.
- CSFP is open Tuesday – Friday and every other Monday and Saturday.
- The program’s monthly caseload is approximately 10,000 participants.



# Map



Distance from Kings County Hospital to 840 Alabama Ave. approx. 3 miles

# Lease Terms

This resolution requests a three year extension:

- Base Rent is \$17.00/sf
- The three year term will commence October 1, 2021 and end September 30, 2024.
- H+H will hold a five year renewal option. The option term will commence October 1, 2024.
- Total per square foot occupancy cost is within the fair market value range of \$ 17.00 - \$ 26.00/sf
- A United States Department of Agriculture (“USDA”) grant provides funding for the CSFP. The program is administered at the state level by NYS Child and Adult Care Food Program. The grant covers operations including personnel and real estate expenses. Current funding expires September 2024 with future funding anticipated. The program is optimistic about receiving a new five year grant. If the grant is received, H+H will exercise the five year renewal option.

# Rent Schedule

Year 1		Year 2		Year 3						
Annual	PSF	Annual	PSF	Annual	PSF	Total				
\$136,000.00	\$17.00	\$139,400.00	\$17.43	\$142,885.00	\$17.86	\$418,285.00				
(Option) 1		Year 2		Year 3		Year 4		Year 5		
Annual	PSF	Total								
\$146,457.13	\$18.31	\$150,118.55	\$18.76	\$153,871.52	\$19.23	\$157,718.30	\$19.71	\$161,661.26	\$20.21	\$769,826.76

First option covering existing CSFD grant:

-Rent for the three year initial term: \$418,285.00

Should the new five year CSFP grant be authorized:

-Rent for the five year option term: \$769,826.76

-Escalation: 2.5% per year

Total authorization request for 8 years for \$1,188,111.76

# Capital Committee Request

**RESOLVED**, that New York City Health and Hospitals Corporation (the “System”) be and hereby is authorized to sign a three year lease extension with SDM of Stanley LLC at a base rent of \$136,000.00 per year, or \$17.00 per square foot, to be escalated by 2.5% per year for a total of \$418,285.00 for the three year extension term; provided the System will hold an option to renew the lease for an additional five years for a total of \$769,826.76 for the option term with the rent for the three year extension and five year option totaling \$1,188,111.76.

# **LICENSE AGREEMENT**

## **TASTY PICKS II**

**NORTH CENTRAL BRONX HOSPITAL, A DIVISION OF  
NYC HEALTH + HOSPITALS / JACOBI**

## RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the “**System**”) to sign a five-year revocable license agreement with Tasty Picks II (“**Tasty Picks**”) for a license for the use and occupancy of approximately 1,956 square feet on the first floor of North Central Bronx Hospital, a Division of NYC Health + Hospitals/Jacobi (“**NCB**”) for the operation of a restaurant at a monthly charge of \$5,500/month with annual increases of 3% for a total revenue to the System of \$350,402.95 over the five-year term.

**WHEREAS**, the System wishes to provide access to affordable, healthy food for the System’s staff, visitors and patients at its facilities and prioritizes such goals over the goal of maximizing income for its facilities from licensing space to commercial businesses; and

**WHEREAS**, NCB has offered food to staff, patients and visitors since opening in 1976; and

**WHEREAS**, Tasty Picks, a Bronx-based business, has ten years of catering experience; and

**WHEREAS**, Tasty Picks has committed to a set of menus and affordable prices that may be changed only with CIH’s approval, such approval not be unreasonably withheld, thereby assuring continued affordable prices; and

**WHEREAS**, the Executive Director of NCB will manage the proposed contract.

**NOW THEREFOR, BE IT RESOLVED**, that New York City Health and Hospitals Corporation be and hereby is authorized to sign a sign a five-year revocable license agreement with Tasty Picks II (“**Tasty Picks**”) for a license for the use and occupancy of approximately 1,956 square feet on the first floor of North Central Bronx Hospital, a Division of NYC Health + Hospitals/Jacobi (“**NCB**”) for the operation of a restaurant at a monthly charge of \$5,500/month for a total revenue to the System of \$350,402.95 over the five-year term.

**EXECUTIVE SUMMARY**  
**AWARD OF CONTRACT TO**  
**TASTY PICKS II**  
**RESTAURANT AT NORTH CENTRAL BRONX HOSPITAL, A DIVISION OF NYC HEALTH +**  
**HOSPITALS/ JACOBI**

- BACK-GROUND:** The System has made a policy decision to install operators of affordable and healthy food service operators in its hospitals when there is an opportunity to do so and to subordinate the chance to generate higher revenue for its hospitals from such operations in the interest of offering less expensive and healthy food to its staff, visitors and patients.
- SELECTION:** Tasty Picks is a locally based business with its principal address at Gunhill Road, N.Y. NCB has offered food to staff, patients and visitors since the facility opened in 1976. Tasty Pick's will offer a menu of healthy foods that will include sandwiches, salads, fruit smoothies, and acai bowls. The vendor will comply with the NYC Healthy Beverage Initiative.
- TERMS:** Tasty Picks will pay a monthly fee of \$5,500 with annual 3% increases over the 5-year term of the agreement. On these terms, NCB will receive \$350,402.95 over the five-year term. Most important, Tasty Picks will not increase its prices without the prior consent of NCB. Similarly, the vendor will not materially change its menu from that proposed. Tasty Picks will pay for its own electricity, cleaning and maintenance.

# SAVITT PARTNERS

May 24, 2021

Mr. Dion Wilson  
Director of Real Estate  
NYC Health + Hospitals  
125 Worth Street, Rm 527  
New York, NY 10013

Re: Fair Market Value/Appraisal of space within  
NYC Health + Hospitals/North Central Bronx  
Regarding Food Services  
On behalf of NYC Health & Hospitals Corporation

Dear Dion:

Pursuant to your request, you have asked for a Fair Market Value/Appraisal report for the referenced property and location in order to assess its fair market values (FMV) at current rates. These assessments are inclusive of the value of the tenant improvements and specified operating expenses such as utilities, housekeeping, security, service contracts, structural repairs, etc. As the licensee is designated as a not for profit (501C3), real estate taxes are not applicable, however this should 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 proposed base rent inclusive of the tenant improvements and operating expenses. This evaluation is subject to the following:

- The unit will be occupied for food service prep, sales and consumption, and is or will be appropriately zoned for the use of the space.
- The proposed licensor will occupy approximately a total of 1,956 SF within the referenced building.
- This evaluation is for the purpose of establishing the current FMV to lease/license the referenced properties and considers numerous factors including but not limited to location, market conditions, market area comparables, lease terms and conditions, as well as tenant improvements.
- Space is wheelchair accessible.

There are variables that must also be considered in this evaluation. It is apparent that being part of the licensee's main campus/hospital is attractive. The location of the space provides the tenant with an immediate captured customer base. Additionally, the ability to enter into an all-inclusive transaction with no allocation for real estate taxes or other additional charges has value to the tenant/licensee. The provision of tenant services that are uncommon for non-medical facilities, i.e., 24-7 access and the provision of full time services such as HVAC and security must also be factored in this evaluation.

The referenced proposed food service space is located within the medical complex of NYC Health + Hospitals/North Central Bronx, located on Kossuth Avenue in Bronx, NY. This is a unique property within the referenced market area. The proposal offers the prospective licensee access to a population in a full-service hospital building with amenities typically only found in hospitals and full-service medical office buildings. The complex is readily accessible by surface public transit and private vehicles.

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

The proposed licensee will have access to premises consisting of approximately 1,956 sf part of which 1,500 which will be considered front of the house which will service the customers and 456 sf which will service the kitchen area. The premises will be operating as a food service vendor for staff, patients and visitors. They will operate from the hours of 5:00am to midnight, seven days per week inclusive of weekends and holidays. The licensee will provide as part of the license fee, utilities including electric, water and gas but tenant will provide its own equipment. NCB will provide security as is consistent with what the facility provides for all of the different medical departments and ancillary service areas for the hospital. Licensee will be responsible for any internal security it prefers. As part of licensee's services, it will train all employees with fire safety and evacuation procedures as well as instructions on use of the hospital's compactor which service the hospital will provide. Licensee will be required to update any required certificates for fire extinguisher for its specific use and cooking area. Licensee will also be responsible for keeping permits current as required by the Buildings Department.

During demolition and Construction of the premises, the hospital will be responsible for any asbestos removal and cleaning. Further, the hospital will provide basic maintenance but no repairs. It does not include the cleaning of grease traps or any other equipment located within the demised premises. The hospital will also be responsible for maintaining the common areas of the building. Licensee will be responsible for its own trash removal.

The licensed space is well located on the ground floor within the hospital premises. The main entrance within Kossuth Avenue has a large vestibule waiting area which contains an information desk and a pharmacy, all visible from the entrance. The corridor accessing the main elevator banks requires all foot traffic to pass the entrance to this facility. For obvious reasons, this provides the licensee with tremendous exposure without having to remind its customers of where to be found. This serves as an immeasurable benefit to the licensee.

## CONCLUSION

The ability to access the space and the provision of food services without interruption is an amenity that would benefit any food service licensee. This retail license, however, remains viable only as long as access to these locations is available. If the Hospital restricts access either by reducing hours of access or adjusting the flow of the ground floor population, then the viability of this use will change. We do not, however, envision this will be the case during the term of this license. In evaluating this space, a minimal expense as described for improvements was assumed to allow the space to function as intended.

For the purposes of this appraisal, we have been advised that all operating expenses, i.e. security, refuse removal, utilities, basic repairs and maintenance, service contracts, etc. are provided by the licensee.

In conclusion, this analysis finds that the FMV for this space is essentially a hybrid, due to the location of the spaces, use, captive audience, and lack of ability or need to promote as a true retail food service operation. It does provide the licensor with an immediate client base. It is our professional opinion, therefore, that the value of the referenced ground floor space is \$34 per rsf. The space is improved to the extent described, so the licensor would have minimal additional expenses in further retrofitting this space for its use or for its own branding. It would not be necessary to provide the licensor with a construction concession or rent abatement given the licensor's ability to begin operating immediately.

It would be appropriate for the licensee to negotiate an escalation provision to the base rent/fee of 3.00% commencing in the second year of the license agreement. This increase would be annually and compounded. These terms would be commercially fair and reasonable based on the data and information assessed in this report.

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

Thank You.

Very Truly Yours,



Michael E. Dubin  
Partner

**Addendum: Floor Plan**



# **LICENSE AGREEMENT**

**ANDY'S OF KINGS COUNTY, CORP.**

**NYC HEALTH + HOSPITALS / CONEY ISLAND**

## RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the “**System**”) to sign a five-year revocable license agreement with Andy’s of Kings County, Corp. (“**Andy’s**”) for a license for the use and occupancy of approximately 3,336 square feet on the first floor of NYC Health + Hospitals/Coney Island Hospital (“**CIH**”) for the operation of a restaurant at a monthly charge of \$8,000/month for the first year of operation with annual increases of 3%, provided there shall be a six month 50% rent abatement at the start of the agreement, for a total revenue to the System of \$485,667 over the five-year term.

**WHEREAS**, the System wishes to provide access to affordable, healthy food for the System’s staff, visitors and patients at its facilities and prioritizes such goals over the goal of maximizing income for its facilities from licensing space to commercial businesses; and

**WHEREAS**, CIH has no restaurant operator on its premises leaving its staff, visitors and patients without restaurant services;

**WHEREAS**, Andy’s manages a successful operation at NYC Health + Hospitals/Kings County Hospital Center, has had prior agreements with CIH, has filled in at CIH during the past several years when there were gaps in service under other food service operators and has shown itself to be a friend of CIH over the years; and

**WHEREAS**, Andy’s has committed to a set of menus and affordable prices that, except for annual CPI increases, may be changed only with CIH’s approval thereby assuring continued affordable prices; and

**WHEREAS**, the Executive Director of CIH will manage the proposed contract.

**NOW THEREFOR, BE IT RESOLVED**, that New York City Health and Hospitals Corporation be and it hereby is authorized to sign a sign a five-year revocable license agreement with Andy’s of Kings County, Corp. (“**Andy’s**”) for a license for the use and occupancy of approximately 3,336 square feet on the first floor of NYC Health + Hospitals/Coney Island Hospital (“**CIH**”) for the operation of a restaurant at a monthly charge of \$8,000/month for the first year of operation with annual increases of 3%, provided there shall be a six month 50% rent abatement at the start of the agreement, for a total revenue to the System of \$485,667 over the five-year term.

**EXECUTIVE SUMMARY**  
**AWARD OF CONTRACT TO**  
**ANDY'S OF KINGS COUNTY, CORP.**  
**RESTAURANT AT NYC HEALTH+HOSPITALS/CONEY ISLAND HOSPITAL**

**BACK-GROUND:** The System has made a policy decision to install operators of affordable and healthy food service operators in its hospitals when there is an opportunity to do so and to subordinate the chance to generate higher revenue for its hospitals from such operations in the interest of offering less expensive and healthy food to its staff, visitors and patients. CIH has been without a restaurant operator throughout the COVID epidemic and management is anxious to provide this service to its staff, visitors and patients.

**SELECTION OF ANDY'S:** Andy's is well known to CIH from prior operations at the facility and from its successful operation of a restaurant at NYC Health + Hospitals/Kings County Hospital Center. Andy's record at KCHC and its willingness to step up to help CIH in the past when a need arose convinced management that Andy's would be a reliable contractor and would offer good and affordable meals in the interest of CIH and its community. Management has had the chance to sample Andy's food on numerous occasions and has found it to be quite good.

**TERMS:** Andy's will pay a monthly fee of \$8,000 with annual 3% increases over the 5-year term of the agreement. Andy's will get a 50% discount on its occupancy fee during the initial six months of operations. On these terms, CIH will receive \$485,667 over the five-year term. Most important, Andy has agreed to start its prices at those charged at other locations from several years ago and, except for CPI increases, Andy's will not increase its prices without the prior consent of the CIH E.D. Similarly, Andy's will not materially change its menu from that proposed. Andy's will pay for its own electricity, cleaning and maintenance.

# SAVITT PARTNERS

May 24, 2021

Mr. Dion Wilson  
Director of Real Estate  
NYC Health + Hospitals  
125 Worth Street, Rm 527  
New York, NY 10013

Re: Fair Market Value/Appraisal of space within the  
NYC Health + Hospitals/Coney Island, Brooklyn, NY  
Regarding Food Services  
On behalf of NYC Health & Hospitals Corporation

Dear Dion:

Pursuant to your request, you have asked for a Fair Market Value/Appraisal report for the referenced property and location in order to assess its fair market value (FMV) at current rates. These assessments are inclusive of the value of the tenant improvements and specified operating expenses such as utilities, housekeeping, security, service contracts, structural repairs, etc. As the licensee is designated as a not for profit (501C3), real estate taxes are not applicable, accordingly this should 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 now current base rent inclusive of the tenant improvements and operating expenses. This evaluation is subject to the following:

- The unit is currently occupied for food service prep, sales and consumption, and is appropriately zoned for the current use of the space.
- The proposed licensor will occupy approximately a total of 3,336 SF within the referenced buildings.
- The Licensed Space is located on the first floor of Coney Island Hospital's main Building. The location is adjacent to the outpatient entrance of the Hospital on Ocean Parkway, Brooklyn, NY.
- Licensed Space is wheelchair accessible.
- The Licensee is currently renovating the Licensed Space.
- This evaluation is for the purpose of establishing the current 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 additional variables to be considered in this evaluation. It is apparent that being part of the licensee's main campus is attractive. The location of the space provides the tenant with an immediate captured customer base. Additionally, the ability to enter into an all-inclusive transaction with no allocation for real estate taxes or other additional charges has value to the

tenant/licensee. The provision of tenant services that are uncommon for non-medical facilities, i.e., 24-7 access and the provision of full-time services such as HVAC and security must also be factored in this evaluation.

The referenced food service space is located within the medical complex of NYC Health + Hospitals/Coney Island adjacent to the hospital outpatient entrance on Ocean Avenue. This is a unique property within the referenced market area. The proposal offers the prospective licensor access to a population in a full-service hospital building with amenities typically only found in hospitals and full-service medical office buildings. The complex is readily accessible by surface transit and conveniently situated off the Ocean Parkway.

It is our experience that within a space, whether it be for actual medical use or supplemental in some uses, the medical faculty is valued at a premium, simply due the fact that it is a finite resource which is in demand. It is apparent that proximity within the medical facility complex is attractive to the licensor and benefits the facility's patients, staff, and visitors 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 into this evaluation. However, when assessing the value, the fact that the client base is limited to foot traffic within the hospital facility impacts the success of the licensor. The licensor has no opportunity to promote its presence, and the average pedestrian walking by the building would not be aware of this food service operation. However, it may not be a factor to this licensor.

The proposed licensor operates (or will operate) a food service retail location within the NYC Health + Hospitals/Coney Island Campus, more specifically located adjacent to the hospital's hospital outpatient clinic on the Ocean Parkway entrance. The licensee will be installing new equipment and other furnishings with an investment estimated to be around \$110,000 for ovens, tables, chairs, and other equipment. The licensee will also be spending around \$15,000 on miscellaneous construction within the premises.

The licensee will be responsible for the cost of its phone and IT services, internet, pest control, general cleaning, and overall maintenance of the space during its term. The square footage of the demised space totals 3,336 rsf. It is demised internally with 1,394 square feet for dining, 1,324 rsf for food service and 608 rsf for backup purposes.

## **CONCLUSION**

The ability to access the space and the provision of food services without interruption is an amenity that would benefit any food service licensor. This retail licensor, however, remains viable only as long as access to these locations is available. If the Hospital restricts access either by reducing hours of access or adjusting the flow of the ground floor population, then the viability of this use will change. In evaluating these spaces, a significant expense for tenant improvements was assumed since the spaces exist and function as intended.

For the purposes of this appraisal, we should assume that all operating expenses, i.e. security, refuse removal, utilities, repairs and maintenance, service contracts, etc. are provided by the licensee/Landlord hospital.

In conclusion, this analysis finds that the FMV for this space is essentially a hybrid, due to the location of the space, use, captive audience, and lack of ability or need to promote as a true retail food service operation. It does provide the licensor with an immediate client base. It is our professional opinion, therefore, that the value of the referenced ground floor space is \$29 per RSF. Again, the space is improved so the licensor would have minimal expense in retrofitting this space other than previously described for its use or for its own branding.

It would be appropriate for the licensee to negotiate an escalation provision to the base rent/fee of 3.00% commencing in the second year of the license agreement. This increase would be annually and compounded. These terms would be commercially fair and reasonable based on the data and information assessed in this report.

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

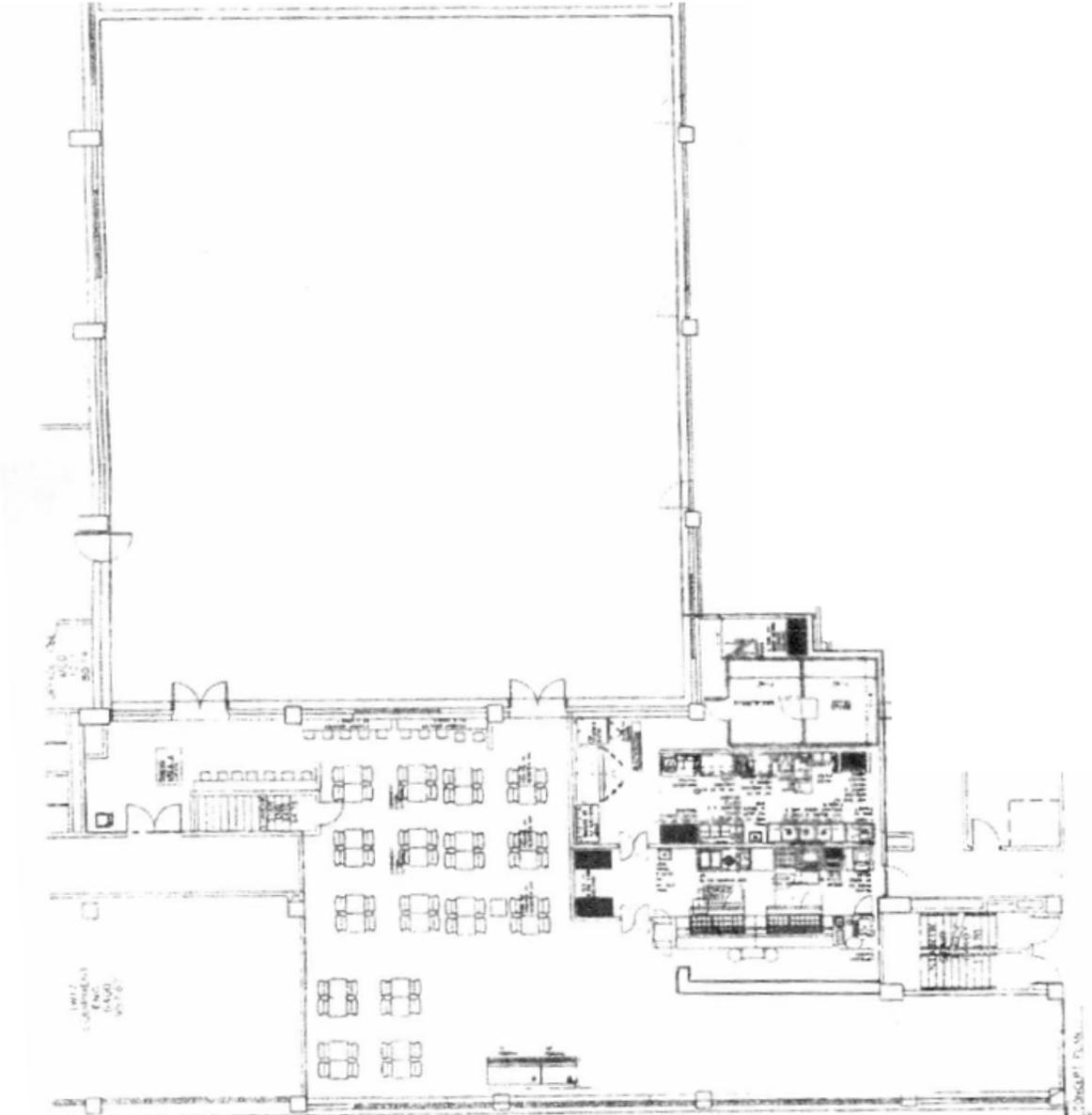
Thank You.

Very Truly Yours,

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

Michael E. Dubin  
Partner

**Addendum: Floor Plan**



# **NYC H+H/North Central Bronx Hospital Tasty Picks II Corp.**

## **NYC H+H/Coney Island Hospital Andy's of Kings County**

Capital Committee Meeting

June 7, 2021

Christopher Mastromano, Executive Director, NYC Health + Hospitals/Jacobi

Svetlana Lipyanskaya, Executive Director, NYC Health + Hospitals/Coney Island

Christine Flaherty, Senior Vice President, Office of Facilities Development

Paul Albertson, Vice President, Supply Chain & Business Operations



# Background: Food vendors at H+H facilities

- Convenient onsite food options is important to staff and patient satisfaction.
  - Facilities are not near retail corridors
  - Work schedules require easy access to food
  - Healthy food options are core to H+H values
  - Cost conscious pricing allows access to all
- The System has made a policy decision to install operators of affordable and healthy food service when there is an opportunity to do so and to subordinate the opportunity to generate higher revenue for its facilities in the interest of offering less expensive food to staff, visitors and patients.

# Background: Food Vendors at H+H facilities

- Current agreements have been structured as concessions which require the vendor to share profit with the facility.
- H+H wishes to shift future food agreements to licenses for simpler administration and in recognition that the food service operators virtually never paid more than the stated minimum.
- Vendors are required to provide cost reasonable healthy food options and appropriately improve and maintain the space, per each facility's needs.
- Including the vendors to be located at North Central Bronx and Coney Island, there are ten facilities with food vendors.

# **NYC H+H/North Central Bronx Hospital Tasty Picks II Corp.**

Christopher Mastromano, Executive Director, NYC Health + Hospitals/Jacobi



## Food Options at North Central Bronx

- North Central Bronx has offered food to staff and visitors since 1976.
- Tasty Picks II Corp. is a Bronx-based local business with ten years of experience.
- Tasty Picks II Corp. will offer a menu of healthy food options that will include sandwiches, salads, fruit smoothies and acai bowls. They will comply with the NYC Healthy Beverage Initiative.



## NCB: License Agreement Terms

This resolution requests a License Agreement with the following terms:

- Occupancy fee of \$5,500/month. The occupancy fee will be escalated by 3% per year for a total of \$350,402.95 over the five year term.
- The licensee will occupy 1,956 sf of space of the first floor. The first year occupancy fee will be \$65,995,44.
- Term: Five years
- The occupancy fee is \$33.74/sf. The market value of the space is \$34.00/sf.
- Agreement may be terminated upon thirty days notice.
- Additional key terms:
  - Except for CPI changes, menu price increases must be approved by NCB.

# NCB: Capital Committee Request

**RESOLVED**, that the New York City Health and Hospitals Corporation (the “System”) be and hereby is authorized to sign a five year revocable license agreement with Tasty Picks II Corp. for use and occupancy of 1,956 square feet on the first floor of North Central Bronx Hospital, a Division of NYC Health + Hospitals/Jacobi at an occupancy fee of \$5,500/month with annual increases of 3% per year, for a total of \$350,402.95 over the five year term.

# **NYC H+H/Coney Island Hospital Andy's of Kings County**

Svetlana Lipyanskaya, Executive Director, NYC Health + Hospitals/Coney Island

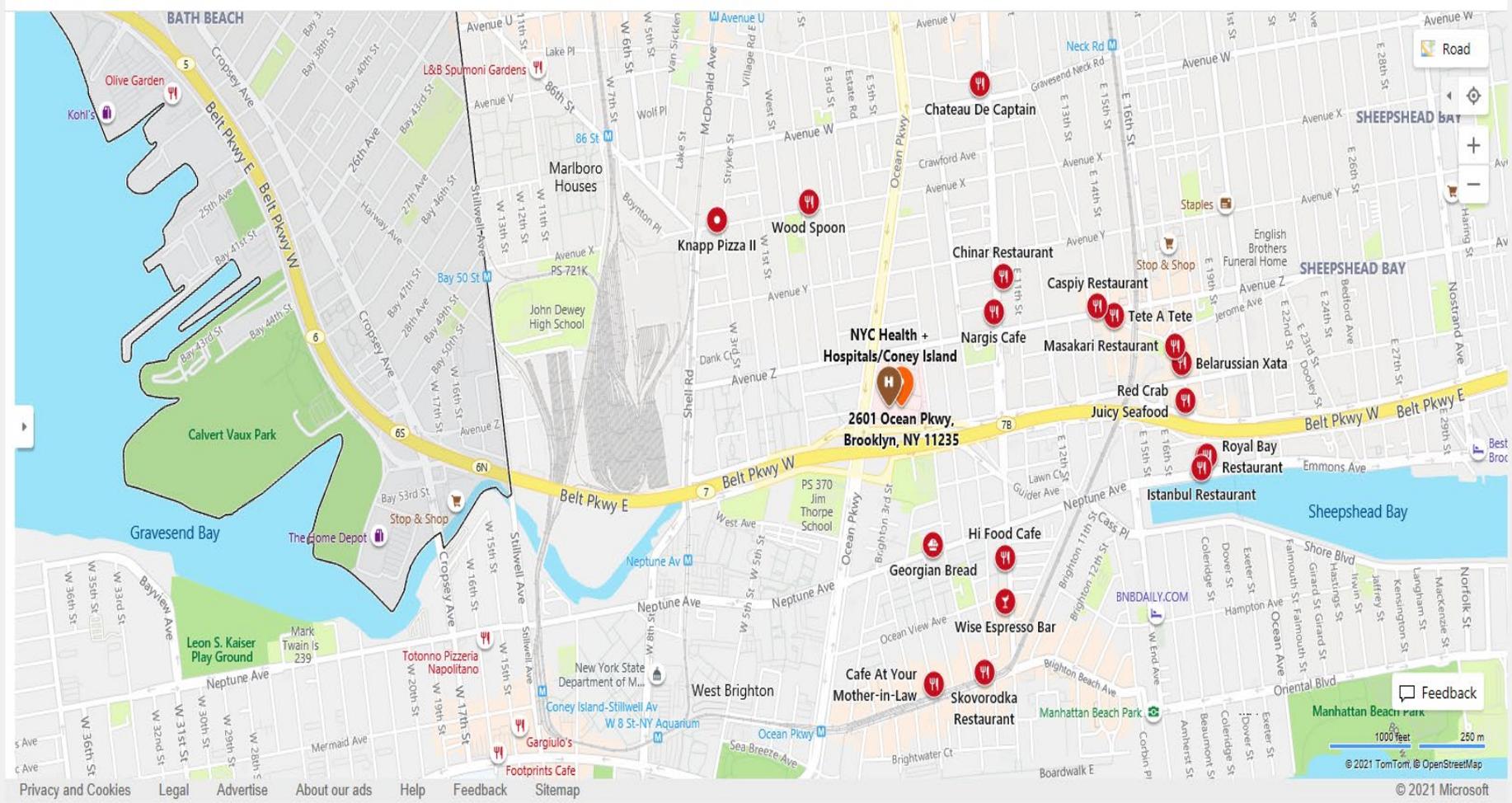


# Food Options at Coney Island

- Coney Island has offered food to staff and visitors since 1998.
- Will serve approximately 100,000+ staff, visitors, and patients annually.
- Andy's will occupy 3,336 sf on the 1st floor of the Main Building.
- Operates at Kings County Hospital Center.
- Andy's will offer a menu of healthy food options that will include fresh fruits and vegetables; whole grain; baked, grilled, steamed, and sautéed food; right-sized portions; desserts and snacks under 200 calories; and water and other low calorie beverage. They will comply with the NYC Healthy Beverage Initiative.
- Andy's has operated the food concession at Coney Island in the past, during the period from February 1998 to December 2000, March 2007 to April 2010. Additionally Andy's operated the Hospital's Gift Shop for over twelve (12) years.

# Coney Island: Limited Local Food Access

Nearest Food Access is .4 miles on Coney Island Avenue





## Coney Island: License Agreement Terms

This resolution requests a License Agreement with the following terms:

- Occupancy fee of \$8,000/month with a six month 50% occupancy fee abatement at the beginning of the license agreement. The occupancy fee will be escalated by 3% per year for a total of \$485,667 over the five year term.
- The licensee will occupy 3,336 sf on the first floor of the Main Building.
- Term: Five years commencing August 15, 2021 and ending August 14, 2026.
- The occupancy fee is \$28.77/sf. The market value of the space is \$29.00/sf.
- Agreement may be terminated upon thirty days notice.

**RESOLVED**, that the New York City Health and Hospitals Corporation (the “System”) be and hereby is authorized to sign a five year revocable license agreement with Andy’s of Kings County, Corp. for use and occupancy of 3,336 square feet on the first floor of NYC H+H/Coney Island at an occupancy fee of \$8,000/month for the first year of operation with a six month 50% rent abatement during the start of the agreement with annual increases of 3% per year, for a total of \$485,667 over the five year term.



To: Colicia Hercules  
Chief of Staff, Office of the Chair

From: Keith Tallbe  
Senior Counsel  
Office of Legal Affairs

Re: Vendor responsibility, EEO and MWBE status

Vendor: Tasty Picks II, Corp.

Date: May 25, 2021

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The below chart indicates the vendor's status as to vendor responsibility, EEO and MWBE:

<u>Vendor Responsibility</u>	<u>EEO</u>	<u>MWBE</u>
Pending	N/A	N/A

The above status is consistent and appropriate with the applicable laws, regulations, and operating procedures to allow the Board of Directors to approve this contract.



To: Colicia Hercules  
Chief of Staff, Office of the Chair

From: Keith Tallbe  
Senior Counsel  
Office of Legal Affairs

Re: Vendor responsibility, EEO and MWBE status

Vendor: Andy's of Kings County, Corp.

Date: May 25, 2021

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The below chart indicates the vendor's status as to vendor responsibility, EEO and MWBE:

<u>Vendor Responsibility</u>	<u>EEO</u>	<u>MWBE</u>
Pending	N/A	N/A

The above status is consistent and appropriate with the applicable laws, regulations, and operating procedures to allow the Board of Directors to approve this contract.

# **LICENSE AGREEMENT**

**NEW YORK UNIVERSITY MEDICAL CENTER**

**NYC HEALTH + HOSPITALS / BELLEVUE**

## RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the "**System**") to execute a five-year revocable license agreement with New York University Medical Center ("**NYUMC**") for its use and occupancy of 42,880 square feet of office space and 15,691 square feet of laboratory space in the C&D and Administration Buildings at NYC Health + Hospitals/Bellevue Hospital Center (the "**Facility**") for administrative offices and in connection with its residency and research programs at \$52.80/sf for office space and \$58.50/sf for laboratory space to be escalated annually by 2.5% with the price per square foot to be reset to market after two years.

**WHEREAS**, NYUMC, a not-for profit medical facility, is the-long standing medical affiliate of the Facility; and

**WHEREAS**, NYUMC occupies space at the Facility under its Affiliation Agreement between NYUMC and the System to house its activities under such agreement; and

**WHEREAS**, NYUMC uses additional space at the Facility for its residency and research programs in addition to the space used for its activities under the Affiliation Agreement; and

**WHEREAS**, in 2011 and in 2016, the System's Board of Directors authorized licenses to NYUMC for such non-affiliate space; and

**WHEREAS**, the Facility has determined that it continues to have sufficient space available to accommodate NYUMC's additional needs and that licensing such additional space to NYUM is in the best interests of the Facility;

**NOW, THEREFORE**, be it

**RESOLVED**, that New York City Health and Hospitals (the "**System**") be and it hereby is authorized to execute a five-year revocable license agreement with New York University Medical Center ("**NYUMC**") for its use and occupancy of 42,880 square feet of office space and 15,691square feet of laboratory space in the C&D and Administration Buildings at NYC Health + Hospitals/Bellevue Hospital Center (the "**Facility**") for administrative offices and in connection with its residency and research programs at \$52.80/sf for office space and \$58.50/sf for laboratory space to be escalated annually by 2.5% with the price per square foot to be reset to market after two years.

## EXECUTIVE SUMMARY

### NEW YORK UNIVERSITY MEDICAL CENTER LICENCE OF NON-AFFILIATE SPACE NYC HEALTH+HOSPITALS/BELLEVUE HOSPITAL CENTER

**BACK-GROUND:** NYUMC, a not-for profit medical school and hospital, is the-long standing medical affiliate of the Facility. In connection with its Affiliation-related work, NYUMC occupies space within the Facility which is subject to the Affiliation Agreement. However, NYUMC occupies other space at the Facility unrelated to its role as Medical Affiliate and does so pursuant to a Space License Agreement with the System that was first authorized in 2011 and was renewed in 2016. The exact amount of space that NYU wishes to occupy and the rate at which it has paid for such space has changed. In 2016, NYUMC occupied 15,691 square feet of laboratory space at a rate, which by last year, had come to \$60.86/sf. NYUMC also occupied 42,880 square feet of office space at a rate which, by last year had escalated to \$54.14/sf.

**NEED:** NYUMC continues to need 15,691 square feet of laboratory space and 42,880 square feet of office space. The office space is used in connection with its Adult Psychiatric, Emergency, Entomology, Medicine, Neurology, Neurosurgery, OBGYN, Ophthalmology, Pediatrics, and Surgery Residency programs including offices and reception areas, faculty offices, patient treatment and residency education space; in connection with its Adult Psychiatric, AIDS Clinic, Behavioral Neurology, Brain Research Laboratory, Center for Immigration Health, Entomology, Family Planning, Inspire, Medicine, Neurology, Cancer Institute, Ophthalmology, Pediatrics, Psychoanalytic, Sleep Laboratory and Surgery Research Programs including for office and reception areas, file storage, conference rooms, data management, patient consultation, kitchen, storage, research, laboratories, examination rooms, break rooms, lounges, primary care treatment, and observation purposes.

**TERMS:** Initially, NYUMC will pay for its laboratory space at \$58.50/sf and its office space at \$52.80 /sf. The rate will increase from the first to the second year at 2.5%. Due to the unsettled nature of the real estate market due to the COVID epidemic, it was agreed that the rates for years 3 – 5 and the rate of increase after year two would be subject to a further FMV assessment.

The Facility will provide utilities, garbage collection, building security and structural repairs. NYUMC will provide equipment, interior repairs, housekeeping, and non-structural repairs to the licensed space and will pay for all additional services required.

# SAVITT PARTNERS

January 11, 2021

Mr. Dion Wilson  
Legal Affairs – Office of the General Counsel  
NYC Health + Hospitals Corporation  
125 Worth Street  
New York, 10013

Re: Updated Fair Market Value/appraisal of space within the Bellevue Hospital Center  
Regarding specified floors within Buildings A, C & D, H  
On behalf of NYC Health & Hospitals Corporation

Dear Dion:

Pursuant to your request, the fair market value/appraisal report dated May 6, 2011 and as amended on February 17, 2016 for the referenced property and locations is now being revisited in order to assess their respective fair market values (FMV) at current rates. These assessments are inclusive of the value of the tenant improvements and specified operating expenses such as utilities, housekeeping, security, service contracts, structural repairs, etc. As the owner is designated as a Not for Profit (501(c)(3)), real estate taxes are not applicable, however this should also be considered when evaluating the value of the space in order to provide a comprehensive FMV. This updated appraisal will assess the estimated value of the now-current base rent inclusive of the tenant improvements and operating expenses. This evaluation is subject to the following:

- The units are currently occupied by the original tenant for which this initial report was generated and are appropriately zoned for the current use of the space.
- The existing licensor will continue to occupy approximately a total of 64,907 rsf within the referenced buildings.
- This evaluation is for the purpose of establishing the current 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 additional variables that must also be considered in this evaluation. It is apparent that proximity to the licensee's main campus is attractive. Additionally, the ability to enter into an all-inclusive transaction with no allocation for real estate taxes or other additional charges has value to the tenant/licensee. The provision of tenant services that are uncommon for non-medical facilities, i.e., 24-7 access and the provision of full-time services such as HVAC and security must also be factored in this evaluation.

The referenced medical spaces are located within the medical complex of Bellevue Hospital Center on First Avenue in the Kips Bay market area. This is a unique property within the

referenced market area; however there are numerous medical facilities, hospitals and private physician practices in the immediate area providing a benchmark for market rents. The initial proposal offered the licensee a full-service hospital building with amenities typically only found in hospitals and full-service medical office buildings, and not commercial properties. The complex is readily accessible by mass transit and conveniently situated off the FDR Drive for vehicular transit. The extension offers the same benefits.

Kips Bay and specifically First Avenue have numerous medical health care providers. The market conditions have been established and are readily available for comparison. Medical and laboratory spaces in this market area range from \$42 - \$80 per RSF. This market, up to the current Covid-19 pandemic rent adjustments, had seen an increase in asking rents from the 2011 initial agreement, and landlord concessions have also been reduced. Therefore, the ability to procure built out “turn-key” medical office space has experienced an increase in comprehensive expenses. For example, private physician offices in the Peter Cooper Stuyvesant Square housing complex garner rents in the range of \$46 - \$70 per RSF. Adjacent neighborhoods such as properties on Park Avenue South and Union Square have continued to garner stable and increased rents for medical space in this market. (Note: The aforementioned markets have not experienced a decrease in rents and continue to remain relatively stable. Although these areas have numerous medical sites, the lack of product, i.e. rental opportunities, has maintained a stable rental market.) It is important to consider that commercial landlords in this area consider medical use “less desirable” and would prefer typical commercial tenants. This variable is factored in this assessment as well.

Most of the opportunity for medical office space in this market is for undeveloped space; therefore, the space would require build out and a major capital expenditure by the tenant. Administrative office space is more competitive and can still achieve rents in the low to mid \$40 RSF range.

The current use is an important factor in assessing the value. Even if the licensee developed the space the prospective rental value to another tenant must be considered. The value of the build out space for the Sleep Laboratory would be between \$150 - \$200 per RSF. The value for administrative office space is between \$60 - \$90 per RSF. The following is the assessment of each location on a site-by-site basis.

### **BUILDING A, 5<sup>TH</sup> FLOOR**

This space is allocated for administrative use by Virology. Although well maintained, the space continues to remain dated and the tenant improvement has depreciated and has long ago been fully amortized. Air conditioning is provided by window units and heating is by cast iron perimeter steam units. The cost to build out the support office space is \$60 - \$90 per RSF.

### **BUILDINGS C & D 6<sup>TH</sup> FLOOR**

The space was renovated, prior to the initial license agreement term, and retro-fitted from the previous use for dorm rooms (housing for nurses/residents) to administrative space and lab use. Air conditioning is again provided by window units. The rooms are approximately 100 RSF. The current installation is now ten years old.

## H BUILDING, 7<sup>TH</sup> FLOOR

This space is predominantly utilized for laboratory and administrative use. The entire floor is occupied by the tenant. The aforementioned ability to provide the tenant and its patients with 24-7 access is crucial for the sleep disorder clinic.

## CONCLUSION

As a result of the Covid-19 pandemic, real estate office space, whether designed or built for general office use or as a specialty service including medical, laboratory, or other specific services has seen a dramatic discount of landlord's asking rent and landlord's taking prices across the entire spectrum.

While the market up to the pandemic's appearance had increased from the earlier fair market value analysis dates 2/17/16, by as much as 25%, there has been a steep and dramatic decline in values. We estimate that this decline erases virtually all of the previous gains achieved over the past five years. Accordingly, we are comfortable that the pricing for any license or lease extension remains at the current escalated rents at no increase in pricing.

The value of additional services provided by the licensee (electric, security, common area services) are included in this assessment and allow for the rents being held at current rates, without the base rents being further discounted or adjusted.

Again, the ability to access the space and the provision of services without interruption is an amenity that benefits the licensee. The tenant improvement factor must be considered due to the costs associated with relocation and build out. Relocating would entail an extensive up-front expense for the licensee.

All of the locations that were inspected were handicapped accessible and ADA compliant. Again, 24-7 security is a valuable amenity provided by the licensor. All of the lavatories throughout the facility are ADA compliant. The corridors are also wheelchair accessible (over 6 feet wide). The elevators are also able to accommodate stretchers which would not be available in most commercial buildings.

There are numerous exam rooms and administrative offices throughout the building providing space for several modalities including residency research programs, as well as supportive administrative offices. Most of the exam rooms and administrative offices are over 100/RSF. IT/IS service is inclusive in the fee. For the purpose of this appraisal, we shall assume that all operating expenses, i.e., security housekeeping, refuse removal, utilities, service contracts, etc. are provided by the landlord, other than the original fee of \$17,000 per annum fee for electrical service which we assess to be WELL below market (industry standard is now between \$3.50 - \$3.75 per RSF).

The following are fee/rent ranges for the referenced facilities/spaces:

BUILDING A 5<sup>th</sup> FLOOR: The supportive administrative space would now be valued at \$52 - \$55 per RSF.

BUILDING C&D 6<sup>th</sup> FLOOR: The space was renovated prior to the initial license agreement, although the tenant improvement dollars allocated for renovation were not extensive. It is our observation that this space can garner a rent of \$50 - \$55 per RSF.

H BUILDING 7<sup>TH</sup> FLOOR: Although this is considered “lab space” it is used to treat patients suffering from Sleep Disorders which is not similar to the lab-use in buildings C or D. Sleep Disorder clinical offices do not entail a major expenditure for tenant improvement to develop the space. The lab space has a current value of \$55 - \$62 per RSF, over the initial license agreement term. This rental fee takes into consideration the unique use and that access, along with building services are necessary after typical business hours.

Additionally, there are other factors that the tenant must consider; limited relocation opportunities, extensive expenses to build out new space (with minimal landlord concessions) and invasive use. These variables were factored into the appraisal as well.

In conclusion, this analysis finds that the FMV for these individual spaces have greater value than commercial opportunities within the same market district. It would be appropriate to negotiate an escalation provision to the base rent/fee of 1.75% to 2.50% compounded commencing in the second year of the license agreement extension. These would be commercially fair and reasonable terms based on the data and information assessed in this report. This appraisal also takes into consideration the comparable commercial rents within the immediate market areas specifically for medical properties, as well as for limited availability for similar sized opportunities.

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

Thank You.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Michael Dubin", written in a cursive style.

Michael E. Dubin  
Partner

# **NYC Health + Hospitals/Bellevue Hospital Center**

## **New York University Medical Center License of Non-Affiliate Space**

Capital Committee Meeting  
June 7, 2021

Christopher Roberson, Director of Contracts, Design & Construction  
NYC Health + Hospitals/Bellevue  
Christine Flaherty, Sr. Vice President, Office of Facilities Development



# Background

- New York University Medical Center (“NYUMC”), a not-for-profit medical school and hospital is the long-standing medical affiliate of NYC H+H/Bellevue (“Bellevue”).
- NYUMC occupies space at Bellevue subject to the Affiliation Agreement. It also occupies space unrelated to its role as Medical Affiliate under a Space License Agreement first authorized in 2011 and renewed in 2016. Under the license agreement, NYUMC pays the System an occupancy fee at a fair market value rate.
- In 2016, NYUMC occupied 15,691 sf of laboratory space which has escalated to a rate of \$60.86/sf and 42,880 sf of administrative office space which has escalated to a rate of \$54.14/sf.
- The administrative office space is used in connection with Adult Psychiatric, Medicine, Neurology, Ophthalmology, Orthopedics, Pediatric and Surgery programs.
- The laboratory space is used primarily for research and includes Medicine, Neurology, Pediatric, ENT, and Cancer programs and may involve clinical studies, device testing, drug trials, medical record reviews, and social or behavioral observation.



# License Terms

- NYUMC will occupy 15,691 sf of laboratory space at a rate of \$58.50/sf for a total of \$917,923.50 per year.
- NYUMC will occupy 42,880 sf of administrative office space at a rate of \$52.80/sf for a total of \$2,264,064.00 per year.
- The total annual occupancy fee will be \$3,181,987.60.
- The occupancy will be escalated by 2.5% per year and will be reset at the market rate after two years.
- The term of the license agreement will be five years terminable for convenience in part or whole.
- The facility will provide utilities, garbage collection, building security. NYUMC will provide equipment, interior repairs, housekeeping, non-structural repairs, and will pay for other services required.



## Capital Committee Approval Request

Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute a revocable five-year license agreement with New York University Medical Center (the “NYUMC”) for its use and occupancy of 42,880 square feet of office space and 15,691 square feet of laboratory space in the C&D and Administrative Buildings at NYC Health + Hospitals/Bellevue Hospital Center (the “Facility”) for administrative offices in connection with its residency and research programs at a rate of \$52.80/sf for the office space and \$58.50/sf for the laboratory space to be escalated by 2.5% annually with the price per square foot to be reset to market after two years.





To: Colicia Hercules  
Chief of Staff, Office of the Chair

From: Keith Tallbe  
Senior Counsel  
Office of Legal Affairs

Re: Vendor responsibility, EEO and MWBE status

Vendor: NYU Grossman School of Medicine

Date: May 25, 2021

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The below chart indicates the vendor's status as to vendor responsibility, EEO and MWBE:

<u>Vendor Responsibility</u>	<u>EEO</u>	<u>MWBE</u>
Approved	Approved	N/A

The above status is consistent and appropriate with the applicable laws, regulations, and operating procedures to allow the Board of Directors to approve this contract.