

CAPITAL COMMITTEE

September 12, 2013

MEETING AGENDA

10:00 a.m.

125 Worth Street,
Room 532
5th Floor Board Room

CALL TO ORDER

Emily A. Youssouf

- ADOPTION OF MINUTES July 18, 2013 Emily A. Youssouf
- SENIOR ASSISTANT VICE PRESIDENT'S REPORT Roslyn Weinstein

ACTION ITEMS

- **Resolution** **Angela Mascia**
Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation" or "Licensor") to execute a revocable license agreement with the Joseph Gheraldi Playwright Theatre (the "Licensee") for use and occupancy of space for the operation of a community theater at the Sea View Hospital Rehabilitation Center and Home (the "Facility").

Vendex: Pending. Documents have been submitted to the Office of Legal Affairs.

- **Resolution** **Stephen Lawrence, MD**
Approving the Harlem Hospital Parking Facility Project (the "Project"), authorizing the President of the New York City Health and Hospitals Corporation to execute a contract known as the Federal-Aid Highway and Marchiselli-Aid Local Project Agreement with the New York State Department of Transportation to provide funding for the Project, and confirming the availability of the funds necessary to complete the Project.

- **Resolution** **Stephen Lawrence, MD**
Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a 3-year terminable license agreement with Heritage Health and Housing, Inc. ("Heritage") for Heritage's use and occupancy of approximately 20,000 square feet at 1727 Amsterdam Avenue in Manhattan (the "Building") for its operation of a Federally Qualified Health Center at an occupancy rate during the first year of the license of \$18/sq. ft. for the approximately 14,000 square feet that Heritage currently occupies on the 1st, 2nd, and 4th floors and at \$35/sq. ft. for the additional approximately 6,000 square feet to which Heritage will expand on the 3rd floor and at a rate of \$35/sq. ft. for the entire premises after the first year of the license such rates to be inclusive of heat, hot water and electricity.

Vendex: Pending. Certificate of No Change being completed.

- **Resolution** **Peter Lynch**
Authorizing the President of the New York City Health and Hospitals Corporation (the

"Corporation") to modify the existing contract with The Gordian Group, Inc. (the "Consultant") to broaden its scope to the provision of project management services to the Corporation with respect to projects performed by the Corporation's Indefinite Quantity Construction Contractors ("IQCCs"), to increase its funding from \$1.5 Million to not more than \$4 Million, and to extend its term to October 30, 2015.

Vendex: Documents being completed by Consultant.

INFORMATION ITEMS

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

Peter Lynch

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT

CAPITAL COMMITTEE MEETING MINUTES

JULY 18, 2013

MINUTES

Capital Committee

Meeting Date: July 18, 2013

Time: 9:00 A.M.

Location: Board Room

Board of Directors:

Members of the Capital Committee

Emily A. Youssouf, Chair
Josephine Bolus, RN
Antonio Martin, Acting President
Michael A. Stocker, MD, Chairman of the Board

HHC Staff:

Neal Agovino – Associate Executive Director, Bellevue Hospital Center
Steven Alexander – Acting Executive Director, Bellevue Hospital Center
Jeremy Berman – Deputy Counsel, Legal Affairs
LaRay Brown – Senior Vice President, Corporate Planning and Community Health
Michael Buchholz – Senior Associate Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility
Tammy Carlisle – Associate Executive Director, Corporate Planning
Deborah Cates – Chief of Staff, Office of the Chairman
Daniel Collins – Director, Coney Island Hospital
Christopher Constantino – Executive Director, Elmhurst Hospital Center
Lynda Curtis – Senior Vice President, Restructuring
Martin Everette – Director, Affirmative Action/Equal Opportunity Employment
Rebecca Fischer – Associate Executive Director, Bellevue Hospital Center
Jonathan Goldstein – Senior Consultant, Corporate Planning
Anthony Gounaris – Senior Project Manager, Office of Facilities Development
Lauren Haynes – Intern, President's Office
Robert Hughes – Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility
Julian John – Controller, Kings County Hospital Center
David Larish – Director, Materials Management
Lisa Lee – Deputy Inspector General, Office of the Inspector General
Liny Liu – Senior Project Manager, Lincoln Medical and Mental Health Center
Patricia Lockhart – Secretary to the Corporation, Office of the Chairman
Peter Lynch – Senior Director, Office of Facilities Development
Tamiru Mammo – Chief of Staff
Nini Mar – Director, Finance
Robert Miller, III – Deputy Executive Director/Chief Operating Officer, Kings County Hospital Center
Alina Moran – Chief Financial Officer, Queens Hospital Center
Dean Moskos – Director, Office of Facilities Development

Dean Pearce – Senior Director, Office of Facilities Development
Jean Perrine – First Deputy Inspector General, Office of Inspector General
Alfonso Pistone – Assistant Vice President, Office of Facilities Development
Marsha Powell – Director, Office of Facilities Development
Joseph Quinones – Senior Assistant Vice President, Operations
Michael Rawlings – Associate Director, Bellevue Hospital Center
Matilde Roman – Senior Director, Medical and Professional Affairs
Salvatore Russo – Senior Vice President, General Counsel, Legal Affairs
David Tannenholz – Associate Executive Director, Coney Island Hospital
Cyril Toussaint – Director, Office of Facilities Development
Arthur Wagner – Senior Vice President, Southern Brooklyn/Staten Island Health Network
Roslyn Weinstein – Senior Assistant Vice President, President's Office
Dion Wilson – Assistant Director, Office of Facilities Development
Elizabeth Youngbar – Assistant Director, Office of Facilities Development

Other Attendees:

Russ Galfano – Surgical Solutions, LLC.
John Levy – Base Tactical
Emil Martone – Vice President, Capital Programs, New York City Economic Development Corporation
John Pasicznyk – Managing Director, Construction and Metro New York Operations, Dormitory Authority of the State of New York
Kristyn Raffaele – New York City Office of Management and Budget
Eric Stenson – Surgical Solutions, LLC

CALL TO ORDER

The meeting was called to order by Emily A. Youssouf, Chairman of the Capital Committee, at 9:11 A.M.

ASSISTANT VICE PRESIDENT'S REPORT

Alfonso Pistone, Assistant Vice President, Office of Facilities Development, provided an overview of the meeting agenda, which included five action items and three information items. He advised that action items for consideration would be: 1) a license agreement for the New York Legal Assistance Group to provide services for Coler-Goldwater Hospital patients, 2) a resolution for the surrender of land on the Goldwater campus, 3) a resolution for the engagement of firms to provide Architectural and Engineering (A/E) services for facilities to conduct post-Sandy hazard mitigation work, 4) a license agreement with the Department of Housing Preservation and Development (HPD) for operation of a temporary medical clinic to be operated by Coney Island Hospital Center; and, 5) a resolution to execute a contract with Surgical Solutions, LLC., to provide services at Bellevue, Elmhurst, and Kings County Hospital Centers. Mr. Pistone further advised that information items would provide: 1) a status update on the selection of Construction Management (CM) services to engage on an at-risk basis; and, 2) a status update from the Dormitory Authority of the State of New York (DASNY) on the Gouverneur Major Modernization project. He explained that no delay reports would be provided, as there had been no changes regarding the delayed projects at Bellevue and Coney Island Hospitals, which had been affected by super storm Sandy.

That concluded his report.

ACTION ITEMS

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

Robert Hughes, Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility, read the resolution into the record on behalf of Lynda Curtis, Senior Vice President, South Manhattan Health Network.

Mr. Hughes advised that this has been beneficial relationship for the facilities, patients, residents and staff. He explained that NYLAG provided on site legal services to patients and residents and that over the past seven (7) months they had assisted in over 120 matters, ranging from immigration to entitlements, including nine (9) who were able to receive Medicaid coverage and other entitlements. He said that HHC will pay NYLAG \$37,186 over the six month period for continued on site legal services and training of staff to identify residents who need legal assistance.

Ms. Youssouf said that she remembered previous agreements that came before the Committee for NYLAG, and it is a great service.

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

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

- **Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to surrender to the City of New York a parcel of land and buildings, Block 1373, Lot 20, located on the campus of Goldwater Specialty Hospital and Nursing Facility, One Main Street, Roosevelt Island, New York ("the Facility").**

Robert Hughes, Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility, read the resolution into the record on behalf of Lynda Curtis, Senior Vice President, South Manhattan Health Network, who joined him at the table.

Mr. Hughes advised that due to the modernization and relocation of services and operations to the new Henry J. Carter facility the Goldwater campus would no longer be needed for the purpose it had been serving. He explained that there were plans to relocate patients and residents to the new facility between October 28th and October 30th and the process of downsizing patient and resident population at Goldwater has been ongoing in preparation of the relocation. Additionally, the facility had been removing equipment, furniture, supplies and files and would decommission the site after removal of the patients and residents. He stated that patients, residents, staff, unions, and other stakeholders had been communicated with regarding the plans since its inception two (2) years ago, and continuously since then. A recent public hearing was held at the Goldwater site on July 11, 2013, for which patients were grateful to have had the opportunity to speak.

Michael Stocker, MD, Chairman of the Board, said that, on behalf of Reverend Diane Lacey, member of the Board, following the public hearing she wanted to be sure that everything possible was done, from a social services standpoint, for transfers and residents in the community that they are being transferred to, to make sure they are comfortable throughout the process. Ms. Curtis said they were continuing to work on that but the team feels comfortable that they have satisfied most of the concerns on Roosevelt Island. In addition, LaRay Brown, Senior Vice President, Corporate Planning and Community Health, and her team are continuing to work with the new community.

Dr. Stocker said that a benefit of the Public Hearings was that it allowed all parties to come together in one room and engage in open dialogue. Ms. Curtis agreed.

Josephine Bolus, RN, asked if patients or residents that had been at the facility for as many as 20 years, and may have difficulty adapting to a new environment would have the option to move back to Roosevelt Island if their new location was not working. Mr. Hughes said that enormous effort had been made to identify those issues prior to moving that patients/residents and some residents had in fact been relocated to the Coler facility on Roosevelt Island- but yes, they will continue to work with everyone. If the transition is not working out then that is part of the care process and would absolutely be addressed. The psycho-social piece is an ongoing part of the care process.

Ms. Youssouf said that she knows the project is moving along at a rapid pace and after the public hearing she would like to echo fellow members in saying keep up the effort because the new neighborhood is definitely still a little anxious and hopefully they will be as supportive of the incoming population.

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

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

- **Authorizing the engagement by the President of the New York City Health and Hospitals Corporation (the "Corporation") of Parsons Brinkerhoff and Arcadis (the "A&E Firms") to each provide specialized engineering services to assess the need for hazard mitigation construction and to propose and design such work and to advise the Corporation in its applications for reimbursement by the Federal Emergency Management ("FEMA") and from Community Block Grant Funds ("CBGF") for Hurricane Sandy related repairs at a cost of not more than \$5 Million and authorizing the President to increase the funding for such engagements by an additional \$6 Million to make the total funding for the work \$11 Million.**

Alfonso Pistone, Assistant Vice President, Office of Facilities Development, read the resolution into the record. Mr. Pistone was joined by Joseph Quinones, Senior Assistant Vice President, Operations, and John Levy, Base Tactical.

Mr. Levy explained that a Committee, chaired by Mr. Quinones, had made best efforts to determine an appropriate not to exceed amount and then brought firms in to identify project costs. Mr. Levy then presented a power point presentation. He explained that there were a number of buckets from which HHC would possibly receive reimbursements: 1) General Public Assistance, meaning the money that FEMA will pay to HHC for emergency and permanent work; 2) Section 406 Mitigation, which provides additional funds based upon actual damages; 3) Section 404 Mitigation, which is funding made available to the State of New York; and, 4) Federal money from community development block grants. All of these types of grants require significant documentation and assessments that are done by architectural/engineering (A/E) firms. The services under the agreement provide an ability to conduct an assessment of damages in mechanical areas, to provide estimates of damage for replacement - the basis for permanent work. Mr. Levy also explained that the next step in the reimbursement process would be to identify short-term and long-term solutions to mitigate potential damage to HHC facilities. The short-term solutions would be to take mechanical pumps and other devices that were previously located in basements and move them to upper levels within the hospitals. Long-term solutions would also include floodwalls, flood barriers, and super pumps within the campus proper so that if water comes in to the facilities, it can be pumped out relatively quickly.

In order to make a compelling case to FEMA, Mr. Levy indicated that HHC would have to demonstrate through a benefit-to-cost analysis why constructing walls, purchasing super pumps and spending tens of millions of dollars to harden the facilities was appropriate. Mr. Levy explained the cost benefit analysis is a core basis to the packages submitted to the Federal government for funding. HHC would then submit packages and negotiate the obligations of monies from FEMA. When that has occurred, these firms, under this same contract, will design and draw up bid packages so HHC could proceed with the next steps.

Mr. Levy explained that HHC has estimated over \$1 billion in recovery, and there is a strong and compelling case because of HHC's importance in New York, and to the community. There is a significant

amount of money available in each financial bucket to allow HHC to recover fully from incurred damages, as well as prepare itself for future storm impacts.

Mr. Levy said the contract is estimated at \$11 million, and that budget was reached by working with firms to provide a breakout of anticipated work. Those estimates were then broken down by individual hospitals, with individual, not-to-exceed amounts, which is being monitored and managed by the HHC's Department of Finance.

Mr. Levy stated that for the remainder of calendar 2013, HHC could expect A/E firms to complete the estimation of repairs and receive agreement from FEMA on that scope. He said that there are occasionally contentious parts of the negotiation but there are consistencies with other City and State projects. For example, discussion about the remediation of contaminated water, which is defined in industry as category three (3) black water. Salt water eats away at boilers, and while HHC only had one boiler that was damaged, the City had nearly 200 boilers that were severely impacted. It is a standard that FEMA does not want to recognize it as a standard, but it is a common dispute and will ultimately be resolved. The City will prevail in this argument, but these are common discussion points which take some time for issues to trickle up to Washington D.C., and back down. This process takes months, not days.

Mr. Levy further explained that it may take several months to get pre-storm conditions resolved and submitted to FEMA, but as that is going on his team will continue to work on negotiating, and mitigation solutions will continue to be formulated. After 2013, HHC should begin to see obligations from FEMA and therefore, their funding mechanism. By the first quarter of 2014 the design phase for several mitigation projects will begin, and then construction of mitigation strategies will begin. Mr. Levy stated that he believes that super pumps and flood walls, which take a huge amount of design, engineering and approval to occur, will take a couple of years before the long-term, multi-layered, stabilization of facilities is complete.

Ms. Youssouf asked about intermediate steps to protect HHC. Mr. Levy said one of the biggest issues for HHC was the location of electrical systems in the basements. Since the storm switch gear has been moved out of basements, except one piece at Bellevue that is being designed for permanent solution. He said the Corporation would be installing flood gates at the entrance way to Bellevue where most of the water is believed to have come in.

Additionally, the Corporation has generated two emergency plans. Plan B provides for Signal Restoration, Inc., to provide first call response in case of emergency, and Plan A will be issuing an RFP for a national remediation firm to be procured for stand-by emergency response and preparedness for multiple years. This would take some time to secure, which is why Plan B is in place at present. So that the Corporation has pumps, generators and people in place should they be needed over the next hurricane season.

Ms. Youssouf asked how much reimbursement HHC had received so far. Mr. Levy said \$61 million. Ms. Youssouf asked about fees and whether they are reimbursable. Mr. Levy said administrative fees are substantially reimbursable, 85-95% of dollars spent will be recovered.

Dr. Stocker asked if Mr. Levy and his firm had looked at portable generator capacity and temporary boilers. Mr. Levy said most of his focus had been on facilities that were damaged or vulnerable, particularly Bellevue, Coney Island, and also Metropolitan. He advised that there were a number of generators available throughout the system. He said that the main weakness is not generators but electricians

available to run wiring or alternatively to have quick-connect devices that get the portable generators operational. The quick-connects are being put in place now, and some are already complete. Dr. Stocker asked about the boilers. Mr. Levy said that at Coler where steam was lost the boiler connections were left in place, after overcoming initial difficulties necessary to build supply lines so that in an emergency, the facility would roll in boilers and be ready to go. Mr. Levy advised that at both Bellevue and Coney Island, there were still risks relating to vertical transportation. There has to be an evacuation discussion because elevators are potential weak spot. The main goal is protect the facility if something were to happen, and to be able to bring us back in 3-4 days and not 3-4 months.

Ms. Youssouf asked if HHC had access to emergency generators and boilers. Mr. Levy said yes, through the agreement with Signal Restoration. HHC is also addressing those needs through an RFP soliciting access to generators, boilers, pumps, labor, etc.

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

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

- **Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a license agreement with the New York City Department of Housing Preservation and Development ("HPD") for the Corporation's 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 Corporation's operation of a temporary primary medical clinic in a pre-fabricated structure under which the Corporation will not have to make any payments to HPD.**

Arthur Wagner, Senior Vice President, Southern Brooklyn/Staten Island Health Network, read the resolution into the record. Mr. Wagner was joined by David Tannenholz, Associate Executive Director, and Daniel Collins, Director, Coney Island Hospital Center.

Mr. Wagner advised that this structure would provide a temporary location for the Ida G. Israel Community Health Center that was destroyed by Hurricane Sandy. The pre-fab building would be about 13,000 square-feet, and located on HPD property so there would be no occupancy costs, and the site can be operational by February, 2014. In the meantime, the center was providing services by operating out of the main hospital and in space previously utilized by other hospital clinics – a situation not ideal for patient care.

Ms. Youssouf asked about the term of the license agreement. Jeremy Berman, Deputy Counsel, Legal Affairs, advised that the license agreement with HPD had no assured term. It was an agreement between two city entities for an undetermined time period. Mrs. Bolus asked if there was a cost for the pre-fabricated structure, and in reply Mr. Wagner advised that the facility would come back to the Committee with those details. Mr. Wagner indicated that to be reimbursable by FEMA, the design had to meet 500 flood plan requirements.

Dr. Stocker asked about the permanent new location. Mr. Wagner said that the proposed new site, on West 8th Street in Brooklyn, was being revisited, as the initial lease terms were being re-evaluated. Dr. Stocker asked about the longevity of the proposed pre-fabricated building. Mr. Wagner suggested that they had a possible 10-15 year life expectancy. Ms. Youssouf asked if they could last longer. Mr. Wagner said

he supposed. Dr. Stocker asked if this could be a permanent solution. Mr. Wagner said it could be long-term. Ms. Youssouf added that another thought is if HPD decided to build a permanent structure and within it place a permanent clinic. Mr. Wagner said this is the quickest solution to get services back on track and the facility is prepared to stay as long as needed. Dr. Stocker asked if it would be built to flood levels. Mr. Tannenholz said yes, it will be eight (8) feet above flood levels, meeting 500 year flood plans.

Ms. Youssouf asked if the bid for modular unit was ready to go out. Mr. Wagner said yes. Ms. Youssouf advised that she was aware of a company that operates out of Brooklyn, New York, Capsys, that makes modular units and suggested the facility contact them. Mr. Wagner said they would look into it. Mr. Wagner advised that the RFP would be issued as soon as the full Board approved the item.

Dr. Stocker asked about usefulness of the medical vans. Mr. Wagner said they were very well utilized immediately after the storm, but locations are changing now and greater needs are being identified. Ms. Youssouf asked if one of the vans would be in the location being discussed for the temporary clinic site. Mr. Tannenholz said there is one in that location and it is attracting a lot of attention. Mr. Wagner explained that locations targeted after the storm are back up and running, so needs vary. Dr. Stocker asked if they have utility in these kinds of situations. Mr. Tannenholz said absolutely. It was a savior after the storm. Ms. Brown said it is the most facile way to get services to effected communities.

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

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

- **Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract with Surgical Solutions, LLC to provide laparoscopic/endoscopic video equipment and other instruments, repair services, disposable supplies and preoperative, postoperative support services to Bellevue Hospital Center, Elmhurst Hospital Center and Kings County Hospital for a term of 2 years with two additional 2 year options solely exercisable by the Corporation in an amount not to exceed \$31,484,013 including an 8% contingency of \$2,332,149.**

Joseph Quinones, Senior Assistant Vice President, Operations, read the resolution into the record. Mr. Quinones was joined by Steven Alexander, Acting Executive Director, Bellevue Hospital Center, Neal Agovino, Associate Executive Director, Bellevue Hospital Center, and Eric Stenson, Surgical Solutions, LLC.

Mr. Quinones ran through a power point presentation, first discussing the scope of services that would be provided: 1) preoperative set-up, trays that are needed; set-up of the room on time and on schedule; 2) post-operative room turn-around, which ensures that the room is turned over properly so that the next procedure can happen on schedule; 3) inter-operative support, meaning technicians are available to provide support 24 hours a day, seven (7) days a week; 4) decontamination and disinfection, which includes technicians conforming to all necessary guidelines to decontaminate and disinfect equipment; 5) equipment repair and maintenance, including the availability of loaner equipment; and, 5) off-site and bedside procedures, as necessary.

Mr. Quinones explained that it was determined that this contract was needed based upon the increasing costs of equipment and disposables. He added that experience suggests that HHC holds on to equipment longer than needed due to limited capital funds, which results in an inability to manage repair and maintenance costs. Cleaning and sterilization has always been an issue - and is costly. In addition, there are the administrative changes and challenges associated with managing multiple contracts, a continuous need to train staff to appropriately handle and clean equipment, and delays and procedure cancellations.

He said that Surgical Solutions had provided services at Bellevue since 2008 and the cost in terms of total procedures in the past five (5) years had been over \$10 million. Surgical Solutions had invested \$3.3 million in capital equipment at Bellevue Hospital, and the savings at the facility in the past five (5) years has been \$3.5 million.

Mr. Quinones said that the initiative was started by the Supply Chain Council, who determined that there could be significant savings and then facility Chief Financial Officers (CFOs) reviewed the base contract costs, agreed that they were beneficial and they would move forward with two new facilities; Elmhurst and Kings County. The Supply Chain also wanted to see if other models were available so they issued a Request for Expression of Interest (RFEI) for a scope management program and got no proposals. In addition, both ECRI and the Advisory Board were consulted, and both found no competitors to Surgical Solutions.

Mr. Quinones explained that previous to Surgical Solutions, staff handled pre and post-operative services, and there were procedure delays, cancellations, equipment failures, increased costs by maintaining separate contracts, substantial equipment repair costs due to mishandling of scopes, and no readily available technical support. After the model was put into place at Bellevue, Surgical Solutions managed all pre and post-operative services.

The hospital pays Surgical Solutions on a per procedure price for rigid and flexible procedures, contract prices are firm for the term of the contract on a per procedure costs basis, contract prices are fixed and can only be increased if the facility requests new equipment, technicians troubleshoot equipment during procedures and transport carts as requested.

Mr. Quinones advised that the total anticipated savings over the six (6) year contract is \$6.9 million due to the cost reductions relating to disposables, and the elimination of repair and maintenance costs. The capital investment is deferred on a per procedure basis, meaning HHC would only pay for those procedures performed. Mr. Quinones advised that the potential for increased revenue is not reflected in the presented numbers, but on the flexible procedure side, for which Bellevue experienced a 50% increase in those procedures since engaging the services of Surgical Solutions.

The projected start day for Elmhurst would be August 1, 2013, and for Kings County, September 15, 2013.

Ms. Youssouf said there were some overwhelming concerns. Mrs. Bolus asked how many services had been outsourced by the Corporation, to which Mr. Martin replied that he was unsure if this service would be considered outsourcing. Mrs. Bolus stated that if the company has its own staff and its own technicians to perform the same work, then she considered that process, like the one described, is an

outsource. Mr. Alexander advised that Bellevue did not have staff directly dedicated to such work. Mrs. Bolus reiterated that she has seen a great deal of outsourcing contracts, which is of great concern to her.

Ms. Youssouf added that it appears HHC has an inability to manage costs and administrative challenges, and asked why Breakthrough, for which the organization pays a lot of money, should be used to solve these challenges. Ms. Youssouf expressed concern that if the resolution is approved, it appears HHC would then have a shadow staff providing these same or similar services. It appears as though HHC is hiring a firm to do the work of people who are on staff, and that there is an inability to manage or control costs, which is an internal issue that needs to be addressed. Ms. Youssouf asked why HHC doesn't lease directly from equipment manufacturers, with an arrangement that includes maintenance and technical services. She stated that it is troubling to committee members because staff is available, but HHC is hiring outside firms to do the same jobs.

Mr. Alexander advised that one of the previous issues was the managing of multiple vendors. There was no other vendor willing to come in and manage the various manufacturers' scopes. Ms. Youssouf said that she felt that we should be able to do that ourselves, the Supply Chain was put in place to get all equipment so we can have economies of scale. She stated that vendors want HHC business because of its relative size, and vendors may even look to train staff properly, if needed.

Mr. Quinones stated that there are three costs being presented: 1) capital, which represents an approximate \$8 million savings; 2) repair costs – a saving of approximately \$4.8 million; and 3) disposables, a potential savings of approximately \$11 million. This is about having someone else take the exposure of the increasing cost on disposables. \$22 million of the contract represents disposables. Mr. Quinones explained that HHC currently has multiple vendors that continue to increase prices. In reply, Ms. Youssouf stated this as something HHC should be able to negotiate and incorporating a middle man into a corporation of our size is not the most cost effective way of doing this. Ms. Youssouf that the theory of the plan was great, but something that should be done by HHC.

Mr. Quinones asked that Committee members consider that \$22 million of disposables has to be managed through purchase orders, which in itself requires an enormous amount of resources to get that \$22 million through the door and ultimately to a vendor. Ms. Youssouf replied by indicating that the process was changing.

Mr. Alexander added that the agreement would mean that no capital investment is being made by HHC, but Ms. Youssouf then suggested that HHC might consider direct vendor leasing, just as Surgical Solutions is doing to engage its services for its contract with HHC. Ms. Youssouf added that HHC is using taxpayer dollars, which should not be used just to spur the growth of a small company. This is a new company, and to do a contract with a company with a minimal amount of assets makes her uncomfortable, and from a fiduciary responsibility perspective, she cannot get comfortable with the arrangement. HHC can address this issue itself, she said. Ms. Youssouf continued by stating that HHC has tried to put together a system that allows for easier purchasing, and there is an ability to do sale lease-backs with companies so that getting equipment is easier.

Christopher Constantino, Executive Director, Elmhurst Hospital Center, said that nurses in the Operating Rooms (ORs) are general nurses and their expertise in specific cases is limited. If this company does the work they are supposed to do then it may allow for more procedures to be completed. This is not outsourcing, he said. Not yet, said Mrs. Bolus, but slowly, piece by piece everything is being outsourced

and eventually staff will change as well. She asked why HHC could not educate and train their staff. Mr. Constantino said that staff does provide these services currently but they have so many tasks to do there is no expertise. Mrs. Bolus said that new staff should be hired and equipment should be purchased through us. Mr. Alexander said this proposal would be less expensive than the alternative. Ms. Youssouf said HHC has spent tens of millions of dollars on utilization of the Breakthrough process and it should be applied here because she does not believe that HHC professionals are not capable of learning to do this.

Mr. Alexander explained that staffing concerns, capital funding concerns and needed modification of several processes, provided a good opportunity for Bellevue to move forward five (5) years ago, and he believes it is a good opportunity for the other facilities today. It allows for the opportunity to provide a clearly demonstrated, proven way of streamlining workflow in the operating and endoscopy suites, avoiding capital costs, having no impact except for a benefit to the existing staff doing the work. He said that Bellevue, over the last five (5) years, had seen superlative responses from physicians. The physicians like standardization and they like that their preferred items are available and that facilitates their work. This service allows us to do that. Ms. Youssouf said she doesn't understand why this service allows the vendor to do this, and that HHC can't do the same on its own. Ms. Youssouf further stated that capital expenditure is not a real concern, because HHC should be able to lease the equipment, and the finance committee has the ability to do that.

Dr. Stocker said this seems to be a lightning rod for various themes within the Corporation. He asked if the Company's capitalization level had changed. Mr. Quinones said there is a \$2 million performance bond and a there is contract language being developed with Legal Affairs regarding HHC's title to the equipment after its initial investment is made.

Dr. Stocker said he was comfortable with the arrangement, but suggested it was a struggle to arrive at that conclusion, since the finance arrangement, estimated savings, and fact that other clinical services had been outsourced successfully - Dialysis services, for example. Dr. Stocker stated that his medical training allowed him to be sympathetic to the physicians that would be beneficially served by this process. He also stated that recognizing things you do well and things you don't do well is part of running a Corporation, and indicated the service is ok. Although supportive, Dr. Stocker also indicated that this was the culmination of a long process, and expressed concern that this was a sole source contract. He said it was not clear why there is a monopoly on this service, but understood it seems that Bellevue is pleased with the services being provided.

Mr. Martin added his support for the program, and recognized the work of the supply chain council in evaluating this issue for over 18 months - reviewing the service and determining its benefits. Mrs. Bolus asked if nurses and surgical technicians were pleased with the services. Mr. Martin responded by indicating that both had given support to the issue. Mr. Martin continued by stating his support for the resolution, and asked for the Board's consideration. Ms. Youssouf said at present, she believed that Bellevue services should continue, but it should be discussed whether HHC can do this itself at the other facilities. She added that \$3 million savings over five years was not stellar, and that she did not feel comfortable with a \$2 million surety bond against a \$33 million contract and It does not make financial sense from that perspective, as HHC is a six billion Corporation, meaning that these types of things should be evaluated in a financially sound way which utilizes talent within HHC. Ms. Youssouf added that if HHC lacks the appropriate talent, that requires another discussion.

Mr. Alexander said that while he appreciates the support for Bellevue there is contract language reflecting that HHC will keep equipment in certain instances, if something significant goes wrong, mitigating some risks. Mr. Alexander stated that while HHC would like to be able to shine and be expert in every area, there are certain realities and certain situations, - this being one of them, where HHC can have the opportunity to avail itself of a service that is available and helps people on a focused area of expertise. Mr. Alexander stated that he believed this to be a strong opportunity for the rest of the Corporation, and thought it prudent to try a few facilities rather than all facilities.

Mr. Quinones added that the bond is an annual performance bond against an average spend of \$5 million, and \$7 million in savings in this contract, with \$3.5 million that is only on the procedures, not on the procurement staff hours, etc. Ms. Youssouf said it is a serious issue, and that after so much time and energy has been spent on improving the procurement process it should not be too expensive for HHC to procure. Mr. Quinones understood, but suggested that there is less cost if it is done this way. Also, he added that on the patient care side, colonoscopies were up 50%. Ms. Youssouf said she appreciates that but is not sure that is specifically attributed to this service, as so much increased attention has been given on the need for colonoscopies. Ms. Curtis said the services did improve capacity for those procedures.

Mr. Stenson said that his company will not be doing the job of nurses or technicians, the company has no patient contact, and it does not participate in drug administration. Surgical Solutions does not replace staff, and advised that staff retention is up because staff then has one less responsibility to perform. Surgical Solutions provides assistance to nurses and technicians to assist them in doing what they do, not do what they do. He stated that if HHC buys all the capital, Surgical Solutions can do it \$6.9 million cheaper. Surgical Solutions exists to improve efficiencies. Mr. Stenson expressed belief that services increased by 50% due to efficiencies that resulted from the Surgical Solutions' services, noting that time was not quantified in this study. Mr. Stenson continued by explaining that with nurses turning over rooms, it costs more than if Surgical Solutions were there to assist. Surgical Solutions serves to streamline turnover, provide instant repair, and improve the physician satisfaction process. Ms. Youssouf stated that capital outlay is being saved because the company is leasing equipment from manufacturers, and HHC can do that, lease more, and get an even better price. Mr. Stenson agreed, but stated that HHC can still save more money, because it would have no repair bills, because Surgical Solutions absorbs that cost. He added that capital isn't where the money is saved. It is the disposable outlay on a case-by-case basis. When Surgical Solutions supplies, it does so cheaper than HHC can with any manufacturer.

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

On motion by the Chair, two Committee members approved the resolution and two members abstained.

INFORMATION ITEMS

- **Selection of Construction Management (CM) At Risk Firms**

Joseph Quinones, Senior Assistant Vice President, Operations, provided a brief update on the selection of firms to provide Construction Management (CM) At-Risk services.

Mr. Quinones advised that an RFP had been issued for CM-at-Risk services. Those services would be different than the traditional model in that previously the Corporation would acquire an A/E firm to create packages for different trades and then a CM firm to manage the project, leaving HHC exposed for delays and potential cost overruns. This type of contract limits exposure by having CMs hire their own subcontractors and handle bids, for which they would be at risk and subject to penalties. It provides an assurance that projects will come in on budget. He noted that HHC had already received responses from major CM firms and they are expecting success. Ms. Youssouf said she was very excited and anticipated a great outcome.

- **Gouverneur Healthcare Services – Major Modernization – Status Report**

Due to time constraints it was determined that the status report would be provided at the next Capital Committee meeting.

- **Project Status Reports**

Alfonso Pistone, Assistant Vice President, Office of Facilities Development, advised that there was no new progress to report on the projects in delay, as referenced in his Assistant Vice President's report.

There being no further business, the meeting was adjourned at 10:30 A.M.

LICENSE AGREEMENT

JOSEPH GHERALDI PLAYWRIGHT THEATRE

SEA VIEW HOSPITAL REHABILITATION CENTER
AND HOME

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation" or "Licensor") to execute a revocable license agreement with the Joseph Gheraldi Playwright Theatre (the "Licensee") for use and occupancy of space for the operation of a community theater at the Sea View Hospital Rehabilitation Center and Home (the "Facility").

WHEREAS, in June 2008, the Board of Directors of the Corporation authorized the President to enter into a license agreement with the Licensee; and

WHEREAS, the Licensee is a non-profit organization which provides community theater performances, and has been occupying space and performing at the Facility since 1984; and

WHEREAS, the Facility continues to have space available in the Protestant Chapel appropriate to accommodate the Licensee's needs.

NOW THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") be and hereby is authorized to execute a revocable license agreement with the Joseph Gheraldi Playwright Theatre (the "Licensee") for use and occupancy of space for the operation of a community theater at the Sea View Hospital Rehabilitation Center and Home (the "Facility").

The Licensee shall be granted the continued use and occupancy of approximately 2,573 square feet of space in the Protestant Chapel (the "Licensed Space") to house administrative functions, auditions, rehearsals, and performances. The Licensee shall pay an occupancy fee of \$7,598 per year. The occupancy fee shall be subject to 5% annual increases. In addition, the Licensee shall provide a minimum of twenty-four (24) tickets to the Facility annually for various performances. The Licensee shall provide heat, telephone, maintenance, housekeeping and grounds maintenance. The Facility shall provide all other utilities.

The Licensee shall be required to indemnify and hold harmless the Corporation and the City of New York from any and all claims arising out of the use of the Licensed Space and shall provide appropriate insurance naming the Corporation and the City of New York as additional insured parties.

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

EXECUTIVE SUMMARY
LICENSE AGREEMENT
SEA VIEW HOSPITAL REHABILITATION CENTER AND HOME
JOSEPH GHERALDI PLAYWRIGHT THEATRE

The President seeks authorization of the Board of Directors of the Corporation to execute a revocable license agreement with the Joseph Gheraldi Playwright Theatre (the "Playwright Theatre") for use and occupancy of space for the operation of a community theater at the Sea View Hospital Rehabilitation Center and Home ("Sea View").

The Playwright Theatre is a non-profit performing group which provides community theater productions. The Playwright Theatre has been occupying space in the Protestant Chapel on Sea View's campus since 1984. The theater group rotates productions with the Staten Island Shakespearean Theatre, also located on Sea View's grounds in the Isolation Building. The proposed new occupancy fee represents a 5% increase over the rate paid during the prior year. The Playwright Theatre has performed substantial repairs to the Protestant Chapel including replacing the building's boiler and roof.

The Playwright Theatre will continue to occupy 2,573 square feet of space in the Protestant Chapel. The Playwright Theatre will pay an occupancy fee of \$7,598 per year. The occupancy fee will be subject to 5% annual increases. In addition to the occupancy fee, the Playwright Theatre will provide a minimum of twenty-four (24) tickets annually to performances for use by Sea View residents. The Playwright Theater will provide heat, telephone, maintenance, housekeeping and grounds maintenance. Sea View will provide all other utilities.

The Playwright Theatre will be required to indemnify and hold harmless the Corporation and the City of New York from any and all claims arising out of the use of the licensed space and will provide appropriate insurance naming the Corporation and the City of New York as additional insured parties.

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

CONTRACT EXECUTION

**FEDERAL AID HIGHWAY & MARCHISELLI-AID
LOCAL PROJECT AGREEMENT**

HARLEM HOSPITAL CENTER

RESOLUTION

Approving the Harlem Hospital Parking Facility Project (the "Project"), authorizing the President of the New York City Health and Hospitals Corporation to execute a contract known as the Federal-Aid Highway and Marchiselli-Aid Local Project Agreement with the New York State Department of Transportation to provide funding for the Project, and confirming the availability of the funds necessary to complete the Project.

WHEREAS, a grant of approximately \$8 million in federal aid has been made available to Harlem Hospital Center through the New York State Department of Transportation for the purpose of building a parking facility; and

WHEREAS, Harlem Hospital is ready to proceed with the project known as the Harlem Hospital Parking Facility Project; and

WHEREAS, in order to avail itself of this funding opportunity, HHC is required to enter into an agreement, known as the Federal-Aid Highway and Marchiselli-Aid Local Project Agreement, with the New York State Department of Transportation to establish the funding for the project; and

WHEREAS, the Federal-Aid Highway and Marchiselli-Aid Local Project Agreement requires that a duly adopted resolution of our governing body that approves the Project, authorizes the execution of the Federal-Aid Highway and Marchiselli-Aid Local Project Agreement, and confirms available funding;

NOW, THEREFORE, be it

RESOLVED that the Harlem Hospital Parking Facility Project is approved, the President of the New York City Health and Hospitals Corporation is authorized to execute the Federal-Aid Highway and Marchiselli-Aid Local Project Agreement, and the availability of funding is confirmed.

NEW YORK CITY HEALTH & HOSPITALS CORPORATION CAPITAL COMMITTEE

DORMITORY AUTHORITY WORK ORDER APPROVAL
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Date: September 12, 2013 (Revised)

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

Facility: Harlem Hospital Center

Title: New Parking Facility

Scope: Provide the planning, pre-construction, architectural and engineering services, construction management and project management services necessary to complete the design and construction of up to 99 additional vehicle parking spaces on the Harlem Hospital Center campus.

Estimate of Cost:

	<i>Previously Approved 5/12/2005 →</i>	<i>Presented for Committee Authorization on 9/12/13 →</i>	<i>New Authorization Level</i>	<i>Preliminary Budget</i>
<i>Construction</i>	\$ 500,000	\$ 9,209,471	\$ 9,709,471	\$ 9,688,200
<i>Design</i>	1,100,000	(365,521)	734,479	331,000
<i>Construction Management</i>	1,000,000	(626,000)	374,100	374,100
<i>Other Consultant Fees</i>	220,000	167,530	387,530	387,530
<i>Furniture & Equipment</i>	0	0	0	0
<i>DASNY Fee</i>	196,000	707,474	903,474	800,050
<i>Contingency</i>	186,000	353,040	539,040	539,040
<i>Total Project Cost</i>	\$ 3,202,000	\$ 9,445,994	\$ 12,647,994	\$ 12,119,920
Other non-DASNY costs:				
<i>Other Consultant Fees</i>	\$ 0			\$ 26,044
<i>Total</i>	\$ 3,002,000	\$ 9,445,994	\$ 12,647,994	\$ 12,145,964
Funding:				
<i>HHC tax-exempt bonds</i>	\$ 0	\$ 0	\$ 0	\$ 0
<i>Federal Transportation Bill</i>	3,202,000	3,997,200	7,199,200	7,199,200
<i>NYC General Obligation Bonds</i>	0	5,448,794	5,448,794	5,474,938
<i>Total</i>	\$ 3,002,000	\$ 9,445,994	\$ 12,647,994	\$ 12,674,138

End Date: August 2015

CON: N/A

Filed: N/A

Approval: N/A

EXECUTIVE SUMMARY

NEW PARKING FACILITY HARLEM HOSPITAL CENTER BY THE DORMITORY AUTHORITY OF THE STATE OF NEW YORK

- OVERVIEW:** The President seeks authorization to execute an amended work order in the amount of \$12,674,138 to provide the planning, pre-construction, architectural and engineering services, construction management and project management services necessary to complete the design and construction of up to 99 additional vehicle parking spaces on the Harlem Hospital Center campus.
- NEED:** The master plan for the modernization of Harlem Hospital indicates the need for the construction of up to 99 additional vehicle parking spaces that will address the need to meet the future parking needs of the hospital. This work order is to provide the construction services necessary for the construction of the new parking facility at Harlem Hospital Center.
- SCOPE:** Provide the planning, pre-construction, architectural and engineering services, construction management and project management services necessary to complete the design and construction of up to 99 additional vehicle parking spaces on the Harlem Hospital Center campus.
- TERMS:** The work order will be executed pursuant to the Operating Agreement by and between the Corporation and DASNY.
- COSTS:** \$12,674,138
- FINANCING:** The project will be financed through funding from a Federal Transportation Bill in the amount of \$7,199,200 and the balance for \$5,474,938 from New York City General Obligation bonds.
- SCHEDULE:** HHC expects DASNY to complete the construction on August 2015.

LICENSE AGREEMENT

HEARITAGE HEALTH AND HOUSING, INC.

1727 AMSTERDAM AVENUE

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a 3-year terminable license agreement with Heritage Health and Housing, Inc. ("Heritage") for Heritage's use and occupancy of approximately 20,000 square feet at 1727 Amsterdam Avenue in Manhattan (the "Building") for its operation of a Federally Qualified Health Center at an occupancy rate during the first year of the license of \$18/sq. ft. for the approximately 14,000 square feet that Heritage currently occupies on the 1st, 2nd, and 4th floors and at \$35/sq. ft. for the additional approximately 6,000 square feet to which Heritage will expand on the 3rd floor and at a rate of \$35/sq. ft. for the entire premises after the first year of the license such rates to be inclusive of heat, hot water and electricity.

WHEREAS, in the mid 1970's the Building, consisting of four floors totaling approximately 59,000 square feet plus a basement, was jointly constructed by the Corporation and the City of New York (the "City") to serve as a primary care facility to be operated by the Corporation but the fiscal crisis left both the City and the Corporation without funds to develop and operate such a program; and

WHEREAS, to make use of the Building, the City licensed approximately half to Washington Heights-West Harlem-Inwood Mental Health Council, Inc. ("Council") for the operation of a community mental health center which evolved in subsequent years into a license of the entire Building with the balance being used for an ambulatory care facility both of which were financed largely by City Medicaid and other City funds; and

WHEREAS, although the Corporation had no program at the Building, it was drawn into being its manager and administrator due to the original (though aborted) plans and intentions of the planners and builders of the Building; and

WHEREAS, Council split into two entities: Upper Manhattan Mental Health Center ("Upper Manhattan") and Heritage with Upper Manhattan operating the behavioral health programs and Heritage operating the ambulatory care clinic that came to include pediatrics, adolescent health, adult medicine, geriatrics, medical case management, nutrition counseling, health education, dental care as well as HIV primary care, and podiatry services; and

WHEREAS, during recent years as circumstances changed further, the City Department of Health had occupied most of the 3rd floor of the Building but then vacated the space leaving it empty; and

WHEREAS, since the late 1980's the Corporation has endeavored, without success, to withdraw from any role with the Building given its tangential relationship to the Corporation thereby leaving the Corporation with the burden of operating the Building through Harlem Hospital Center, collecting the license fees from the occupants of the building and supporting the deficit at which the Building operates; and

WHEREAS, due to the Corporation's renewed efforts to transfer all responsibility for the Building to the City, the City agreed that the Building would be treated as part of the Corporation's real estate portfolio and therefor the Corporation could exercise all management authority over the Building that it exercises over other properties over which it has jurisdiction; and

WHEREAS, Heritage has developed into a respected not-for-profit corporation whose board is minority controlled and has come to play an important role in providing primary care services to the residents of West Harlem; and

**Page Two – Resolution
Heritage Health and Housing, Inc.**

WHEREAS, the Corporation wishes to enter into market rate leases with Upper Manhattan and Heritage for their continued occupancy of the Building but has not yet completed the necessary negotiations or taken the various statutorily required procedural steps to do so; and

WHEREAS, Heritage has received a Federal grant to expand its FOHC operations into the portion of the 3rd floor of the Building vacated by the City Department of Health but such grant funds must be spent quickly, well ahead of the time when the Corporation could reasonably complete the legal steps required to enter into a fixed term lease; and

WHEREAS, the Corporation wishes to grant Heritage a license for its currently occupied space on the 1st, 2nd, and 4th floors and the vacated Department of Health space on the 3rd floor and Heritage is willing to proceed on the basis of a terminable license agreement with the hope that a fixed term lease will be successfully negotiated and all required approvals obtained.

NOW THEREFORE, be it

RESOLVED, the President of the New York City Health and Hospitals Corporation (the "Corporation") be, and he hereby is, authorized to execute a 3-year terminable license agreement with Heritage Health and Housing, Inc. ("Heritage") for Heritage's use and occupancy of approximately 20,000 square feet at 1727 Amsterdam Avenue in Manhattan (the "Building") for its operation of a Federally Qualified Health Center at an occupancy rate during the first year of the license of \$18/sq. ft. for the approximately 14,000 square feet that Heritage currently occupies on the 1st, 2nd, and 4th floors and at \$35/sq. ft. for the additional approximately 6,000 square feet to which Heritage will expand on the 3rd floor and at a rate of \$35/sq. ft. for the entire premises after the first year of the license such rates to be inclusive of heat, hot water and electricity.

EXECUTIVE SUMMARY

The property at 1727 Amsterdam Avenue at the corner of 145th Street in Manhattan (the "Building") has had a checkered history. The Building was built by the City of New York (the "City") with the plan of its being used by HHC for various out-patient medical services but that plan was never realized due to the City's fiscal crisis in the 1970's. Instead, the City entered into agreements with local community based medical service providers to use the Building. The Corporation found itself as the de facto landlord and manager of the Building although it generally had no programs at the site. Over the years, the Corporation has repeatedly tried to pass responsibility for the Building back to the City. The Corporation's Board of Directors went so far as to adopt a resolution in 1988 determining to surrender the Building to the City. The resolution was not, however, approved by the City Council and the Building has remained under the Corporation's management with the burden falling on Harlem Hospital Center.

During all of the years the use of the Building has changed. The original user, Washington Heights-West Harlem-Inwood Mental Health Council, Inc., split into two parts: Upper Manhattan Mental Health Center ("Upper Manhattan") and Heritage with Upper Manhattan operating various ambulatory care programs. At one time these two entities occupied the entire Building. Later, Heritage gave back some of its space and the City's Department of Health ("DOH") established programs on much of the 3rd floor of the Building. Harlem Hospital Center established a small Women Infants and Children program in the Building. Recently, DOH closed its programs and much of the 3rd floor is empty.

During the history of the Building there has also been ambiguity regarding the ability of the Corporation to exercise control over the Building as it does its hospital buildings. Accordingly, the occupants of the Building rely on licenses given to them by the City more than 30 years ago at rents far below market. Recently due to a renewed effort to transfer responsibility of the Building to the City, the City and its Law Department at least confirmed that the Corporation may exercise control over the Building as it does the other properties in its portfolio. This means that the Corporation may negotiate new leases at market rates.

These developments coincide with Heritage's effort to rent the portion of the 3rd floor of the Building that was vacated by DOH. Heritage has a grant to expand into the vacant 3rd floor space but the money must be spent quickly. Under these circumstances, a fixed term lease of the property is the normal approach because it would give Heritage and its funder confidence that the investment in building-out the property could be amortized over the term of the lease. However, the requirements of the Corporation's enabling act as to leases (a public hearing, a Corporation Board resolution, a resolution of the City Council and of the Mayor) would take too long to meet Heritage's schedule. Accordingly, the proposal is to execute merely a terminable license that is permitted only with a Corporate Board resolution and later to attempt to negotiate a longer term lease and to obtain the various approvals to do so.

Because Heritage's income largely consists of cost-based reimbursement for its medical services, fairness and respect for Heritage's not-for-profit mission dictate that higher market rate occupancy fees be implemented for the space Heritage currently occupies only after it has time to build the higher rate into its cost reports. Accordingly, the occupancy fee for the 14,000 square feet Heritage already occupies is to remain at approximately \$18/ sq. ft. for the first year of the license and will increase to \$35/sq. ft. only thereafter. The 6,000 square feet that Heritage will newly occupy on the 3rd floor will, however, be charged at \$35/sq. ft. from the start of the license.

The Corporation will also negotiate new occupancy terms with Upper Manhattan and will review the arrangements for the management of the Building. Those initiatives will be brought before the Capital Committee and the Board at a later date in the near future.

Currently, the total income generated from the Building is approximately \$500,000 per year. If market rents were charged, the Building could generate in excess of \$2,100,000 per year. Currently, the below market rents for the Building leave Harlem Hospital Center financing an operating loss on the Building's operation of more than \$1 Million. Depending on how successful the Corporation is in its program of fully renting the Building at market rates, the operating loss now supported by Harlem Hospital might be turned into a small supplemental income stream.

CONSULTANT CONTRACT MODIFICATION

THE GORDIAN GROUP, INC

CORPORATE WIDE

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to modify the existing contract with The Gordian Group, Inc. (the "Consultant") to broaden its scope to the provision of project management services to the Corporation with respect to projects performed by the Corporation's Indefinite Quantity Construction Contractors ("IQCCs"), to increase its funding from \$1.5 Million to not more than \$4 Million, and to extend its term to October 30, 2015.

WHEREAS, pursuant to a contract with the Corporation dated November 4, 2011, the Consultant has been helping to manage the work of the IQCCs by providing a set of prices for standard construction activities to be used by IQCCs to bid on work awarded by the Corporation, a set of model contracts and a system for tracking the work of the IQCCs with a not-to-exceed amount of \$1.5 Million of which close to \$500,000 has been spent; and

WHEREAS, the prior contract will expire, after all options held by the Corporation are exercised, on November 2, 2014; and

WHEREAS, the Corporation has identified a broader role for the Consultant in managing its IQCCs under a full program of project management;

NOW THEREFORE, be it

RESOLVED, the President of the New York City Health and Hospitals Corporation (the "Corporation") be, and he hereby is, authorized to modify the existing contract with The Gordian Group, Inc. (the "Consultant") to broaden its scope to the provision of project management services to the Corporation with respect to projects performed by the Corporation's Indefinite Quantity Construction Contractors ("IQCCs"), to increase its funding from \$1.5 Million to not more than \$4 Million, and to extend its term to October 30, 2015.

EXECUTIVE SUMMARY

The Corporation hired The Gordian Group, Inc. (the "Consultant") to help manage the work of the Corporation's Indefinite Quantity Construction Contractors ("IQCCs"). The IQCCs are requirements contractors obtained through a Request for Proposals and are available to perform assigned work based on proposals submitted for each project. Under its contract, the Consultant provided a pricing book that the IQCCs are required to use that provides industry accepted pricing for standard construction tasks. The Consultant also made available a proprietary software program for tracking work by the IQCCs and a set of standard contracting documents. During the past two years, the Corporation has spent about \$500,000 under this contract.

As part of its efforts to reform the manner in which its construction work is awarded and managed, the Corporation seeks authority to modify the Consultant's existing contract to add an additional \$2.5 Million of spending authority to bring the total spending authority to \$4 Million, to extend the term of the contract to October 30, 2015 and to expand the scope of the contract to constitute a management program that parallels what a conventional construction management firm would do.

The benefit of the proposed expanded role for the Consultant is that a single professional will take responsibility for small to medium sized construction projects from their initial planning through to the substantial completion of the work. The Consultant will coordinate the development of the scope of the project, the award of the contract to an IQCC, the supervision of the work, the necessary record keeping and the close out of the job. More particularly the Consultant's services will include the following in addition to the Consultant's services offered before the proposed contract amendment:

- a. Select the ICQC based on price, the type of work involved, location, availability and qualifications and document the basis.
- b. Coordinate the ICQC's inspection of the site and discuss the details of the proposed construction work prior to submission of a price proposal;
- c. Develop and prepare a detailed description of the work the ICQC will perform.
- d. Supervise the preparation of the drawings for the proposed construction work by architects, engineers or other design professionals to be sure they reflect the scope of work;
- e. Obtain from the ICQC a written price proposal, construction schedule, and a list of proposed subcontractors for the proposed work;
- f. Coordinate the process with the Corporation's Network Point of Contact;
- g. Review the ICQC price proposal to ensure the entire scope is addressed and an appropriate schedule furnished;
- h. Coordinate the issuance of a work order from the Corporation to the ICQC and ensure that all documents required by the Corporation, such as insurance certificates and bonds, are in place;
- i. Oversee the work of the ICQC awarded the contract for the proposed work;
- j. Coordinate the work of such ICQC with the Network Point of Contact;
- k. Conduct site visits of the work at appropriate intervals to monitor progress,;
- l. Coordinate periodic job meetings to ensure proper coordination of the work;
- m. Prepare appropriate logs, minutes and records of all site visits, meetings and developments in the work;
- n. Manage any change order requests;
- o. Process all requests for payment from the IQCC and confirm to the Corporation that the payment is due in accordance with the contract for the work;
- p. Provide weekly reports and or briefings to the Network Point of Contact of the progress of the work including reports of any delays, accidents or other notable developments;

The Consultant will be paid a fee of 10% of the cost of all work ordered.

Page Two – Executive Summary
Gordian Group Contract Modification

The Consultant has extensive experience performing the role envisioned by the proposed resolution on behalf of governmental organizations in the New York City area. The Consultant has had a requirements contract for the New York City Department of Education since 1996 during which time it has administered approximately \$45 Million of work. Since 2011 the Consultant has also performed similar work for the New York City School Construction Authority during which time it has administered about \$12 Million in projects.

PROJECT STATUS REPORTS

Central/North Brooklyn Health Network
Generations+/Northern Manhattan Health Network
Queens Health Network

Network: CENTRAL / NORTH BROOKLYN HEALTH NETWORK

Facility: WOODHULL MEDICAL AND MENTAL HEALTH CENTER

Project Number	PROJECT TITLE	Project Budget (\$000s)	Paid to Date (\$ 000s)	% Paid to Date	Construction Start	Projected Completion	Forecast/ Actual Completion	Delay (if any)	Comments
48201150	Replace Nurse Call System	774	588	76.00%	Dec-11	May-13	Sep-13	(4)	Project is substantially complete and will be removed from the list prior to the next reporting cycle.
48201204	Renovate two (2) School Based Health Clinics	500	24	0.05%	Aug-13	Dec-13	Dec-13		Construction is in progress.

Facility: HARLEM HOSPITAL CENTER

Project Number	PROJECT TITLE	Project Budget (\$000s)	Paid to Date (\$ 000s)	% Paid to Date	Construction Start	Projected Completion	Forecast/ Actual Completion	Delay (if any)	Comments
13200702/03	Kountz Pavilion Renovation	13,545	11,039	81.00%	Mar-08	Apr-12	Oct-13	(18)	Elevator Project substantially complete as of 3-11-2013. Exterior Renovation Project roofing installation delayed due to weather conditions (cold and or wet); projected to be completed by July, 2013

Facility: LINCOLN MEDICAL AND MENTAL HEALTH CENTER

Project Number	PROJECT TITLE	Project Budget (\$000s)	Paid to Date (\$ 000s)	% Paid to Date	Construction Start	Projected Completion	Forecast/ Actual Completion	Delay (if any)	Comments
25200301	Emergency Room Renovation	28,275	23,574	83.00%	Apr-07	Jun-10	Dec-13	(42)	Project scheduled for completion by Dec. 2013

Facility: ELMHURST HOSPITAL CENTER

Project Number	PROJECT TITLE	Project Budget (\$000s)	Paid to Date (\$ 000s)	% Paid to Date	Construction Start	Projected Completion	Forecast/ Actual Completion	Delay (if any)	Comments
33201248	Purchase Cardiac Cath Lab	1,800	1,693	94.00%			Jul-13		
33201244	Replace Nurse Call System	700	567	81.00%	Jan-13	Jun-13	Nov-13	(5)	
33200801	Women's Health Center	13,352	7,310	55.00%	Sep-11	Dec-12	Jan-14	(13)	Rough plumbing is completed. DOB inspection will be requested. Insulation of ductwork continues.

Facility: QUEENS HOSPITAL CENTER

Project Number	PROJECT TITLE	Project Budget (\$000s)	Paid to Date (\$ 000s)	% Paid to Date	Construction Start	Projected Completion	Forecast/ Actual Completion	Delay (if any)	Comments
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