

CAPITAL COMMITTEE

December 12, 2013

MEETING AGENDA

8:30 a.m.

125 Worth Street,
Room 532
5th Floor Board Room

CALL TO ORDER

Emily A. Youssouf

- ADOPTION OF MINUTES November 7, 2013 Emily A. Youssouf
- SENIOR ASSISTANT VICE PRESIDENT'S REPORT Roslyn Weinstein

ACTION ITEMS

- **Resolution** **William Walsh**
Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a five year lease extension agreement with Franciosa Owners, LLC (the "Landlord") for 5,300 square feet of space at 1012 East Gun Hill Road, Borough of the Bronx, to house the Gun Hill Health Center, operated by Jacobi Medical Center (the "Facility") at an initial rent of \$29.78 per square foot to increase at 2.5% per year with the Corporation responsible for the payment of real estate taxes, water and sewer rents, and separately metered electricity provided that the Landlord shall perform renovation work which includes exterior storefront replacement, painting, and the installation of two new rooftop HVAC units and installation of a new water heater.
- **Resolution** **LaRay Brown**
Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensee") to execute a three year revocable license agreement with Simon and Company (the "Licensor") for its continued use and occupancy of approximately 144 square feet of space including use of the reception area, conference room, library, storage area, kitchen, high-speed internet service and digital cable television at an occupancy fee rate of \$1,494 per month or approximately \$17,926 per year at 1660 L Street, N.W., Washington, D.C., for use by the Corporation's federal lobbyist.

INFORMATION ITEMS

- **Project Status Reports**
 - **South Manhattan Health Network** **Michael Rawlings**
Bellevue – Expansion of Inpatient Psychiatric Unit (Complete)
 - **Southern Brooklyn/Staten Island Health Network** **Daniel Collins**
Coney Island – Boiler Plant Replacement (Delay)
Coney Island – Convert 6-bedded rooms to 4-bedded rooms (Complete)
Sea View – Renovate Isolation Building (On schedule)

Capital Committee Agenda
December 12, 2013
OLD BUSINESS

2

NEW BUSINESS

ADJOURNMENT

MINUTES

Capital Committee

Meeting Date: November 7, 2013

Time: 11:00 A.M.

Location: Board Room

Board of Directors:

Members of the Capital Committee

Josephine Bolus, RN

Alan D. Aviles, President

Michael A. Stocker, MD, Chairman of the Board

HHC Staff:

Jawwad Ahmad – Director, Office of Facilities Development

Jean Aime – Associate Executive Director, Kings County Hospital Center

Kein Anderson – Associate Executive Director, North Brooklyn Health Network

Ernest Baptiste – Executive Director, Kings County Hospital Center

Jeremy Berman – Deputy General Counsel, Office of Legal Affairs

Michael Buchholz – Senior Associate Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility

Deborah Cates – Chief of Staff, Office of the Chairman

Lynda Curtis – Senior Vice President, Office of the President

Manding Darboe – Assistant Director, Office of Facilities Development

Martin Everette – Director, Affirmative Action/Equal Opportunity Employment

Daniel Gadioma – Senior Project Manager, Kings County Hospital Center

James Genesi – Deputy Chief Technical Officer, MetroPlus

Michael Gioia – MetroPlus

Stanley Glassman – Chief Operating Officer, MetroPlus

Jonathan Goldstein – Senior Consultant, Corporate Planning

Anthony Gounaris – Senior Project Manager, Office of Facilities Development

Robert Hughes – Executive Director, Coler-Goldwater/Henry J. Carter Specialty Hospital and Nursing Facility

Louis Iglhaut – Associate Executive Director, Generations+/Northern Manhattan Health Network

Juan Izquierdo – Associate Executive Director, Queens Hospital Center

Barbara Keller – Deputy Counsel, Office of Legal Affairs

Nelson Laverde – Assistant Director, Finance, Bellevue Hospital Center

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

John Maher – Associate Director, South Manhattan Healthcare Network

Jim MacDonald – MetroPlus

Antonio Martin – Executive Vice President

Matthew McDevitt – Associate Executive Director, Gouverneur Healthcare Services

Robert Miller, II – Chief Operating Officer/Deputy Executive Director, Kings County Hospital Center

Dean Moskos – Director, Office of Facilities Development
Emmanuel Nwokedi, MD – Attending, Surgery, Kings County Hospital Center
Dean Pearce – Senior Director, Office of Facilities Development
Marsha Powell – Director, Office of Facilities Development
Christopher Roberson – Director, South Manhattan Healthcare Network
Arnold Sapperstein, MD – Executive Director, MetroPlus
Lisa Scott-McKenzie – Senior Associate Executive Director, North Brooklyn Health Network
Thomas Scully – Senior Associate Director, Elmhurst Hospital Center
Denise Soares – Senior Vice President, Generations+/Northern Manhattan Health Network
Cyril Toussaint – Director, Office of Facilities Development
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
Frank Zanghi – Internal Audits

Other Attendees:

Steve Curro – Managing Director, Construction, Dormitory Authority of the State of New York
Josh Gopan – Simone Development
Joe Kelleher – President, Simone Development
Dmitri Konon – New York City Economic Development Corporation
Emil Martone – New York City Economic Development Corporation
Jim McDonald – MetroPlus
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

CALL TO ORDER

The meeting was called to order by Michael A. Stocker, MD, Chairman of the Board, at 11:06 A.M.

Dr. Stocker advised that Josephine Bolus, RN, member of the Capital Committee, would be arriving shortly. He explained that in her absence, only informational items that did not require a vote would be presented, and upon her arrival the Committee would address the action items on the agenda.

ASSISTANT VICE PRESIDENT'S REPORT

Roslyn Weinstein, Senior Assistant Vice President, Office of the President, provided an overview of the meeting agenda. She noted that there would be five action items, two (2) status updates on major modernization projects, and five delay reports from the bi-monthly project status reports. Action items would include; 1) a resolution regarding the leasing of new space for MetroPlus Health Plan, as a result of Hurricane Sandy; 2) a license agreement with the College of Podiatric Medicine to provide additional parking spaces at the new Henry J. Carter facility; 3) a resolution regarding installation of the second Linear Accelerator at Kings County Hospital Center (KCHC); and, 4) two requests to increase Work Order thresholds for the Economic Development Corporation to provide services for construction of the Long Term Acute Care Hospital (LTACH) and the Skilled Nursing Facility (SNF) at Henry J. Carter. Information Items would include status updates on the major modernization projects at Gouverneur Healthcare Services and Henry J. Carter, and delay reports for two (2) projects at KCHC, two projects in the Generations+ Health Network, and one project in delay at Elmhurst Hospital.

That concluded her report.

INFORMATION ITEMS

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

Lynda Curtis, Senior Vice President, Office of the President, Peter Lynch, Senior Director, Office of Facilities Development, and Matthew McDevitt, Associate Executive Director, Gouverneur Healthcare Services, were present for reporting.

Mr. McDevitt advised that the project had an anticipated completion date of February 2014, with four floors of the facility still left open. Floors eight (8) and nine (9) received their Temporary Certificates of Occupancy, and on November 15, 2013, the Department of Health (DOH) would be doing their pre-occupancy surveys on those floors. The Department of Buildings (DOB) would have their TCO inspections on for floor ten (10) in January, and floors 11 and the first floor, in February; the first floor to be completed in February. He advised that exterior clean-up would likely be taking place in March but that will begin while internal work is being completed.

He said the project remains on schedule for completion. Dr. Stocker remembered that a status update provided a year ago had the same estimated completion time, and said it was reassuring to see that the schedule had not slipped.

Dr. Stocker noted that there have been a few glitches as the project neared the end, but those are to be expected on a project this big, and are being worked out.

That concluded the report.

Dr. Stocker stated that the next report, for updated status on the Henry J. Carter Major Modernization project, should be considered a preamble to the two Work Orders for the Economic Development Corporation that were to be presented as action items later in the meeting.

- **Major Modernization Status Report – Henry J. Carter**

Robert Hughes, Executive Director, and Michael Buchholz, Senior Associate Executive Director, Henry J. Carter Specialty Hospital and Nursing Facility, were present for the report. Mr. Hughes and Mr. Buchholz were joined by Emil Martone, and Dmitri Konon, New York City Economic Development Corporation.

Mr. Hughes advised that the State Department of Health (SDOH) had been doing preoccupancy surveys throughout the week, but reviews were ongoing. He said that the project is going full steam ahead to be ready for the move in dates scheduled for November 17, and November 18, 2013. Hospital patients would be moved on November 17, and nursing facility patients would be moved on November 18. He noted that the SDOH had reviewed the lab at Carter on Tuesday and that had passed inspection, and the pharmacy had also received certification to operate.

Mr. Martone reiterated that the project was on track for move-in on November 17, and 18, 2013, pending finalization of SDOH inspections. He acknowledged the tremendous amount of work that had been completed by not only EDC staff, but the facility and Central Office staff as well.

Mr. Martone narrated a power point with images of the new space, highlighting some of the decorative and functional features.

Mr. Martone said that SDOH inspections had been going well. He informed committee members that they would be seeing three requests for increase of the Work Order thresholds, two on the current meeting agenda, and one in the following month or two. He explained that a total of \$6 million was coming from the New York City Economic Development Portfolio and \$1.6 million would be transferred from the Goldwater Decommissioning as it had been determined over the last six months that there would be less work than anticipated on the back-end of the project. Mr. Martone said that the \$6.5 million threshold increase, dollars of HHC funding for the project, would be brought before the Committee at a later date, as the Certificate to Proceed (CP) had not yet been issued.

Dr. Stocker said this project had been a great example of the conversion of an old hospital into a functional serviceable modern facility. Mr. Martone said it had been challenging and exciting and he had been pleased to work on it. Mr. Aviles acknowledged the breadth of the project as well, saying it was a great accomplishment, particularly considering the accelerated schedule and very tight time line.

Mr. Martin thanked Mr. Hughes and Mr. Buchholz for all their hard work at the new Carter site while continuing daily work at the original facility.

- **Project Status Reports**

Central/North Brooklyn Health Network

Daniel Gadioma, Senior Project Manager, Kings County Hospital Center, provided delay reports for two projects in the Central Brooklyn Health Network.

- KCHC Upgrade (10) Elevators "ABC" Buildings – There are three phases to this project; Phase I of the project has been completed and in use, Phase II is in progress with completion expected in December 2013, and Phase III should be completed in April 2014.
- KCHC Upgrade (4) Elevators "T" Buildings – Two Phases; Phase I has been completed, South elevators. Phase II, north elevators should be completed in November 2013, this month. Peter Lynch added that original delays were due to FDNY not signing off because of original old fire alarms... there was a compromise so the project could proceed but the afacility will come back to capital at some point for upgrade of fire alarm systems.

Generations+/Northern Manhattan Health Network

Louis Iglhaut, Associate Executive Director, Generations+/North Manhattan Health Network, provided delay reports for the Harlem Kountz Pavilion Renovation, and the Lincoln Emergency Room Renovation.

- Harlem Kountz Pavilion Renovation – Substantially complete, awaiting manufacturers field report, which is expected in the coming weeks. After the manufacturer comes and gives their blessing the project will get warranty for the project.
- Lincoln Emergency Room Renovation – The facility plans to schedule a DOH pre-occupancy survey for mid-December. There had been no changes to project scope and it the project remained within agreed spending limits. Mr. Iglhaut noted that Central Office had been a tremendous support, every step of the way.

Queens Health Network

Thomas Scully, Senior Associate Director, Elmhurst Hospital Center, provided a delay for the Women's Health Clinic project.

- Elmhurst Women's Health Center – In June 2013 the project was on track for completion in September but the General Contractor (GC) had serious financial issues. Liens were issued but that made it more difficult for the GC to keep up. He explained that exterior metal and glass skin for the building could not be obtained because the supplier would not extend credit to the GC. However, the manufacturer helped identify a supplier that would extend credit, and those items are now scheduled for installation in mid-December. Mr. Scully advised that more recent investigations regarding the elevators had uncovered that the vendor had not been paid and therefor they were not in fabrication. That issue pushed the schedule back another three to four months. Currently the GC is really working requisition to requisition, said Mr. Scully. They can't man the project the way they need to, but interior work is being completed as the issues with the components for the exterior are being addressed.

Dr. Stocker said that he remembered previous reports on the project and asked if the same contractor was on the job. Mr. Scully said yes. Mr. Lynch advised that Central Office; the Office of Facilities Development (OFD) and the Office of Legal Affairs (OLA) were working closely with the facility to monitor the project. The money is going directly to the surety, and the

contractors counsel is in constant dialog with the surety concerning funds being dispersed. Mr. Lynch and Mr. Scully explained that they should be able to drag the project over the finish line without hurting HHC. It's would not hurt HHC but would be slow and would remain so. Barbara Keller, Deputy Counsel, OLA, said that default had been considered but once it was threatened the GC cleaned things up. She advised that the GC and their counsel were being kept on a short leash. She explained that if the GC were defaulted that would slow things down even more. If we keep it tight we will finish it but defaulting won't help. She noted that a list of long lead items had been provided so that constant monitoring of project components could be done.

ACTION ITEMS

- **Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a lease with 1776 Eastchester Operating LLC for approximately 17,414 square feet of space located on the second floor at 1776 Eastchester Road Borough of the Bronx to house the disaster recovery facilities of MetroPlus Health Plan, Inc. ("MetroPlus") for a term of ten years with a five year option at a base rent of \$34.50 which shall increase at 6% every other year over the lease term and which shall include the cost of building out the space to the building standard but that will leave to the Corporation a cost of approximately \$2.1M for the installation of furniture and IT equipment, supplemental HVAC and an emergency generator.**

Arnold Sapperstein, MD, Executive Director, MetroPlus Health Plan, read the resolution into the record. Mr. Sapperstein was joined by Stanley Glassman, Chief Operating Officer, MetroPlus Health Plan, and Mr. Joe Kelleher, President, Simone Development.

Mr. Sapperstein explained that the lease being presented would provide for dedicated disaster recovery space, and training and conference space. Something that became necessary in the aftermath of Hurricane Sandy. Due to the fact that MetroPlus was displaced from 160 Water Street following Sandy, they entered into a contract with Sunguard for disaster recovery services, provision of data back-up plan, and seats for 280 staff members. This location was incredibly difficult for staff members to reach, was not an ideal space, and was technically only available for use in an emergency. This new space would be able to be utilized for emergency disaster space but will also be available all the time, whether for daily functions or training purposes.

Dr. Stocker asked what flood zone the new location would be located in. Mr. Sapperstein said it would be in an area considered low-moderate on the FEMA flood map, under the new standards. Ms. Weinstein said parties were advised that the location would be safe and if Sandy occurred again, that area would not be flooded. Mr. Kelleher confirmed that during Sandy, none of the acreage was damaged. He also noted that located within that same area is a 911 call center for the City of New York, and they have said that they are located in that location because the elevations are higher, and they feel it is safe.

Mr. Sapperstein explained that there is still a contract with Sunguard because the main data center is still located there. He said that a back-up data center would also be located at 160 Water Street, so that there would be lines feeding to Sunguard, and from Sunguard to 160 Water Street.

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 execute a revocable license agreement with New York College of Podiatric Medicine ("NYCPM") for the use of forty parking spaces on a lot under the MetroNorth tracks between 122nd and 123rd Streets close to the Henry J. Carter Specialty Hospital and Nursing Center's (the "Facility") at no cost to the Corporation in exchange for certain security to be provided by the Facility.**

Robert Hughes, Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility, read the resolution into the record. Mr. Hughes was joined by Lynda Curtis, Senior Vice President, Office of the President, and Michael Buchholz, Senior Associate Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility.

Ms. Curtis explained that parking in the vicinity of the facility was limited and said that it was imperative that it be available for employees coming from Goldwater to the new facility. This agreement was one of the approaches being taken.

Alan D. Aviles, President, explained that because the move to the Carter facility would take place prior to the full Board meeting, he would be issuing a deviation to move forward based on this Committee approval. He explained that Emily Youssouf, Capital Committee Chair, had been made aware of that, and all parties had been briefed. The approval and deviation would be reported at the full Board meeting on Thursday, November 21, 2013.

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 proceed with the procurement and installation of a second Linear Accelerator and to renovate the suite required to house this new unit at Kings County Hospital Center (the "Facility") in an amount not-to-exceed \$5,551,879.**

Ernest Baptiste, Executive Director, Kings County Hospital Center, read the resolution into the record. Mr. Baptiste was joined by Robert Miller, II, Chief Operating Officer, Kings County Hospital Center.

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 increase the New York City Economic Development Corporation's (NYCEDC) work order threshold by two million, eight hundred ninety five thousand, four hundred twelve dollars (\$2,895,412) to one hundred thirty-two million, seven hundred twenty thousand, six hundred sixty eight dollars (\$132,720,668) to provide project management services that will manage the architectural, engineering design services, pre-construction, construction, construction management services necessary for the Construction of the New Skilled Nursing Facility (SNF) to be built in the parking lot of the former North General Hospital.
- Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to increase New York City Economic Development Corporation's (NYCEDC) work order threshold by three million, four hundred thirty three thousand, four hundred and seventy two dollars (\$3,433,472) to one hundred twenty-seven million, seven hundred seventy four thousand, eight hundred eighty four dollars (\$127,774,884) to continue providing project management services to manage the architectural, engineering design services, pre-construction, construction, construction management services for renovating the existing North General Hospital building into a new 201 bed Long Term Acute Care Hospital building (LTACH).

Robert Hughes, Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility, read the two (2) resolutions into the record. Mr. Hughes was joined by Lynda Curtis, Senior Vice President, Office of the President, and Michael Buchholz, Senior Associate Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility.

Dr. Stocker noted that the status report given earlier in the meeting had provided background on the items, and asked if there were any additional questions.

There being no further questions or comments, the Committee approved the Work Orders.

On motion, the Committee voted to adopt the minutes of the October 10, 2013, Capital Committee meeting.

There being no further business, the meeting was adjourned at 11:45 A.M.

LEASE EXTENSION

**FRANCIOSA OWNERS, LLC
1012 EAST GUNHILL ROAD**

JACOBI MEDICAL CENTER

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a five year lease extension agreement with Franciosa Owners, LLC (the "Landlord") for 5,300 square feet of space at 1012 East Gun Hill Road, Borough of the Bronx, to house the Gun Hill Health Center, operated by Jacobi Medical Center (the "Facility") at an initial rent of \$29.78 per square foot to increase at 2.5% per year with the Corporation responsible for the payment of real estate taxes, water and sewer rents, and separately metered electricity provided that the Landlord shall perform renovation work which includes exterior storefront replacement, painting, and the installation of two new rooftop HVAC units and installation of a new water heater.

WHEREAS, the Gun Hill Health Center is a community-based health care center that has been providing primary care services to residents of the Woodlawn, Soundview, Tremont-Crotona, Parkchester and Fordham sections of the Bronx since 1998; and

WHEREAS, the Gun Hill Health Center serves a patient population with high rates of low birth weight babies, infant mortality, and neonatal mortality and offers primary care services which include General Medicine, Pediatric and Women's Health Services; and

WHEREAS, there remains a need for primary care services in this section of the Bronx and extending the lease for this site will allow the Gun Hill Health Center to continue to serve the community; and

WHEREAS, the Landlord has offered to upgrade the premises with a complete paint job, new storefront, hot water heater, HVAC units.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation be, and hereby is, authorized to execute a five year lease extension agreement with Franciosa Owners, LLC (the "Landlord") for 5,300 square feet of space at 1012 East Gun Hill Road, Borough of the Bronx, to house the Gun Hill Health Center, operated by Jacobi Medical Center at an initial rent of \$29.78 per square foot to increase at 2.5% per year with the Corporation responsible for the payment of real estate taxes, water and sewer rents, and separately metered electricity provided that the Landlord shall perform renovation work which includes exterior storefront replacement, painting, and the installation of two new rooftop HVAC units and installation of a new water heater.

EXECUTIVE SUMMARY

NORTH BRONX HEALTHCARE NETWORK GUN HILL HEALTH CENTER 1013 EAST GUN HILL ROAD BOROUGH OF THE BRONX

OVERVIEW: The President seeks authorization from the Board of Directors of the Corporation to execute a lease extension agreement with Franciosa Owners, LLC for space at 1012 East Gun Hill Road, Borough of the Bronx, to house the Gun Hill Health Center ("Health Center"), operated by Jacobi Medical Center ("Jacobi").

**NEED/
PROGRAM:** The Health Center is a community-based site that has been providing primary care services to residents of the Woodlawn, Soundview, Tremont-Crotona, Parkchester and Fordham sections of the Bronx since 1998. The Health Center serves a patient population with high rates of low birth weight babies, infant mortality, and neonatal mortality and offers primary care services that include General Medicine, Pediatric and Women's Health Services. The Health Center is equidistant between Jacobi and North Central Bronx Hospitals and is accessible via bus and subway lines. The Health Center's hours are Monday, Tuesday, Thursday and Friday from 8:00 a.m. to 5:00 p.m., and Wednesday from 8:00 a.m. to 8:00 p.m. There remains a need for primary care services in this section of the Bronx and extending the lease for this site will allow the Gun Hill Health Center to continue to serve the community.

UTILIZATION: For the FY 2013, the Health Center provided approximately 4,987 visits. It is anticipated that patient visits for FY 2014 will be approximately 5,737.

TERMS: The Tenant will continue to occupy approximately 5,300 square feet of space comprising the entire floor area of the one-story building at 1012 East Gun Hill Road (the "Demised Premises"). The lease will contain an initial term of five years with two five-year renewal options exclusive to the Tenant. The base rent will be \$29.78 per square foot or approximately \$157,834 per year. The base rent will be escalated by 2.5% per year. The rent for the option periods shall be set at 90% of fair market value.

The Landlord will perform renovation work which includes exterior storefront replacement, painting, and the installation of two new rooftop HVAC units and installation of a new water heater. Maintenance of the HVAC units and hot water heater will be the responsibility of the Landlord. The cost of the renovation work, and the HVAC units and hot water heater maintenance contracts are included in the base rent.

The Tenant shall be responsible for the payment of real estate taxes of approximately \$27,000/year, water and sewer rents, and separately metered electricity. The Tenant shall be responsible for non-structural maintenance and repair not caused by the Landlord's negligence. The landlord shall be responsible for structural maintenance and repair including roof, gutters, foundation and utility supply lines. The Landlord shall be responsible for snow removal. The Landlord shall provide janitorial services. The Tenant shall reimburse the Landlord approximately \$5,000 per month for this service.

SUMMARY OF ECONOMIC TERMS

SITE:	1012 East Gun Hill Road Bronx, New York 10469 Block 4637, Lot 36
LANDLORD:	Franciosca Owners, LLC 784 Morris Park Avenue Bronx, NY 10462
INITIAL TERM:	Five (5) years
FLOOR AREA:	5,300 square feet
RENEWAL OPTIONS:	Two five (5) year options at 90% of FMV
BASE RENT:	\$29.78 per square foot or approximately \$157,834 per year
ESCALATION:	2.5% per year
UTILITIES:	Tenant is responsible for payment for electricity and water and sewer rents
REAL ESTATE TAXES:	Tenant is responsible for payment of real estate taxes of approximately \$27,000/year
RENOVATIONS:	The Landlord will perform renovation work which includes exterior storefront replacement, painting, and the installation of two new rooftop HVAC units and installation of a new water heater. The cost of the renovation work, and the HVAC units and hot water heater maintenance contracts are included in the base rent.
REPAIRS/ MAINTENANCE:	The Tenant will be responsible for non-structural maintenance and repairs not caused by the Landlord's negligence. The Landlord will be responsible for structural maintenance and repair including roof, gutters, foundation and utility supply lines. Maintenance of the HVAC units and hot water heater will be the responsibility of the Landlord. The Landlord will be responsible for snow removal.

SAVITT PARTNERS

August 1, 2013

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

Re: Fair Market Value/appraisal of Health Center at Gun Hill, a clinic of Jacobi Hospital
1012 East Gun Hill Road, Bronx, New York
On behalf of NYC Health & Hospitals Corporation

Dear Dion:

Pursuant to your request, the referenced property was inspected on July 12th and July 25th, 2013 in order to assess its fair market value, specifically regarding the renewal terms presented by the landlord, Franciosa Owners LLC. This assessment is inclusive of the value of the tenant improvements, CAM charges, if any, and real estate taxes and assumes that other operating expenses are directly procured by the tenant unless indicated otherwise. This evaluation is subject to the following:

- The unit is currently occupied and zoned for use as a medical office.
- The lease expires 7/31/13.
- The landlord has proposed renewal terms for a ten year period with 3.5% escalations per annum and two five-year renewal options.
- The unit is approximately 5,400RSF.
- This evaluation is for the purpose of a lease renewal.

Medical offices in this area are typically situated in stand-alone buildings or retail “tax payers” used for various commercial purposes. Rents for turn-key (ready to use), generally retail medical space range from approximately \$20 - \$32 per rentable square foot with a median price of \$28/RSF. Older, retrofitted and side street medical spaces garner the lower rents with the larger mall-type spaces and newly constructed spaces receiving higher rents. These properties typically offer more amenities, i.e., on-site property management, parking, security, etc. Most of the opportunities for medical office space in these markets are for undeveloped offices in small commercial buildings or retail sites, which will require extensive capital improvements.

Current market conditions for these types of spaces provide for minimal landlord concessions. Additionally retail transactions do not provide for landlord concessions other than rent abatements, which are not usually applicable in a renewal, although always negotiable. Most of the opportunities for medical office space in these markets are for undeveloped offices in commercial buildings or strip malls where the tenant will be offered few concessions by the landlord despite market conditions denoting more of a “tenant’s market”. Concessions are

minimal and landlords have been inflexible; preferring to see current market conditions as a prelude to a return to stability. Rents in general have been flat for the past few years and are expected to remain so well into 2014.

This requires that the tenant improvements be provided greater weight as an overall factor in the assessment of the FMV rental due to the cost associated with relocation; relocating, or rebuilding with new construction, would entail an up-front expense of no less than \$140/RSF or approximately \$750,000.00 for construction. Despite possible lower rents opportunities in the same market area this expense cannot be appropriately amortized over the proposed renewal term of 10 years.

The referenced medical office is a retail tenant user within the East Gun Hill Road corridor in the Williamsbridge section of the Bronx, an area of moderately priced one- and two-family houses just minutes away from several of the city's major thoroughfares and a 20-minute drive from New Jersey, Westchester, Long Island or upper Manhattan. National franchises like Dunkin' Donuts, CVS and Rite Aid dot White Plains Road, sandwiched among the bodegas, Caribbean bakeries and restaurants, car dealerships, bowling alleys and pool halls. The elevated-train line carries the 5 and 2 trains up White Plains Road and the area is serviced by bus lines running east and west along East Gun Hill Road and north and south along both Boston Post Road and Bronxwood Avenue. There is no on-site parking available, however, street parking is available in the surrounding community, which consists of metered parking on main thoroughfares and 'free' parking on side streets. During my two visits to the site, I experienced no difficulties with street parking but could imagine that such parking is difficult to find at certain times of day.

The tenant has signage on the main entrance door to the office, as well as a fixed banner on the "eye brow" (upper façade) of the building, which is visible from north and south approaches. The existing medical practice operates in the building on Monday, Tuesday, Thursday and Friday from 8am-5pm and Wednesday from 8am-8pm. The office is comprised of approximately 5,400RSF on grade. There is no second floor or basement and the HVAC and mechanicals are located on the roof of the building. The front entrance and interior areas are accessible via wheelchair and compliant with the American Disabilities Act. The office consists of the following:

- Waiting area with 23 chairs
- Reception/business area with
 - 2 ADA bathrooms
 - Business office
 - Conference room
 - Patient triage area (fully plumbed)
- Medical office area in the rear of the space with
 - 10 exam rooms
 - 2 private physicians' offices
 - 2 supply rooms
 - Records room
 - Lab
 - Staff office
 - Employee break room

- Staff lounge with private bathroom
- Conference room
- Mechanical room
- IT closet
- Janitor's closet with plumbing
- Supply room with plumbing
- Utility room (for soiled linens, etc.)

Rents in the commercial and retail markets within East Gun Hill Road have been flat for the past few years and are expected to remain so well into 2014. The tenant improvement (T.I., build out of the space) has not been fully depreciated and should remain in fair to good condition with continued proper maintenance through the ten year renewal term. The spaces showed well and are kept well. HVAC units on the roof provide heating and cooling to the building. However, areas of the roof have been reported to leak. The landlord has acknowledged the leaks and agreed to necessary repairs. The value of the original capital expenditure is estimated at \$100 per RSF. Over and above any Landlord improvements, the current value is 40% -60% depreciated.

As part of the renewal proposal, Landlord has agreed to the following work at Landlord's cost and expense:

- Replace the storefront and all windows on the exterior of the building
- Replace exterior lighting with new enhanced fixtures
- Replace existing hot water heater
- Install two (2) ten-ton LuxAire units
- Install new rooftop ductwork
- Install new electrical connections
- Install new gas connections
- Install two (2) new thermostats
- Install new entrance door buzzer entry system including A/V phone
- Install two (2) new 110 volt, 12.5 amp Bruch stainless steel Xlerator series hand dryers in men's and women's restrooms.

Additionally, the Landlord will provide the following repairs and maintenance at Landlord's cost and expense:

- Structural repairs including the roof
- Maintenance and repairs of the HVAC system
- Snow removal

In light of such work, maintenance and repairs, this lease renewal should be viewed as a gross lease.

We have been asked to consider additional items that will be included at Landlord's cost and expense, specifically the provision of a licensed security guard and janitorial staff during business hours as well as painting, including repainting over the course of the lease. We estimate the approximate cost of private security at \$14-15/hr and licensed security at \$18-22/hr, janitorial

services at \$21/hr plus supplies and painting at \$7,500 plus supplies, with repainting taking place once every 5 years.

The renewal terms presented by the landlord are commercially fair and reasonable based on this assessment, the condition of the space, Landlord's contribution & Landlord's ongoing maintenance obligations. It is our conclusion that the fair market value of this space with the referenced services and amenities is between \$29 - \$31 per RSF. This takes into consideration comparable commercial/retail rents within the immediate market areas (see Schedule A attached) and the subsequent tenant improvements of the space, as well as current availability for similar opportunities.

While it is our professional observation that the terms are fair and reasonable given current conditions and immediate vacancies within the surrounding areas, we would recommend further negotiations regarding the rent but specifically focused on the 3.5% per annum escalations, which we consider within market terms but on the higher end of said market.

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".

Michael E. Dubin
Partner

Schedule A – Comparables

1175 East Tremont Avenue
Area: 4,134sf
Price: \$22/sf

1172 East Tremont Avenue
Area: 2,417sf
Price: \$22/sf

1071 East Tremont Avenue
Area: 6,000sf
Price: \$28/sf

1065 East Tremont Avenue
Area: 2,400sf
Price: \$25/sf

542 East 180th Street
Area: 4,000-8,000sf
Price: \$25-30/sf

4256 Bronx Blvd
Area: 1,500-9,000sf
Price: \$30/sf

1733 Eastchester Road
Area: 2,500 – 10,000 (2nd Fl)
Price: \$25/sf

301 East Gun Hill Road
Area: 4,850sf
Price: \$30/sf

1550 St. Peters Avenue
Area: 5,667
Price: \$24/sf

445 East Tremont Avenue
Area: 5,880 (1,470sf on ground, 2nd and 3rd fls)
Price: \$21/sf

901 East Tremont Avenue
Area: 6,000sf
Price: \$22/sf

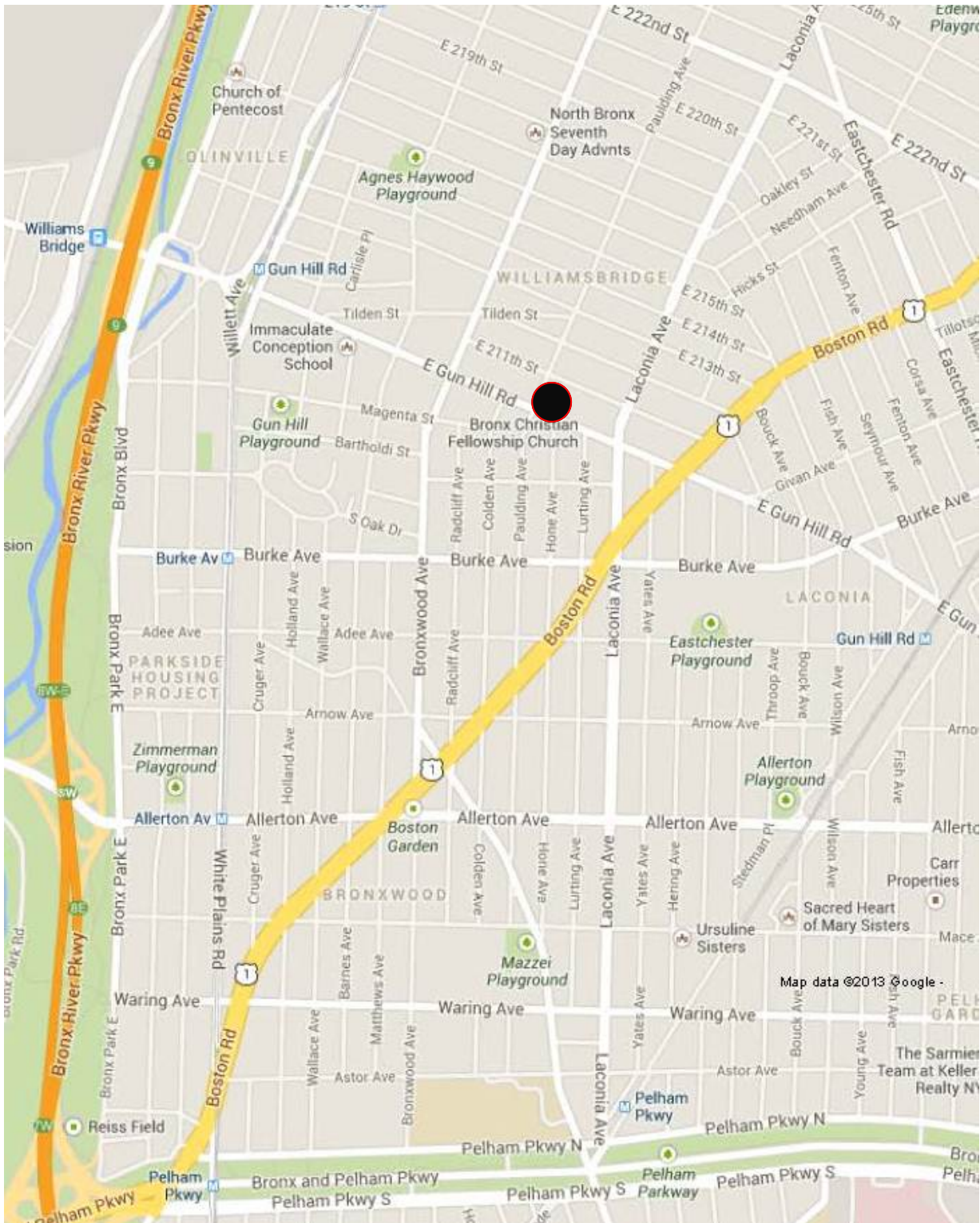
2356 University Avenue
Area: 4,500sf (2nd Fl)
Price: \$27/sf

2510 Westchester Avenue
Area: 1,500- 10,000sf
Price: \$28-\$30/sf

1012 East Gunhill Road

Bronx, NY

Approximately 1.9 miles from Jacobi Medical Center



LICENSE AGREEMENT

SIMON & COMPANY
1660 L STREET, N.W., WASHINGTON, D.C.

CENTRAL OFFICE

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a three year revocable license agreement with Simon and Company (the "Licensor") for its continued use and occupancy of approximately 144 square feet of space including use of the reception area, conference room, library, storage area, kitchen, high-speed internet service and digital cable television at an occupancy fee rate of \$1,494 per month or approximately \$17,926 per year at 1660 L Street, N.W., Washington, D.C., for use by the Corporation's federal lobbyist

WHEREAS, the Corporation employs a lobbyist who focuses on federal legislative and regulatory affairs and who works full-time in Washington, D.C.; and

WHEREAS, the Licensor holds a lease for a suite of offices at 1660 L Street, N.W., Washington D.C., and rents office space to state and municipal governments for use by their lobbyists; and

WHEREAS, in February 2011 the Board of Directors authorized the President to enter into a three year license agreement with the Licensor for the use of an office in its suite; and

WHEREAS, the Corporation now desires to extend the license agreement for an additional three year period.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation") be and he hereby is authorized to execute a three year revocable license agreement with Simon and Company for its continued use and occupancy of approximately 144 square feet of space including use of the reception area, conference room, library, storage area, kitchen, high speed internet service and digital cable television at an occupancy fee rate of \$1,494 per month or approximately \$17,926 per year at 1660 L Street, N.W., Washington, D.C. for use by the Corporation's federal lobbyist.

EXECUTIVE SUMMARY

FEDERAL LOBBYIST OFFICE SIMON AND COMPANY

OVERVIEW: The President seeks authorization from the Board of Directors of the Corporation to execute a revocable license agreement with Simon and Company for use and occupancy of space at 1660 L Street, N.W., Washington, D.C., for use by the Corporation's federal lobbyist.

**NEED/
PROGRAM:** The Corporation employs a lobbyist who focuses on federal legislative and regulatory affairs and works full-time in Washington, D.C. To function effectively, the federal lobbyist requires office space in Washington, D.C. Simon and Company holds a lease for a suite of offices at 1660 L Street, N.W., Washington, D.C., and rents office space for use by lobbyists. Simon and Company will license office space to the Corporation that is suitable for its purposes.

TERMS: The Corporation will have the continued use and occupancy of approximately 144 square feet of space and the use of common areas in Suite 501. The term of the license agreement will be three years, commencing February 1, 2014. The occupancy fee will be approximately \$1,494 per month, or approximately \$17,928 per year. The Licensor shall allow the Corporation the shared use of its reception area, conference room, library, storage area and kitchen. The occupancy fee also includes use of dedicated high-speed internet service and digital television with cable service. The cost of utilities is included in the rent. The Licensee shall be billed separately for phone service and use of the copy machine.

The license agreement shall be revocable by either party on ninety days prior notice.

SUMMARY OF ECONOMIC TERMS

SITE:	1660 L Street Washington, D.C.
FLOOR AREA:	Approximately 144 square feet plus common areas.
TERM:	Three years
RENT:	\$1,494 per month or \$17,928 per year
UTILITIES:	Included in the occupancy fee
REVOCABILITY:	The agreement may be terminated by either party on ninety days prior written notice.

SAVITT PARTNERS

November 26, 2013

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

Re: 1660 L Street NW, Washington, D.C.

Dear Dion:

Pursuant to your request, I evaluated the proposed license 'renewal' for the above referenced property. The proposed terms are fair and appropriate. There are two additional spaces available at 1660 L street, one is 2,293sf with an ask of \$44/sf and the other is 2,720sf with an ask of \$42/sf. Asking rents in the general area range from \$35-\$48/sf. The low end of that range represents spaces subleased to tenants at reduced lease terms. The high end of the spectrum represents newer construction with full TI and workletter. We assume a taking rent of 8-12% below the asking rent.

Address	SF	Ask/sf	Term
1100 17th St NW	1,000-5,600	\$39.50	1-5 years
1150 17th St NW	3,818	\$43.00-45.00	1-4 years
1015 18th St NW	6,265	\$39.75	Negotiable
1200 18th St NW	4,400	\$38.00	5-10 years
1200 18th St NW	3,937	\$38.00	5-10 years
1120 19th St NW	4,324	\$43.00	3-10 years
1320 19th St NW	5,396	\$47.00	5-10 years
1233 20th St NW	4,490	\$35.00	Thru Nov 2015

The lobbyist occupies 144/sf of an approximately 3,800sf space. On a per square foot basis, therefore, HHC pays \$120.83/sf, or approximately three times a fair market rate as suggested by the comps. However, that cost includes shares use of common areas, the reception area, conference room, library, storage area and kitchen, which are all decorated and furnished. This cost also includes utilities, high speed internet and digital cable service. Considering the cost of these shared common areas and services, HHC is currently paying a fair market rate.

The proposed 3% increase in rent is also fair and reasonable. Typically, rent increases range from 2.5%-3.25% per year. A 3% increase in rent at the beginning of the term of the agreement with no additional increases over three years, therefore, is fair and reasonable.

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

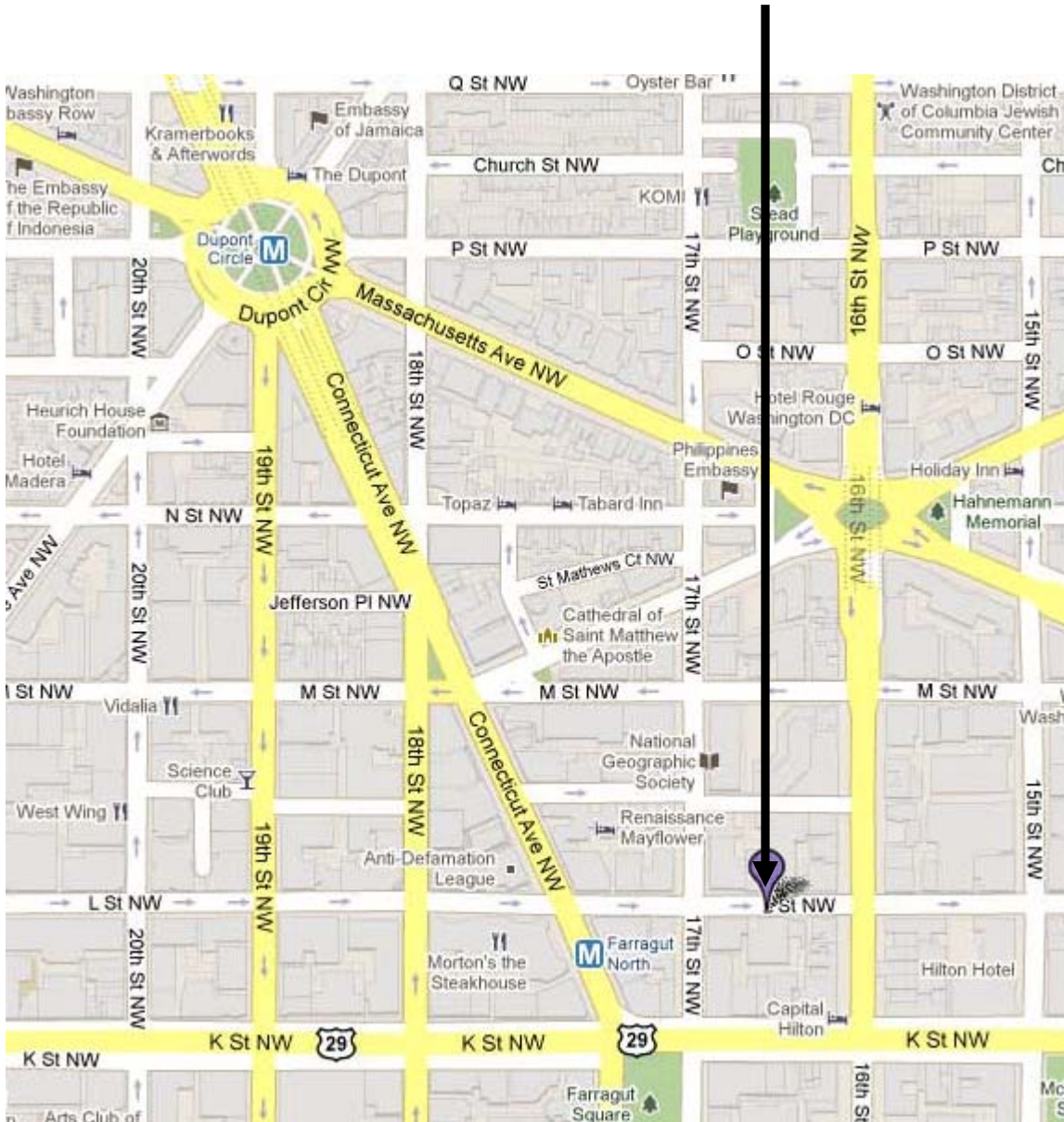
Very Truly Yours,



Michael E. Dubin
Partner

HHC Federal Lobbyist Office Space

Simon & Company
1660 L Street, NW, Washington, DC
144 square-feet



PROJECT STATUS REPORTS

South Manhattan Health Network
Southern Brooklyn/Staten Island Health Network

Network: SOUTH MANHATTAN HEALTHCARE NETWORK

Facility: BELLEVUE HOSPITAL CENTER

Project Number	PROJECT TITLE	Project Budget (\$000s)	Paid to Date (\$ 000s)	% Paid to Date	Construction Start	Projected Completion	Forecast/ Actual Completion	Delay (if any)	Comments
11201103	Expansion of Inpatient Psychiatric Unit	2,208	1,869	85.00%	May-12	Sep-12	Aug-13	(11)	Substantial completion was accomplished on August 5, 2013. In November the facility was turned over to the Hospital Psychiatric Unit. Project will be removed from reporting after this cycle.

Network: SOUTHERN BROOKLYN / STATEN ISLAND HEALTH NETWORK

Facility: CONEY ISALND HOSPITAL

Project Number	PROJECT TITLE	Project Budget (\$000s)	Paid to Date (\$ 000s)	% Paid to Date	Construction Start	Projected Completion	Forecast/ Actual Completion	Delay (if any)	Comments
26201102	Boiler Plant Replacement	10,223	2,256	32.00%	Jun-12	Feb-13	May-14	(15)	Asbestos abatement of boiler house, demolition of boilers and cleaning of three #6 tanks are completed. Work on reinforcing floor for raising new boilers in progress. Project is approximately 30% complete.
26201202	Convert 6-Bedded rooms to 4-Bedded rooms	211	4	0.02%	Aug-12	Dec-12	Oct-13	(10)	Finish work in progress. Project was on HOLD for six (6) months due to Hurricane SANDY. Project has been completed and will be removed after this reporting cycle.

Facility: SEA VIEW HOSPITAL REHABILITATION CENTER & HOME

Project Number	PROJECT TITLE	Project Budget (\$000s)	Paid to Date (\$ 000s)	% Paid to Date	Construction Start	Projected Completion	Forecast/ Actual Completion	Delay (if any)	Comments
75200902	Renovate Isolation Building	3,750	215	6.00%	Apr-13	Feb-14	Feb-14		Construction including installation of windows in progress. Project is approximately 15% complete.