

CALL TO ORDER

Feniosky Peña-Mora

- **ADOPTION OF MINUTES – December 12, 2019** Feniosky Peña-Mora
- **SENIOR VICE PRESIDENT’S REPORT** Christine Flaherty

ACTION ITEMS

- **Resolution** Theodore Long, MD
Authorizing New York City Health and Hospitals Corporation (the “System”) to sign a 10 year lease extension with the Mattone Group (the “Landlord”) for 4,218 square feet at 134-64 Springfield Boulevard, Queens, to house the Gotham Health Springfield Gardens Clinic (the “Clinic”), operated by NYC Health + Hospitals/Gotham Health (“Gotham Health”) at an initial occupancy cost of \$267,278.14 or \$63.37/ft. consisting of an initial base rent of \$203,434.14 per year plus an estimated initial annual common area maintenance (“CAM”) charge of \$29,257 and an estimated annual charge for real estate taxes of \$34,587 with the base rental charge increasing from \$48.23/ft. after five years to \$53.05/ft. and with estimated 2.5% annual increases in the CAM and tax expenses yielding an estimated ten year occupancy cost total of \$2,851,263.91.

Vendex: NA
EEO: NA

- **Resolution** Sheldon McLeod / Jeremy Berman / Christine Flaherty
Authorizing New York City Health and Hospitals Corporation (the “System”) to sign a 5-year revocable license with Ronald McDonald House of New York, Inc. (“Licensee”) for its use of approximately 1,100 square feet on the 5th floor of the D Building at NYC Health + Hospitals/Kings County Hospital Center (“KCHC”) and approximately 930 square feet on the 8th floor E Wing of NYC Health + Hospitals/Elmhurst Hospital (“Elmhurst”) for the construction and operation of a Ronald McDonald Family Room for use by families of pediatric patients, with the occupancy fee waived and with the System having authority to extend the license to space at other System facilities provided such extensions are reported to the Board.

Vendex: NA
EEO: NA

- **Resolution** Jeremy Berman / Christine Flaherty
Authorizing New York City Health and Hospitals Corporation (the “System”) to sign a five year lease extension with Forever Spring Realty, Inc. (the “Landlord”) for the use of approximately 4,186 square feet of ground floor space at 81-06 Baxter Avenue, Queens to operate a Supplemental Food

Program for Women, Infants and Children (the "WIC Program") managed by NYC Health + Hospitals/Elmhurst Hospital Center (the "Facility") at a rent of \$198,835 per year, or \$47.50 per square foot to be escalated by 2.5% per year for a total of \$1,045,142 over the five year initial term with an option to be exercised only by the System to renew the lease for an additional five year term at 2.5% above the rent last due during the initial term. The System shall also pay the real estate taxes on the property which are currently at \$6,000/yr. which are estimated to increase by 2.5%/yr. for a five year estimated total of \$31,538 which will bring the total five year occupancy cost to approximately \$1,076,680.

Vendex: NA
EEO: NA

- **Resolution** **Robert Berding**
Authorizing the New York City Health and Hospitals Corporation (the "System") to execute a five year revocable license agreement with Educational Data Systems, Inc. (the "Licensee") for its use and occupancy of 312 square feet of space in the Mental Health Building on the campus of NYC Health + Hospitals/Metropolitan Hospital Center (the "Facility") to operate an employment services program at an annual occupancy fee of \$12,000, or \$38.46 per square foot to be escalated by 3% per year for a total of \$63,710 over the five year term.

Vendex: NA
EEO: NA

- **Resolution** **Dean Mihaltses**
Authorizing the New York City Health and Hospitals Corporation (the "System") to execute a revocable five year license agreement with Eyes and Optics (the "Licensee") for the use and occupancy of approximately 140 square feet of space in the Atrium lobby to operate an optical dispensary at NYC Health + Hospitals/Queens Hospital Center (the "Facility") at an occupancy fee of \$57 per square foot for a total annual occupancy fee of \$7,980 to be escalated by 3% per year for a total over the five year term of \$42,367.

Vendex: Approved
EEO: NA

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT

CAPITAL COMMITTEE MEETING MINUTES

December 12, 2019

MINUTES

Capital Committee

Meeting Date: December 12, 2019

Time: 11:00 A.M.

Location: Board Room

Board of Directors:

Members of the Capital Committee

José Pagán, Chairman of the Board

Feniosky Peña-Mora

Freda Wang

Sally Hernandez-Piñero

Mitchell Katz

HHC Staff:

Paul Albertson – Vice President, Supply Chain Services

Jeremy Berman – Deputy Counsel, Office of Legal Affairs

Frederick Covino – Vice President, Finance

Robert Egbert – Senior Project Manager, Office of Facilities Development

Christine Flaherty – Senior Vice President, Capital Design & Construction

Daniel Gadioma – Associate Director, NYC Health + Hospitals / Kings County

Oscar Gonzales – Assistant Vice President, Office of Facilities Development

Colicia Hercules – Chief of Staff and Corporate Secretary to the Chairman of the Board, Office of the Chairman

Mahendranath Indar – Senior Director, Office of Facilities Development

Leora Jontef – Assistant Vice President, Office of Facilities Development

Erik Osborne – Budget Director, Office of Facilities Development

Manuel Saez – Senior Director, Corporate Support Services

Brenda Schultz – Senior Assistant Vice President, Finance

Denisha Simpson Franklin – Director of Program Budget, Office of Facilities Development

Dion Wilson – Director of Real Estate, Office of Legal Affairs

CALL TO ORDER

The meeting was called to order by Feniosky Peña-Mora, Chairman of the Capital Committee, at 11:09 A.M.

On motion, the Committee unanimously approved the minutes of the November 12, 2019, Capital Committee meeting.

SENIOR VICE PRESIDENT'S REPORT

Christine Flaherty, notify the Committee that she participated in a press conference with the City compelling the Governor to sign the NYC Design Build Act which passed both branches of the State in June of 2019 this morning. The Act in its current form would give H+H Authority to utilize design-build delivery and would for specific new construction projects save the system precious dollars and accelerate timelines. There is hope that the Governor would consider signing the bill before the end of the year.

Ms. Flaherty announce that the Office of Facilities Development (OFD) had a new Assistant Vice President of Housing and Real Estate, Leora Jontef, who joined the team and would be helping to develop and accelerate plans to bring more housing options to the systems' vulnerable patient population faced with homelessness and unstable housing. Additionally she congratulate Manuel Saez, who was promoted to Assistant Vice President of Facility Management for the system. Mr. Saez would continue to play a key role in ensuring the facilities were fully supported, operational and compliant at all times.

There would be a series of educational sessions to be held in the New Year, including: an educational session at Bellevue Hospital on February 7th; an overview of the systems' working group on the newly forming Health + Housing initiative in March; and, an overview of the strategic vision for OFD in May of 2020.

Additionally, the RFP for Architectural and MEP design services had been publicly posted on December 9 with a due date after the New Year, and the Exterior Envelope solicitation was expected to be out to the industry before the end of the calendar year. Supply Chain's recently hired Heather McCreary, who has a background working in design & construction and will be working on continuous improvement of processes and reporting, including standardizing methods for performance reviews system-wide.

This concluded Mrs. Flaherty's report, and she turned the meeting over for discussion of the three action items on the agenda.

Mr. Peña-Mora asked if the RFP for Architectural and MEP design services included some of the recent discussion and recommendations of the Capital Committee, regarding MWBE utilization and performance metrics. Mrs. Flaherty said the RFP included an increase to MWBE utilization criteria. Mrs. Flaherty clarified that currently the evaluation criteria is an internal process and a standardized approach on performance was being discussed.

Mrs. Flaherty advised that the first action item on the agenda is being presented on behalf of Kings County leadership, as they are in the midst of EPIC implementation.

ACTION ITEMS

Jeremy Berman, Deputy Counsel, read the resolution into the record. Mr. Berman was joined by Christine Flaherty, Senior Vice President, Capital Design and Construction.

- **Authorizing New York City Health and Hospitals Corporation (the “System”) to execute a ten year lease with 2356 Partners LLC (the “Landlord”) for the use and occupancy of approximately 2,100 square feet of ground floor space at 2356 Nostrand Avenue, Brooklyn to operate a Supplemental Food Program for Women, Infants and Children (the “WIC Program”), managed by NYC Health + Hospitals/Kings County Hospital Center (the “Facility”) at a rent of \$108,000 per year, or \$51.43 per square foot to be escalated by 3% per year for a total of \$1,238,099 over the ten year term with an option to terminate after four years exercisable only by the System if funding is reduced.**

Mr. Berman explained that this resolution was a proposal to open a new WIC site, replacing a similar site that had been located nearby, that closed due to an expired lease that the landlord had no interest in renewing. The State approached Health + Hospitals requesting that a replacement site be opened. Mr. Berman noted that there were 27 WIC sites operated throughout the system, six (6) in rented locations and 21 on site within H+H facilities. Of those total WIC sites, there were three that had been operated within the Kings County catchment area, one located within the “T” building on the Kings County campus, one in East Flatbush on Church Avenue, and the former Nostrand Avenue site. That last site being the location that closed and was to be replaced by the Nostrand Avenue site being presented for approval to lease space.

Mrs. Flaherty presented a map indicating each of the aforementioned locations.

Sally Hernandez-Piñero asked if the WIC sites provided care to individuals who otherwise would have difficulty reaching the other sites, or if they specifically provided supplemented hospital services. Ms. Flaherty responded that these sites are at the request of the State to meet the demand for services within that community.

Mr. Peña-Mora credited the team with finding a replacement site so close to the previous site.

Freda Wang asked whether the State be covering all aspects of the program. Mr. Berman clarified that the employees were H+H employees but the State funding covered their cost, as well as lease payments and some other outlier costs.

Ms. Wang asked if the funding was provide in four (4) year cycles and that was why the term was for 4 years. Mrs. Flaherty clarified that funding was provided in shorter-term cycles, every 24 months the State allocates funding, but H+H highly anticipates continued funding, particularly in light of the fact that NYS DOH requested the site, however the landlord was not willing to negotiate a lease for less than 4 years. Ms. Flaherty noted that there are some months in the lease that do not correspond to the currently approved funding, but again, that funding is anticipated and continued funding has historically been approved by the State.

In response to questions, Ms. Flaherty clarified that this is the funding structure for all WIC programs and the State is aware of the lease terms.

Mr. Peña-Mora stated that this was discussion regarding the difference between the lease and the funding and that the demand for the services outweighed the few months risk. He noted that the system did its best to align the time-periods by getting the shortest lease term possible.

In respond to questions Mr. Berman clarified that the State does pay some occupancy fee for WIC sites location within H+H facilities and that all the programs services focus on food and nutrition. He also clarified that the proposed landlord is not the same as the expired lease site landlord.

There being no further questions or comments. On motion by the Chairman of the Committee, the Committee approved the resolution for the full Board's consideration.

Christine Flaherty, Senior Vice President, Capital Design and Construction, read the resolution into the record.

- **Amending the resolution adopted in September 2019 by the Board of Directors of New York City Health and Hospitals Corporation (the "System") authorizing the execution of a 30 year lease with Camelot of Staten Island, Inc. ("Camelot") with Camelot holding a 19 year renewal option for the operation of a residential Substance Use Disorder ("SUD") program on the campus of NYC Health + Hospitals/Sea View (the "Facility") on land including the Administration Building with such amendment increasing the initial term to 50 years with Camelot holding a ten year renewal option thereby yielding rental income to the System over the initial term of \$24,371,087 at \$12.50 per sq. ft. escalated by 2.5% per year.**

Ms. Flaherty advised that the amended resolution being presented was to adjust the term of the lease, previously approved by the Capital Committee and full Board of Directors. Mr. Berman said that there appeared to be some miscommunication within the New York State Office of Alcohol and Substance Abuse (OASAS) on the term of the lease originally approved, 30 years with a 19 year renewal option, and what the New York State Comptroller preferred for a term. The Comptroller requested a longer-term lease, which would be in line with other large developments on H+H campuses, and so the resolution was being presented as amended for an increased base term of 50 years, with a 10-year renewal option.

Ms. Wang asked how the original lease terms were determined. Ms. Flaherty responded that it was originally drafted to align with terms of the other Camelot lease on site. Mrs. Wang asked if all parties were aligned on these amended terms. Mrs. Flaherty and Mr. Berman said they believed so.

Ms. Hernandez-Piñero noted that resolution referenced that the Office of the Attorney General objected to the term, and asked if that was correct or if it was the Comptroller's Office. Mr. Berman said that he was not sure where the objections originated but said every State agreement went through both offices for review.

Ms. Hernandez-Piñero noted that between renovation and construction the project was very expensive. Mrs. Flaherty explained that the building that Camelot would occupy was in terrible shape and required extensive work and proposed work was an investment in the life cycle of the building. Mr. Berman added that price for the site was based on a Fair Market Value Assessment.

Mr. Berman added that the number of patients listed in the resolution and presentation was a minimum number and as he understood Camelot would be able to, in favor of, accommodating more patients at the site.

Mr. Peña-Mora recommended that a slide be created to present at the full Board of Directors meeting explaining the exact change being requested, and confirming where the objection that prompted the amendment came from.

Ms. Wang asked who came up with the amended term of 50 years and a ten-year renewal option. Mr. Berman said all parties agreed on the 60-year total term, including the option to renew.

There being no further questions or comments. On motion by the Chairman of the Committee, the Committee approved the resolution for the full Board's consideration.

Christine Flaherty, Senior Vice President, Capital Design and Construction, read the resolution into the record.

- **Authorizing the New York City Health and Hospitals Corporation (the "System") to execute a contract with Johnson Controls Inc. (the "Contractor") to provide Building Management System maintenance services at various facilities throughout the System over a three year term with option exercisable solely by the System, for two one-year extensions, for an amount not to exceed \$15,510,315.**

Ms. Flaherty explained that Building Management Systems were installed throughout the organization serving as monitors for various operations including; Heating, Ventilation, Air Conditioning (HVAC), lighting, power systems, fire systems, and possibly security systems. They were also used at certain sites to optimize energy usage. BMS provide real-time notification and status of critical systems such as fire dampers, pressure relationships, and humidity controls, all critical aspects of operations and regulatory compliance.

Mrs. Flaherty noted that JCI has been providing maintenance for BMS systems at 13 of the 15 facilities and those systems had JCI's proprietary hardware and software. The existing contract was extended from the JCI Plant Maintenance Management agreement. Current contract spend was approximately \$2.3M annually, and would expire on December 31, 2019.

Mrs. Flaherty provided an overview of the solicitation, the desired outcome was for a single vendor solution and the RFP minimum criteria. The evaluation committee, comprised of OFD and facility representation was weighted as follows: 40% ability to meet scope of work deliverables, 30% cost proposal, 20% appropriateness and quality of firm's experience 10% status as and MWBE or MWBE utilization plan.

Mr. Peña-Mora noted that two areas in which JCI did not receive positive reviews were cost and MWBE utilization. He noted that negotiations had resulted in a promise to increase MWBE utilization and asked how that would be monitored. Ms. Flaherty indicated that negotiations had shown JCI how serious the System was at increasing M/WBE and it had been determined that each requisition was to reflect utilization and those would be monitored against their commitment to meet 12.5% utilization. JCI promise to use MWBE under the repair and expansion numbers as regular ongoing maintenance would be self-performed.

Ms. Wang asked if the commitment was against the \$2.6 million number. Mrs. Flaherty said the 12.5% is based on the full contract value but will likely be found under repairs and expansion since the majority of ongoing maintenance work was self-performed.

Mr. Peña-Mora said that after negotiations were complete the burden rests on H+H to monitor and hold JCI accountable.

Ms. Hernandez-Piñero asked if this was a sole source contract since they had proprietary systems in place. Ms. Flaherty said no it was solicited publicly but in a way the System were beholden to them and in an effort to be cost effective, being that JCI systems were implemented in nearly all H+H facilities it was more cost effective to continue with JCI as well.

Mr. Pagán said that with the term of the contract there would be room to negotiate in a few years. Ms. Flaherty added that facilities were priced individually so that if a facility became self-reliant it could be removed from the contract list for service and eventually that would have increased leverage.

Mr. Peña-Mora acknowledged that negotiating costs was a success but in viewing the performance reviews H+H would need to keep a close eye on charges and man hours for maintenance. Mrs. Flaherty said that H+H was working closely with DCAS to assess the cost of becoming self-reliant, including any required upgrades to support self-sufficiency and that was a high priority.

Mr. Peña-Mora asked if DCAS was prepared to support the effort with funding. Ms. Flaherty said she believed so, and they were working closely on a remedy, although all parties understood it would take some time.

Ms. Hernandez-Piñero asked about the total number of facilities listed. Ms. Flaherty explained that included some long-term care sites and excluded H+H / Woodhull, which had their own system in place.

There being no further questions or comments. On motion by the Chairman of the Committee, the Committee approved the resolution for the full Board's consideration.

There being no further business, the meeting was adjourned at 11:53 P.M.

LEASE EXTENSION

SPRINGFIELD GARDENS CLINIC

134-64 SPRINGFIELD BOULEVARD, QUEENS

NYC HEALTH + HOSPITALS / GOTHAM

RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the "System") to sign a 10 year lease extension with the Mattone Group (the "Landlord") for 4,218 square feet at 134-64 Springfield Boulevard, Queens, to house the Gotham Health Springfield Gardens Clinic (the "Clinic"), operated by NYC Health + Hospitals/Gotham Health ("Gotham Health") at an initial occupancy cost of \$267,278.14 or \$63.37/ft. consisting of an initial base rent of \$203,434.14 per year plus an estimated initial annual common area maintenance ("CAM") charge of \$29,257 and an estimated annual charge for real estate taxes of \$34,587 with the base rental charge increasing from \$48.23/ft. after five years to \$53.05/ft. and with estimated 2.5% annual increases in the CAM and tax expenses yielding an estimated ten year occupancy cost total of \$2,851,263.91.

WHEREAS, the Clinic has been providing primary care services to residents of the community since 1995;
and

WHEREAS, the Clinic is one of seven primary care clinics operated by Gotham Health in Queens; and

WHEREAS, the Clinic offers a full range of primary care services including adult medicine, pediatrics and OB/GYN; and

WHEREAS, there remains a need for primary care services in this section of Queens and extending the lease for this site will allow the Clinic to continue to serve the community; and

WHEREAS, under the structure of the proposed lease, the System pay both base rent and its share of real estate taxes and CAM and while the amount of base rent is provided in the lease, increases in taxes and CAM are not limited but can be fairly reliably estimated to increase by 2% per year; and

WHEREAS, the Vice President for ambulatory care will be responsible for the administration and management of the proposed lease.

NOW, THEREFORE, be it

RESOLVED, that New York City Health and Hospitals Corporation be and hereby is authorized to sign a 10 year lease extension with the Mattone Group for 4,218 square feet at 134-64 Springfield Boulevard, Queens, to house the Gotham Health Springfield Gardens Clinic operated by NYC Health + Hospitals/Gotham Health ("Gotham Health") at an initial occupancy cost of \$267,278.14 or \$63.37/ft. consisting of an initial base rent of \$203,434.14 per year plus an estimated initial annual common area maintenance ("CAM") charge of \$29,257 and an estimated annual charge for real estate taxes of \$34,587 with the base rental charge increasing from \$48.23/ft. after five years to \$53.05/ft. and with estimated 2.5% annual increases in the CAM and tax expenses yielding an estimated ten year occupancy cost total of \$2,851,263.91.

EXECUTIVE SUMMARY
NYC HEALTH + HOAPITALS/ GOTHAM HEALTH
SPRINGFIELD GARDENS
134-64 Springfield Boulevard
BOROUGH OF THE QUEENS

OVERVIEW: New York City Health and Hospitals Corporation (the "System") seeks authorization its Board of Directors to execute a ten year lease extension agreement with the Mattone Group (the "Landlord") for space at 134-64 Springfield Boulevard, Queens to house the Gotham Health Springfield Gardens Clinic operated by NYC Health + Hospitals/Gotham Health ("Gotham Health").

**NEED/
PROGRAM:** The Springfield Gardens clinic has been providing primary care services to residents of the community since 1995. The clinic is one of seven primary care clinics operated by Gotham Health in Queens. It offers a full range of primary care services including adult medicine, pediatrics and OB/GYN. There remains a need for primary care services in this section of Queens and extending the lease for this site will allow the clinic to continue to serve the community. The clinic is open Monday, Tuesday, Thursday, Friday from 8:30 a.m. to 5:00 p.m., Wednesdays from 11:30 a.m. to 8:00 p.m. and Saturday

UTILIZATION: For the FY 2018/19, the clinic provided approximately 5,523 visits.

TERMS: The program will continue to occupy 4,218 square feet of ground floor store front space in the Springnax Plaza mall. The rent for the new term is 5% above the current rent and is within fair market value as per the attached FMV analysis. The initial base rent will be \$203,434.14 per year or \$48.23 per square foot for lease years one through five, and \$223,764.90 per year or \$53.05 per square foot for years six through ten for a total base rent over the ten year term of \$2,135,995.20. In addition to the base rent, the System will be responsible for the payment of its share of common area maintenance charges ("CAM") and the real estate taxes on the property. These will start at \$29,526 /yr for CAM and \$34,587 /year for taxes. While, there cannot be total certainty regarding the future amount of the CAM and taxes, an annual 2.5% increase has been modeled. With that rate of increase assumed, the estimated ten year CAM expense totals \$327,777.34 and the estimated ten year real estate tax expense totals of \$387,491.36, for a ten year occupancy cost total of \$2,851,263.91.

The Landlord will be responsible for structural repairs and maintenance and the repair and maintenance of all common areas including sidewalks, curbs and parking lots. The Tenant will be responsible for interior non-structural repairs and maintenance. The Tenant will be responsible for payment of separately metered utilities.

SUMMARY OF ECONOMIC TERMS

SITE:	134-64 Springfield Boulevard Queens, New York 11413 Block 12999, Lot 201
LANDLORD:	Mattone Group 134-64 20 th Avenue College Point, N.Y. 11356
TERM:	Ten years
FLOOR AREA:	Approximately 4,218 square feet, ground floor
BASE RENT:	\$48.23 per square foot for years 1 through 5 and \$53.05 for years 6 through 10
CAM:	Tenant is responsible for its proportionate share of CAM currently at approximately \$7.00 per square foot
REAL ESTATE TAXES:	Tenant is responsible for payment of its proportionate share of real estate taxes currently approximately \$8.00 per square foot
UTILITIES:	Tenant is responsible for payment for electricity, gas, and water and sewer rents
OCCUPANCY COSTS:	Counting base rent, CAM and real estate taxes, total occupancy costs start at \$267,278.14 or \$63.37/sf and are estimated to total \$2,851,263.91 over the ten-year term.
REPAIRS/ MAINTENANCE:	The Landlord will be responsible for structural repairs and maintenance and the repair and maintenance of all common areas including sidewalks, curbs and parking lots. The Tenant will be responsible for interior non-structural repairs and maintenance.

134-64 Springfield Blvd.

<u>Year</u>	<u>Annual Rent</u>	<u>Monthly</u>	<u>PSF</u>	<u>CAM</u>	<u>CAM PSF</u>	<u>Base Rent + CAM</u>	<u>Base Rent + CAM PSF†</u>	<u>R.E. Taxes †</u>	<u>R.E. Taxes PSF</u>	<u>Base Rent + CAM + R.E. Taxes</u>	<u>Base Rent + CAM + R.E. Taxes PSF</u>
1	\$203,434.14	\$16,952.85	\$48.23	\$29,257.00	\$6.94	\$232,691.14	\$55.17	\$34,587.00	\$8.20	\$267,278.14	\$63.37
2	203,434.14			29,988.43	7.11	233,422.57	55.34	35,451.68	8.40	268,874.24	63.74
3	203,434.14			30,738.14	7.29	234,172.28	55.52	36,337.97	8.61	270,510.24	64.13
4	203,434.14			31,506.59	7.47	234,940.73	55.70	37,246.42	8.83	272,187.15	64.53
5	<u>203,434.14</u>			<u>32,294.25</u>	\$7.66	<u>235,728.39</u>	\$55.89	<u>38,177.58</u>	\$9.05	<u>273,905.97</u>	\$64.94
	\$1,017,170.70			\$153,784.40		\$1,170,955.10		\$181,800.63		\$1,352,755.74	
6	\$223,764.90	\$18,647.08	\$53.05	\$33,101.61	\$7.85	\$256,866.51	\$60.90	\$39,132.02	\$9.28	\$295,998.53	\$70.18
7	223,764.90			33,929.15	8.00	257,694.05	61.09	40,110.32	9.51	297,804.37	70.60
8	223,764.90			34,777.38	8.16	258,542.28	61.29	41,113.07	9.75	299,655.35	71.04
9	223,764.90			35,646.81	8.33	259,411.71	61.50	42,140.90	9.99	301,552.61	71.49
10	<u>223,764.90</u>			<u>36,537.98</u>	\$8.49	<u>260,302.88</u>	\$61.71	<u>43,194.42</u>	\$10.24	<u>303,497.31</u>	\$71.95
	\$1,118,824.50			\$173,992.94		\$1,292,817.44		\$205,690.73		\$1,498,508.17	

† Both CAM and Real Estate Taxes are known for the first year but are estimated thereafter based on a projected 2.5% annual increase

Lease Renewal 134-64 Springfield Blvd., Queens

Capital Committee
February 6, 2020

Ted Long, MD, VP, Ambulatory Care



Gotham Health, Springfield Overview

- Gotham Health/Springfield has been in operation for 25 years.
- Provides pediatrics, women's health, and adult medicine
 - Management tools for diabetes
 - Family planning
 - Mental health screenings
 - Well child care
 - Hearing and vision testing
 - Gynecological care,
 - HIV and STD testing
- 5,523 visits per year.



PROPOSED LEASE TERMS

- **TERM:** Ten years
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- **FLOOR AREA:** Approximately 4,218 square feet, ground floor
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- **BASE RENT:** \$48.23/ft. for years 1-5; \$53.05 for years 6-10
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- **CAM:** NYC H+H will pay a share of Common Area Maintenance (CAM) which is now about \$7/ft.
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- **REAL ESTATE TAXES:** NYC H+H will pay a share of real estate taxes which are now about \$8/ft.
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- **OCCUPANCY COST:** Base Rent + CAM + Taxes yields a total initial annual occupancy cost of \$266,796 or \$63.37/ft.
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- **TOTAL:** With estimated annual increase of 2.5% in CAM and taxes, total cost of lease over its term is estimated at \$2,851,263.91
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- **UTILITIES:** NYC H+H will pay for its own electricity, gas, and water
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- **REPAIRS/MAINTENANCE:** Landlord will be responsible for structural repairs and maintenance. NYC H+H will be responsible for interior non-structural repairs and maintenance.
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Capital Committee Request

New York City Health and Hospitals Corporation (the “System”) be and hereby is authorized to sign a 10 year lease extension with the Mattone Group for 4,218 square feet at 134-64 Springfield Boulevard, Queens, to house the Gotham Health Springfield Gardens Clinic operated by NYC Health + Hospitals/Gotham Health (“Gotham Health”) at an initial occupancy cost of \$266,796 or \$63.37/ft. consisting of an initial base rent of \$203,434.14 per year plus an estimated initial annual common area maintenance (“CAM”) charge of \$29,257 and an estimated annual charge for real estate taxes of \$34,587 with the base rental charge increasing from \$48.23/ft. after five years to \$53.05/ft. and with estimated 2.5% annual increases in the CAM and tax expenses yielding an estimated ten year occupancy cost total of \$2,851,263.91.



SAVITT PARTNERS

November 18, 2019

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

Re: Fair Market Value/Appraisal of Springfield Medical Center
Located at Springnex Plaza, 134-64 Springfield Blvd, Springfield Gardens, NY 11413
On behalf of NYC Health & Hospitals Corporation

Dear Dion:

You have asked that I comment on the value of the referenced premises for the rental renewal of Springfield Medical Center. The original valuation report dated August 25, 2015 describes the referenced premises and gives a valuation of \$44-\$47 per rentable square foot (RSF) at that time. This shall serve to update that report and its valuation.

Pursuant to your request, the referenced property was initially inspected in August 2015 in order to assess the Fair Market Value (FMV) of the designated office/retail medical offices. This assessment is inclusive of the value of the Tenant improvements and specified operating expenses such as utilities, housekeeping, security, service contracts, repairs and maintenance, etc. As the tenant is designated as a not for profit (501 (c)(3)) real estate taxes may not be applicable, however this expense will be considered when evaluating the value of the space in order to provide a comprehensive FMV. This appraisal will assess the estimated value of the base rent inclusive of the tenant improvements and operating expenses. This evaluation is subject to the following:

- The unit is currently occupied and zoned for use as a medical office.
- The lease will expire on May 31, 2020 and tenant wishes to exercise its renewal option.
- The landlord has proposed a renewal term for a ten year period, with a 10% rent increase now for years 1-5 and then another 10% rent increase for years 6-10.
- The unit is approximately 4,218 RSF.
- This evaluation is for the purpose of a lease extension/renewal.

Medical offices in this area are typically situated in stand-alone medical office buildings, strip malls or converted residential houses. Rents for turn-key (ready to use) medical space range from approximately \$50-\$60 per rentable square foot with a median price of \$52/RSF. Rents for unimproved spaces are from \$28-\$42/RSF. The residential conversions and the more dated (10+ years) spaces garner the lower rents with the larger malls, “strip” centers and medical office buildings with relatively new or newer tenant improvements receiving the higher rents. These properties typically offer more amenities, i.e. on-site property management, parking, security, etc.

Rents in the Springfield Gardens area garner higher retail/commercial rents than in neighboring areas. However, the range of difference between these market areas is more modest at \$5-\$8 per RSF. Most of the opportunities for medical office space in these markets are for undeveloped offices in commercial buildings, which will require extensive capital improvements.

Current market conditions provide for minimal landlord concessions. Additionally, retail transactions typically 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. Concessions are minimal. Rents in general had been rising and had shown consistent improvement through 2017 as the economy has improved, but have leveled as online retailing had negatively impacted traditional bricks and mortar real estate.

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 would entail an up-front expense of no less than \$125/RSF or approximately \$527,250.00 for construction. Despite possible lower rent opportunities in the same market area, this expense cannot be appropriately amortized over the proposed renewal term of 5 years.

The referenced medical office is a retail tenant located within the outdoor plaza retail center. The anchor tenant is a supermarket. There are numerous smaller retail units within the plaza. This retail center provides sufficient parking and the lot is in good condition. The center is easily accessible off of Springfield Blvd. which is a major thoroughfare in the immediate market area. NYCTA buses stop immediately in front of the retail center.

Anchor and (larger) tenants are provided with signage on the primary mall sign (billboard) visible off of Springfield Blvd. and includes this Springfield Medical Tenant's name as well. The tenant also has signage on the main entrance door to the offices, and on the "eye brow" (upper façade) of the building.

The office is comprised of 4,218 RSF on the ground floor. The front entrance and interior are accessible via wheel chair and compliant with the American Disabilities Act. The office is built and consists of the following:

- Four seats at desk
- Waiting room with 35 seats
- Eight exam rooms
- Men's & Women's ADA bathrooms and additional bathroom in back
- Clean utility and storage
- Soiled utility
- Financial services office
- Administrative office
- Staff room (lounge with kitchen)
- Nurse's office
- Janitor's closet

- Phone room
- Roof mounted HVAC and maintained by tenant
- Fire alarm is through Pathmark
- Snow and outdoor maintenance provided by Pathmark
- Monday-Friday 8:30am-5:00pm alternating Saturdays from 9:00am-3:00pm
- Pathmark shopping center has 4,000 SF

Rents in the commercial and retail markets within the Springfield Gardens area which had been flat have shown steady improvement. 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 five year renewal term; however, it could use some cosmetic renovation, specifically repainting. The value of the original capital expenditure is estimated at \$90-\$120 per RSF. The current value is 60%-80% depreciated.

The renewal terms presented by the landlord are commercially fair and reasonable based on this assessment. It is our conclusion that the fair market value of this space with the referenced services and amenities is between \$52-\$55 per RSF. This takes into consideration comparable commercial/retail rents within the immediate market areas (previously denoted and enclosed) and the subsequent tenant improvements of the space, as well as current availability for similar opportunities.

While the proposed rent fair market rental rates are consistent with the market, its important to point out that the space subject to the renewal is located in a "strip center" outdoor retail mall. As part of occupancy in these locations, tenants typically are required to pay their proportionate share of taxes and CAM (Common Area Maintenance) which would not be passed through to tenants located outside of these types of locations. The taxes and CAM charges at this location will increase the rent by approximately \$12-\$14/rsf. Accordingly, the second base rent increase should be questioned as the rent plus the increased taxes and CAM charges over the term of the lease will place the value of this medical office above market.

While it is our professional observation that the terms are fair and reasonable given current conditions and immediate vacancies within the mall as well as the surrounding areas, we would recommend further negotiations regarding the rent but specifically focused on the 3% per annum escalations which we consider within market terms but on the higher end of said market.

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

Thank you.

Very truly yours,



Michael Dubin
Partner

Comps for Springfield Medical Center

Address	Cross Streets	Square Feet	Price Per SF
122-10 Guy R Brewer Blvd.	Guy R Brewer Blvd. & 122 nd Ave.	3,000	\$100.00
228-02-228-06 Merrick Blvd.	122 nd -128 th St. & Merrick Blvd.	20,279	\$35.00-\$40.00
13320 Springfield Blvd.	Springfield Blvd. & 133 rd Rd.	1,200	\$53.50
134-40 Springfield Blvd.	Carson St. & 138 th Rd.	10,983	\$41.00-\$51.00

LICENSE AGREEMENT

RONALD MCDONALD HOUSE OF NEW YORK, INC.

NYC HEALTH + HOSPITALS / KINGS COUNTY

RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the "System") to sign a 5-year revocable license with Ronald McDonald House of New York, Inc. ("Licensee") for its use of approximately 1,100 square feet on the 5th floor of the D Building at NYC Health + Hospitals/Kings County Hospital Center ("KCHC") and approximately 930 square feet on the 8th floor E Wing of NYC Health + Hospitals/Elmhurst Hospital ("Elmhurst") for the construction and operation of a Ronald McDonald Family Room for use by families of pediatric patients, with the occupancy fee waived and with the System having authority to extend the license to space at other System facilities provided such extensions are reported to the Board.

WHEREAS, Licensee has operated Ronald McDonald House New York since 1978 providing a temporary home-away-from-home for pediatric cancer patients and their families; and

WHEREAS, among Licensee's programs is the construction and operation of Ronald McDonald Family Rooms for families of pediatric inpatients at hospitals in New York City; and

WHEREAS, in February 2015, the System's Board of Directors authorized the license of space at KCHC for the construction and operation of a Ronald McDonald Family Room for use by families of pediatric patients; and

WHEREAS, Licensee has successfully been operating its Family Room at KCHC after having constructed the space entirely at its cost; and

WHEREAS, Licensee wishes, at its cost, to establish a similar Family Room at Elmhurst while it continues to operate the Family Room at KCHC; and

WHEREAS, Elmhurst management, with Licensee, has identified suitable space on the 8th floor of the E Wing of the Main Building (79-01 Broadway) for the Licensee to construct a Family Room; and

WHEREAS, the Licensee hopes to construct Family Rooms at additional of the System's hospitals if space can be found acceptable to both the Licensee and each hospital; and

WHEREAS, the System management shall report to the Capital Committee each time it exercises its authority to extend the license to an additional System facility.

NOW, THEREFORE, be it

RESOLVED, that New York City Health and Hospitals Corporation is authorized to sign a 5-year revocable agreement with Ronald McDonald House of New York, Inc. for its use of approximately 1,100 square feet on the 5th floor of the D Building at NYC Health + Hospitals/Kings County Hospital Center and approximately 930 square feet on the 8th floor of NYC Health + Hospitals/Elmhurst Hospital ("Elmhurst") for the construction and operation of a Ronald McDonald Family Room for use by families of pediatric patients, with the occupancy fee waived and with the System having authority to extend the license to space at other System facilities provided such extensions are reported to the Board.

EXECUTIVE SUMMARY

RONALD MCDONALD HOUSE OF NEW YORK, INC.

BACK GROUND: The System seeks authorization for a 5-year, revocable license with Ronald McDonald House New York, Inc. ("Licensee") to renew its rights to approximately 1,100 square feet on the 5th floor of the D building at NYC Health + Hospitals/Kings County Hospital Center ("KCHC") and to grant Licensee the right to construct and operate a similar Family Room at NYC Health + Hospitals/Elmhurst ("Elmhurst") for families of inpatient pediatric patients. Authority is also sought for the System to further expand the license to include other System hospitals where suitable space acceptable to both Licensee and the hospital can be found. The System will report any such expansions of the license to the Board.

Currently, there are more than more than 262 Ronald McDonald Family Rooms in over 28 countries and regions. The Ronald McDonald Family Room extends the hallmark of quality care and compassionate comfort shared by the System and Licensee. RMH NY believes the KCHC Family Room, the proposed EMHC Family Room and those that will follow constitute the first and only such Family Rooms located within a United States municipal hospital system, in furtherance of its a new policy initiative to expand its services to a broader range of pediatric patients and their families within the five boroughs of New York City.

NEED/ PROGRAM: Ronald McDonald Family Rooms align with the System's goals of providing family centered care. It is an area within a pediatric ward to provide a quiet rest area for family members of pediatric patients. It offers a home-like atmosphere when a parent needs a break from the hospital environment. When a child is critically ill, parents are often reluctant to leave the hospital and yet they desperately need a break. Typical services include a comfortable seating area, refreshments (beverages, snacks, fruit, etc.), television and reading materials, internet charging station and computer and a quiet area.

TERMS: Licensee will pay the expenses of constructing the Family Room, at Elmhurst. Elmhurst will promptly review the construction documents to ensure the System's compliance with its healthcare codes, rules and regulations.

The occupancy fee for the licensed spaces shall be waived in view of the benefits to the System's patients generated by Licensee's operation.

The System will provide electricity security, routine maintenance, housekeeping, trash removal, telephone and internet access.

The license for Elmhurst and KCHC shall be for five years terminable by either party without cause, with the understanding that Licensee and the System may continue to discuss the viability of a longer term that may require public approvals. If either party exercises its right of termination without cause, it shall reimburse the other party for its unamortized expenses incurred to prepare the licensed spaces for use under the license assuming a five year level amortization schedule.

Licensee will be required indemnify and hold harmless the System and the City of New York from any and all claims arising solely within the licensed space.

The System acknowledges that Licensee is subject to a license agreement with the Ronald McDonalds Corporation for the use of such terms, images and logos as "McDonalds," "Ronald McDonald" and "Ronald McDonald Family Rooms" and shall abide by Licensee's license obligations regarding same.

Space License Agreement Ronald McDonald House

**Kings County, Elmhurst &
Possibly Other Facilities**

**Capital Committee
February 6, 2020**

**Sheldon McLeod, ED NYC Health + Hospitals/Kings
Christine Flaherty, Sr. Vice President**



RONALD MCDONALD HOUSE OVERVIEW

- Not-for-profit organization that is tax exempt under IRC Sec. 501(c)(3)
- Since 1979, Ronald McDonald House New York has provided temporary housing for more than 59,000 pediatric cancer patients and their families in a strong, supportive and caring environment that keeps families close to each other and the treatment their children need.
- RMHNYH operates an 82,000 square-foot facility on East 73rd St. with 95 guest rooms for families throughout all five boroughs, in addition to families from around the world in NY for their children’s’ treatment
- Additionally RMHNY operates in the following :

Hassenfeld Children’s Hospital/NYU Langone	NY Presbyterian/Weill Cornell Medical
Children’s Hospital at Montefiore	Manhattan Eye, Ear and Throat Hospital
Morgan Stanley Children’s Hospital of New York-Presbyterian	Mount Sinai Roosevelt
Mount Sinai St. Luke’s	Mount Sinai Beth Israel
Kravis Children’s Hospital at Mount Sinai	Memorial Sloan-Kettering Cancer Center
Lenox Hill Hospital	Hospital for Special Surgery



- Opened in 2017 at a cost of to RMHNY of \$583,450.30. Now in its 4th year of operation.
- Ronald McDonald Family Room is a welcoming, home-like space for families, just steps away from their children in the hospital. Markedly different than its clinical surroundings, the Family Room program provides families a break from the stress of the hospital environment where they can relax, prepare a meal, have a snack, or even take a nap.
- Since inception has served a total 3,129 caregivers.
- In 2019, opened the Family Room to siblings during non-flu season -- 44 children/teens visited.



- Proposal is to build 2nd Family Room at NYC Health + Hospitals/Elmhurst
- 1,100 square feet on the 5th floor of the D Building
- Continue operation of Family Room at Kings County
- RMHNY wishes to establish additional Family Rooms in other suitable locations within the NYC H+H System



Capital Committee Request

Authorizing New York City Health and Hospitals Corporation (the “System”) to sign a 5-year revocable license with Ronald McDonald House of New York, Inc. (“Licensee”) for its use of approximately 1,100 square feet on the 5th floor of the D Building at NYC Health + Hospitals/Kings County Hospital Center (“KCHC”) and approximately 930 square feet on the 8th floor E Wing of NYC Health + Hospitals/Elmhurst Hospital (“Elmhurst”) for the construction and operation of a Ronald McDonald Family Room for use by families of pediatric patients, with the occupancy fee waived and with the System having authority to extend the license to space at other System facilities provided such extensions are reported to the Board.



LEASE AGREEMENT

SUPPLEMENTAL FOOD PROGRAM FOR WOMEN,
INFANTS AND CHILDREN ("WIC" PROGRAM)

81-06 BAXTER AVENUE, QUEENS

NYC HEALTH + HOSPITALS / ELMHURST

RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the "System") to sign a five year lease extension with Forever Spring Realty, Inc. (the "Landlord") for the use of approximately 4,186 square feet of ground floor space at 81-06 Baxter Avenue, Queens to operate a Supplemental Food Program for Women, Infants and Children (the "WIC Program") managed by NYC Health + Hospitals/Elmhurst Hospital Center (the "Facility") at a rent of \$198,835 per year, or \$47.50 per square foot to be escalated by 2.5% per year for a total of \$1,045,142 over the five year initial term with an option to be exercised only by the System to renew the lease for an additional five year term at 2.5% above the rent last due during the initial term. The System shall also pay the real estate taxes on the property which are currently at \$6,000/yr. which are estimated to increase by 2.5%/yr. for a five year estimated total of \$31,538 which will bring the total five year occupancy cost to approximately \$1,076,680.

WHEREAS, the Facility has operated a WIC Program serving the Elmhurst, Woodside, Jackson Heights, Corona, and Sunnyside areas of Queens for more than thirty years; and

WHEREAS, the System operates twenty-seven WIC sites throughout the City of which six are in rented properties and twenty-one are in facilities controlled by the System; and

WHEREAS, like other WIC programs, the Facility's WIC Program provides nutrition services to pregnant, breastfeeding and postpartum women, infants, and children less than five years of age, who are determined to be at nutritional risk and are of low income; and

WHEREAS, WIC Programs are funded by New York State Department of Health ("NYSDOH") grants and NYSDOH approves each site and its lease terms in advance and that practice was followed for the proposed five year lease extension; and

WHEREAS, the proposed lease will be managed by the Executive Director of the Facility.

NOW, THEREFORE, be it

RESOLVED, that New York City Health and Hospitals Corporation be and hereby is authorized to sign a five year lease extension with Forever Spring Realty, Inc. for the use of approximately 4,186 square feet of ground floor space at 81-06 Baxter Avenue, Borough of Queens to operate a Supplemental Food Program for Women, Infants and Children, managed by NYC Health + Hospitals/Elmhurst Hospital Center at a rent of \$198,835 per year, or \$47.50 per square foot to be escalated by 2.5% per year for a total of \$1,045,142 over the five year term with an option to be exercised only by New York City Health and Hospitals Corporation to renew the lease for an additional five year term at a rent 2.5% above the rent last due during the initial term. The System shall also pay the real estate taxes on the property which are currently at \$6,000/yr. which are estimated to increase by 2.5%/yr. for a five year estimated total of \$31,538 which will bring the total five year occupancy cost to approximately \$1,076,680.

EXECUTIVE SUMMARY

ELMHURST HOSPITAL CENTER SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS AND CHILDREN 81-06 BAXTER AVENUE, BOROUGH OF QUEENS

OVERVIEW: New York City Health and Hospitals Corporation (the "System") seeks authorization from its Board of Directors to sign a five year lease extension with Forever Spring Realty, Inc. (the "Landlord") for the use of space at 81-06 Baxter Avenue, Queens, to operate a Women, Infants and Children Program (the "WIC Program"), managed by NYC Health + Hospitals/Elmhurst Hospital Center ("Elmhurst").

NEED/PROGRAM: Elmhurst has operated a WIC Program servicing the Elmhurst, Woodside, Jackson Heights, Corona, and Sunnyside areas of Queens for more than thirty years. The System operates twenty-seven WIC sites throughout the City of which six are located in rented properties and twenty-one are in facilities controlled by the System. Like other WIC programs, the Elmhurst's WIC Program provides nutrition services to pregnant, breastfeeding and postpartum women, infants, and children less than five years of age, who are determined to be at nutritional risk and are of low income. WIC Programs are funded by New York State Department of Health ("NYSDOH") grants and NYSDOH approves each site and its lease terms in advance and that practice was followed for the proposed five year lease extension.

UTILIZATION: The WIC Program's caseload is approximately 8,000 clients annually.

TERMS: The System will occupy approximately 4,186 square feet of ground floor space, and will pay a base rent of \$198,835 per year, or \$47.50 per square foot to be escalated by 2.5% per year for a total of \$1,045,142 over the five year term. The proposed rent is 6% over the rent payable during the last year of the prior lease. The System will hold an option to renew the lease for an additional five years at 2.5% over the rent last due during the initial term. The System will be responsible for payment of separately metered gas, electricity and water. The System will pay the real estate taxes on the property which are currently \$6,000/yr. While one cannot predict with certainty the amount by which the taxes will increase over the term, 2.5% is a reasonable estimate which would produce a five year total of \$31,538. Adding the taxes to the base rent yields an initial occupancy cost of \$204,835 or \$48.93/ft.

The landlord will be responsible for all interior and exterior maintenance and structural repairs on the premises. The System will be responsible for non-structural maintenance and repairs.

FINANCING: NYSDOH funds both rent and operating expenses at WIC sites.

SUMMARY OF ECONOMIC TERMS

- SITE:** 81-06 Baxter Avenue
Borough of Queens
- LANDLORD:** Forever Spring Realty, Inc.
7-8 Chatham Square
N.Y., N.Y. 11234
- FLOOR AREA:** Approximately 4,186 square feet of ground floor space
- TERM:** 5 years
- OPTION:** The lease will contain one five year renewal option. The rent for the option term will commence at 2.5% above the initial term year five rent.
- RENT:** The System will pay a base rent in the amount of \$198,835 per year, or \$47.50 per square foot. The rent escalates by 2.5% per year over the five year term for a total of \$1,045,142.
- UTILITIES:** The System will be responsible for the payment of separately metered electricity, gas, and water.
- MAINTENANCE/
REPAIRS:** The Landlord will be responsible for all interior and exterior maintenance and structural repairs. The System will be responsible for non-structural maintenance and repairs.
- TAXES:** The System will be responsible for the payment of estate taxes annually. These are currently \$6,000/yr. Assuming a 2.5% annual increase the total of the taxes over the term is \$31,538.
- FINANCING:** WIC programs are fully funded by DOH grants which cover rent, personnel and other operating costs. There are generally no costs to the System for the operation of a WIC Program.

81-06 Baxter Avenue

<u>Year</u>	<u>Annual Rent</u>	<u>Monthly</u>	<u>PSF</u>	<u>Annual R.E. Taxes</u>	<u>Rent + R.E. Taxes</u>	<u>PSF</u>
1	\$198,835.00	\$16,569.58	\$47.50	\$6,000.00	\$204,835.00	48.93
2	203,805.88	16,983.82	48.69	6,150.00	209,955.88	50.16
3	208,901.02	17,408.42	49.90	6,303.75	215,204.77	51.41
4	214,123.55	17,843.63	51.15	6,461.34	220,584.89	52.70
5	<u>\$219,476.64</u>	\$18,289.72	\$52.43	<u>\$6,622.88</u>	<u>\$226,099.51</u>	54.01
	\$1,045,142.08			31,537.97	1,076,680.05	

Note: Base rent escalated by 2.5% per year. Real Estate Tax annual increases estimated at 2.5% per.

Comps for 81-06 Baxter Avenue, Elmhurst, NY 11373

Address	Cross Streets	Square Feet	Price Per SF
40-33 76 th St.	Broadway & 76 th St.	2,200	\$23.00 + UTIL
3729 72 nd St.	Broadway & 72 nd St.	1,100	\$98.18
80-50 Baxter Ave.	Baxter Ave. & Ketcham St.	912	\$27.63
87-08 Justice Ave.	Justice Ave. & 53 rd Ave.	560	\$40.71
37-43 76 th St.	76 th St. & 37 th Rd.	1,150	\$38.46
3755 72 nd St.	72 nd St. & Broadway	700	\$68.57
3703 92 nd St.	92 nd St. & 37 th Ave.	1,100	\$76.00
3720 76 th St.	72 nd St. & 37 th Ave.	1,720	\$55.00
81-31 Baxter Ave.	Baxter Ave. & 41 st Ave.	500	\$46.00
Average Price Per SF:			\$52.62



Renewal Lease Agreement

Supplemental Food Program
Women Infants and Children (WIC)
81-06 Baxter Avenue, Elmhurst NY 11373

Capital Committee Meeting
February 6, 2020

Israel Rocha, Jr., Chief Executive Officer, NYC Health + Hospitals Elmhurst



Overview

Requesting the authorization for NYC H+H to execute a lease renewal with Forever Spring Realty, Inc for the space at 81-06 Baxter Avenue in Elmhurst, NY 11373

- Leased space would allow NYC Health + Hospitals/Elmhurst WIC to continue operating the *Supplemental Food Program for Women, Infants and Children (the “WIC Program”)*, managed by NYC Health + Hospitals/Elmhurst Ambulatory Care and funded by the New York State Department of Health at the requested site
- NYC Health + Hospitals/Elmhurst WIC is currently utilizing a bi-level rental space, at the above location, with elevator access comprised of a classroom on the ground floor and a main clinic area with lactation room at the cellar level
- The site is directly across the street from the main hospital and serves as a referral feeder to our Pediatric and Women’s Health services
- It operates as a 4,186 square ft. space with a lease cost of \$198,835 per year or \$47.50 per square foot to be escalated by 2.5% per year for a total of \$1,045,142 over the five year initial term, starting May 1, 2020
- Additional costs include real estate taxes on the property which are currently at \$6,000/yr. which are estimated to increase by 2.5% per year for a five year estimated total of \$31,538 which will bring the total five year occupancy cost to approximately **\$1,076,680**.
- The Elmhurst WIC Program has been fully funded and has had the ability to cover the overhead on the rental lease agreement for the past ten years
- The program is expected to continue receiving adequate funding to support lease costs through FY 2022



Current State – EHC WIC

- NYC H+H/Elmhurst WIC Program has been a single operating site at 81-06 Baxter Avenue for the past ten years while serving the Elmhurst community for more than 30 years
- The current lease with Forever Spring Realty, Inc., is set to expire on April 30, 2020. NYC H+H/Elmhurst WIC is currently seeking to renew the lease for a 5 year term with a 5 year renewal option
- 81-06 Baxter Avenue is approximately 4,186 square feet of bi-level floor space with a current base rent of \$45.00 per square foot. The proposed increase with current lease renewal is \$47.50 per square foot with a 2.5% annual increase.
- WIC programs are funded by NYSDOH grants which cover rent, personnel and other operating costs, including real estate taxes on the property which are currently \$6,000 per year, with a likely increase of 2.5% over the term of the lease (approximately \$31,538)
- During the past lease agreement, NYC H+H/Elmhurst WIC has served over 8,000 WIC families annually and intends to continue providing services to the many women and children in our community
- NYC H+H/Elmhurst WIC Program provides direct referrals to NYC H+H/Elmhurst's Women's Health Services and Pediatric Services while supporting a continuum of care



Elmhurst Payment Schedule

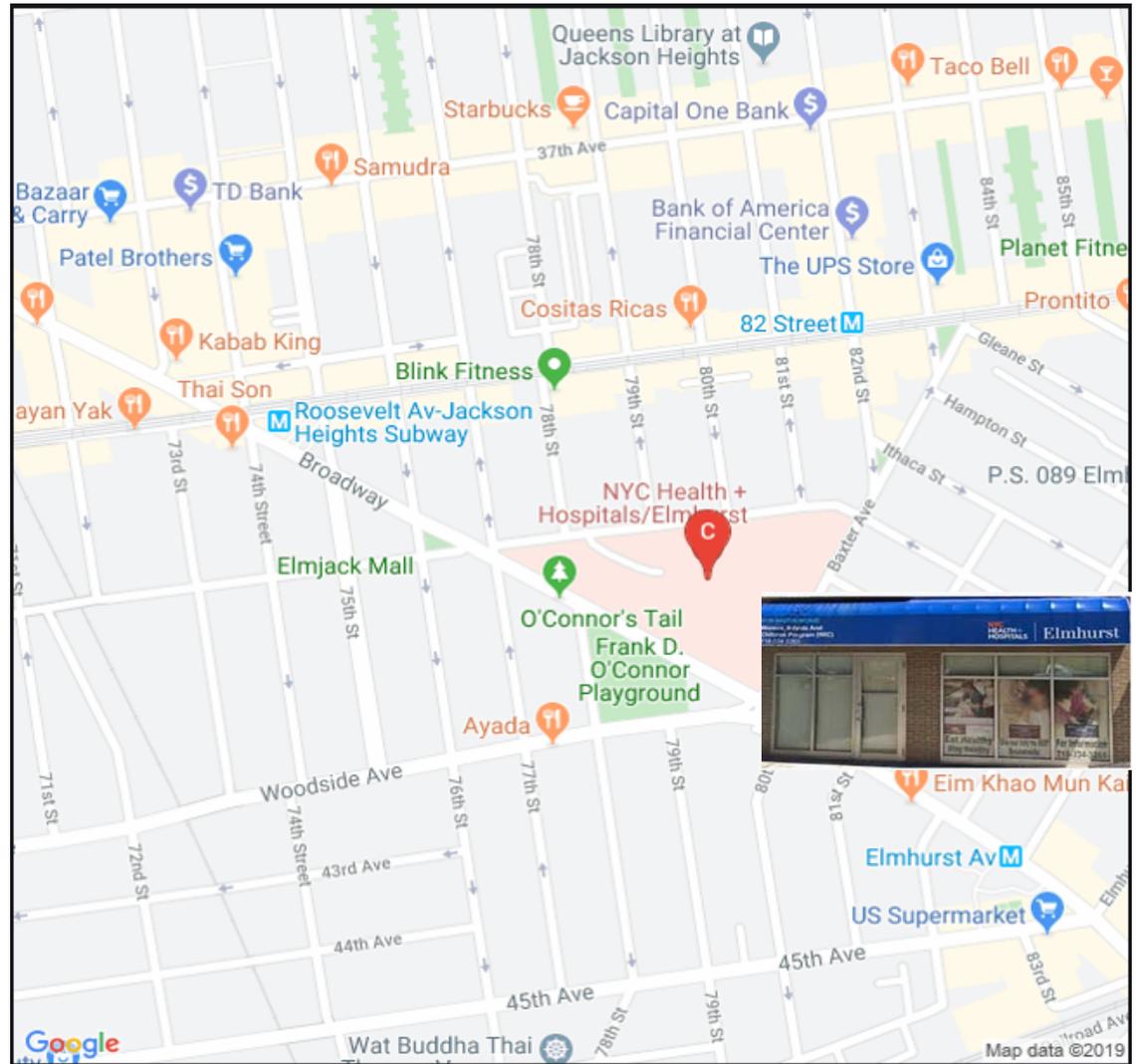
<u>Year</u>	<u>Annual Rent</u>	<u>Monthly</u>	<u>PSF</u>	<u>Annual R.E. Taxes</u>	<u>Rent + R.E. Taxes</u>
1	\$198,835.00	\$16,569.58	\$47.50	\$6,000.00	\$204,835.00
2	203,805.88	16,983.82	48.69	6,150.00	209,955.88
3	208,901.02	17,408.42	49.90	6,303.75	215,204.77
4	214,123.55	17,843.63	51.15	6,461.34	220,584.89
5	<u>\$219,476.64</u>	\$18,289.72	\$52.43	<u>\$6,622.88</u>	<u>\$226,099.51</u>
	\$1,045,142.08			31,537.97	1,076,680.05

Note: Base rent escalated by 2.5% per year. Real Estate Tax annual increases estimated at 2.5% per.



Elmhurst WIC Program Location

- Across the street from Elmhurst Hospital.
- Location is a hub from all areas of transportation.
Trains 7, E, F, R, M,
Bus Q53, Q10, Q41, Q88, Q32
- Serving the Elmhurst, Woodside, Rego Park, Corona, Jackson Heights, East Elmhurst, Sunnyside and LIC location



Elmhurst WIC Program Additional Information

- NYC H+H/Elmhurst WIC Program provides supplemental nutrition food and education for the vulnerable population comprised of women who are pregnant, breastfeeding or postpartum, as well as infants and children under the age of 5 years
- It has an assigned caseload of 8,000 serving Elmhurst, Woodside, Jackson Heights, Corona, and Sunnyside areas of Queens for more than thirty years
- Elmhurst is the most diverse area in NYC with the NYC H+H/Elmhurst WIC program representing the many cultures in the community it serves, ensuring access to language services and providing culturally sensitive care
- Provides a direct referral source to NYC H+H/Elmhurst's Women's Health Services and Pediatric Services
- Supports NYC H+H/Elmhurst community engagement projects, participating in various events focused on community health and wellness
- It supports positive health outcomes and supports a continuum of medical care



Capital Committee Request

Authorizing New York City Health and Hospitals Corporation (the “System”) to sign a five year lease extension with Forever Spring Realty, Inc. (the “Landlord”) for the use of approximately 4,186 square feet of ground floor space at 81-06 Baxter Avenue, Queens to operate a Supplemental Food Program for Women, Infants and Children (the “WIC Program”) managed by NYC Health + Hospitals/Elmhurst Hospital Center (the “Facility”) at a rent of \$198,835 per year, or \$47.50 per square foot to be escalated by 2.5% per year for a total of \$1,045,142 over the five year initial term with an option to be exercised only by the System to renew the lease for an additional five year term at 2.5% above the rent last due during the initial term. The System shall also pay the real estate taxes on the property which are currently at \$6,000/yr. which are estimated to increase by 2.5%/yr. for a five year estimated total of \$31,538 which will bring the total five year occupancy cost to approximately \$1,076,680.



LICENSE AGREEMENT

EDUCATIONAL DATA SYSTEMS, INC.

NYC HEALTH + HOSPITALS / METROPOLITAN

RESOLUTION

Authorizing the New York City Health and Hospitals Corporation (the "System") to execute a five year revocable license agreement with Educational Data Systems, Inc. (the "Licensee") for its use and occupancy of 312 square feet of space in the Mental Health Building on the campus of NYC Health + Hospitals/Metropolitan Hospital Center (the "Facility") to operate an employment services program at an annual occupancy fee of \$12,000, or \$38.46 per square foot to be escalated by 3% per year for a total of \$63,710 over the five year term.

WHEREAS, the City of New York Small Business Services ("SBS") has contracted with the Licensee to provide job training and job readiness programs; and

WHEREAS, the Licensee, based in Dearborn, Michigan, operates employment services programs in Georgia, Illinois, Maryland, Michigan, New York, North Carolina, and Pennsylvania; and

WHEREAS, the Licensee's job readiness programs evaluate participants' skill sets and training/education needs, assist with resume preparation and interviewing skills, and provide job listings for participant review; and

WHEREAS, SBS will provide directives and guidance to the Licensee; and

WHEREAS, research has established a link between income and health; and

WHEREAS, the East Harlem population to be served by the Licensee has an unemployment rate of 12% which the Licensee's program will seek to address as a social determinant of health by helping participants find meaningful employment; and

WHEREAS, the proposed license will be administered by the Executive Director of the Facility.

NOW, THEREFORE, be it

RESOLVED, that the New York City Health and Hospitals Corporation be and hereby is authorized to execute a five year revocable license agreement with Educational Data Systems, Inc. for use and occupancy of 312 square feet of space in the Mental Health Building on the campus of NYC Health + Hospitals/Metropolitan Hospital Center to operate an employment services program at an annual occupancy fee of \$12,000, or \$38.46 per square foot to be escalated by 3% per year for a total of \$63,710 over the five year term.

EXECUTIVE SUMMARY

LICENSE AGREEMENT EDUCATIONAL DATA SYSTEMS, INC

METROPOLITAN HOSPITAL CENTER

OVERVIEW: The New York City Health and Hospitals Corporation (the "System") seeks authorization from the System's Board of Directors to execute a revocable license agreement with Educational Data Systems, Inc. (the "Licensee") for its use and occupancy of space to operate an employment services program at NYC Health + Hospitals/Metropolitan Hospital Center ("Metropolitan") under a contract awarded by the City of New York Department of Small Business Services ("SBS").

PROGRAM/NEED: Research has established income as a social determinant of health. The East Harlem population to be served by the Licensee has an unemployment rate of 12%. The Licensee's programs will seek to address such unemployment rate by helping participants find meaningful employment.

The Licensee, based in Dearborn, Michigan operates employment services programs in Georgia, Illinois, Maryland, Michigan, New York, North Carolina, and Pennsylvania. The Licensee's job readiness programs evaluate participants' skill sets and training/education needs, assist with resume preparation and interviewing skills, and provide job listings for participant review.

SBS will provide directives, guidance and funding to EDSI. EDSI's business hours will be from 7:00 a.m. to 7:00 p.m., Monday through Friday. The programs services will be available to Metropolitan patients as well as the community,

TERMS: The Licensee will be granted the use and occupancy of approximately 312 square feet of space in the Mental Health Building. The Licensee will pay an annual occupancy fee of \$12,000, or \$38.46 per square foot to be escalated by 3% per year for a total of \$63,710 over the five year term. Metropolitan will provide air conditioning, heat, housekeeping, security, electricity, and maintenance of the space.

The Licensee will indemnify and hold harmless the System and the City of New York from any and all claims arising out of its use of the Licensed Space and will provide appropriate insurance naming the System and the City of New York as additional insured parties.

The license agreement will be for five years. It will be revocable by either party upon sixty days prior written notice.



License Agreement

Educational Data System, Inc.

Capital Committee Meeting
February 6, 2020

Robert Berding, NYC Health + Hospitals/Metropolitan Hospital
Christine Flaherty, Senior Vice President, Office of Facilities Development

Background

- NYC Small Business Services awarded a contract to Educational Data System, Inc. to operate job training programs
- Under the SBS contract, EDSI is to operate job training and counseling programs
- SBS identified a specific need for this type of service in East Harlem and requested that a EDSI program be located at Metropolitan

Value To Metropolitan

- The Metropolitan neighborhood is the 12th poorest in the City with 31% of its residents living below the Federal Poverty Level and 12% unemployment
- Unemployment and poverty are among the most significant social determinants of health
- Having a job training, job readiness and employment counseling service within the Hospital directly addresses this social determinant of health
- Metropolitan will be able to easily refer its patients to the program by directing or walking them to the program
- The on-site presence of this program further solidifies Metropolitan's position as a one-stop hub for families within the community seeking practical solutions toward attaining a healthy lifestyle.

Proposed License

- EDSI will have the use of 312 square feet in the Mental Health Building
- Five year term, terminable without cause
- Occupancy of \$12,000/yr. increased by 3% annually
 - Fee is at \$38.46/ft.
 - FMV is about \$50.00/ft.
 - The rate is based on what SBS put into EDSI's budget

Capital Committee Request

Authorizing New York City Health and Hospitals Corporation to execute a five year revocable license agreement with Educational Data Systems, Inc. for use and occupancy of 312 square feet of space in the Mental Health Building on the campus of NYC Health + Hospitals/Metropolitan Hospital Center to operate an employment services program at an annual occupancy fee of \$12,000, or \$38.46 per square foot to be escalated by 3% per year for a total of \$63,710 over the five year term.

LICENSE AGREEMENT

EYES & OPTICS

NYC HEALTH + HOSPITALS / QUEENS

RESOLUTION

Authorizing the New York City Health and Hospitals Corporation (the "System") to execute a revocable five year license agreement with Eyes and Optics (the "Licensee") for the use and occupancy of approximately 140 square feet of space in the Atrium lobby to operate an optical dispensary at NYC Health + Hospitals/Queens Hospital Center (the "Facility") at an occupancy fee of \$57 per square foot for a total annual occupancy fee of \$7,980 to be escalated by 3% per year for a total over the five year term of \$42,367.

WHEREAS, the Facility's Ophthalmology Department performs vision screenings, diagnostic tests and ophthalmic procedures for its patient population, and;

WHEREAS, the Licensee operates optical dispensaries at several of the System's facilities where low cost eyewear is provided to patients; and

WHEREAS, the Facility desires to offer low cost eyewear to its patients and it has adequate space to accommodate the Licensee's needs.

NOW, THEREFORE, be it

RESOLVED, that the New York City Health and Hospitals Corporation (the "System") be and hereby is authorized to execute a revocable five year license agreement with Eyes and Optics for its use and occupancy of approximately 140 square feet of space in the Atrium lobby to operate an optical dispensary at NYC Health + Hospitals/Queens Hospital Center at an occupancy fee of \$57 per square foot for a total annual occupancy fee of \$7,980 to be escalated by 3% per year for a total over the five year term of \$42,367.

EXECUTIVE SUMMARY

LICENSE AGREEMENT EYES AND OPTICS

NEW YORK CITY HEALTH + HOSPITALS/QUEENS HOSPITAL CENTER

New York City Health and Hospitals Corporation (the "System") seeks authorization from the Board of Directors to execute a revocable five-year license agreement with Eyes and Optics (the "Licensee") for its use and occupancy of space to operate an optical dispensary at NYC Health + Hospitals/Queens Hospital Center ("Queens Hospital").

The Ophthalmology Department at Queens Hospital performs vision screenings, diagnostic tests and ophthalmic procedures for its patients. Eyes and Optics operates optical dispensaries at several of the System's facilities where low cost eyewear is provided to patients. Queens Hospital desires to offer low cost eyewear to its patients and it has adequate space to accommodate the Licensee's needs.

Eyes and Optics will have the use and occupancy of approximately 140 square feet of space in the Atrium lobby. Eyes and Optics will pay an occupancy fee of \$57 per square foot for a total annual fee of \$7,980, a fair market value rental. The cost of electricity will be included in the occupancy fee. The occupancy fee will be escalated by 3% per year and will total \$42,367 over the term of the agreement.

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

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

QHC - Eyes and Optics

<u>Year</u>	<u>Annual Occupancy Fee</u>	<u>PSF</u>
1	\$7,980.00	\$57.00
2	8,219.40	58.71
3	8,465.98	60.47
4	8,719.96	62.29
5	<u>8,981.56</u>	\$64.15
	\$42,366.90	

size: 140sf

escalation: 3%

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

From: Keith Tallbe 
Senior Counsel
Office of Legal Affairs

Re: Vendor Responsibility, EEO and MWBE status for Board review of contract

Vendor: Eyes & Optics

Date: January 23, 2020

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

Vendor Responsibility

Approved

EEO

N/A

MWBE

N/A

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

Eyes and Optics

License Agreement – New York City

Capital Committee
February 7, 2020

Presented by Dean Mihaltzes, RPh, MPA
Chief Operating Officer
NYC Health + Hospitals | Queens



Current State

- Eyes and Optics has served as a one-stop-shop to fill prescriptions for eye glasses, protective goggles, contact lenses and other related products at several H+H facilities, including Woodhull, Gouverneur and Kings County.
- With an approximate discount rate of 25%, they offer a range of moderate-to-low cost options for children and adults, making it's products available for all income levels.
- NYC H+H/Queens Hospital's Ophthalmology Department performs vision screenings, diagnostic testing and ophthalmic procedures for its patient population.
- This patient population has significant ophthalmologic needs, including optometrist services, due to the high incidence of diabetes, hypertension and glaucoma.
- NYC H+H/Queens Hospital desires to offer low cost eyewear to its patients and has adequate space in the Atrium lobby to accommodate an optical dispensary.



Benefits to Patients

- Will serve approximately five hundred patients per month.
- Will be located in the Atrium lobby, making it convenient for our patients.
- Eyes and Optics has a record of exemplary customer service at other H+H hospitals where they offer services.
- Rental fees will provide a modest source of revenue for NYC Health + Hospitals | Queens.
- This service will also be made available to staff as well as the general public.



Occupancy Fee

<u>Year</u>	<u>Annual Occupancy Fee</u>	<u>PSF</u>
1	\$7,980.00	\$57.00
2	8,219.40	58.71
3	8,465.98	60.47
4	8,719.96	62.29
5	<u>8,981.56</u>	\$64.15
	\$42,366.90	
size: 140 sf		
escalation: 3%		



Capital Committee Request

Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute a five year revocable license agreement with Eyes and Optics (the “Licensee”) for use and occupancy of approximately 140 square feet of space in the Atrium lobby to operate an optical dispensary at NYC Health + Hospitals | Queens (the “Facility”) at an occupancy fee of \$57.00 per square foot for a total annual occupancy fee of \$7,980.00 to be escalated by 3.0% per year over the five-year term, for a total of \$42,367.00.



SAVITT PARTNERS

June 20, 2018

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

Re: Fair Market Value/appraisal of proposed Eyes & Optics located on the ground floor lobby entrance area within Queens Hospital Center located at 82-68 164th Street, Jamaica, NY 11432 on behalf of NYC Health + Hospitals

Dear Dion:

On Thursday, May 10, 2018, I visited the referenced premises in order to assess the Fair Market Value (FMV) of the two potential and identified space options for retail use by Eyes & Optics. Our evaluation and conclusions are set forth below.

This assessment is inclusive of the value of the requested tenant improvements and specified operating expenses such as utilities, housekeeping, security, service contracts, repairs and maintenance, etc. As the owner is designated as a not-for-profit (501C3) real estate taxes may not be applicable, however this expense will also be considered when evaluating the value of the spaces in order to provide a comprehensive FMV. This appraisal will assess the estimated value of the base rent inclusive of the necessary tenant improvements and operating expenses. This evaluation is subject to the following:

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

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

The location of the spaces provides the tenant with an immediate and “captured” client base according to the facility operator, NYC Health + Hospitals. Eye wear prescriptions generated by ophthalmology and optometry physicians within the medical facility will generate roughly 90% of the client base for this tenant, perhaps more. The community medical center also benefits by providing this amenity to the patients; the convenience of access to a retailer that can fill the prescription immediately. The proposed retail operation compliments the physician practices

with an optical modality. The balance of the Eyes & Optics patient base comes from the existing customer referral. There also may be some walk-in street traffic, but that will be limited.

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

Another important factor is the value of the space for ancillary medical use. It is our experience that space within built medical facilities is valued at a premium simply due to the fact that it is a finite resource which is in demand. It is apparent that proximity within the medical facility complex is attractive to this tenant and benefits the facility's patients as well. The provision of tenant services that are uncommon for retail facilities, i.e., 24-7 access, even if not utilized and the provision of full time services such as HVAC, repairs and maintenance, security, etc. must also be factored in this evaluation. However, when assessing the value the fact that the client base is limited to foot traffic within the medical facility impacts the success of the tenant. The tenant has little opportunity to promote its presence and the average pedestrian walking by the building would not be aware of this retail operation.

The administrators of the Queens Hospital Center have identified two possible areas for the Eyes and Optics retail location. One of the referenced ancillary medical retail spaces is located on the ground floor at the main entrance to the Queens Hospital Center main building. The second potential option (location) is also on the main entrance's First Floor but is located down the Northern corridor between the building's main entrance and the secondary Northern entrance to the hospital. Both locations are appropriate for the use; however, one is more visible. When assessing the FMV for this space we took into consideration the referenced factors and used comparables for medical space, hospital space and retail space within the immediate market where available to establish benchmarks for market rents. The proposal offers the licensee a full service building with amenities typically provided only by hospitals and full service medical office buildings and not retail properties. Typical retail operations are triple net, with the tenant absorbing all of the related operational expenses. However, this opportunity provides the tenant with comprehensive services which will be reflected in our evaluation.

Market conditions for each use were established for comparison. Medical space, specifically physician, private offices garners gross rents at \$42 - \$58 per RSF in the vicinity of the Eyes & Optics location. In and around the Parsons Blvd. and Union Turnpike area, net retail rents are \$58 - \$100 per RSF. Asking rents in this market have increased, as has commercial real estate generally throughout this Queens area. Although these areas have medical offices, the lack of product, i.e., rental opportunities has added to a stable rental market.

CONCLUSION

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

The location that was inspected for this report is handicapped accessible, and as stated earlier, has 24/7 security which is a valuable and attractive amenity. All of the lavatories throughout the building are ADA compliant; however, this space does not have its own private restroom. The corridors and the lobby are also wheelchair accessible. This would remain consistent for either of the two locations being considered.

For the purpose of this appraisal, we shall assume that all operating expenses, i.e., security, refuse removal, utilities, repairs and maintenance, service contracts, etc. are provided by the facility as part of any agreed to rent.

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

It is our professional opinion that the value of the referenced space is ~~\$50~~ - \$55 per RSF for the unit directly located in the main lobby and \$45 - \$50 per RSF for the location in the Northern corridor. The latter is less visible to the customer base. It would not be appropriate to provide a tenant with a construction concession of rent abatement given the size of the unit.

It is also important to note that space being considered for the Eyes and Optics location is approximately 300-400 SF located directly South of the building's main entrance. The second space considered for this retailer, located in the corridor North of the building's main entrance, while not as visible or accessible, can be adjusted space-wide for a larger footprint if NYC H+H chooses to provide a larger space, hence a greater rent.

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

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

Very truly yours,



Michael Dubin
Partner