

CAPITAL COMMITTEE
MEETING AGENDA

October 13, 2026
12:00 PM
50 Water Street, 17th floor Boardroom

CALL TO ORDER

José Pagán

- ADOPTION OF MINUTES – September 8, 2026

José Pagán

- SR. VICE PRESIDENT'S REPORT

Manuel Saez, PhD

ACTION ITEMS

- **Resolution** **Manuel Saez, PhD**
Authorizing New York City Health and Hospitals Corporation (the "System") to sign a three year lease, with two one-year options to renew in its sole discretion, with Corona Hotel Realty, LLC ("Landlord") for the use of the entire Corona Hotel including its 58 rooms and all common areas located at 112-23 Roosevelt Ave., Corona (the "Hotel") for the System's Bridge to Home program at a cost of \$155 per room per night for the first three years, and at \$160 per night for the renewal years, for a total rental cost of \$16,627,440, with a 1.5% contingency of \$250,000 for potential additional expenses for a total not to exceed amount of \$16,877,440.
Vendex: NA
EEO: NA
- **Resolution** **Manuel Saez, PhD**
Authorizing the New York City Health and Hospitals Corporation ("NYC Health + Hospitals") to execute a contract with Prismatic Development Corporation (the "Contractor"), to undertake the OTxHU Early Works Elevator Tower and Sallypoint Construction Project at NYC Health + Hospitals/Woodhull, for a contract amount of \$52,913,000, with a 13% project contingency of \$6,925,563, to bring the total cost not to exceed \$59,838,563, and an anticipated duration of 18 months.
Vendex: Approved
EEO: Approved
- **Resolution** **Manuel Saez, PhD**
Authorizing the New York City Health and Hospitals Corporation ("NYC Health + Hospitals") to execute a contract with AWL Industries, Inc. (the "Contractor"), to undertake the Comprehensive Energy Upgrade Project at NYC Health + Hospitals/North Central Bronx Hospital, for a contract amount of \$56,041,640, with a 12.5% project contingency of \$7,005,205, to bring the total cost not to exceed \$63,046,845, and an anticipated duration of 42 months.
Vendex: Pending
EEO: Approved

- **Resolution**

Manuel Saez, PhD

Authorizing New York City Health and Hospitals Corporation (the “System”) to renew a five-year revocable license agreement with New York University (“NYU”) for its use and occupancy of 31,005 square feet of office space and 10,346 square feet of laboratory space in the C&D, H, and Administration Buildings at NYC Health + Hospitals/Bellevue (“Bellevue”) for administrative offices and in connection with its research programs at \$58.00/sf for office space and \$64.00/sf for laboratory space to be escalated annually by 2.5% with an additional \$3.25/sf for utilities for a total approximate fee of \$13,604,804 over the five year term.

Vendex: NA

EEO: NA

OLD BUSINESS

José Pagán

NEW BUSINESS

ADJOURNMENT

CAPITAL COMMITTEE MINUTES

September 8, 2026

Capital Committee Meeting – September 8, 2026

As reported by: José Pagán

Committee Members Present: Mitchell Katz, MD, Jeremy Resnick, and Vanessa Rodriguez

José Pagán called the meeting to order at 10:02 a.m. and stated for the record that Jeremy Resnick would be representing Erin Dalton, in a voting capacity.

Mr. Pagán called for a motion to approve the minutes of the July 13, 2026, Capital Committee meeting.

Upon motion made and duly seconded the minutes of the Capital Committee meeting held on July 13, 2026, were unanimously approved.

VICE PRESIDENT REPORT

Mr. Saez provided an updated on Fiscal Year 2026 accomplishments:

We had an infrastructure commitment target of \$154M for the fiscal year of which we were able to commit \$126M for an 82% infrastructure commitment rate. Our capital budget team authorized \$450 million in CPs across all funding sources. The capital payments team facilitated 652 purchase orders and processed over 2,295 payment vouchers to authorize \$452M in payments.

Our Contracts team bid 20 capital projects (\$215M total), resulting in 88 bids received and 11 contracts awarded. MWBE firms submitted 42% of all bids (37) and received 45% of final awards (5). Projects averaged four bids at \$10.5M each. Seven awards came in under the engineer's estimate by an average of 28% (\$3.8M).

Additionally, 140 work orders were issued to our pool of Professional Services contracts vendors, totaling \$21.43M, and 35 work orders were issued under our Job Order Contracts (JOCs), totaling \$6.45M.

ACTION ITEMS

Mr. Saez read the resolution into the record:

Authorizing the New York City Health and Hospitals Corporation ("NYC Health + Hospitals") to execute a contract with Sweet Group of New York LLC (the "Contractor"), to undertake the OTxHU Sallyport Construction at NYC Health + Hospitals/North Central Bronx Hospital, for a contract amount of \$43,735,841.07, with a 15% project contingency of \$6,560,376.16, to bring the total cost not to exceed \$50,296,217.23, and an anticipated duration of 24 months.

Mr. Saez provided background information, overview of the scope of the project, overview of the procurement, summary of contract specifics, and budget. Mr. Saez was joined by Patricia Yang, Senior Vice President - Correctional Health.

- o Mr. Resnick asked for an explanation of what was a Sallyport?
 - o Mr. Saez explained that it was an entryway, but explained that this specific Sallyport would be detention grade. It would essentially lead to an exclusive corridor providing access to the elevator(s) that reach the floors.
- o Ms. Rodriguez asked how many beds would be in the unit and if it would be like the Bellevue project.
 - o Mr. Saez said that programmatically it would be similar to Bellevue but the number of beds would likely vary and there would be 44 beds.
- o Ms. Rodriguez asked if there were inmates currently waiting to occupy the unit. Noting that the Bellevue space was at or near capacity.
 - o Ms. Yang noted that the Woodhull space would hold 144 beds, for primarily mental health. Bellevue is primarily medical with some comorbidity, and NCB is currently expected to be mental health as well.

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

There being no further business, the Committee Meeting was adjourned at 10:12 a.m.

SENIOR VICE PRESIDENT'S REPORT

Sr. Vice President's Report

Infrastructure accomplishments and updates:

- NYC H+H/South Brooklyn Health recently started construction on their new Dental Suite. The dental program has over 10,000 visits per year. This service has a residency program for ten residents. The service is currently located in temporary space after being relocated from the Ida G Clinic. This project will consolidate the services into one new Dental Suite (~ 4,000 SF) located on the 5th Floor of the Main Building. The suite will have 9 dental exam rooms while also integrating Oral Surgery capabilities into the new suite. The consolidation of the dental services will provide patients with efficient access to more comprehensive care.
- Woodhull Emergency Tie-in and Boiler Refurbishment project is underway. The first full 24-hour steam plant shutdown is scheduled for Saturday, September 26th to replace and install valves at the main headers. The new connections will allow for a temporary high-pressure steam boiler to be connected through the heating season and allow for redundancy in the system while the project refurbishes the building's original boilers. The project is expected to be completed Summer 2027.

LEASE

CORONA HOTEL REALTY, LLC

**CORONA HOTEL
112-23 ROOSEVELT AVENUE, QUEENS, NY**

**BRIDGE TO HOME
SITE 3**

RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the “**System**”) to sign a three year lease, with two one-year options to renew in its sole discretion, with Corona Hotel Realty, LLC (“**Landlord**”) for the use of the entire Corona Hotel including its 58 rooms and all common areas located at 112-23 Roosevelt Ave., Corona (the “**Hotel**”) for the System’s Bridge to Home program at a cost of \$155 per room per night for the first three years, and at \$160 per night for the renewal years, for a total rental cost of \$16,627,440, with a 1.5% contingency of \$250,000 for potential additional expenses for a total not to exceed amount of \$16,877,440.

WHEREAS, the System’s Bridge to Home program has been established to provide unhoused individuals suffering from serious mental illness who have been discharged from the System’s facilities with temporary housing to allow such individuals a stable, safe and supportive environment while they prepare themselves for permanent housing; and

WHEREAS, the System and the City of New York routinely use hotels for similar programs as it is economically and programmatically advantageous to do so; and

WHEREAS, the Bridge to Home program has identified the Hotel as being suitable for the program’s needs, the lease terms satisfactory, and the rates for the room use to be fair and reasonable; and

WHEREAS, the proposed lease calls for the System to buy out the entire Hotel and to pay for all rooms whether they are in use or not, provided that if any rooms are unavailable due to the Landlord’s failure to make necessary repairs then the System shall not be charged for such rooms until they are made available again; and

WHEREAS, the Landlord shall be responsible for cleaning and maintaining the Hotel, including common areas, hotel rooms, linens and beddings; and

WHEREAS, the Senior Vice President, Chief Medical Officer, Clinical Services and Population Health will oversee the management of the program.

NOW THEREFORE, be it

RESOLVED, that the New York City Health and Hospitals Corporation (the “**System**”) be and hereby is authorized to sign a three year lease, with two one-year options to renew in its sole discretion, with Corona Hotel Realty, LLC (“**Landlord**”) for the use of the entire Corona Hotel including its 58 rooms and all common areas located at 112-23 Roosevelt Ave., Corona (the “**Hotel**”) for the System’s Bridge to Home program at a cost of \$155 per room per night for the first three years, and at \$160 per night for the renewal years, for a total rental cost of \$16,627,440, with a 1.5% contingency of \$250,000 for potential additional expenses for a total not to exceed amount of \$16,877,440.

**EXECUTIVE SUMMARY
PROPOSED LEASE
WITH CORONA HOTEL REALTY, LLC
FOR CORONA HOTEL**

OVERVIEW

The System's Bridge to Home program aims to house persons with serious mental illness who are discharged from the System's facilities. The New York City Department of Homeless Services ("DHS") has identified the Corona Hotel as suitable for its homeless shelter clients. The System has determined that such hotel is of suitable size and location for its programmatic use and seeks to lease the entire hotel including its 58 hotel rooms and all common areas for its program.

PROGRAM

The Bridge to Home program is designed to house homeless individuals who are discharged from the System's facilities and are eligible for a DHS shelter but, because of their serious mental illness, require services additional to what is available in such a shelter. The program will bring the System's clinicians to treat such individuals with the aim of stabilizing their condition such that they are prepared to live independently in permanent housing.

TERMS

Years 1-3: Room fee of \$155 per night
Years 4-5: Room fee of \$160/night
No additional fixed fees
No payment due for rooms that cannot be used due Landlord's fault
Anticipated start date: Spring 2027
The System has the right to terminate at its convenience on 180 days' notice but the minimum term is one year
Landlord to provide cleaning, linen and bedding services

PROCUREMENT

Consistent with the System's rules a structured competitive procurement process was not used. However, the System performed appropriate diligence to ensure the terms of this transaction are reasonable and at the market price. Landlord and the Hotel had been identified by the City Department of Homeless Services ("DHS") as suitable for use to house DHS clients or those similarly situated. The System and DHS are the main, and perhaps the only, entities that buy out entire hotels in New York City. The System has had considerable experience in such transactions during COVID and as part of the recent migrant asylum HERRC program. In that connection, the System is very familiar with the market for hotel buy outs and, on that basis, the System is confident that the rental rate for the Hotel is at market. Throughout the HERRC program, the System leased about 12 hotels. The rates paid for such hotel ranged from \$185/room/night to \$210/room/night. Each of such rentals was made with explicit Office of Management and Budget approval. The \$155/room/night initial rate under the proposed lease is within the range previously agreed upon.

**Proposed Lease with
Corona Hotel Realty, LLC
Corona Hotel, 112-23 Roosevelt Avenue
Queens, NY 11368**

**Bridge to Home
Site 3**

**Capital Committee
October 13, 2025**

**Dr. Ted Long, Senior Vice President, Ambulatory Care and Population Health
Chris Keeley, Senior Assistant Vice President, Critical Response Unit**

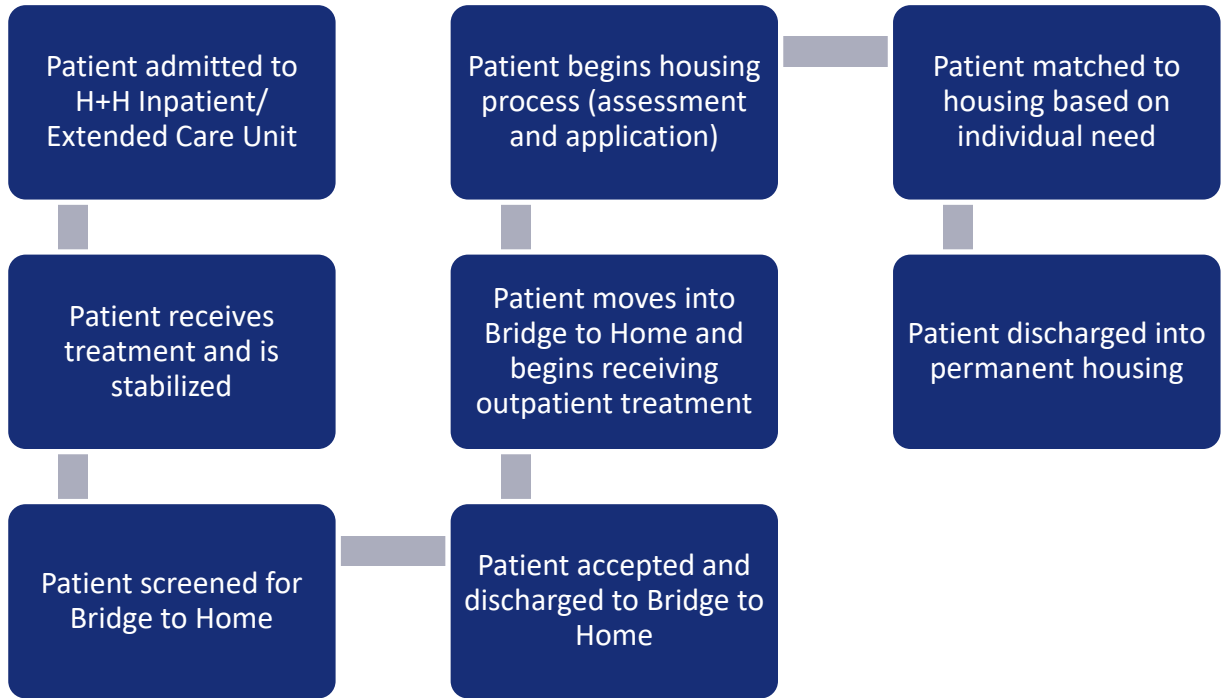
For Capital Committee Consideration

Authorizing New York City Health and Hospitals Corporation (the “**System**”) to sign a three year lease, with two one-year options to renew in its sole discretion, with Corona Hotel Realty, LLC (“**Landlord**”) for the use of the entire Corona Hotel including its 58 rooms and all common areas located at 112-23 Roosevelt Ave., Corona (the “**Hotel**”) for the System’s Bridge to Home program at a cost of \$155 per room per night for the first three years, and at \$160 per night for the renewal years, for a total rental cost of \$16,627,440, with a 1.5% contingency of \$250,000 for potential additional expenses for a total not to exceed amount of \$16,877,440.

Bridge to Home eliminates barriers between NYC H+H behavioral health patients and placement in supportive housing.

- Ensuring that patients can complete the supportive housing process after hospitalization is a major challenge for BH providers. The disruption can lead patients to cycle between ED, shelters, the street, and the criminal justice system.
- Bridge to Home offers a new discharge option to NYC H+H providers treating patients with serious mental illness (SMI) who have successfully completed inpatient stabilization and need additional support as they transition to permanent housing.
- Bridge to Home guests are offered a home-like environment, including private rooms, meals, wraparound treatment services, and 24/7 on-site staff, until they can be connected to permanent housing, typically within 6-12 months.
- By offering patients on-site treatment and comprehensive support, the program keeps patients on a path toward sustained stabilization, including reduced unnecessary emergency room visits, placement in supportive housing, and decreased street homelessness.
- This is the 3rd BTH site. We brought Hudson River Hotel (Bellevue) to the Board in July 2025, opening in Sept 2025, and Mirage Hotel (Woodhull) to the Board in March 2026, opening in Oct 2026.

Patient Journey



Program Model

- Bridge to Home is a home-like environment with co-located behavioral health services that serves as temporary emergency housing for individuals with SMI being discharged from H+H hospitals.
- Bridge to Home is staffed 24/7 by H+H professionals.
- The overall initiative currently expects to serve up to 150 individuals in single rooms. This will balance privacy and socialization through therapeutic groups and other structured recreation opportunities.
- Bridge to Home provides three meals a day, medication management, individual and group therapy, substance use disorder treatment, and around-the-clock support.
- In addition to the co-located behavioral health services, Bridge to Home leverages the entire NYC Health + Hospitals continuum of services, including:
 - Virtual ExpressCare
 - Street Health Outreach and Wellness (SHOW) vans
 - Primary Care Safety Net clinics/Point of Reentry and Transitions (PORT)
 - Housing for Health

Program Eligibility & Outcomes

■ Eligibility

- Adult, 18 years old and over
- Completed inpatient stabilization at NYC H+H and referred by NYC H+H behavioral health clinician
- Diagnosed with a serious mental illness (SMI)
- Is likely to experience homelessness/housing instability at discharge
- Able to perform basic Activities of Daily Living (ADLs) such as bathing, continence/toileting, dressing, eating, and transferring/mobility
- Has agreed to participate in Bridge to Home

■ Outcomes

- Provide a home-like environment for patients
- Increased engagement in outpatient mental health and/or substance use disorder (SUD) treatment
- Decreased unnecessary emergency department visits and hospitalizations
- Reduced shelter entry and street homelessness

Staffing Model

- Bridge to Home includes a multidisciplinary team meant to support patients as they transition from hospital to permanent housing including:
 - **Psychiatric provider** to support medication management and crisis intervention
 - **Social workers** to develop a care plan for patients along with direct patient care and connection to support services
 - **Community health workers** who are trusted community members who help navigate the health and social service system
 - **Nurses** to support connections to traditional medical and specialty care to manage health conditions
 - **Occupational therapist** to support community independence and support guests in independent living in housing
 - **Psychiatric technicians and security** for wellness checks, de-escalation, and to ensure the safety of patients, staff, and community

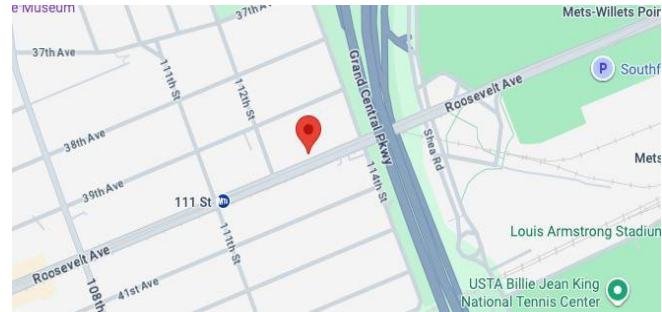
Early Data and Patterns

- **In its first year of operations, the first Bridge to Home site has seen positive progress:**
 - **Strengthened connections to care**
 - More than 80% of guests attend on-site clinical visits at least once per week.
 - **Increased participation in treatment**
 - Early data shows 65% of guests have received a long-acting injectable, compared to 59% across H+H clinics.
 - **Community integration**
 - Our community inbox has not received any complaints about our guests.
 - **Expedited housing placement**
 - In the first 12 months of operation, 18 guests moved out to supportive housing.
 - **Waitlist**
 - Every month, dozens of BH patients could be referred to Bridge to Home if we had more capacity.
 - The first site has been at capacity since early 2026 and the second site will be at capacity in the next 2 months. We anticipate a waitlist will be forming well in advance of this new site opening.

Site 3 Details

- Bridge to Home Queens will provide NYC H+H with more capacity to serve eligible patients in more places and will shorten the waitlist for admittance.
- Planned location for Bridge to Home Queens:

Corona Hotel
112-23 Roosevelt Ave
Queens, NY 11368



- We expect capacity to be in line with the Manhattan and Brooklyn sites (47 guests).
- The site will be licensed as a satellite clinic of NYC H+H/Queens.
- The site features individual rooms/bathrooms for guests, common areas for socializing, and space for therapeutic activities.
- Proposed opening is in early 2027.

- OMB funding will cover program expenses, including food, security, laundry, staff, and housing.
- OMB funded FY26 at \$6M for first site, with funds expanding to \$20.1M thereafter to support all 3 sites.
- Insurance reimbursements will further offset costs and philanthropic dollars will supplement.
- The total annual occupancy fee for base rent over the potential 5-year term will be \$16,627,440 with \$250,000 for potential additional expenses for a total NTE of \$16,877,440.

Years	Cost
Base Term (Years 1-3)	\$9,853,040
Option Year 4	\$3,387,200
Option Year 5	\$3,387,200
Rental Cost	\$16,627,440
Additional Expenses (Contingency)	\$250,000 (1.5% of total NTE)
Total	\$16,877,440

Lease Terms

- Bridge to Home will occupy the entire Corona Hotel at 112-23 Roosevelt Avenue, Queens NY 11368.
- Total occupancy of 58 rooms: 47 guest rooms, 11 for administrative space
- A 3-year base lease term with two additional one-year options available solely at the discretion of NYC Health + Hospitals
- Critical Operations & Response Unit is responsible to hold the lease
- Base Rent: \$155/room/night Years 1-3 to escalate to \$160 in the first and second option years.
 - The System has the right to terminate at its convenience on 180 days' notice
 - No payment for rooms that cannot be used due to Landlord's fault
 - Landlord will provide cleaning, linen and bedding services
- New hotel not previously used during COVID or HERRC; Site has been vetted by DHS
- Licensed under NYC H+H/Queens and operational partnership between Central Office and NYC H+H/Queens

For Capital Committee Consideration

Authorizing New York City Health and Hospitals Corporation (the “**System**”) to sign a three year lease, with two one-year options to renew in its sole discretion, with Corona Hotel Realty, LLC (“**Landlord**”) for the use of the entire Corona Hotel including its 58 rooms and all common areas located at 112-23 Roosevelt Ave., Corona (the “**Hotel**”) for the System’s Bridge to Home program at a cost of \$155 per room per night for the first three years, and at \$160 per night for the renewal years, for a total rental cost of \$16,627,440, with a 1.5% contingency of \$250,000 for potential additional expenses for a total not to exceed amount of \$16,877,440.

CONTRACT APPROVAL

PRISMATIC DEVELOPMENT CORP.

**OTXHU EARLY WORKS ELEVATOR TOWER
AND SALLYPORT CONSTRUCTION**

NYC H+H / WOODHULL

RESOLUTION

Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute a contract with Prismatic Development Corporation (the “Contractor”), to undertake the OTxHU Early Works Elevator Tower and Sallyport Construction Project at NYC Health + Hospitals/Woodhull, for a contract amount of \$52,913,000, with a 13% project contingency of \$6,925,563, for a total authorization of \$59,838,563.

WHEREAS, NYC Health + Hospitals is establishing Outposted Therapeutic Housing Units (OTxHUs) within acute care facilities to provide secured clinical units operated by Correctional Health Services (CHS) with the New York City Department of Correction providing custody management; and

WHEREAS, the OTxHU facility at NYC Health + Hospitals/Woodhull will provide 144 therapeutic beds upon completion; and

WHEREAS, the construction of the OTxHU at NYC Health + Hospitals/Woodhull is divided into multiple specialized packages to optimize execution and reduce overall construction duration, including decanting, roof replacement, early demolition, curtainwall, elevator tower and sallyport, and main fit-out; and

WHEREAS, the OTxHU Early Works Elevator Tower and Sallyport Construction Project is necessary to provide a secure and direct pathway for patient and custody movement from the vehicular sallyport to the clinical elevators, while also incorporating cooling tower structural reinforcement and weather protection; and

WHEREAS, in accordance with Operating Procedure 100-5, a solicitation was issued pursuant to which three bids were received and publicly opened on August 27, 2026, and NYC Health + Hospitals determined that the Contractor submitted the lowest responsible bid; and

WHEREAS, the Contractor has met all legal, business, and technical requirements and is qualified to perform the services as required in the contract documents; and

WHEREAS, the overall responsibility for the administration of the proposed contract shall be with the Senior Vice President, Office of Facilities Development.

NOW, THEREFORE, be it

RESOLVED, that the New York City Health and Hospitals Corporation (the “System”) is hereby authorized to execute a contract with Prismatic Development Corporation to undertake the OTxHU Early Works Elevator Tower and Sallyport Construction Project at NYC Health + Hospitals/Woodhull, for a contract amount of \$52,913,000, with a 13% project contingency of \$6,925,563, for a total authorization of \$59,838,563.

EXECUTIVE SUMMARY
NYC HEALTH + HOSPITALS / WOODHULL
OTxHU EARLY WORKS ELEVATOR TOWER AND SALLYPORT CONSTRUCTION
PROJECT
PRISMATIC DEVELOPMENT CORPORATION

CONTRACT SCOPE:	OTxHU Early Works Elevator Tower and Sallyport Construction Project
NEED:	NYC Health + Hospitals facilities needs general construction services to establish essential secure vertical transit and building infrastructure prior to the main OTxHU fit-out, providing a secure and direct pathway for patient and custody movement from the vehicular sallyport to clinical elevators.
CONTRACT DURATION:	18 months, slated to commence in January 2027 with anticipated completion in June 2028.
PROCUREMENT:	A competitive sealed bid was issued on June 26, 2026; twelve contractors attended the pre-bid site visits on June 30 & July 1, 2026; three contractors submitted bids with the lowest responsible and responsive bidder being Prismatic Development Corporation for a not to exceed total of \$59,838,563.00.
PRIOR EXPERIENCE:	Prismatic Development Corporation has previously worked on major NYC public works infrastructure projects (including DDC Staten Island Garages 1&3 and SW Brooklyn Marine Transfer Station) and received positive performance evaluations (Good/Excellent) on each.
CONTRACT AMOUNT:	\$52,913,000.00
PASSPORT APPROVAL:	Approved
EEO APPROVAL:	Approved
MWBE STATUS:	Contractor has committed to a 37% MWBE contract goal.

Board Request to Award OTxHU Early Works Elevator Tower and Sallyport Construction Project Contract to Prismatic Development Corporation

**Capital Committee
October 13, 2026**

**Manny Saez, PhD., Sr. Vice President, Office of Facilities Development
Mahendranath Indar, Assistant Vice President, Office of Facilities Development
Tim O’Leary, Senior Assistant Vice President, Correctional Health Services
Luis Mendes, Senior Director, Office of Facilities Development**

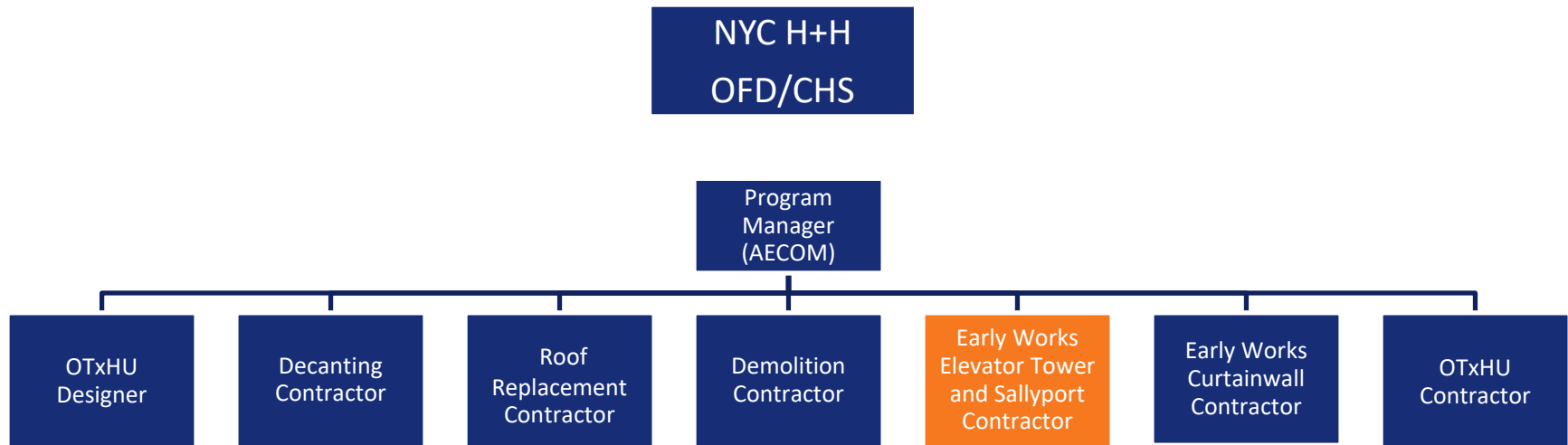
For Capital Committee Consideration

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Current State & Early Works

- Outposted Therapeutic Housing Units (OTxHUs) are beds within NYC Health + Hospitals (H+H) acute care facilities that will be secured clinical units operated by CHS with New York City Department of Correction providing custody management.
- Outposted at Bellevue opened in April 2026. Facilities at Woodhull and NCB are in design and procurement.
- OTxHU at Woodhull will provide 144 therapeutic beds upon completion.
- Construction of the OTxHU at Woodhull divided into several components as part of a construction strategy to reduce the overall construction time.
 - OTxHU Decant Project
 - OTxHU Roof Replacement Project
 - OTxHU Early Package – Demolition
 - OTxHU Early Package – Curtainwall
 - OTxHU Early Package – Elevator Tower and Sallyport
 - OTxHU Main Fit Out Project
- The Elevator Tower and Sallyport construction project is necessary to provide a secure and direct pathway for movement from the Sallyport to the elevators.
 - Includes cooling tower structural reinforcement and weather protection

The Woodhull OTxHU Team



Contractor Scope of Services

- The General Contractor will provide the following SOW:
 - New elevator shaft with two new elevators
 - Structural elevator shaft
 - Elevator shaft enclosure
 - Cooling Tower
 - Re-stabilization of cooling tower structure
 - Recladding of cooling tower structure for weather tightness
 - Vehicular Sallyport
 - Secure transport entry
- Work will begin in January 2027 and complete in June 2028

Overview of Procurement

- 6/26/26: Solicitation posted on City Record
- 6/30/26 and 7/1/26: Pre bid walks; 12 vendors attended
- 8/27/26: Bid opening, 3 bids received
- 9/3/26: Evaluation was finalized and Prismatic Development Corporation, the lowest responsive, responsible bidder was selected.

Project Budget

- Total contract value is \$52,913,000

Description	Amount
Construction Base Contract	\$ 52,913,000
Construction Contingency (13%)	\$ 6,925,563
Total Project Budget	\$ 59,838,563

- The project contingency percentage is higher than our normal 10% because:
 - It is anticipated to have unforeseen conditions when completing these projects in an active hospital.
 - It is anticipated to have unforeseen conditions when integrating the elevator tower into the existing building exterior façade.
- The funding for this project has been allocated and approved by OMB.

MWBE Details & Ratings

- Prismatic Development Corporation has submitted an MWBE utilization plan of 37%

MWBE Subcontractor	Scope	% of Subcontract
ACT Abatement	Abatement	.25%
AMG Demolition	Demolition	2%
Oliviera Contracting, Inc	Concrete	3.3%
FCS Group, LLC	Painting	.02%
PJP Installers INC	Scaffolding	5%
Faxa, Inc	Insulated Metal Panels	22%
City Gates	Overhead Doors	.11%
Certified Interiors, Inc	Drywall	2%
R.A.M.S. Mechanical	Mechanical	3%
TOTAL		37%

Vendor Performance

- Prismatic Development Corporation has ratings of Good, in the PASSport system, for work performed under other New York City agencies but does not have a history of work performed at NYC Health + Hospitals.

Agency	Project Name	Contract Value	PASSport Rating
DDC	Staten Island Garages 1&3, Ph. 2	\$127,888,567	Good
DDC	SW Brooklyn Marine Transfer Station	\$139,403,600	Excellent

- References were checked for Prismatic Development Corporation Projects - Good Rating
 - Design and Construction of the Clifton Shop – Contract Value : \$163,750,000.00
 - Major Renovation for the Manhattan Forensic Relocation – Contract Value : \$156,565,224.00
 - DSNY Staten Island 1 & 3 Garage – Contract Value : \$127,888,567.00

For Capital Committee Consideration

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

From: Franco Esposito 
Deputy Counsel
Office of Legal Affairs

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

Vendor: Prismatic Development Corporation

Date: September 24, 2026

The below information indicates the vendor's status as to responsibility, EEO and MWBE as provided by the Office of Facilities Development and Supply Chain:

Vendor Responsibility

Approved

EEO

Approved

MWBE

37%

CONTRACT APPROVAL

AWL INDUSTRIES, INC.

ENERGY UPGRADE

NYC H+H / NORTH CENTRAL BRONX

RESOLUTION

Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute a contract with AWL Industries, Inc. (the “Contractor”), to undertake the Comprehensive Energy Upgrade Project at NYC Health + Hospitals/North Central Bronx, with a contract amount of \$56,041,640, with a 12.5% project contingency of \$7,005,205, for a total authorization of \$63,046,845.

WHEREAS, NYC Health + Hospitals/North Central Bronx currently utilizes a steam-based heating system with five dual-fuel boilers, converting high-pressure steam to low-pressure steam for distribution to air handling and heating units, alongside a chilled water system with five chillers, where 31 air handling units and 5 heat and ventilating units are beyond their useful life; and

WHEREAS, due to the state of the systems, it has been determined that a project should be undertaken to replace six air handling units (“AHUs”), retrofit six AHUs, replace exhaust and return fans, convert 100% outside air to Return Air Configuration and Variable Air Volume systems, replace storage water heaters with tankless gas water heaters, replace the 5th Floor Pressure Reducing Valve station, upgrade approximately 15,000 lighting fixtures to LEDs, and replace elevator motors and controls in 13 elevator cars, which is expected to generate approximately \$1.0 million in annual energy cost savings; and

WHEREAS, in accordance with Operating Procedure 100-5, a solicitation was issued pursuant to which six bids were received and publicly opened on April 9, 2026, and NYC Health + Hospitals determined that the Contractor submitted the lowest responsible bid, and

WHEREAS, the Contractor has met all, legal, business and technical requirements and is qualified to perform the services as required in the contract documents; and

WHEREAS, the overall responsibility for the administration of the proposed contract shall be with the Senior Vice President, Office of Facilities Development.

NOW, THEREFORE, be it

RESOLVED, that the New York City Health and Hospitals Corporation (the “System”) is hereby authorized to execute a contract with AWL Industries, Inc. to undertake the Comprehensive Energy Upgrade Project at NYC Health + Hospitals/North Central Bronx, for a contract amount of \$56,041,640, with a 12.5% project contingency of \$7,005,205, for a total authorization of \$63,046,845.

**EXECUTIVE SUMMARY
NORTH CENTRAL BRONX HOSPITAL
COMPREHENSIVE ENERGY UPGRADE PROJECT
AWL INDUSTRIES, INC.**

CONTRACT SCOPE:	Comprehensive energy upgrade project
NEED:	NYC Health + Hospitals facilities needs general construction services to undertake the comprehensive energy upgrade project at NYC H+H/North Central Bronx Hospital.
CONTRACT DURATION:	24 months, slated to commence winter of 2026 with anticipated completion in Winter 2028
PROCUREMENT:	A competitive sealed bid was issued on 9/17/2025; thirteen contractors attended by thirteen the pre-bid site visits on 9/24/2025 and 9/25/2025, four contractors submitted bids with the lowest responsible and responsive bidder being AWL Industries, Inc. for a not to exceed total of \$63,046,845.00.
PRIOR EXPERIENCE:	AWL Industries, Inc. has previously worked four public projects and received positive evaluations on each.
CONTRACT AMOUNT:	\$56,041,640.00.
PASSPORT APPROVAL:	Approved
EEO APPROVAL:	Pending
MWBE STATUS:	Contractor has committed to a 31% MWBE contract goal

Request for Contract Approval for the COMPREHENSIVE ENERGY UPGRADE

AWL Industries, Inc

**Capital Committee
October 13, 2026**

**Manny Saez, PhD., Sr. Vice President, Office of Facilities Development
Mahendranath Indar, Assistant Vice President, Office of Facilities Development
Hiba Hadeed, Director, Office of Facilities Development**

For Capital Committee Consideration

- Authorizing the New York City Health and Hospitals Corporation (“NYC Health + Hospitals”) to execute a contract with AWL Industries, Inc. (the “Contractor”), to undertake the Comprehensive Energy Upgrade Project at NYC Health + Hospitals/North Central Bronx Hospital, for a contract amount of \$56,041,640, with a 12.5% project contingency of \$7,005,205, to bring the total cost not to exceed \$63,046,845, and an anticipated duration of 42 months.

Background

- H+H prioritizes and selects energy projects based on the following three criteria:
 - Facility and building type
 - Portfolio energy data to prioritize the most energy-intensive facilities
 - Utilize facility conditions assessment and energy audits to align energy investments with capital needs

26	\$415.8M	11 of 11	≥ \$1Billion
Current + approved / being planned initiatives	Recently Completed+ Current + approved / being planned investment	Acute hospitals with current or approved work	Current + approved + identified future pipeline (not yet funded) *

SITE-LEVEL CURRENT + APPROVED / BEING PLANNED INVESTMENT

Site / Campus	Projects	Investment	Site / Campus	Projects	Investment
Bellevue	4	\$91.7M	East New York DTC	1	\$16.5M
North Central Bronx	2	\$71.0M	Gouverneur	1	\$14.5M
Elmhurst	2	\$39.7M	McKinney	1	\$12.4M
Harlem	1	\$39.6M	Jacobi	2	\$11.0M
Metropolitan	3	\$28.6M	Kings County – SOB	1	\$8.0M
Lincoln	1	\$27.7M	Coler	1	\$5.9M
Kings County	1	\$20.0M	South Brooklyn Health	1	\$5.7M
Queens	3	\$19.7M	Woodhull	1	\$3.9M

*Pipeline figure includes current + approved projects and costed future projects; three future initiatives do not yet have numeric implementation costs.

Background

- North Central Bronx Hospital uses a steam-based heating system with five dual-fuel boilers. The high-pressure steam is converted to low-pressure steam and distributed to various systems, including air handling and heating units.
- The hospital also has a chilled water system with five chillers to provide cooling. There are 31 air handling units and 5 heat and ventilating units, which are beyond their useful life
- The Energy Upgrade project is expected to:
 - Reduce annual energy consumption by approximately 28,045 MMBtu
 - Reduce annual GHG emissions by approximately 2,277 MT CO₂e
 - Generate approximately \$1.0 million in annual energy cost savings/year

Scope

- Replace six (6) air handler units (AHU), retrofit six (6) AHU's, replace exhaust fans, return fans, convert 100% outside air to Return air Configuration and Variable Air Volume (VAV) system.
- Replace storage water heater with tankless gas water heater.
- Replace Pressure Reducing Valve (PRV) Station on the 5th Floor (The PRV station provides low pressure steam for building use).
- Replace lighting fixtures with LED fixtures. This scope of work entails a comprehensive lighting upgrade to approximately 15,000 fixtures from T8's to LEDs.
- Elevator upgrades, which entail the replacement of elevator motors and controls in 13 elevator cars with more energy efficient equipment.

Overview of Procurement

- 9/17/2025: Solicitation posted to the City Record
- 9/24/2025 & 9/25/2025: Site tour for bidders; Total of 13 general contractors attended
- 4/9/2026: Bid due date, 6 bids received
- 7/31/2026: Technical meeting held with, AWL Industries, Inc the lowest responsive and responsible bidder

Construction Contract

- Procurement is sourced via Public Bid
- Contract Amount is \$56,041,640
- Construction is anticipated to start in March 2027 with completion expected by September 2030 (42 months).
- AWL has committed to a 31% MWBE Goal:

Subcontractor	Certification	Supplies/Services	Utilization Plan
Eastern Plumbing & Mechanical CTRG Inc		Plumbing work	1.82%
PK Interiors		Carpentry Work	4.56%
J Stone Builders Inc.		Roofing and Masonry	.34%
Freedom Iron Works Inc.		Structural Steel	1.17%
International Asbestos Removal, Inc		Asbestos Abatement	.39%
Labco Electrical Contracting Corp		Electrical Work	18%
United Crane & Rigging Services Inc.		Rigging	.83%
Cole Partners		GC Work/Demolition	4.04%
Total			31%

Vendor Performance

- AWL performed as lead contractor for NYCHA Bernard Haber Houses Restoration Association with the Sandy Recovery Program, for a project cost of \$41M
- AWL has completed 3 relevant projects that have all received positive ratings:
 - Lehman College Library Ventilation System (\$14M)
 - NYCHA Carleton Manor Sandy Recovery (\$19M)
 - SUNY Maritime College New Seamanship Center (\$6M)
- AWL held a Job Order Contract (JOC) with NYC H+H for which all work performed received ratings of Excellent or Good.
 - Mechanical/HVAC Services
 - \$8M contract value
 - 1/1/2023 – 12/31/2024
 - 10 Work Orders issued

Vendor Performance

Department of Supply Chain
Vendor Performance Evaluation
AWL Industries

DESCRIPTION	ANSWER (YES/NO)
Did the vendor meet its budgetary goals, exercising reasonable efforts to contain costs, including change order pricing?	YES
Has the vendor met any/all of the MWBE participation goals and/or Local Business enterprise requirements, to the extent applicable?	YES
Did the vendor and any/all subcontractors comply with applicable Prevailing Wage requirements?	YES
Did the vendor maintain adequate records and logs, and did it submit accurate, complete and timely payment requisitions, fiscal reports and invoices, change order proposals, timesheets and other required daily and periodic record submissions (as applicable)?	YES
Did the vendor submit its proposed subcontractors for approval in advance of all work by such subcontractors?	YES
Did the vendor pay its suppliers and subcontractors, if any, promptly?	YES
Did the vendor and its subcontractors perform the contract with the requisite technical skills and expertise?	YES
Did the vendor adequately supervise the contract and its personnel, and did its supervisors demonstrate the requisite technical skill and expertise to advance the work?	YES
Did the vendor adequately staff the contract?	YES
Did the vendor fully comply with all applicable safety standards and maintain the site in an appropriate and safe condition?	YES
Did the vendor fully cooperate with the agency, e.g., by participating in necessary meetings, responding to agency orders and assisting the agency in addressing complaints from the community during the construction as applicable?	YES
Did the vendor adequately identify and promptly notify the agency of issues or conditions that could affect the quality of work or result in delays, and did it adequately and promptly assist the agency in resolving problems?	YES
Overall rating (Excellent, Good, Satisfactory, Poor)	Excellent

Project Budget

North Central Bronx – Comprehensive Energy Upgrade	
Construction	\$56,041,640.00
Project Contingency (12.5%)	\$7,005,205.00
Total	\$63,046,845.00

- The project contingency percentage is higher than our normal 10% because this is a complex multi-phase project with unforeseen conditions due to working in an active hospital.
- Full funding for this project has been allocated and CP is pending OMB approval.

For Capital Committee Consideration

- Authorizing the New York City Health and Hospitals Corporation (“NYC Health + Hospitals”) to execute a contract with AWL Industries, Inc. (the “Contractor”), to undertake the Comprehensive Energy Upgrade Project at NYC Health + Hospitals/North Central Bronx Hospital, for a contract amount of \$56,041,640, with a 12.5% project contingency of \$7,005,205, to bring the total cost not to exceed \$63,046,845, and an anticipated duration of 42 months.

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

From: Franco Esposito 
Deputy Counsel
Office of Legal Affairs

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

Vendor: AWL Industries, Inc.

Date: September 24, 2026

The below information indicates the vendor's status as to responsibility, EEO and MWBE as provided by the Office of Facilities Development and Supply Chain:

Vendor Responsibility

Pending

EEO

Approved

MWBE

31%

LICENSE AGREEMENT

NEW YORK UNIVERSITY MEDICAL CENTER

**ADMINISTRATIVE OFFICE SPACE FOR
RESIDENCY AND RESEARCH PROGRAMS,
AND LAB SPACE**

NYC H+H / BELLEVUE

RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the “**System**”) to renew a five-year revocable license agreement with New York University (“**NYU**”) for its use and occupancy of 31,005 square feet of office space and 10,346 square feet of laboratory space in the C&D, H, and Administration Buildings at NYC Health + Hospitals/Bellevue (“**Bellevue**”) for administrative offices and in connection with its research programs at \$58.00/sf for office space and \$64.00/sf for laboratory space to be escalated annually by 2.5% with an additional \$3.25/sf for utilities for a total approximate fee of \$13,604,804 over the five year term.

WHEREAS, NYU, a not-for profit university, is the-long standing medical affiliate of Bellevue; and

WHEREAS, NYU occupies space at Bellevue under its affiliation agreement between NYU and the System to house its activities under such agreement; and

WHEREAS, NYU utilizes additional space at Bellevue for its administration and research programs in addition to the space used for its activities under the affiliation agreement; and

WHEREAS, in 2011, 2016 and 2021, the System’s Board of Directors authorized the license and renewal of license of such non-affiliate space to NYU; and

WHEREAS, responsibility for administering the proposed license will be with the Chief Executive Officer of Bellevue; and

WHEREAS, Bellevue has determined that it continues to have sufficient space available to accommodate NYU’s additional needs and that licensing such additional space to NYU is in the best interests of Bellevue;

NOW, THEREFORE, be it

RESOLVED, that New York City Health and Hospitals Corporation (the “**System**”) to renew a five-year revocable license agreement with New York University (“**NYU**”) for its use and occupancy of 31,005 square feet of office space and 10,346 square feet of laboratory space in the C&D, H, and Administration Buildings at NYC Health + Hospitals/Bellevue (“**Bellevue**”) for administrative offices and in connection with its research programs at \$58.00/sf for office space and \$64.00/sf for laboratory space to be escalated annually by 2.5% with an additional \$3.25/sf for utilities for a total approximate fee of \$13,763,756 over the five year term.

**EXECUTIVE SUMMARY
PROPOSED LICENSE
WITH NYU for NON-AFFILIATE SPACE**

OVERVIEW

NYU and NYC Health + Hospitals/Bellevue have a strategic partnership in providing health care to the public, and NYU is the affiliate partner of such facility, and in synergy with that affiliation, NYU licenses space for other healthcare administration, and the license fees for such space provide the facility with meaningful revenue without a negative impact to its provision of services. NYU has used such space for many years.

CHANGES

NYU and Bellevue reassessed and slightly revised the space being licensed to NYU to ensure both parties optimize their operations to effectively achieve their individual goals, such as facility maintenance, clear definitions of responsibility, and ensuring clinical operational efficiency.

TERMS

Five-year license term
~41,000 square feet
Administrative space: \$58/SF for base occupancy
Laboratory space: \$64/SF for base occupancy
For all spaces, there will be \$3.25/SF charge for utilities
Base occupancy fees will escalate annually at 2.5%
Each party has the right to terminate at its convenience
A total approximate fee of \$13,604,804 over the five year term.

Request to License New York University at NYC Health + Hospitals/Bellevue

Capital Committee
October 13, 2025

Eric Wei, MD, CEO, NYC H+H/Bellevue

Erfan Karim, COO, NYC H+H/Bellevue

Leora Jontef, AVP, Real Estate & Housing

Deborah Morris, AICP, Senior Director, Real Estate & Housing

For Capital Committee Consideration

- Authorizing New York City Health and Hospitals Corporation (the “System”) to renew a five-year revocable license agreement with New York University (“NYU”) for its use and occupancy of 31,005 square feet of office space and 10,346 square feet of laboratory space in the C&D, H, and Administration Buildings at NYC Health + Hospitals/Bellevue (“Bellevue”) for administrative offices and in connection with its research programs at \$58.00/sf for office space and \$64.00/sf for laboratory space to be escalated annually by 2.5% with an additional \$3.25/sf for utilities for a total approximate fee of \$13,604,804 over the five-year term.

Bellevue and NYU Partnership

- **New York University (“NYU”)** is a nonprofit organization operating as a 501(c)(3) educational institution.
 - Bellevue and NYU have one of the longest continuous academic and public hospital affiliations in American medicine, dating back to 1898.
 - This partnership continues with the **NYU Grossman School of Medicine** serving as the medical affiliate at Bellevue.
- Beyond medical affiliation, H+H houses multiple NYU programs on the Bellevue campus:
 - Since 2011, H+H has allowed NYU’s use and occupancy of designated non-affiliate space on the Bellevue campus.
 - Under this arrangement, NYU provides houses administrative faculty and staff, a pulmonary program, and conducts research in furtherance of its mission of medical scholarship, research, and patient care.
 - In addition to generating revenue, this relationship strengthens the partnership between Bellevue and NYU Grossman School of Medicine.
 - This arrangement facilitates the delivery of clinical, educational, and research activities that contribute to improved healthcare outcomes for New York City.

Details of Space Allocation

- The allocation includes the below programs, which total:
 - 31,005 in administrative office space (75%)
 - 10,346 in laboratory space (25%)

Location	Description	SF
Admin 5 th Fl	NYU Neurology Admin	1,729
Admin 6 th Fl	NYU Medicine Admin	1,071
Admin 7 th Fl	NYU Pulmonary Lab	3,113
Admin 8 th Fl	NYU Psychiatry & Pediatrics Admin	4,033
C&D 1 st Fl	NYU Surgery and Faculty Admin	7,114
C&D 4 th Fl	NYU Clinical and Translational Science Institute	8,865
C&D 5 th Fl	NYU Cancer, Plastic Surgery, OB-Gyn Admin	5,440
C&D 6 th Fl	NYU Medicine Admin and Research Labs	7,327
H 5 th Fl	NYU Otolaryngology Admin and Lab	3,541
H 7 th Fl	NYU Neurology Admin	596
H 8 th Fl	NYU Pediatrics Labs	2,619
H 15 th Fl	NYU Cardiothoracic Lab	1,299
H 16 th Fl	NYU Medicine Research Lab	1,358
H 17 th Fl	NYU Research Lab	944

License Terms

- New York University will occupy a reduced footprint of:
 - 31,005 SF of administrative office space across several floors in the Administrative, C&D, and H Buildings
 - 7,233 SF of laboratory space in across several floors in the C&D and H Buildings
 - 3,113 SF of laboratory space for the Pulmonary Program is located on the 7th floor of the Administrative Building
 - NYU is responsible to maintain the aforementioned space

- 5-year license term is effective as of September 1, 2026. The Board approval is retroactive due to a comprehensive review of space allocation to better align with Bellevue priorities and patient care.

- Occupancy fees:
 - Administrative space: \$58/SF for base occupancy
 - Laboratory space: \$64/SF for base occupancy
 - There will be additional \$3.25/SF charge for utilities
 - Base occupancy fees will escalate annually at 2.5%

- The total annual occupancy fee over the potential 5-year term will be approximately \$13.6M.

Use	Rate	Square Feet	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Admin	\$58	31005	\$ 1,798,290	\$ 1,843,247	\$ 1,889,328	\$ 1,936,562	\$ 1,984,976	\$ 9,452,403
Lab	\$64	10346	\$ 662,144	\$ 678,698	\$ 695,665	\$ 713,057	\$ 730,883	\$ 3,480,446
Utilities	\$3.25	41351	\$ 134,391	\$ 134,391	\$ 134,391	\$ 134,391	\$ 134,391	\$ 671,955
Total			\$ 2,594,825	\$ 2,656,336	\$ 2,719,384	\$ 2,784,009	\$ 2,850,250	\$ 13,604,804

Request for Capital Committee Approval

- Authorizing New York City Health and Hospitals Corporation (the “System”) to renew a five-year revocable license agreement with New York University (“NYU”) for its use and occupancy of 31,005 square feet of office space and 10,346 square feet of laboratory space in the C&D, H, and Administration Buildings at NYC Health + Hospitals/Bellevue (“Bellevue”) for administrative offices and in connection with its research programs at \$58.00/sf for office space and \$64.00/sf for laboratory space to be escalated annually by 2.5% with an additional \$3.25/sf for utilities for a total approximate fee of \$13,604,804 over the five-year term.

June 30, 2026

Deborah Morris, MCP, AICP
Senior Director, Land Use Planning and Real Estate
NYC Health + Hospitals Corporation
125 Worth Street
New York, NY 10013

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

Dear Deborah:

Pursuant to your request, the fair market value/appraisal report dated May 6, 2011 and as amended February 17, 2016 and January 11, 2021 for the referenced property and locations is now being revisited in order to assess and update their respective fair market values (FMV) at current rates. These assessments are inclusive of the value of the tenant improvements and specified operating expenses such as utilities, housekeeping, security, service contracts, structural repairs, etc. As the owner is designated as a Not for Profit (501(c)(3)), real estate taxes are not applicable, however this should also be considered when the value of the space in order to provide a comprehensive FMV. This updated review will assess the estimated value of the now-current base rent inclusive of the tenant improvements and operating expenses. This evaluation is subject to the following:

- The premises being described is often referenced to by the parties as “non-affiliated spaces”.
- The units are currently occupied by the original tenant for which this initial report was generated and are appropriately zoned for the current use of the space. The spaces are commonly referenced to as non-affiliated spaces.
- The existing licensor will continue to occupy approximately a total of 68,375 rsf within the referenced buildings.
- This evaluation is for the purpose of establishing the current FMV to lease/license the referenced property and considers numerous factors including but not limited to location, market conditions, market area comparables, lease terms and conditions, as well as tenant improvements.

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

The referenced medical spaces are located within the medical complex of Bellevue Hospital Center on Frist Avenue in the Kips Bay market area. This is a unique property within the referenced market area; however, there are numerous medical facilities, hospitals and private physician practices in the immediate area providing a benchmark for market rents. The initial proposal offered and continues to offer the licensee a full-service hospital center with amenities typically only found in hospitals and full-service medical office buildings, not commercial properties. The complex is readily accessible by mass transit and conveniently situated off the FDR Drive for vehicular transit. The extension continues to offer the same benefits.

Kips Bay and specifically First Avenue, have numerous medical health care providers, the market conditions have been established and are readily available for comparison. Medical and laboratory spaces in this market area range from \$50 – \$95 per RSF. This market had seen an increase in asking rents from the 2011 initial agreement and the subsequent renewals and landlord concessions have also been reduced. Therefore, the ability to procure built out “turn-key” medical office space has experienced an increase in comprehensive expenses. For example, private physical offices in the Peter Cooper Stuyvesant Square housing complex garner rents in the range of \$55 – \$85 per RSF. Adjacent neighborhoods such as properties on Park Avenue South and Union Square have continued to garner stable and increased rents for medical space in this market. (Note: The aforementioned markets have not, as of the last 4-6 months, experienced a decreased in rents and continue to remain relatively stable. Although these areas have numerous medical sites, the lack of product, i.e. rental opportunities, has maintained a stable rental market.) It is important to consider that commercial landlords in this area consider medical use “less desirable” and would prefer typical commercial tenants. This variable is factored in this assessment as well.

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

The current use is an important factor in assessing the value. Even if the licensee developed the space the prospective rental value to another tenant must be considered. The value of the build out space for the Sleep Laboratory would be between \$200 - \$250 per RSF. The value for administrative office space is and remains between \$60 - \$90 per RSF. The following is the assessment of each location on a site-by-site basis.

Building A

This space remains allocated for administrative use by Virology. Although well maintained, the space continues to remain dated and the tenant improvement has depreciated and has long ago been fully amortized. Air conditioning is provided by window units and heating is by cast iron perimeter steam units. The cost to build out the support office space is \$100 - \$150 per RSF.

BUILDINGS C & D

The space was renovated, prior to the initial license agreement term, and retro-fitted from the previous use for dorm rooms (housing for nurses/residents) to administrative space and lab use. Air conditioning is again provided by window units. The rooms are approximately 100 RSF. The current installation is now 15 years old.

H BUILDING

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

CONCLUSION

Previously, as a result of the Covid-19 pandemic, real estate office space, whether designed or built for general office use or as a specialty service including medical, laboratory, or other specific services has been a dramatic discount of landlord's asking rent and landlord's taking prices across the entire spectrum. This is no longer the case as real estate values and pricing while slowly, have rebounded in the area and for the use.

While the market up to the pandemic's appearance had increased from the earlier fair market value analysis dates 2/17/16, by as much as 25%, there has been a steep and dramatic decline in values as a result of the Covid 19 pandemic. Accordingly, we were comfortable that the pricing for any license or lease extension remained at the current escalated rents at no increase in pricing. This is no longer the case.

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

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

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

There are numerous exam rooms and administrative offices throughout the building for this non affiliated space for various modalities including residency research programs, as well as supportive administrative offices. Most of the exam rooms and administrative offices are over 100/RSF. IT/IS service is inclusive in the fee. For the purpose of this appraisal, we shall assume that all operating expenses, i.e., security housekeeping, refuse removal, utilities, service contracts, etc. are provided by the landlord, other than the original fee of \$17,000 per annum fee for electrical service which we assess continues to be WELL below market (industry standard is now between \$3.50 - \$4.50 RSF).

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

BUILDING A: The supportive administrative space would now be valued at \$55 - \$60 per RSF.

BUILDING C&D: The space was renovated prior to the initial license agreement dated 2011, although the tenant improvement dollars allocated for renovation were not extensive. It is our observation that this space can garner a rent of \$55 - \$60 per RSF.

H BUILDING: Although this is considered “lab space” it is used to treat patients suffering from Sleep Disorders which is not similar to the lab-use in buildings C or D. Sleep Disorder clinical offices do not entail a major expenditure for tenant improvement to develop the space. The lab space has a current value of \$60 - \$67 per RSF, over the initial license agreement term. The rental fee takes into consideration the unique use and that access, along with building services are necessary after typical business hours.

Additionally, there are other factors that the tenant must consider, limited relocation opportunities, extensive expenses to build out new space (with minimal landlord concessions) and invasive use. The parties should be aware that electric is not included in this rent. We recognize that in previous agreements it may have been. It could be argued that an additional add-on of \$3.50 per foot would be reasonable. Further, the square footage occupied by the tenant is both a gross and net figure. There is no RSF increase in measuring the space. The useable square footage is the same as the rentable, furthering the argument for an electric add-on. The same can be made for the provided cleaning services.

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

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

Thank you.

Very Truly Yours,



Michael E. Dubin
Executive Managing Director

Street Address	Tenant Name	Transaction SQFT	Starting Rent (USD) (per year)	Execution Date	Commencement Date	Transaction Quarter	Expiration Date	Lease Term	Space Type	Building Class	Free Rent	Effective Rent (per year)	Transaction Type	Lease Type	Year Built	Floors Occupied
137 East 25th Street	RepRally	8308		65	2025-10-01	2025-11-01	2025 - Q4									
215 Lexington Avenue	NYC Department of Citywide Administrative Services	11487		50	2025-12-29	2026-04-29	2025 - Q4	2030-09-29	4 years, 11 months	Office	C		65	New Lease	1904	Entire 2
192 Lexington Avenue	Aspen Institute	4894		58	2026-02-13	2026-06-13	2026 - Q1	2041-04-29	15 years	Office	B	0.0 months	60.47	New Lease	1962	Entire 12
145 East 32nd Street	Hydrogen Fitness	17015		70	2026-03-23	2026-04-01	2026 - Q1	2031-06-13	5 years	Office	B	5.0 months	53.17	New Lease	1927	Partial 11
145 E 32nd Street	Medical Unlisted	5,500		45	2026-04-21	2026-06-20	2026 - Q2	2041-08-01	15 years, 4 months	Retail	C	0.0 months	70	New Lease	1927	Lower Level, Ground, Mezzanine
205 West 28th Street	Angle Health	4595		110		2025-02-27	2025 - Q1		5 years, 8 months	Medical	B			New Lease	1927	12th Floor, Suite 1200
5 Penn Plaza	NY eHealth Collaborative	15172		70/75	2025-3	2025-8	2025 - Q1		10 years, 10 months	Healthcare	A	8.0 months		New Lease	2022	Partial 9th
											A	10.0 months		New Lease	1916	Partial 16th