

**BOARD OF DIRECTORS MEETING**  
**THURSDAY, SEPTEMBER 27, 2012**

**A-G-E-N-D-A**

Call to Order - 4 pm	Dr. Stocker
1. Adoption of Minutes: July 26, 2012	
<u>Chairman's Report</u>	Dr. Stocker
<u>President's Report</u>	Mr. Aviles
>>Action Items<<	
<u>Corporate</u>	
2. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute a contract with Epic Systems Corporation for an enterprise-wide Electronic Medical Record (EMR) System including the software license, installation, training and maintenance to be used throughout the Corporation's facilities. The contract will be for an initial term of ten years, with an additional five-year renewal option, exercisable solely by the Corporation, in an amount not exceed \$302,807,986. <i>(Med &amp; Professional Affairs/IT Committee - 09/20/2012)</i> <b>EEO / VENDEX: Approved</b>	Dr. Stocker
3. RESOLUTION authorizing the creation of the HHC Finance Corporation as a Type C not-for-profit corporation under Section 402 of the New York Not-for-Profit Corporation Law with the New York City Health and Hospitals Corporation as its sole member.	Mr. Aviles
4. RESOLUTION authorizing: (i) the New York City Health and Hospitals Corporation (the "Corporation") to contribute approximately \$10.661 Million to HHC Finance Corporation (the "Finance Corp") (ii) the directors of the Finance Corp to authorize its use to make a loan of \$10.661 Million to HHC Investment Fund LLC (the "Investment Fund") to be established by U.S. Bancorp Community Development Corporation (the "NMTCC Equity Investor"); and (iii) authorizing the President of the Corporation to borrow \$14.7 Million from HHC/NCF Sub-CDE, LLC, a subsidiary of the Investment Fund, for the Corporation's use to pay a work order from the Dormitory Authority of the State of New York ("DASNY") generated for the Harlem Hospital Center major modernization project (the "Project") all in order to effectuate the participation by the Corporation and the Finance Corp in a supplemental financing of the Project through a New Markets Tax Credits structure (the "Proposed Financing"); and (iv) the approval and confirmation of all prior actions previously taken in furtherance of the Proposed Financing.	Mr. Aviles
5. RESOLUTION adopting the Corporation's Mission Statement and Performance Measures as required by the Public Authorities Reform Act.	Dr. Stocker
6. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to execute a requirements contract with Rashel Construction Corporation for a cumulative amount not-to-exceed \$5,000,000 to provide construction services for General Construction work on an as-needed basis at various facilities throughout the Corporation. <i>(Capital Committee - 09/13/2012)</i> <b>EEO / VENDEX: Approved</b>	Ms. Youssouf
7. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to execute a requirements contract with Volmar Construction, Inc. for a cumulative amount not-to-exceed \$3,000,000 to provide construction services for Heating, Ventilation, and Air Conditioning work on an as-needed basis at various facilities throughout the Corporation. <i>(Capital Committee - 09/13/2012)</i> <b>EEO / VENDEX: Approved</b>	Ms. Youssouf
<i>(over)</i>	

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<p>8. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to execute a requirements contract with Atlas Restoration Corporation for a cumulative amount not-to-exceed \$5,000,000 to provide construction services for General Construction work on an as-needed basis at various facilities throughout the Corporation.  <i>(Capital Committee – 09/13/2012)</i>  <b>EEO / VENDEX: Approved</b></p>	<p>Ms. Youssouf</p>
<p><b><u>North Bronx Healthcare Network</u></b></p>	
<p>9. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to name the Burn Intensive Care Unit on the second floor of Building 6 at Jacobi Medical Center “The Stanley M. Levenson, M.D. Burn Intensive Care Unit.”  <i>(Capital Committee – 09/13/2012)</i></p>	<p>Ms. Youssouf</p>
<p><b><u>Southern Brooklyn/Staten Island Health Network</u></b></p>	
<p>10. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to execute a sublease agreement with Meals on Wheels of Staten Island, Inc., for the development and operation of a facility housing kitchen, office, and storage functions on the campus of Sea View Hospital Rehabilitation Center and Home.  <i>(Capital Committee – 09/13/2012)</i>  <b>VENDEX: Pending</b></p>	<p>Ms. Youssouf</p>
<p>11. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to execute a revocable license agreement with the Federal Bureau of Investigation of the United States Department of Justice for its continued use and occupancy of space to house communications equipment at Coney Island Hospital.  <i>(Capital Committee – 09/13/2012)</i></p>	<p>Ms. Youssouf</p>
<p><b><u>South Manhattan Health Network</u></b></p>	
<p>12. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to execute a revocable license agreement Sprint Spectrum L.P. for its continued use and occupancy of space for the operation of a cellular communications system at Coler/Goldwater Specialty Hospital and Nursing Facility, Goldwater Campus.  <i>(Capital Committee – 11/03/2011 &amp; 09/13/2012)</i>  <b>VENDEX: Approved</b></p>	<p>Ms. Youssouf</p>
<p>13. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to execute a revocable license agreement with T-Mobile Northeast, LLC, for its use and occupancy of space for the operation of a cellular communications system at Coler/Goldwater Specialty Hospital and Nursing Facility, Coler Campus.  <i>(Capital Committee – 09/13/2012)</i>  <b>VENDEX: Approved</b></p>	<p>Ms. Youssouf</p>
<p>14. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to modify the scope and budget for the Major Modernization project at Gouverneur Healthcare Services to add an additional \$38.2 million, raising the total project budget to \$247.479 million.  <i>(Capital Committee – 09/13/2012)</i></p>	<p>Ms. Youssouf</p>
<p><b><u>Generations+/No. Manhattan Health Network</u></b></p>	
<p>15. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to modify the Capital budget for the Lincoln Medical &amp; Mental Health Center Emergency Room Expansion and Annex by \$9 million, increasing the total project budget to \$37.3 million.  <i>(Capital Committee – 09/13/2012)</i></p>	<p>Ms. Youssouf</p>

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<p><u>HHC Accountable Care Organization (ACO), Inc. (Subsidiary Corporation)</u></p>	
<p>16. RESOLUTION approving and ratifying bylaws adopted by HHC ACO Inc.'s Board of Directors, annexed at Exhibit A.</p>	<p>Mr. Aviles</p>
<p>17. RESOLUTION authorizing approving and ratifying certain actions of the HHC ACO Inc. Board of Directors, which authorized that the number of Directors of HHC ACO Inc.'s Board of Directors be fixed at eight and that each of the following persons be elected to serve as Directors of HHC ACO Inc.'s Board of Directors, subject to such person's earlier death, resignation or removal, in accordance with the laws of the State of New York until such person's successor is duly elected and qualified, and subject to approval and ratification by HHC ACO Inc.'s sole Member, the New York City Health and Hospitals Corporation (the "Corporation") : Jeroman Berger-Gaskin, a Medicare beneficiary Director -- a Director to be named pursuant to a designation by a majority in number of HHC ACO Inc.'s ACO Participants, as defined in 42 C.F.R. Part 425, other than the Corporation, that have executed Participation Agreements with HHC ACO Inc., and specified in a writing signed by such majority that is delivered to the Chairman of HHC ACO Inc.; A Director who shall be the Chief Executive Officer of Physician Affiliate Group of New York, P.C. ("PAGNY").</p>	<p>Mr. Aviles</p>
<p><u>Committee Reports</u></p>	
<p>➤ Audit</p>	<p>Ms. Youssouf</p>
<p>➤ Capital</p>	<p>Ms. Youssouf</p>
<p>➤ Community Relations</p>	<p>Mrs. Bolus</p>
<p>➤ Finance</p>	<p>Mr. Rosen</p>
<p>➤ Medical &amp; Professional Affairs / Information Technology</p>	<p>Dr. Stocker</p>
<p>➤ Strategic Planning</p>	<p>Mrs. Bolus</p>
<p><u>Subsidiary Board Report</u></p>	
<p>➤ HHC Accountable Care Organization (ACO), Inc.</p>	<p>Mr. Aviles</p>
<p>&gt;&gt;Old Business&lt;&lt;</p>	
<p>&gt;&gt;New Business&lt;&lt;</p>	
<p><u>Adjournment</u></p>	<p>Dr. Stocker</p>

## **NEW YORK CITY HEALTH AND HOSPITALS CORPORATION**

A meeting of the Board of Directors of the New York City Health and Hospitals Corporation (hereinafter the "Corporation") was held in Room 532 at 125 Worth Street, New York, New York 10013 on the 26th of July 2012 at 4:00 P.M. New York time, pursuant to a notice which was sent to all of the Directors of the Corporation and which was provided to the public by the Secretary. The following Directors were present in person:

**Dr. Michael A. Stocker**  
**Rev. Diane E. Lacey**  
**Mr. Alan D. Aviles**  
**Josephine Bolus, R.N.**  
**Dr. Jo Ivey Boufford**  
**Dr. Vincent Calamia**  
**Mr. Robert Doar**  
**Dr. Christina L. Jenkins (via video)**  
**Dr. Adam Karpati**  
**Ms. Anna Kril**  
**Mr. Robert F. Nolan**  
**Mr. Bernard Rosen**  
**Ms. Emily A. Youssouf**

Andrea Cohen was in attendance representing Deputy Mayor Linda Gibbs, and Dr. Amanda Parsons was in attendance representing Commissioner Thomas Farley, each in a voting capacity. Dr. Stocker chaired the meeting and Mr. Salvatore J. Russo, Secretary to the Board, kept the minutes thereof.

### **ADOPTION OF MINUTES**

The minutes of the meeting of the Board of Directors held on June 28, 2012 were presented to the Board. Then, on motion made by Dr. Stocker and duly seconded, the Board unanimously adopted the minutes.

1. **RESOLVED**, that the minutes of the meeting of the Board of Directors held on June 28, 2012, copies of which have been presented to this meeting, be and hereby are adopted.

### CHAIRPERSON'S REPORT

Dr. Stocker received the Board's approval to convene an Executive Session to discuss matters of quality assurance and personnel.

Dr. Stocker updated the Board on approved and pending Vendex and will report on the status of pending Vendex at the next Board meeting.

Dr. Stocker informed the Board that the survey by the Joint Commission on the Accreditation of Healthcare Organizations of Sea View Hospital Rehabilitation Center & Home went exceptionally well.

### PRESIDENT'S REPORT

Mr. Aviles' remarks were in the Board package and made available on HHC's internet site. A copy is attached hereto and incorporated by reference.

Kenneth Raske, President of Greater New York Hospital Association, reported to the Board on the State of New York's budget and how it affects healthcare.

### ACTION ITEMS

#### RESOLUTIONS

2. Authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute a contract with **Atlantic Dialysis Management Services, LLC** to provide dialysis technical services to HHC patients in the following facilities: **Coney Island Hospital, Harlem Hospital Center, Jacobi Medical Center, Kings County Hospital Center, Lincoln Medical and Mental Health Center, Metropolitan Hospital Center, North Central Bronx Hospital, Queens Hospital Center, and Woodhull Medical and Mental Health Center**. The contract shall be for a period of five years with one, four-year option to renew exercisable solely by the Corporation, in an amount not to exceed \$84 million for the entire term of nine years; AND further authorizing the President to make adjustments to the contract amounts, providing such adjustment are consistent with the Corporation's financial plan, professional standards of care and equal employment opportunity.

AND

3. Authorizing the President of the New York City Health and Hospitals Corporation to execute a revocable license agreement with **Atlantic Dialysis Management Services, LLC** for use and occupancy of space to provide chronic dialysis services at **Harlem Hospital Center, Jacobi Medical Center, Kings County Hospital Center, Lincoln Medical and Mental Health Center, Metropolitan Hospital Center, and North Central Bronx Hospital.**

Dr. Ross Wilson, Senior Vice President and Chief Medical Officer stressed the importance of dialysis services for the patients that HHC serves. He explained that HHC is unable to provide enough outpatient dialysis services to those patients who need services. To ensure access HHC is seeking a vendor who will provide dialysis treatment for all ambulatory patients regardless of insurance status or documentation status, as well as dialysis services for acutely ill patients who are inpatients in our hospitals. Dr. Wilson emphasized HHC's goal of making sure that this occurs with the highest possible standard of care.

Assemblyman Rory Lancman representing the 25<sup>th</sup> District in Queens; Judith Wessler, Director, Commission on the Public's Health System; Ms. Ingram-Edmonds, Director, Field Operations, DC37; Ann Bove, Registered Nurse, Bellevue Hospital Center; Leon Bell, Associate Director, New York States Nurses Association; Fritz Reid, President, Local 768, DC 37; Dr. Frank Proscia, Vice President, Executive Director, Doctors Council, SEIU; Marie Littlejohn, Harlem resident; Salvatore Puccio, Esq.; Clive Davis, Senior Bio-medical Technician, Jacobi Medical Center; Arthur Cheliotis, President, Communications Workers of America, Local 180; Dr. Ganesh Bhat, Atlantic Dialysis, and Edward Dowling, President of Atlantic Dialysis expressed their opinions as to the matters covered by Resolutions 2 and 3.

Ms. Youssouf moved the adoption of the resolutions which was duly seconded and adopted by the Board by a vote of 10 in favor with Rev. Lacey opposing and Mrs. Bolus, Mr. Rosen, Ms. Kril and Ms. Youssouf abstaining.

## RESOLUTION

4. Authorizing the President of the New York City Health and Hospitals Corporation to execute a revocable **license agreement** with the **Staten Island Inter-Agency Council for the Aging, Inc.**, for its continued use and occupancy of space to provide services to seniors at **Sea View Hospital Rehabilitation Center and Home**.

Ms. Youssouf moved the adoption of the resolution which was duly seconded and unanimously adopted by the Board.

## RESOLUTION

5. Authorizing the President of the New York City Health and Hospitals Corporation to execute a revocable **license agreement** with **Eyes and Optics** for use and occupancy of space to operate an optical dispensary at **Gouverneur Healthcare Services**.

Ms. Youssouf moved the adoption of the resolution which was duly seconded and unanimously adopted by the Board.

## BOARD COMMITTEE AND SUBSIDIARY BOARD REPORTS

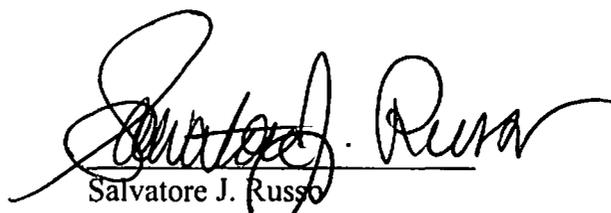
Attached hereto is a compilation of reports of the HHC Board Committees and Subsidiary Boards that have been convened since the last meeting of the Board of Directors. The reports were received by the Chairman at the Board meeting.

## EXECUTIVE SESSION

The Board convened in Executive Session. When it reconvened in open session,

## ADJOURNMENT

Thereupon, there being no further business before the Board, the meeting was adjourned at 6:54 P.M.



Salvatore J. Russo  
Senior Vice President/General Counsel and  
Secretary to the Board of Directors

# COMMITTEE REPORTS

## Capital Committee – July 19, 2012 As reported by Ms. Emily Youssouf

### Assistant Vice President's Report

Alfonso Pistone, Assistant Vice President, Office of Facilities Development, advised members of the Committee that he would like to address some open items.

Mr. Pistone noted that the Office of Facilities Development (OFD) had completed its contract analysis in accordance with Operating Procedure 100-5, and would be submitting the information to the Contract Review Committee. He thanked Joseph Quinones and Jeremy Berman in providing guidance in satisfying the requirements of the operating procedure.

He then announced that work on the third floor clinic at 875 Manhattan Avenue had been completed, and the North Brooklyn Network was attempting to have a New York State Department of Health (NYS DOH) Article 28 preoccupancy inspection on July 25, 2012. He noted that the third floor will add 13 exam rooms for Medicine, OB/GYN, pediatric and Specialty Services, and each patient room is outfitted with a provider work station, overhead cabinets and chairs, exam tables are provided in exam room, as well as electronic thermometers, wall mounted diagnostic monitors, wall mounted diagnostic sets, electronic blood pressure monitors, height gauges and pulse oximeters. The third floor space will also provide for several clinical support services, including Point of Care Testing Labs, Immunization Screening and Triage, Social Work, Nutritional Services and HIV counseling/Rapid Testing.

Mr. Pistone explained that research of the decommissioning issue regarding the Roosevelt Island Power Plant is continuing, and Jeremy Berman continues to consult with the New York City Law Department and the Roosevelt Island Operating Company regarding HHC's liability with respect to any remediation responsibilities that are necessary once the current operating plant ceases operation on or about December 2013.

He advised that he had submitted a preliminary draft outline of the issues surrounding last month's discussion of the Gouverneur modernization project budget needs, and will utilize the balance of the Board's recess to finalize that report, which will offer recommendations to address those and other issues that challenge HHC's construction program.

Mr. Pistone referred to very brief discussion at the conclusion of the June 2012 meeting, regarding the Lincoln Emergency Department Expansion. He explained that the facility is requesting additional capital funding,

Mr. Pistone also noted that the Johnson Controls (JCI) outsource contract went live on July 2, and all facilities have successfully implemented JCI's Work Order system, and the inventory tagging of all facility assets has been completed and shared with HHC contract managers. 28 HHC managers were transitioned to JCI as JCI employees, and JCI has transitioned over 500 HHC vendors into its procurement systems.

Concluding his report, he wished members of the Committee a pleasant August recess.

### Action Items:

*Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation" or "Licensor") to execute a revocable license agreement with the Staten Island Inter-Agency Council for the Aging, Inc. (the "Licensee"), for its continued use and occupancy of space to provide services to seniors at the Sea View Hospital Rehabilitation Center and Home (the "Facility").*

Angelo Mascia, Executive Director, Sea View Hospital Rehabilitation Center and Home, read the resolution into the record on behalf of Arthur Wagner, Senior Vice President, Southern Brooklyn/Staten Island Health Network. Mr. Mascia was joined by Carol Dunn, Staten Island Inter-Agency Council for the Aging.

Josephine Bolus, RN asked what kinds of services are provided. Ms. Dunn advised that the site acts as a hub for the Council to develop all sorts of programs that serve elderly citizens and professionals, and provides counseling to individuals in need of service.

Mrs. Bolus asked if services are strictly for seniors ages 65 and up. Ms. Dunn said that services typically include individuals 55 and up.

Mrs. Bolus asked if transportation is provided. Ms. Dunn advised that transportation is available through a member organization as well as through the access a ride.

Mrs. Bolus asked what hours the services are provided. Ms. Dunn said typically nine (9) to five (5).

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

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

*Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") to execute a revocable license agreement with Atlantic Dialysis Management Services LLC (the "Licensee") for use and occupancy of space to provide chronic dialysis services at Harlem Hospital Center, Kings County Hospital Center, Metropolitan Hospital Center, Lincoln Medical and Mental Health Center and North Central Bronx Hospital (the "Facilities").*

Lauren Johnston, Senior Assistant Vice President, Medical and Professional Affairs, read the resolution into the record. Ms. Johnston was joined by Frederick Covino, Assistant Vice President, Corporate Budget, and J. Ganesh Bhat, MD, and Nirmal K. Mattoo, MD, Atlantic Dialysis Management Services, LLC.

Ms. Johnston shared a power point presentation discussing dialysis services throughout the Corporation. She advised that approximately \$24 million annually are lost in providing dialysis services, and added that there is not enough capacity, and patients are routinely referred to outside dialysis providers. She noted that aging equipment and infrastructure throughout acute and chronic dialysis units also presents issues with care.

Ms. Youssef asked approximately how many patients are referred elsewhere. Ms. Johnston said that it varies from facility to facility, but Lincoln refers at least one patient a month, and at North Central Bronx Hospital some patients have waited especially long times for appropriate treatment options to become available, sometimes occupying beds as they wait.

Ms. Johnston advised that this agreement would be especially beneficial to reduce exposure to the cost of acute dialysis, the cost of care for patients who are uninsurable and to cover the cost of the attrition of staff. She noted that the vendor would increase capacity and provide more access to patients throughout the system. They would also be responsible for equipment costs and repairs, and there would be a modest revenue stream coming in the form of rent over the nine (9) year term, from just under \$380,000 the first year to approximately \$1,700,000 by year nine (9).

Ms. Johnston noted that Elmhurst Hospital Center has a similar agreement with the vendor and it has been a positive relationship.

Ms. Johnston explained that the vendor would be responsible for fit-out, equipping and maintenance of the units and would be replacing most equipment that is currently in place. She explained that rent is based on Fair Market Value (FMV) fees and ranges from \$40 per square foot to \$54 per square foot.

Mrs. Bolus asked how old the unit at Kings County is. Mr. Martin advised that while the space itself had been renovated rather recently and was in good shape the chairs and equipment were in need of replacement. Ms. Youssef asked whether Harlem Hospital Center had not built a dialysis unit as part of their modernization project. Ms. Johnston advised that a space had been built out but equipment was not purchased and that is something that the vendor would handle.

Ms. Johnston advised that FMV numbers take into account the location and efficiency of the space, and improvements that need to be made to the location, and that fair market value was used to ensure that all aspects of the Stark Laws were being followed. Ms. Youssef asked for an explanation of the Stark Laws. Jeremy Berman, Deputy Counsel, Legal Affairs, advised that the Stark Laws pertain to the relationship between two healthcare service providers where goods and services are being exchanged. The law requires that all transactions between two such providers be at fair market value to avoid the possibility that one of the parties is paying above and beyond the norm for some sort of benefit, such as excessive referrals.

Mrs. Bolus asked how much oversight the Corporation would have over the outsourcing. Ms. Johnston said that the issue would be discussed further at the Medical and Professional Affairs committee meeting but advised that HHC and the Centers for Medicaid and Medicare Services (CMS) will be overseeing, as well as each individual facility and central office.

Ms. Youssef asked whether the facilities being discussed already provided dialysis services. Ms. Johnston advised that Elmhurst has an active agreement with Atlantic Dialysis where a 24 chair unit is operated, and Bellevue has a unit managed by River Renal Services. Ms. Youssef asked if the Bellevue agreement would be replaced by the proposed agreement with Atlantic Dialysis. Ms. Johnston said no, that agreement would continue through the end of its term.

Ms. Youssef asked whether the facilities being covered under this new agreement are currently providing services. Ms. Johnston said the Lincoln has an eight (8) bed unit that is operating under capacity, there is no service at North Central Bronx Hospital, Harlem Hospital Center has a small 11 bed unit that is operating but would be replaced by the newer, built out, 24 bed location that would be outfitted by Atlantic Dialysis, Metropolitan has an 11 station unit, and Kings County has a great space that is operational but overextended.

Ms. Youssef asked if the operations are simply being turned over to the vendor. Ms. Johnston said yes, the vendor will eventually pick-up the licenses that HHC drops and will manage all aspects of the services. Alan Aviles, President, noted that this agreement would increase capacity to perform dialysis treatment and services would be phased in over a three (3) year period while build-out and equipping took place.

Mrs. Bolus asked if there would be any gap in services between HHC turning over the licenses. Ms. Johnston said no.

Mrs. Bolus asked whether the vendor would be allowed to service non HHC patients. Ms. Johnston said technically yes but the units being turned over are already over capacity. Mrs. Bolus noted that HHC patients are frequently paying providers through Medicare and Medicaid, which may not be as financially beneficial as outside patients who would likely be using private healthcare to pay for services

and she wants assurance that HHC patients receive priority. Mr. Aviles advised that the contract would include specific language regarding priority for HHC patients.

Ms. Youssef asked how the staffing would be handled. Ms. Johnston said that once the license is relinquished to Atlantic Dialysis the staffing will be handled 100% by the vendor. Mrs. Bolus asked about salary differentials between HHC staff and Atlantic Dialysis staff. Ms. Johnston advised that no HHC staff would be working in the dialysis unit. All current dialysis unit staff would be moved elsewhere. She noted that this is the same methodology that was used at Elmhurst and Bellevue.

Ms. Youssef asked about oversight. Ms. Johnston advised that there would be plenty of oversight to ensure the best care of the patients. Mr. Aviles added that a companion resolution to be presented at the Medical and Professional Affairs committee meeting would involve much more in detail discussion of the services to be provided. Ms. Youssef asked that the discussion from that meeting be shared with the Capital Committee so that even though they are approving the real estate side of the agreement/relationship they are aware of all aspects.

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

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

*Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") to execute a revocable license agreement with Eyes and Optics (the "Licensee") for use and occupancy of space to operate an optical dispensary at Gouverneur Healthcare Services (the "Facility").*

Mendel Hagler, Executive Director, Gouverneur Healthcare Services, read the resolution into the record on behalf of Lynda Curtis, Senior Vice President, South Manhattan Health Network. Mr. Hagler was joined by Avi Vizek, Eyes and Optics.

Ms. Youssef asked if this is a new agreement or a renewal. Mr. Hagler said that it is a renewal.

Mr. Vizek advised that he had operated the optical shop at Gouverneur Healthcare Services for the last four (4) years, fabricating glasses and selling contact lenses.

Ms. Youssef asked if the space is maintained or if there is any renovation work to be completed. Mr. Hagler said prior renovations to the space were absorbed by the licensee and they will continue to occupy that same space.

Mrs. Bolus asked if the licensee would conduct screenings. Mr. Hagler said no. Mrs. Bolus asked if any work performed would go into a patient chart. Mr. Hagler said no, they are a completely separate entity.

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

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

*Authorizing the a work order in the amount of \$2,600,000 to the Dormitory Authority of the State of New York (DASNY) to provide planning, pre-construction, architectural and engineering design services, construction management and project management services necessary for the design and installation of an automatic sprinkler system as required by the amendment of Federal regulation by the Centers for Medicare and Medicaid Services (CMS). This request increases the previous authorization level of \$25,501,000 to \$28,101,000.*

Robert Hughes, Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility, read the resolution into the record on behalf of Lynda Curtis, Senior Vice President, South Manhattan Health Network. Mr. Hughes was joined by Michael Buchholz, Senior Associate Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility, and John Pasicznyk, Managing Director, Construction and Metro New York Operations, Dormitory Authority of the State of New York.

Mr. Hughes explained that this increase would provide for renovations to patient areas where the sprinkler installation project is taking place. He noted that in prior capital meetings it had been discussed that with such an extensive and invasive project going on, that performing additional work to the site would be beneficial, and so it was determined that some light renovations should indeed be completed. Mr. Hughes advised that three floors within the facility had already been slightly renovated after sprinkler installation, and this increase would allow for the remaining five (5) floors to be completed.

Ms. Youssef asked what the light renovations would include. Mr. Hughes said painting all patient care units, replacement of ceiling tiles and grids, some floor tile replacement, and the possible replacement of nurse's stations.

Ms. Youssef asked whether this work would be performed in the building being decommissioned. Mr. Pistone responded no.

Ms. Youssef asked whether the requested increase would be adequate to complete the work being discussed. Mr. Hughes said yes.

Mrs. Bolus asked whether relocating nurse's stations had been discussed. Mr. Hughes explained that relocating the stations would require much more work and significant cost increase.

Mrs. Bolus expressed concern in not redesigning the layout if it would provide better service. Mr. Buchholz advised that nursing staff had been involved in the project design. He also advised that making any drastic changes could result in some of the newer codes for nursing homes being imposed and could complicate things. Mr. Hughes added that the time constraints with this project and the closing of the Goldwater facility are impacting what other work can be done. Mr. Aviles agreed that the tight timeframe for decanting Goldwater was very important and is tied to the sprinkler project.

Mrs. Bolus expressed concern in not bettering the site while the space would be vacant. Mr. Aviles noted that the capital budget is already stretched but said that estimates could be provided to show how much the additional work would likely cost. It was agreed that estimates would be presented to show the cost differential between simply replacing stations and relocating them all together.

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

On motion by the Chair, the Committee approved the work order.

*Authorizing a work order in the amount of \$915,000 to the Dormitory Authority of the State of New York (DASNY) to provide planning, project management and construction services required to replace the existing aged boiler and boiler house serving both Coler and Goldwater Hospital. This increases the work order authorization level from \$2,943,325 to \$3,858,325.*

Robert Hughes, Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility, read the resolution into the record on behalf of Lynda Curtis, Senior Vice President, South Manhattan Health Network. Mr. Hughes was joined by Michael Buchholz, Senior Associate Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility, and John Pasicznyk, Managing Director, Construction and Metro New York Operations, Dormitory Authority of the State of New York.

Ms. Youssef asked for background on the project. Mr. Hughes explained that since the Goldwater campus will be vacated in the near future the current boiler plant, which services both the Coler and Goldwater sites would be decommissioned and replaced by a unit that would service only the Coler facility. The requested increase in the work order threshold would be used to coordinate with Con Edison the installation of new additional gas lines, high pressure steam lines, and also for asbestos testing and abatement.

Ms. Youssef asked what type of gas or fuel would be used. Mr. Buchholz advised that the current boiler operates using number six (6) fuel oil, but the new unit would be a gas unit. Ms. Youssef asked whether this was the best option or whether the unit should be both fuel and oil capable. Mr. Pasicznyk said that current studies show that single fuel units are more efficient.

Ms. Youssef asked whether this work order would cover the decommissioning of the old boiler plant. Mr. Buchholz said that the decommissioning study is covered but not the actual decommissioning.

Mrs. Bolus asked where the new structure would be located. Mr. Buchholz said it would be located near the Coler facility. Mr. Pasicznyk added that some pre-construction work would be completed early on in the process so that when the time comes for final design and installation some of that work is already done, allowing the project to stay on the scheduled timeline.

Ms. Youssef asked if this work order includes the actual cost of installing the boilers. Mr. Pasicznyk said no, that would be in the final construction work order. He noted that the total project budget listed on the work order was \$13.5 million and the current approval level is at \$4 million.

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

On motion by the Chair, the Committee approved the work order.

#### Information Items

##### *Project Status Reports*

North Bronx Health Network

South Manhattan Health Network

Southern Brooklyn/Staten Island Health Network

\* Network contains project(s) that require a delay report

With no active construction projects in delay by six (6) months or more there were no reports provided.

#### Finance Committee – July 10, 2012

##### As reported by Mr. Bernard Rosen

#### Senior Vice President's Report

Ms. Marlene Zurack informed the Committee that her report would include three items, the City's Adopted budget; an update of HHC's cash on hand (COH) and the impact of the Moody's downgrade of fifteen banks. Included in the City's 2013 Adopted budget, HHC received \$18.4 million for the majority of its restorations and \$16.5 million in additional capital support. These are major accomplishments that are reflective of the City Council's support for HHC.

Ms. Youssef asked if the additional capital funding is assigned to certain projects and if so what are some of those projects. Ms. Zurack stated that it is and some of those projects include: \$2.5 million per CT scanners at Elmhurst, Queens and Woodhull hospitals; \$2.5 million Staten Island Vanderbilt clinic; \$2.4 million renovations of unit 6C at Metropolitan hospital; \$2 million for a MRI at Kings County hospital; and other small projects/items.

Mr. Rosen asked if the \$18.4 million included the capital funding. Ms. Zurack stated that it is not included. However, the Council also restored the subsidy cut for the current and a portion of the previous year. HHC ended FY 12 with 32 days of COH or \$465 million and as of July 6, 2012, the COH increased to 35 days. As previously reported, next year's cash projections are extremely tighter than prior years. HHC has alerted the City and State of this issue and the State has agreed to accelerate some payments.

Dr. Stocker asked if the projections are on a fiscal or calendar year. Ms. Zurack stated that the projections are for FY 13. Continuing with her report, Ms. Zurack stated that Moody's downgrade of some major banks includes some of the banks that HHC is currently doing business such as JP Morgan downgraded to Aa3 from Aa1 with an outlook of stable, short term P1 affirmed; Citigroup to Baa3 with a negative outlook; Morgan Stanley downgraded to Baa1 from A2 also with a negative outlook and TD Bank was not downgraded, currently at Aa2. JP Morgan is HHC's bank of deposits and also one of HHC's Letter of Credit banks along with TD Bank. Citigroup and Morgan Stanley are remarketing agents for HHC's variable rate debt. The biggest impact to HHC as a result of this action is that the Letter of Credit capacity is reduced which has more to do with some of the other banks that have lost the ability to be Letter of credit that would allow banks to take advantage of variable rate debt. However, HHC's letter of credit with JP Morgan does not expire until 2017 and 2015 with TD Bank.

Ms. Youssef stated that given the constraints that HHC has in terms of the ratings on institutions per the indenture and State legislature, is there a direct impact on any of HHC's investments, remarketing agents. Ms. Zurack stated that in the past this was done but has not been done in years. Ms. Youssef asked if it is included as part of HHC's deal with the banks. Ms. Zurack stated it does appear to be in terms of the deal that was done in 2008 which at that time HHC switched from auction rates to variable rate debt bonds and the roles were maintained as remarketing agents; however, currently HHC is backed by the letter of credit.

Ms. Youssef asked what the restriction on the rating is. Ms. Zurack stated that in terms of P1 versus P2, short term TD Bank and JP Morgan are both P1. Ms. Youssef asked if that included the letter of credit which is long term. Ms. Zurack stated that it is a part of the contract term to provide the letter of credit. If those banks go down another notch, it would then become risky and could no longer be HHC's credit enhancement. At that point HHC would be required to seek other options. The other risk is that due to the loss of some of the other banks that lost their short term high ratings of P1, there are fewer banks doing letter of credit which would mean that if there is a need to get a bank for that purpose it would be difficult and costly. However, HHC's contracts with those two banks for its letter of credit are far enough in the future that at the current time there is no major concern.

Ms. Youssef asked if the State is reviewing any of these restrictions given the impact at the various governmental levels. Ms. Zurack stated that it's not apparent at this time whether the State is reviewing that issue.

Mr. Rosen asked how much is the variable rate outstanding debt. Ms. Zurack stated that it is in the range of \$15 - \$18 million.

Mr. Rosen added that given that the contracts with those banks are long term, it allows HHC time to take action if necessary. Ms. Youssef stated that the higher rates and the investments in banks have limits on the rating on long term on its institutions. Ms. Zurack stated that HHC is backed by treasuries, which is good and HHC's investments have been conservative and consistent with its statute.

#### Key Indicators/Cash Receipts & Disbursements Reports

Mr. Fred Covino reported that the Key Indicators report as of May 2012, utilization for acute discharges is down by 4.4% compared to last year for the same period and is a slight improvement from the prior month. The D&TC visits are down by 5.4%; and skilled nursing facilities (SNF) days are down by 6.7% which has been trending downward during the year due to the transitioning underway at Coler/Goldwater hospital. The ALOS, all of the facilities are within the corporate average by 0.3 day with the exception of Coney Island and Lincoln, 4/10 day greater than the expected and 0.5 day less than the ALOS, respectively. The CMI reflects the transition this month to the new 2012 NYS AP-DRG model, whereby all of the cases were restated for the current and prior year thru May. The CMI is up by 4.5% compared to last year.

Dr. Stocker asked if the variation in the facilities' current CMI compared to last year is related to coding and documentation or other factors.

Ms. Zurack stated that an update on the coding issue could be provided to the Committee. Dr. Stocker stated that the update would be helpful.

Mr. Covino stated that FTEs are down by 383.5 compared to June 2011 and down by 509 FTEs through June 2012. Mr. Rosen asked for clarification of the 252 FTE reductions in central office as reflected on the report.

Mr. Covino stated that it is related to the transfer of the IT staff to the centralized consolidated IT cost center. Ms. Zurack added that the IT staff that was previously transferred from the facilities to central office were move to the recently established corporate IT cost center.

Mr. Covino reported that receipts are \$2.5 million better than budget and disbursements are \$35.6 million under spent resulting in a positive net surplus of \$11.1 million year to date. A comparison of the current actuals to the prior year for the same period, total receipts are \$262 million worse than last year due to the timing of DSH and UPL payments which are down by \$225 million. Appeals and settlements are down by \$33 million due to the FY 09 rate take back by the State Disbursements are \$155 million worse than last year for the same period of which \$67 million is due to the timing of City payments. Actuals versus budget YTD, total inpatients receipts are down by \$27 million while total outpatient receipts are up by \$47million; all other revenues are down by \$45 million. Disbursements, personal services (PS) are \$7.5 million over budget due to overtime expenses and the lag in the reduction of FTEs. Other Than Personal Services (OTPS) expenses are under budget by \$43 million due to the roll of Networks' surpluses from last year and also the lag in the start-up of IT projects. Affiliation expenses are \$10.5 million over budget due to a settlement between Harlem and Columbia Presbyterian, resulting from the termination of the contract.

*Medicaid Eligibility Inpatient Processing Report  
Status of Converting Self-Pay Patients to Medicaid*

Ms. Maxine Katz stated that the Medicaid eligibility report as May 2012 corporate-wide show a continual lag in application submitted compare to last year for the same period. However the gap is narrowing. Eligible decisions are slightly lower but the facilities have made significant progress in reducing the gap. The approval rate of applications submitted to Medicaid decisions is at 89.5% which is slightly better than last year for the same period at 88%. As reported last month, there will be some changes in the reporting that will link the payor mix reports with the Medicaid application processing. These changes are reflective of the request from the Committee over the year in order to provide a better understanding of the tracking of the performances by the facilities in this process. The reports will be on a quarterly basis given that there are no major changes in the data from month to month.

Ms. Youssouf stated that the proposed reports would be an improvement in terms of understanding the relationship between the applications submitted and the eligible decisions. Based on the current data there is no way to determine if the process at any facility is better or worse. Additionally, it is difficult to determine the actual performance of each of the facilities and what the issues are in getting patients enrollment in Medicaid.

Ms. Zurack stated that each facility is familiar with its issues relative to the Medicaid application process. The overall majority of the issues affecting the process relate to individuals who are afraid to apply for Medicaid in some of the immigrant communities such as Kings County.

Commissioner Doar asked if the report would reflect the changes in the actual self-pay to the Medicaid enrollment increase and eligible decisions. Ms. Katz stated that report will show the number of discharges and the eligible decisions will be reflected. Ms. Youssouf added that as Medicaid enrollment increases, the number of individuals seeking coverage would decrease. Ms. Cohen added that the decrease would be due to the recertification requirement whereby many patients fall off the system due to non-compliance with that requirement.

Mr. Rosen stated that PCAP continues to lag compared to the prior year. Ms. Katz stated that Corporate Revenue Management is reviewing this issue and the outcome will be report to the Committee.

Dr. Stocker stated that the incentive for the facilities should be the impact of the process on the actual revenue. Ms. Zurack stated that the variations between hospitals is significant and Bellevue Hospital is doing worse than last year and will be reporting at the September 2012 Finance Committee on the status of their improvement efforts; the impact of the models and the Breakthrough events. It is important to note that the Corporation's ability to sustain the level of improvement is steadily decreasing with the increase in the number of patients who come to the facilities with insurance.

Ms. Cohen asked if the data for prior years could be added to the report as well. Ms. Katz stated that it could be added.

Mr. Rosen stated that the year-end reports would be done at the September 2012 Finance Committee meeting and the new reports would also be presented. Ms. Katz stated that the new reports would be done along with the quarterly payor mix reports which for the current FY 2013 would be in November 2012.

Medical & Professional Affairs / Information Technology Committee  
As reported by Dr. Michael Stocker - July 19, 2012

Chief Medical Officer Report:

Ross Wilson, MD, Senior Vice President/Corporate Chief Medical Officer reported on the following initiatives:

- *Microsoft Care Plan Management System*

Contract between HHC and Microsoft Corporation for the development and implementation of a Care Plan Management System, including software licenses, a patient health record and support and maintenance was executed this month. The System will ensure that HHC meets NYS Health Home certification requirements and PCMH standards for collaborative care planning by supporting care coordination services for Corporation patients throughout the five boroughs of New York City. The system is a web-based, inter-operable tool that aids both patients and their extended care teams in managing and coordinating the medical and non-medical services and resources patients may require. Once implemented the Care Plan management System will ensure that HHC meets NYS Health Home certification requirements and PCMH standards for collaborative care planning. The term of the contract with Microsoft is for five years, and is renewable for two additional one year terms. The software license is perpetual and the annual maintenance and support agreements are auto-renewable. The total cost of the contract over the 7 year period is capped and will not exceed \$16,100,000. The contract was successfully developed with the collaboration of HHC IT, Office of Ambulatory Care Transformation and Office of Legal Affairs.

- *Hospital - Medical Home Demonstration Project*

HHC submitted applications for the New York State Department of Health Hospital-Medical Home (H-MH) Demonstration Program on behalf of our 11 hospitals on July 2, 2012. The H-MH Demonstration Program will make up to \$250 million available over the next three years to NYS teaching hospitals to support transition of their outpatient training sites to Patient-Centered Medical Home (PCMH). If successful, HHC is estimated to receive approximately \$28 million of the \$102 million to be disbursed in the first year of the demonstration, based on a formula derived from Medicaid volume and number of primary care residents receiving training at our facilities. Award notifications are expected sometime in August and successful applicants will then be required to submit a work-plan describing selected resident training continuity of care enhancements, care integration initiatives, and inpatient safety projects. Continued funding will be dependent upon meeting certain performance milestones, including achieving Level 2 or 3 NCQA PCMH re-certification by December 2013. Contract with Microsoft for Care Plan Management System executed.

- *HHC Health Home*

As announced last month the Health Home "soft launch" was initiated this week in the boroughs of Brooklyn and The Bronx with activities for both patients and staff. Announcement letters describing the new program and its services and providing instructions on how individuals should proceed with enrollment were sent out to 200 eligible patients and HHC Health Home our Warm-Line was activated and is ready to provide information about the Health Home Program to callers. Also, a second phase of training focusing on outreach, patient enrollment and care coordination processes was conducted for approximately 20 staff members from Woodhull, Kings and Lincoln hospitals. Six workers are ready to conduct outreach to the 200 patients we've notified and, given our experience in the NYSDOH Demonstration Program with a similar population, we plan to successfully enroll about 25% within the next 4 weeks.

- *Sixth Annual NYC Peer Specialist Conference – Office of Behavioral Health*

Today, (Thursday, July 19, 2012) Joyce Wale, Sr. AVP, Office of Behavioral Health, provided opening remarks for the Sixth Annual New York City Peer Specialist Conference. This years' conference titled *Redesign by Design: Healthcare Reform and the Role of Peers* is focused on the ways that individuals whom have reached a point in their recovery can help others and become part of the treatment team. Over the years HHC has won awards for our work in using Peer Counselors and most recently provided workshops on the use of Peers in discharge planning and as Health Coaches in our Keeping Healthy After Hospitalization groups.

- *Office of Patient Centered Care*

There were two events recently focused on the culture change needed to improve the experiences our patients have while in our care. On June 27th we worked with the NAPH and three other safety net organizations on some facility-based initiatives designed to engage staff at every level, fostering respect for all. This collaborative will Continue through the fall, with teams reporting in their progress in experimenting with change. The second event was July 11th, when an expert from our new partner, Press Ganey, came and met with

our senior leaders about their role and influence in fostering the real and lasting culture changes required. Discussions continue regarding next steps.

- *FEMA Reimbursement – Hurricane Irene*

The HHC Office of Emergency Management recently concluded working with FEMA's Public Assistance Program to obtain reimbursement for expenses incurred in preparation for and response to Hurricane Irene. Expenses considered reimbursable included mitigation measures taken to prepare the facility for the hurricane, staffing for personnel assigned to the Special Medical Needs Shelters or performing hurricane related tasks outside of their normal duties, supplies and equipment provided to the Shelters, costs related to the evacuation of Coney Island Hospital and damage to facilities caused by the hurricane.

HHC facilities estimated total expenses (OTPS/PS/Damages) to be \$8,600,140 of which \$4,165,000 was for damages to facilities. FEMA approved \$2,805,896 in reimbursements of which \$1,207,506 was for damages and debris removal. HHC will receive \$2,455,159 (87.5% of the approved payment).

### Chief Information Officer Report

Mr. Bert Robles, Chief Information Officer was unable to attend. His report was submitted for the record as follows.

- *EITS is a Finalist in the "Where to Work: Best Hospital IT Departments" Survey*

HHC EITS is a finalist in the "Where to Work: Best Hospital IT Departments" survey sponsored by *Healthcare IT News*. The objective of the survey is to identify the top 25 hospital IT departments across the country that are the most desirable places to work – and the unique qualities that make them so. Of the 277 nominated hospitals, EITS is one of the 125 IT departments that have qualified for one of the top 25 spots.

In order to qualify, 52% or 440 EITS staff completed a 67-question online survey. EITS staff graded their department across seven (7) categories: day-to-day work, IT team, management, hospital leadership, workplace culture, training and development and compensation.

All of the finalists will receive a benchmarking report showing how well they ranked in different areas as compared to their competition. The top 25 hospital IT departments will be profiled in an October 2012 special report distributed by *Healthcare IT News* in print and also published on-line. I'll keep the committee posted on how EITS does.

- *Enterprise Single Sign-On (eSSO) and Self-Service Password Reset (SSPR) Project*

The EITS Corporate Applications team is working to complete deployment of Oracle's Enterprise Single Sign-On (eSSO) and Self-Service Password Reset (SSPR) tool. Estimated completion for all of HHC staff to have eSSO / SSPR deployed on their workstations is on target for December 2012.

Presently eSSO / SSPR pilots are underway at all HHC Networks. Pilots generally start with local IT staff and then are pushed to designated users throughout the facility. These tools have been fully deployed at the Enterprise Service Desk. Corporate Applications regularly meet with ESD staff to provide follow-up regarding questions or issues encountered with user support.

There are a total number of 505 pilot users and as of July 6<sup>th</sup> there are over 2300 active users for these tools. Currently, there are 83 Core Applications on Single Sign On – with many more being requested to be built today. Corporate Applications estimates that once fully deployed, eSSO/SSPR will save HHC about \$3,558,000/year.

- *Update on Windows 7 Encryption and Back-Up*

In April 2012 Enterprise Information Technology Services initiated a project to upgrade all desktop and laptop computers across the Corporation to Windows 7 and Office 2010. To ensure the workforce is familiar with the new features associated with this upgrade we are conducting a 90-minute mandatory orientation class which highlights the differences between Windows XP and Windows 7 and Office 2003 and Office 2010 prior to users getting upgraded. As of July 13, 2012 we have upgraded approximately 8,600 out of 33,000 desktop and trained approximately 11,300 out of 44,000 employees. Percentage wise this 25% of our desktop and employees trained within 3 months of this project. We are on target to finish this project on or before June 2013.

In an effort to ensure HIPAA compliance and to protect sensitive data including ePHI from unauthorized access resulting from a loss or theft of a desktop, laptop, or any other removable media device, Enterprise IT Services also initiated an enterprise encryption project

in conjunction with the Windows 7 project. To date we have encrypted over 9,000 workforce computing devices and have also standardized encryption on any removable media device. We also anticipate this project being completed by the 2<sup>nd</sup> quarter of 2013 which will significantly improve our security posture and lower or risk of any sensitive or protected health information falling into the wrong hands.

- *Status of Enterprise Encryption of System Back-Ups*

As mandated by Operating Procedure 250-16 and 19, the corporation backup policy includes a requirement that we encrypt backups for all systems containing electronic Protected Health Information (ePHI) and confidential information that are sent to off-site storage in event of disaster. At the present time, we are encrypting 862 out of 888 (business and clinical) systems which means 96% of electronic patient health information and confidential files are secured. For the remaining 4% (26 systems), there are a series of issues stemming from old technology and applications which do not support encryption to the Food and Drug Administration regulated software and hardware. FDA regulated equipment will not allow non-approved software to be installed unless it is first tested and approved by the FDA which can be a lengthy process. We are currently working with non-compliant vendors to explore different options, such as application version upgrades and architectural changes to their application, which will allow us to incorporate the backup of those systems into our Enterprise Backup Environment.

- *Update on Networking Infrastructure Refresh Program*

In February 2011 the Board of Directors approved a capital spend of \$25.3 million for a network infrastructure refresh program. This funding was to be used to upgrade and maintain the first phase of a five (5) year network infrastructure refresh program to assist the Corporation in accommodating application growth, increasing bandwidth for faster application response times and maintaining stability. This program is essential in order to support new initiatives and technologies such as a new EMR, Meaningful Use, Business Intelligence, Soarian, Picture Archiving and Communication System (PACs) and Data Center Consolidation to name a few.

To date, Infrastructure and Operations has encumbered purchase orders totaling \$20.5 million and is on track to spend the remaining balance by end of Calendar Year 2012. EITS will be requesting additional funding from the Board of Directors for Phase II of the Network Refresh Program and has estimated that it will cost \$40-45m.

One hindering factor to the progress to this program has been the readiness of the environmental requirements at the facilities (power and cooling). These physical and environmental dependencies have slowed down the program's pace.

- *PC Refresh Program Update*

In December 2011, the Board of Directors approved \$8.8 m in a PC Refresh Program. The Board requested that we provide an update as to the status of this program. To date, EITS has spent \$ 5.2 million in PC purchases for the facilities.

- *Storage Refresh Program Update*

Also, in December 2011, the Board of Directors approved \$6.0 million for a Storage Refresh Program and requested that we provide an update. To date, a total of \$1.0 m has been encumbered.

- *EMR Negotiations Update*

We are currently in negotiations with two (2) vendor finalists. I expect to bring the new EMR contract to the August 1<sup>st</sup> Contract Review Committee and to both the September M&PA/IT Committee and the full Board meetings.

#### **MetroPlus Health Plan, Inc.**

Dr. Arnold Saperstein, Executive Director, MetroPlus Health Plan, Inc. presented to the Committee.

Dr. Saperstein informed the Committee that the total plan enrollment as of June 29, 2012 was 435,223. Breakdown of plan enrollment by line of business is as follows:

Medicaid	367,338
Child Health Plus	16,291
Family Health Plus	36,830
MetroPlus Gold	3,130
Partnership in Care (HIV/SNP)	5,827
Medicare	5,807

This month, MetroPlus added 2,190 members. Their largest growth was in their Medicaid line of business.

Month over month, MetroPlus' membership in Child Health Plus has experienced a steady decline since the beginning of the year. This year, they have lost 12.6% of their membership in Child Health Plus. The loss of membership is attributed to their membership aging out and losing eligibility for this product. These members convert from CHP to Medicaid due to changes in financial status.

Dr. Saperstein provided reports of members disenrolled from MetroPlus due to transfer to other health plans, as well as a report of new members transferred to MetroPlus from other plans. This month, MetroPlus added 154 new enrollees in Medicare, with the largest growth in their Advantage (Dual- Eligible) product.

As Dr. Saperstein reported last month, the New York State Department of Health (SDOH) has provided a draft of the Phase 1 pharmacy rate change analysis. The total rate change for Medicaid in NYC was -7.1%. The total rate change for FHP in NYC was -11.5%. For MetroPlus, this amounts to approximately three million dollars less in pharmacy revenue per month. The New York Health Plan Association has expressed ongoing concerns about the inadequacy of pharmacy rates. HPA questioned several of the assumptions that were used by Mercer, the SDOH's actuary, to develop the new rate. As a result, Mercer has committed to review the data again and to continue the discussion around the decreased rate change. Dr. Saperstein will continue to keep the Committee informed as discussion around this topic continues.

The 2013 Medicare Bids were submitted to CMS on June 4, 2012. The MetroPlus bid is now in desk review with CMS. We expect to know if CMS will require material changes to our proposed submission by the end of the summer. Additionally, in the earlier part of the year, CMS identified the Plan to undergo a financial audit and we are in the process of preparing the data submission that is due on July 27, 2012. CMS will perform an onsite review in August.

As Dr. Saperstein reported earlier this year, as of July 2, 2012, all Medicaid managed care plans will be required to cover dental services for their enrollees. The MetroPlus dental implementation is going well and the transition has gone smoothly. We have contracted with Healthplex to administer dental benefits for all our MetroPlus Medicaid and Medicaid SNP members. Also as of July 2, 2012, MetroPlus Family Health Plus, Child Health Plus, and Medicare Advantage members will have management of their dental benefits transition from DentaQuest to Healthplex.

MetroPlus continues to work very closely with HHC towards the successful implementation of the HHC Health Home. The go-live date for the start of membership outreach is July 16, 2012. MetroPlus is ready to perform the initial mailing and route calls to HHC for handling. Currently, we are awaiting HHC's signature of the Health Home contract. We hope to have this contract signed in July.

Mandatory enrollment for Managed Long Term Care (MLTC) began on July 2, 2012. CMS has provided the state verbal approval for this change, and New York Medicaid Choice has started sending notifications to approximately 500 recipients in Lower Manhattan. The MetroPlus application for a MLTC License was completed and submitted. Representatives from the NYSDOH will be onsite on July 10, 2012 for the MetroPlus readiness review. Dr. Saperstein anticipates that the readiness review will conclude successfully and MetroPlus will be granted a license.

This summer, MetroPlus will continue to meet with all network and facility leadership in regards to our strategic initiatives to grow the Medicare product. As of June 29, 2012, we have had three successful meetings in order to build the internal processes and systems needed to facilitate potential enrollment of the nearly 22,000 dual eligible patients in HHC.

**Action Item:**

*Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation") to negotiate and execute a contract with Atlantic Dialysis Management Services LLC ("Atlantic") to provide dialysis technical services to HHC patients in the following facilities: Coney Island Hospital, Harlem Hospital Center, Jacobi Medical Center, Kings County Hospital Center, Lincoln Medical and Mental Health Center, Metropolitan Hospital Center, North Central Bronx Hospital, Queens Hospital Center, and Woodhull Medical and Mental Health Center. The contract shall be for a period of five years with one, four-year option to renew exercisable solely by the Corporation, in an amount not to exceed \$83 million for the entire term of nine years.*

AND

*Further authorizing the President to make adjustments to the contract amounts, providing such adjustments are consistent with the Corporation's financial plan, professional standards of care and equal employment opportunity policy.*

The resolution was moved for the full Board of Directors consideration.

#### Information Items:

##### *Patient Safety Update – FY 2012*

Caroline M. Jacobs, MPH, MS.Ed., Senior Vice President, Safety & Human Development presented to the Committee. The targeted efforts in Fiscal Year 2012 included: 1) enterprise-wide strategic priorities in workforce development in TeamSTEPPS™ and The Just Culture and infection prevention and reduction; 2) medication safety; 3) assessment of staff perceptions of safety culture; 4) new Health and Human Services (HHS) Initiative - The Partnership for Patients; and 5) other activities.

The workforce development strategic priority has been to educate and train staff in the following two critical programs: 1) Just Culture for managers – 926 staff trained in FY 12 for a total of 8,539 since FY 11 and Simplified Just Culture – 3,588 staff trained in FY 12 for a total of 16,939 since FY 11; and 2) TeamSTEPPS Master Training – 104 staff trained in FY12 for a total of 724 since FY 11 and TeamSTEPPS training 3,802 staff trained in FY 12 for a total of 11,875 since FY 11.

The FY 12 strategic priorities around infection prevention and reduction were to: reduce the rate of healthcare acquired infections by 15% and a specific focus on central line associated blood stream infections (CLABSIs) and catheter associated urinary tract infections (CAUTIs). The Division of Medical and Professional Affairs re-launched the “Journey to Zero” healthcare acquired infections campaign and tools such as TeamSTEPPS can be used to support HHC’s “Journey to Zero” infections and other hospital acquired conditions and enable sustainment.

Lincoln Medical and Mental Health Center embedding TeamSTEPPS with clinical/programmatic work as demonstrated by the following achievements: Reduction in CAUTIs: 40% between 2009 – 2010; 80% between 2010 – 2011; and overall 98% between 2009 – 2011. Key elements to success included use of TeamSTEPPS tools and techniques including leadership, communication tools, situation awareness, and mutual support; and interdisciplinary support. Lincoln CAUTI rates in step down unit (# per 1,000 catheter days) decreased from 5.88 in the first quarter of 2009 to 2.4 in the second quarter of 2011, then to 0 in the fourth quarter of 2011. Lincoln’s urinary catheter removed on post-op-day was 82% in the fourth quarter of 2009 compared to 100% in the fourth quarter of 2011. Metropolitan Hospital Center as a result of implementing TeamSTEPPS experienced a 71% reduction in physical altercations from six (6) per month in 2009 to 1.4 per month in 2011.

The enterprise-wide medication safety council focus includes: improving rate of medication reconciliation; improving anticoagulation therapy; and appropriate pain management and opioid use. For medication reconciliation the target is zero unreconciled medications. Percentage of unreconciled medications (per 100 medications) for the acute hospitals decreased from 10% in 2009 to 6.6% in 2011. The percentage in the long term care facilities decreased from 5.33% in 2009 to 2.9% in 2011.

Improving anticoagulation therapy: the number of patients receiving Heparin whose partial thromboplastin time (PTT) was appropriately managed and monitored increased positively from 84% in 2010 to 94% in 2011. The number of patients successfully recalled to clinic after not showing for an anticoagulation related follow-up visit increased positively from 88% in 2010 to 100% in 2011. Ms. Jacobs provided the Committee with a sample of the facilities anticoagulation therapy resource guides on intranet sites.

A Federal Mediation and Conciliation Services Grant supporting joint labor and management collaboration between HHC, CIR/SEIU, 1199 SEIU was obtained with the goal to improve medication safety, with a specific focus on opioids and pain management. These funds supported or will support the following: November 2011 Conference: *“Improving Medication Safety Through Effective Teamwork and Communication”*; Six Medication Safety Grand Rounds for Interdisciplinary Teams at NCB/Jacobi, Harlem, Bellevue, Lincoln, Coney Island and Metropolitan to be completed by the end of September 2012; and the development of a best practice on opioids and pain management.

Ms. Jacobs demonstrated the pain management pocket guide that was developed which covers: types of pain; pain scale; assessment and types of severity of pain; evaluation of pain and treatment/management options; and recommended opioid and non-opioid medications and dosages.

The patient safety culture survey is based on the Agency for Healthcare Research and Quality (AHRQ) and includes: hospital survey on patient safety culture; medical office survey on patient safety culture specific to our DTCs; and nursing home survey on patient safety culture. There are 42 – 52 questions per survey that roll up into 12 composites. Evidence-based tools are used to assess staff opinions

about patient safety issues, medical errors and event reporting in their organization. The survey was available (electronically or hard copy) to all HHC employees, volunteers, and medical staff in all facility work areas from March 18<sup>th</sup>

– April 4<sup>th</sup>. For the 2012 survey results, 23,415 responses enterprise-wide (61% response rate) was received. The analysis shows clear areas of strength and some opportunities for improvement based on the percentage positive responses to survey questions. Strengths are organizational learning – continuous improvement and management support for patient safety. Opportunities are non-punitive response to error and staffing. Ms. Jacobs provided the Committee with facility specific responses to the following four (4) survey questions: 1) we are actively doing things to improve patient safety; 2) mistakes have led to positive changes here; 3) staff worry that mistakes they make are kept in their personnel files; and 4) when a mistake is made but caught and corrected, how often is it reported?. The percentage of positive responses to frequency or events reported went from 57% in 2007 to 60% in 2010 and 63% in 2012.

The Federal initiative from the Health and Human Services (HHS) “Partnership for Patients” vision of improvement is achieving the Triple Aim = better health for populations; better health for individuals; and lower costs through improvement. The two following goals are to be achieved by December 2014: reduce hospital-acquired conditions in the aggregate by 40%; and reduce preventable readmissions in the aggregate by 20%. HHC has been selected to participate in the New York State Partnership For Patients (NYSPFP) Collaboration between GNYHA and HANYS. The aim is to work with hospitals to achieve CMS’ goals by building the organizational capacity for rapid and sustainable improvement. Over 170 hospitals across NYS (including HHC) have joined the NYSPFP. HHC hospitals are participating on all 11 focus areas through the NYCPFP which are: adverse events; obstetrical adverse events; catheter-associated urinary tract infections; pressure ulcers; ventilator-associated pneumonia; central line associated blood stream infections; surgical site infections; preventable readmissions; injuries from falls and immobility; and venous thromboembolism.

Other patient safety activities that occurred during FY 12 included: patient and family engagement; the patient safety awareness week large scale event was the Patient Safety Jeopardy “Battle of the Networks” which Queens Hospital won & the Patient Safety Champions Awards celebration; large scale education and patient safety forums - *From Tears to Transparency: The Story of Michael Skolnik, TeamSTEPPS Master Trainer Update, and Advancing Patient Safety through Understanding Human Factors*; new curricula - *Connecting the Patient Safety Dots: Bridging TeamSTEPPS, The Just Culture, Disruptive Behavior, and Breakthrough*; and *Annual Review of TeamSTEPPS and Just Culture*; and collaborating on the revamp of the current root cause analysis process to a focus on harm reduction and learning.

#### *MetroPlus Health Plan*

Dr. Arnold Saperstein, Executive Director, MetroPlus Health Plan, Inc. presented to the Committee. Highlights of the presentation follows.

MetroPlus Health Plan (Plan) has been licensed since 1985 in New York State as a Managed Care Organization. In 2001 the Plan converted from an HMO to a Prepaid Health Services Plan (PHSP) and became a wholly owned subsidiary corporation of the New York City Health and Hospitals Corporation (HHC). The Plan’s lines of business include Medicaid Managed Care, Family Health Plus, Child Health Plus, Medicare plans, two Special Needs Plans (SNP) for the care of HIV+ members in Medicaid and Medicare, and MetroPlus Gold.

MetroPlus’ mission is to provide its members with access to the highest quality, cost-effective health care including a comprehensive program of care management, health education and customer service. This is accomplished by partnering with HHC and our dedicated providers. MetroPlus’ vision is to provide access to the highest quality, cost-effective health care for our members, to achieve superior provider, member and employee satisfaction, and to be a fiscally responsible, ongoing financial asset to HHC. MetroPlus will strive to be the only managed health care partner that HHC will ever need. This will be accomplished by our fully engaged, highly motivated MetroPlus staff.

MetroPlus’ values include: performance excellence - hold ourselves and our providers to the highest standards to ensure that our members receive quality care; fiscal responsibility - assure that the revenues we receive are used effectively; regulatory compliance - with all City, State and Federal laws, regulations and contracts; team work - everyone at MetroPlus will work together internally and with our providers to deliver the highest quality care and service to our members; accountability - to each other, our members and providers; and respectfulness - in the way that we treat everyone we encounter.

MetroPlus governance: the MetroPlus Board of Director’s report up to the HHC Board of Directors. There are five (5) subcommittees of the MetroPlus Board of Directors: finance, audit and compliance, quality assurance, customer services and marketing which meet quarterly; and the executive committee which meets on an as needed basis. Dr. Saperstein also described the MetroPlus table of organization and the various departments within MetroPlus (Human Resources & Organizational Development; Strategic Planning; Chief Customer Officer; Chief Operating Officer; Chief Medical Director; Chief Financial Officer; and Internal Audits with a dotted line directly to the HHC Board of Directors).

As of June 29, 2012 the MetroPlus membership was 433,794. The table below compares membership numbers of June 1, 2011 and June 1, 2012. The primary areas of growth in the last year were in Medicaid, Family Health Plus, HIV SNP, Medicare, and MetroPlus Gold.

Line of Business	# of Members	
	June 1, 2011	June 1, 2012
Medicaid	346,665	365,907
Family Health Plus	34,396	36,800
Child Health Plus	18,927	16,349
Medicaid HIV SNP	5,230	5,809
Medicare	5,019	5,808
MetroPlus Gold	2,910	3,121

From a primary care perspective 54% of MetroPlus' members has a primary care doctor assigned at HHC; with 46% of those in the community. The goal of the community doctors, whenever possible, refer into HHC for inpatient and specialty care. In the last year, HHC has lost 2% of its primary care assignment to community providers.

MetroPlus Marketing staff is comprised of 150 facilitated enrollment (FE) representatives for Medicaid Managed Care, Child Health Plus (CHP), Family Health Plus (FHP). There are twenty-nine (29) enrollment sales representatives for Medicare Advantage, and four (4) dedicated enrollment sales representatives (ESR's) for Managed Long Term Care marketing. MetroPlus marketing staff are located at HHC facilities, City agencies, CBO's, RVs, and Community Marketing sites. In 2011, 57,089 Access New York applications were submitted electronically to HRA, eliminating errors and increasing the efficiency of the Eligibility Department operations.

The Member Retention Department was created in 2006 in order to strategically retain the membership enrolled in MetroPlus' Medicaid (MA), Family Health Plus (FHP), Child Health Plus (CHP) and Medicare lines of business. Member Retention's Document Collection Unit assists with the completion of new enrollments. 2011 member retention performance is as follows: MA/FHP = 70%; CHP = 83%; and Medicare = 97% (average membership retained monthly).

MetroPlus' provider network has 14,977 providers as of June 29, 2012. The following table provides the breakdown per specialty.

Primary Care Providers (PCPs)	2,965
Specialty Providers	11,302
OB/GYN	710
TOTAL	14,977

HHC PCPs have declined while our membership has increased, contributing to our access issues.

	2Q10	2Q11	2Q12
HHC PCP sites	553	526	517

MetroPlus' relationship with HHC is excellent. We have a close collaboration with HHC at all levels of the clinical and administrative spectrum because we work together in: a forward-thinking environment; mutual population served: low-income, inner city communities, many racial minorities with higher health risk profiles; and mutual achievements. The continued growth of MetroPlus and its expansion into new lines of business will allow for the capture of new populations while assisting HHC in maintaining their patient and revenue base.

MetroPlus' financial arrangement with HHC is that: HHC assumes full risk for all members who select an HHC site; HHC assumes risk for all the medical care other than primary care when the member selects a community physician (that is part of the HHC Community Provider network) as their primary care provider; and MetroPlus assumes full risk for all members assigned to a primary care provider not affiliated with the HHC network and for all members in Medicaid HIV SNP and Medicare plans

The benefits of HHC risk arrangement are: allows for the alignment of incentives; improved outcomes and decreased utilization benefits both MetroPlus and HHC; an opportunity to maximize the percentage of plan revenue payable to HHC; and lessons learned from years of partnership will allow MetroPlus and HHC to successfully develop and operate an Accountable Care Organization (ACO) model of care.

Dr. Saperstein reviewed the administrative cost comparison for all plans for all lines of business – MetroPlus' weighted average total administrative cost is \$19.79. Dr. Saperstein then revised the 2011 budget. He highlighted that MetroPlus' total estimated revenue for 2011 is \$1.4 billion and their administrative expense authority is \$113 million which is a reflection of their low per member per month administrative costs. Prediction for 2012, revenue will hit \$2 billion as a result of new NYS programs being carved in to them.

The following table outlines the 2012 NYS DOH Medicaid Quality Incentive Bonus. MetroPlus' preliminary results using last year's rates are 63.52 points.

# of Measures Under 50 <sup>th</sup> Percentile	# of Measures Between 50 <sup>th</sup> and 74 <sup>th</sup> Percentile	# of Measures Between 75 <sup>th</sup> and 89 <sup>th</sup> Percentile	# of Measures Meeting or Exceeding 90 <sup>th</sup> Percentile
5	6	5	10

The five (5) QARR measures in which MetroPlus were under the 50<sup>th</sup> percentile are: antidepressant medication-acute phase; diabetes BP 140/90; seven day follow-up after a mental health hospitalization; follow-up care for children prescribed ADHD medication-initiation phase; and spirometry testing for COPD. MetroPlus will be in receipt of their scores for the QARR portion of the incentive in the fall of 2012.

Based on the Consumer's Guide to Medicaid Managed Care in NYC, MetroPlus has been rated #1 Medicaid Managed Care health plan in NYC for six out of the last seven years. Based on indicators chosen by the New York State Department of Health (NYSDOH) and published in the Consumer's Guide to Medicaid Managed Care in New York City. The 2011 guide, based in part on quality ratings submitted by the health plans and a NYSDOH member satisfaction survey, shows MetroPlus with an 82% percent overall rating, ranking it first among New York City's eleven Medicaid Managed Care plans. The ratings are based on measures including plans' preventive and well-care for adults and children, quality of care provided to members with illnesses and patient satisfaction with access and service. For the first time ever, in 2011 MetroPlus was ranked #1 in New York State and New York City.

Dr. Saperstein moved on to the discussion of clinical risk groups (CRGs) which is a risk based methodology in which a plan obtains money based on how sick its members are. NYS uses 3M's clinical risk groups (CRG) software to determine the disease classification of Medicaid and FHP plan members and uses those scores to risk adjust health plan premiums. CRGs are assigned using one in-patient claim or at least two outpatient visits per calendar year, otherwise the member is considered healthy - significant co-morbidities and severity greatly influence CRG assignment and lack of complete coding affects the member's CRG score. MetroPlus Network Relations and Quality Management Departments share facility-based information throughout the year with HHC senior leadership and Managed Care, as well as community providers, on: members who have not had a PCP visit (non-users); and members who have not had appropriate tests/follow-up (QARR measures). MetroPlus works with HHC and other providers to get members into care, improving their medical outcomes; and MetroPlus encourages providers to appropriately code all encounters; this has a significant effect on the rates they receive. The ultimate goal is that if a patient has secondary diagnoses and you are thinking about them during the actual care, they should be coded appropriately. 2010 CRG scores will be used for NYS FY 2012-2013 risk adjusted premium rates. MetroPlus' FHP index score declined 0.1% from '09-10 and the Medicaid index score was unchanged.

Utilization Management Initiatives (2011 key achievements) to promote appropriate utilization of MetroPlus' risk arrangement with HHC include: Chest Pain Focused Review – 2011 net denial rate was 30% with a \$1,064,250 savings; physical occupational/speech therapy review – 2011 net denial rate of 27% with a \$562,664 savings; and DRG validation – pre-payment savings of \$8.4 million with a post-

payment of \$2.8 million total claims recovery. Medicare SNP model of care implementation received maximum three (3) year approval on Model of Care with a score of 88.75%. Medicare SNP structure and process measures scored 100% in 2011.

In 2011, 36% of denials were appealed. Excluding lack of clinical denials, 63% of MetroPlus denials were upheld.

The 2012 Case Management key initiatives are: 1) reduction of readmissions – outreach to all Medicaid members within 48 hours of a hospital admission; and 20 enhanced facility relationships - each HHC facility has a dedicated MetroPlus case manager for assistance with care coordination.

MetroPlus processed approximately 4.7 million claims in 2011. Overall, the average non-Medicare claims processing time from receipt to payment for January through December 2011 was 8.4 days. The Claims Department processed to finalization 99.2% of these receipts within the 30-day timeframe and 99.5% within the 45 day timeframe as set out under the State Insurance Department Prompt Pay Law.

Dr. Saperstein highlighted the numerous audits that MetroPlus has undergone as follows: 1) Article 44 Regulatory Audit - no findings; SDOH required simplification of language used in denial letters; 2) Child Health Plus Audit - successfully completed on the first round; 3) Medicare SNP Model of Care Implementation - CMS Special Needs Plan application: 88% score in 2011; MetroPlus now has a 3-year exemption to the annual submission requirement, and NCQA Structure and Process Measures: 100% score in last audit – 2011; and 4) Finance Audits: successfully completed 2011 Certified Financial Statements, 2008 Medicare Financial Audit and 2011 Medicare Bid Audit - no audit found any material weakness; incorporating suggestions from Bid Audit to enhance future bid submissions.

The Network Relations Department was formed in 2005 to improve and expand the level of communication between MetroPlus and its participating facilities, members and providers. Network Relations Managers meet regularly with top level administrators at network facilities and Community Providers to discuss quality indicators, CRGs and member/patient satisfaction. Provider Services Representatives work with Participating Providers to ensure that they provide the highest level of care to our members: 2,141 encounters in first quarter of 2012. Customer Services Representatives are located at HHC facilities and handle member complaints and inquiries: 37,966 inquiries in first quarter of 2012. Care Coordinators conduct member outreach, education and case management: 3,479 outreaches in first quarter of 2012. The Network Relations Department continues to increase alignment between HHC and MetroPlus by coordinating meetings with Senior Executive leadership to discuss each facility's key performance.

MetroPlus' customer services' call center operates six days a week (Monday – Saturday), 12 hours a day (8 AM – 8 PM). Over the past 12 months (June 2011 - May 2012), the Call Center received a total of 975,635 calls. Customer Services Representatives are thoroughly trained to handle calls from members and providers for all lines of business. Call types range from basic plan eligibility, benefit/services, assisting with appointments/referrals, address/demographic changes, selection of PCP, assistance with the homeless population, arranging transportation, provider/claims inquiries, DME and Pharmacy issues, complaint investigations and Utilization Management calls which include referrals to case management, authorization, and Managed Long Term Care.

Customer Services Representatives (CSR) speak approximately 15 languages. In addition to handling inbound calls, each CSR is assigned to a project team that is responsible for conducting outbound calls to members. These outbound calls cover three different areas: 1) new member orientations; 2) completion of health risk assessment forms (HRA) for submission to case management team; and 3) member notifications including PCP relocations, PCP terminations, and auto-assignments.

Information is key to MetroPlus' current and future success. MetroPlus' IT infrastructure has grown proportionally with Plan growth. Eighty percent (80%) of applications systems are in regular use, run on over 135 servers, 25% of MetroPlus servers are physical and 75% are virtual, 20 servers are dedicated to support telephone applications, and MetroPlus is moving to 100% virtual servers. Server configuration is duplicated and running at MetroPlus' BRP site, SunGard®, for critical systems.

Original contract with DST Health Solutions – PowerStepp System was entered into in 2000. The contract was renewed in 2007 which ends in 2015. A negotiated acquisition process was underway in 2011, and it was decided that MetroPlus did not have the necessary resources or infrastructure to proceed with replacing the current core system. MetroPlus will evaluate their core system again in 2012, beginning with a phase one system review.

Major benefits that are delegated to third parties include dental services to HealthPlex and pharmacy benefit management (PBM) to CVS/Caremark. On an annual basis, MetroPlus conducts an operational audit of these vendors to assess operational performance as well as compliance with State and CMS regulations. In 2011, MetroPlus conducted these audits via desk review; in 2012, the audits will perform onsite operational audits. The performance reports and any other issues identified with a vendor are reported on a quarterly basis to the MetroPlus Quality Assurance Committee.

MetroPlus has fully transitioned to a new Pharmacy Benefit Manager (PBM), CVS Caremark, selected through the RFP process. Effective October 1, 2011, MetroPlus, in conjunction with CVS Caremark, took over responsibility for managing pharmacy benefits to an additional

388,000 Medicaid and Family Health Plus members (~\$400M annually), which were managed by Fee for Service Medicaid. MetroPlus' Child Health Plus, Medicare Advantage and MetroPlus Gold members were also transitioned to CVS Caremark on January 1, 2012. The MetroPlus team has worked very closely with CVS Caremark to ensure a smooth transition and implementation for all of MetroPlus members and providers.

Effective August 1, 2011, personal care services (PCS) will be carved into the MetroPlus benefit package to provide services essential to the maintenance of the member's health and safety in the home, and for assistance with personal hygiene, dressing, feeding, nutritional and environmental support functions. MetroPlus is providing personal care services to approximately 1,210 members. This provision required MMC/FHP plans to contract with a Certified Home Health Agency (CHHA) to conduct assessments and a network of personal care agencies. HHC and NYCHSRO provide nursing assessments.

Statewide, there are approximately 12,000 restricted recipients and seventy-five percent (75%) reside in NYC. Mandatory enrollment into managed care began July 2011. MetroPlus is managing restrictions for 1,025 restricted recipients. MetroPlus has maintained current restrictions as set by the SDOH and continually assesses members to determine if the restriction should remain in place.

Mandatory enrollment began in New York City in July 2012 for persons 21 and older in need of 120 days or more of service into a Managed Long Term Care (MLTC) or other "coordinated care" model. Certain exclusions/exemptions apply (e.g. hospice, Native Americans) and assessments are required every six months. Enrollees will be given 30 days to select an MLTC plan. After 30 days, enrollees will be auto-assigned to a partial cap MLTC plan and it is unclear if the State will auto-assign members to plans with a newly awarded license. MetroPlus has submitted an application to become a MLTC and expects to be awarded a license after a July 2012 readiness review.

The challenges that MetroPlus faces are: 1) Dental carve-in affects approximately 350,000 members - change from FFS to HealthPlex; 2) Health care reform - NYS Exchange must ensure MetroPlus' ability to participate; 3) Medicare membership growth - 11,000 members by June 30, 2013; 4) Multiple CMS audits; 5) MLTC implementation; 6) Behavioral health integration; and 7) ACO implementation with HHC.

In summary, MetroPlus has many growth opportunities and challenges and they look forward to working with HHC and sharing their progress.

#### Strategic Planning Committee – July 10, 2012

##### As reported by Josephine Bolus, RN

#### Senior Vice President Remarks

Ms. Brown greeted and informed the Committee that her remarks would include brief updates on federal, state and city issues and the corporation's Breakthrough work.

#### FEDERAL UPDATE

Ms. Brown reported that, on June 26, 2012, the Senate had passed bipartisan legislation that would extend the Food and Drug Administration's (FDA's) authority for five more years to assess user fees on prescription drugs and medical devices. The House passed the bill by a voice vote during the week of June 17th. The President is expected to sign this bill.

Ms. Brown informed the Committee that, most importantly for HHC, the legislation included provisions to mitigate prescription drug shortages. The bill would require drug manufacturers to provide the FDA early notification of discontinuations or other situations that could lead to potential shortages; additionally, it would also allow the FDA to expedite approval of manufacturing changes that would help prevent and mitigate shortages.

Ms. Brown reported that the bill also included improved public recordkeeping of a drug shortage list and required that the FDA issue updated guidance on repackaging, which would modify current practices to allow hospital systems to share drug shortages among their facilities. Ms. Brown noted that this is an important issue for HHC.

Ms. Brown added that the pharmaceutical industry supported the legislation which included accelerated approval provisions and a provision to extend market exclusivity on some new antibiotics for an additional five years. She added that the reorganization of the Act was an important bipartisan milestone for this Congress.

## World Trade Center Health Program Update

Ms. Brown provided the Committee with an update on HHC's World Trade Center (WTC) Health Center program. She reported that HHC had successfully renewed its contract with the federal government for its Clinical Center of Excellence (CCE) for WTC survivors for nearly \$3.5 million; and for its associated Data Center for \$1.25 million. The renewed contract period will be for the period starting July 1, 2012 through June 30, 2013. Ms. Brown explained that, having signed these contracts was the first step toward negotiating an increase in the contract amounts.

Ms. Brown reported that HHC's WTC Health Program had been awarded an additional \$187,000 by the federal government to fund HHC's annual WTC Health Center program subway campaign. She explained that this year's campaign will be primarily focused on Staten Island. Additionally, the campaign will entail new bus shelter ads in targeted neighborhoods throughout Staten Island and the remaining four boroughs to reach the Chinese, Spanish and Polish communities. She added that, this was a particular focus because NIOSH's published data had documented that 91 percent of new enrollees for HHC's WTC Health Center program (i.e., not incumbent patients) were primarily English speakers, which caused some concern for HHC. This campaign will be launched for a period of one month, which will begin on September 1, 2012.

### STATE UPDATE

Ms. Brown reported that the New York State Legislature had adjourned on June 21, 2012. HHC and its advocacy partners were successful in advocating against several bills that would have had a significant financial impact on HHC. Such legislation included two safe patient handling bills, which would have required health care facilities, nursing homes and hospitals to pass specific staffing and equipment requirements. Ms. Brown noted that this legislation was driven by nurses' concern about lifting and moving patients. She explained that the second bill would have imposed stringent, inflexible nurse to patient staffing ratios and recording requirements on HHC. Specifically, it would have required HHC to hire 4,100 new nurses in order to comply with that proposed legislation at a cost of more than \$400 million.

Ms. Brown reported that a medical malpractice bill was also rolled back, which would have increased HHC's malpractice costs by an estimated five percent. That bill also had a requirement that a defendant could decide prior to trial how their liability would be determined if a codefendant settled the case. Ms. Brown explained that a provision of that same bill, which reversed a 2007 Arons Decision, would prohibit defendants from privately interviewing later-treating providers to determine extent of a plaintiff's injuries.

Ms. Brown noted that there were other key legislative items that were of importance to HHC that were not addressed in this legislative session. Of these items, a priority concern for HHC is the indigent care methodology that is utilized by the state to allocate charity care funding to hospitals. It is expected that this item will be addressed in the next session.

### CITY UPDATE

Ms. Brown reported that on June 25, 2012, the City Council passed the fiscal year 2013 Budget. She explained that the City Council had restored more than \$14.5 million in expense funding and appropriated \$21 million in capital funding to HHC. On the Expense side, the City Council provided:

- \$6 million - HHC's Unrestricted City Subsidy
- \$5 million - Child Health Clinics
- \$2 million - Expanded HIV Testing
- \$1.46 million - Developmental Evaluation Clinics
- \$50,000 - Substance Abuse training funds

Ms. Brown highlighted some key HHC projects that received Capital funding from the City Council. The City Council allocated:

- \$7 million in FY 13 and FY 14 for construction of a comprehensive diagnostic and treatment center (D&TC) at 155 Vanderbilt Avenue on Staten Island
- \$2.5 million for Metropolitan to renovate their Cancer Center and to purchase a new Ultrasound System
- \$2.25 million for Coney Island Hospital to purchase new cardiac monitors for the ED, new pneumatic tubes for the ED as well as a new Communication System
- \$2.06 million for Kings County to purchase a new MRI

Ms. Brown stated that every Borough Delegation provided some significant level of funding for capital equipment and/or capital projects for HHC's hospitals. She stated that HHC is very appreciative of the City Council, the Borough Delegations and the Council Speaker's leadership and for their commitment to HHC.

## HHC Initiative Update

### Breakthrough

Ms. Brown provided the Committee with an update on the corporation's Breakthrough efforts on behalf of her colleague, Joanna Omi, Senior Vice President, Organizational Effectiveness and Innovation. Ms. Brown reported that, as of the end of June, there had been more than 1,000 Rapid Improvement Events (RIEs). This work generated more than \$225 million in new revenues and cost savings, with more than that 12,750 employees having now participated in some form of Breakthrough activity. In addition, a total of 5,700 staff has participated in the centralized training program to learn skills including event facilitation, problem solving and process control board development.

Ms. Brown reported that Jacobi Medical Center had initiated a model value stream in Perioperative Services. This model value stream will build on the Breakthrough improvements that are already in place in Perioperative Services and will take those improvements to the level of improvement hyper-drive. As Jacobi experiments with improving their staffing models and in-depth value stream mapping it digs deeply to understand the root cause of problems. Ms. Brown noted that the enhanced improvements gained would be transferred to other HHC facilities.

Ms. Brown informed the Committee that in May, the first of a new, multilevel Breakthrough manager training program, designed to ensure the maximization of RIE outputs and to prepare managers to sustain the outcomes of those events, was piloted. Additionally, the corporation has expanded its use of Hoshin Kanri, a Lean management tool that will help HHC to achieve greater alignment and focus toward key strategic goals.

Ms. Andrea Cohen, who represented Deputy Mayor Linda Gibbs in a voting capacity, asked how many employees have been involved in some form of Breakthrough activity. Ms. Brown responded that 12,750 staff members have participated in some form of breakthrough activity; and another 5,720 HHC staff members have participated in training. Mr. Rosen, Committee Member, asked if the 5,700 total staff members who had participated in training was also part of the 12,000 staff who had participated in Breakthrough. Ms. Brown responded affirmatively. She explained that staff members who had been engaged in Breakthrough activities had also received some form of training as well.

### Information Item:

#### The Health Care Case: Outcome and Potential Impacts

Dominic Perella, Associate, Hogan Lovells Legal Practice, Washington, DC

Ms. Brown introduced Mr. Dominic Perella, an associate with Hogan Lovells legal practice located in Washington D.C. She informed the Committee that Mr. Perella would be walking the Committee through the most recent Supreme Court decision on the Health Care Affordable Care Act or the Health Care Reform Law and would engage the Committee in a conversation about the implications of that decision. Ms. Brown summarized Mr. Perella's background as the following:

Dominic Perella concentrates his practice on appellate and Supreme Court litigation. Mr. Perella has argued before the U.S. Court of Appeals for the District of Columbia Circuit and the D.C. Court of Appeals, and has briefed numerous cases before the Supreme Court and the majority of the federal circuits. He was named, and one of his arguments mentioned, in the *National Law Journal's* 2011 Appellate Hot List.

Mr. Perella's appellate practice has covered constitutional questions, insurance law, environmental regulation, Medicare regulation, and white-collar criminal appeals, among other areas. He also has developed a focus on communications law, and in that capacity has litigated matters on behalf of cable industry clients and participated in rulemakings before the Federal Communications Commission.

Mr. Perella began his presentation by stating that the Supreme Court Decision concerning the Affordable Care Act (ACA), announced on June 28, 2012, was momentous in a lot of ways. At first glance, it appeared that the Supreme Court upheld the ACA across the board, but that was not the case. He explained that there were serious ramifications for Medicaid coming out of this decision, and would discuss the implications for the Medicaid program going forward.

As background, Mr. Perella informed the Committee that he had drafted, on behalf of the American Hospital Association and the other major hospital associations, the Association's briefs in the Supreme Court. He explained that this work began in 2010, when the first lawsuit suit was filed in Florida, which was elevated to the Supreme Court. The lawsuits covered issues including the ACA's individual mandate, Medicaid, severability etc. A lot of those issues are now off the table after the Supreme Court's decision.

Mr. Perella reported that the driving force behind the ACA was the uninsurance crisis. There are fifty million uninsured individuals, at last count, in this country. This figure is more than five times the population of New York City. He explained that the goal of the ACA is to expand health insurance coverage to 30 million Americans. Coverage would be expanded in two big ways – through an individual mandate and the expansion of Medicaid to new groups, including individuals up to 133 percent of the poverty level.

Mr. Perella stated that the Supreme Court's decision was a surprise to all of the prognosticators including him. It was expected that Supreme Court Justice Kennedy would have had the swing vote. It was also widely expected that the original mandate would rise and fall on the Congress' laws. Mr. Perella informed the Committee that Chief Justice Roberts had issued an opinion which upheld the individual mandate and the rest of the law based on Congress' tax power. Mr. Perella commented that it has been widely reported in the media that the Chief Justice Roberts had actually flipped. He originally voted with the other four conservatives to strike down the law. When he began drafting the majority opinion and some point down the line, Chief Justice Roberts changed his mind and decided to uphold the law and joined the Court's four democratic appointees.

Mr. Perella explained that the main argument that was made by challengers of the ACA was that the Commerce Clause only authorized Congress to regulate commerce. In the case of the ACA, Congress would not be doing that but would be creating commerce. This would force individuals who were not in the market into the market. Congress had never done so before and should not do that.

Mr. Perella stated that there were a number of responses to that argument that had been articulated by the government and by hospital associations in briefs. He stated that an obvious response was what Congress was doing with the ACA was not regulating an activity or regulating something that wasn't commerce. It was regulating the massive interstate commercial problem. That is, the dislocations caused by the uninsurance crisis. Specifically, the monies that were being forced – that individuals with insurance, insurance companies and providers are being forced to pay to cover those who are not insured. All of that crossed state lines. Mr. Perella stated that a number of well-respected conservative judges accepted that argument including Lloyd Sullivan of the 18th Circuit, Jeff Sutherland of the Sixth Circuit and Richard Bosner of the Seventh Circuit. Notwithstanding, five Justices accepted the challenger's argument. They said that Congress could not enact the individual mandate as a Congress power. Mr. Perella noted that Chief Justice Roberts ruled for himself only in that regard. The same opinion was voiced by the four dissenting conservatives. This resulted in five votes on the Supreme Court for the proposition that mandates were not permissible under the Commerce Clause.

Mr. Perella read Justice Roberts' key quote which states, "The individual mandate does not regulate existing commercial activity. It instead compels individuals to become active in commerce by purchasing a product." Mr. Perella explained that Roberts' key concern as he voiced throughout the entire proceedings in this case was "...construing the commerce clause to permit Congress to regulate individuals precisely because they are doing nothing would open a new and potentially vast domain to congressional authority." Justice Roberts stated that, if Congress could enforce a mandate on Americans in this context, why not with broccoli? Why not with cars?

Mr. Perella informed the Committee that, the first part of the decision concerning the Commerce Clause, which claimed that the individual mandate was not a good law under the commerce law powers, led Fox, CNN and other media organizations to place banners on their pages stating that the decision to mandate had been struck down. Apparently, President Obama believed that for several minutes because he was watching those stations. That turned out to be wrong but it was quickly corrected.

Mr. Perella stated that the Justice Roberts joined by the four Democratic appointees, accepted the federal government's alternative argument, which was that the mandate is permissible under Congress' tax power. He explained that Justice Roberts said, "...Courts are required to give Congress the benefit of the doubt. If we can read a statute to be constitutional we have to do so. This statute looks a lot like a tax, it functions like a tax, and it is enforced by the Internal Revenue Service (IRS). We are therefore restrained to read it as a tax in order to save it from invalidation. The government asks us to interpret the mandate as imposing a tax; it would otherwise violate the Constitution. Granting the Act the full measure of deference owed to federal statutes, it can be so read. Therefore, the mandate survives." Mr. Perella stated that, because the mandate survived, the rest of the law including some sections with Medicaid also survived. Once the mandate was upheld, the question of severability disappeared.

Mr. Perella noted that Democratic appointees were unhappy with Justice Roberts' discussion concerning the Commerce Clause. Mr. Perella explained that Justice Roberts prepared a 20-page discussion of the commerce law to lay down a marker for Congress that mandates would not be permissible going forward. Justice Kagan wrote that Roberts should not have reached the commerce law at all, given the tax analysis. Mr. Perella added that, if another Justice had flipped the whole argument would have been struck down. They had five votes to strike down the mandate. Justice Kennedy seemed to be on board for striking everything else. So Roberts' decision to rest on the tax power, in fact, caused the entire argument to stand instead of fall.

Mr. Perella explained that the Medicaid argument was really about an obscure concept in constitutional law called the coercion doctrine. The way the doctrine works is that Congress can offer states money, say \$100 million for road construction if you pass such and such a law. The classic example is you can you have this road construction money if you make your drinking age 21 and if you don't you can't.

But Congress cannot directly demand states to enact legislation to set the drinking age. So Congress couldn't command that states set the drinking age of 21. It has to be theoretically voluntary.

He continued to explain that the Supreme Court had suggested in past cases, but never actually held that if the states ever had no choice about whether to accept funds, if the offer for some reason amounted to coercion, that would be the equivalent of a demand and it would violate the Tenth Amendment.

Mr. Perella added that, this was the first case after more than 200 years in which the Supreme Court had ever found unlawful coercion to exist. It was not a five to four vote on this issue; the vote was seven to two. Justices Kagan and Breyer joined with the conservatives in finding that, in this circumstance, the Medicaid condition, which was basically this, Congress said, states expand your Medicaid program as set forth in the ACA or else we will strip from you not just the money that we would have given you for the ACA but all Medicaid funds. The deciding justices said that is coercion. Roberts said "In this case, the financial inducement Congress has chosen is much more than relatively mild encouragement -- it is a gun to the head. A state that opts out of the ACA's expansion in health care coverage stands to lose not merely a relatively small percentage of its existing Medicaid funding, but all of it." As such, the seven to two vote is historic.

Mr. Perella stated that, there was a different majority for that remedy. Roberts and the four Democratic appointees decided that the Medicaid provision didn't have to be struck down to fix the problem. Instead, the Medicaid expansion had to be optional. That is, the Centers for Medicare and Medicaid Services could not threaten to hold all aid from the states that refused to expand their Medicaid offers.

Mr. Perella emphasized that the bottom line is that the ACA is upheld with some limits on Medicaid. All programs other than Medicaid remain in place and unchanged. States will push ahead with implementation. Agencies will push ahead with rulemakings. The big exception is the Medicaid issue.

The first decision appears to mean that states are free to entirely decline to expand the Medicaid programs along the lines ACA suggests. One question of course is which states would do so. The states with conservative governors, like Texas and Florida have threatened not to expand their Medicaid programs. Whether they will go through with it is another question.

The second big question is what could the Centers for Medicare and Medicaid Services (CMS) do about that? The Supreme Court makes clear that CMS could not threaten all previous funding. However, it does not make clear whether CMS could withhold other ACA funding or other ACA benefits from states that refuse to expand Medicaid. Notwithstanding, CMS could make a good faith argument that that is permissible under the Roberts ruling.

Mr. Perella stated that the third question is whether states can partially expand their Medicaid programs. Some states may want to expand Medicaid to a certain population but not another, which they may have to negotiate with CMS.

Concerning Disproportionate Share Hospital (DSH) funding, Mr. Perella stated that DSH hospitals that serve a disproportionate share of low-income individuals have received extra funds for years under Medicaid. The ACA sets annual dramatic cuts in the DSH funding. The idea was, because Medicaid would be expanded, because of the individual mandate, far more people would have insurance coverage. So the funds that were being given to hospitals for uncompensated care would be reduced.

Mr. Perella described the way that DSH cuts would work under the ACA. He added that there will be a set annual amount of cuts. The DSH cut for the first year will be \$500 million. CMS is instructed to divide those cuts up among the states. One strategy is to give the least amount of DSH funds to the states with the lowest percentage of uninsured individuals. Mr. Perella described a scenario where a number of states that choose not to expand Medicaid could end up with higher percentages of uninsured individuals. Those states would actually get more DSH funds. States that went ahead and expanded Medicaid would get less DSH funds. Mr. Perella informed the Committee that, one of the questions he had been asked to address was whether that would be the necessary outcome. His response for states that are most likely going to expand Medicaid is that it is not necessarily so. The statute provides two methods for the Secretary to administer this provision. One way is to give these funds to states with the lowest percentage of uninsured individuals. The second way is for CMS to give the least funds to states that do not target hospitals with high volume Medicaid patients and hospitals that have high levels of uncompensated care. He explained that the Secretary can set up the division of the DSH cuts by giving the least DSH funds to states that are doing the worst job of sending the DSH funds to the right places, which would be those hospitals that are helping with the highest percentage of poor people. Mr. Perella stated that the Secretary appears to have complete discretion to choose.

# SUBSIDIARY BOARD REPORT

MetroPlus Health Plan, Inc. – July 10, 2012

As reported by Mr. Bernard Rosen

## Chairperson's Remarks

Chair Rosen welcomed everyone to the MetroPlus Board of Directors meeting of July 10, 2012. Mr. Rosen advised the Board that Dr. Saperstein would present the Executive Director's report and Dr. Dunn would report on Medical Management issues. Mr. Rosen stated that there would be two resolutions presented. The first was to increase the spending authority for the Plan's contract with Buck Consultants and the second resolution was to authorize a contract with McMurry, Inc. to provide member newsletters.

## Executive Director's Report

Dr. Saperstein reported that total plan enrollment as of June 18<sup>th</sup>, 2012 was 433,872. Breakdown of plan enrollment by line of business is as follows:

Medicaid	365,987
Child Health Plus	16,349
Family Health Plus	36,802
MetroPlus Gold	3,123
Partnership in Care (HIV/SNP)	5,803
Medicare	5,808

Dr. Saperstein stated that MetroPlus enrollment has increased since his last report to the Board. The Plan has experienced an increase of 5,023 members, with the greatest increase reflected in the Medicaid line of business. Mr. Still asked if the Plan was on target for its annual membership goal and Dr. Saperstein stated that the Plan has exceeded its goal.

Attached to Dr. Saperstein's report was a graph showing net transfers for the month of May 2012 for Medicaid and Family Health Plus (FHP). Dr. Saperstein stated that this is updated data that shows the same downward trend to the same health plan. Dr. Saperstein stated that he wants to make sure that the Board realizes these are members leaving MetroPlus to go to the other health plan and after a couple of studies it has been discovered that 80 percent of these individuals are leaving HHC when they go to the other health plan. There was a brief discussion regarding the Affordable Care Act and how it will affect the Plan and HHC.

The New York State Department of Health (SDOH) released utilization data for the Managed Care Pharmacy Carve-In that became effective on October 1<sup>st</sup>, 2011. The data, a comparison of the three months before the carve-in and the most current three months post implementation, reveal that statewide, utilization is up and costs are down. MetroPlus' cost in the three months prior to the implementation was \$76.80 per member per month (PMPM). MetroPlus' costs for the first three months of 2012 were \$59.75 PMPM. Due to these declines in cost, seen also by other plans, the state's actuary, Mercer, has recommended significant decreases to the Pharmacy capitation. Ms. Weinberg asked if the \$59.75 was an average and Dr. Saperstein replied that it is the MetroPlus average rate for a 3 month period of time.

SDOH has provided a draft of the Phase 1 pharmacy rate change analysis. The total rate change for Medicaid in New York City was -7.1%. The total rate change for FHP in NYC was -11.5%. The release of this data solidifies the Plan's initial analysis which found that MetroPlus would receive approximately 3 million dollars less in pharmacy revenue per month, retroactive to April 1<sup>st</sup>, 2012. The Plan's trade organizations are pushing back on these rate decreases because Mercer is basing the reduction on only three months worth of data. The request is to wait until there is more complete and accurate data and then to retroactively adjust the rate.

Dr. Saperstein reported that the 2013 Medicare Bids were successfully submitted to CMS. Cost savings allowed MetroPlus to add benefits in its Medicare Advantage (Dual), Select (Dual) and Platinum (Straight Medicare) lines of business. The Plan was able to reduce co-payments and deductibles and include some value added benefits such as an over-the-counter non-prescription benefit catalog and a gym membership at NYC Parks & Recreation sites.

As Dr. Saperstein reported in May, MetroPlus did face challenges in its ability to offer additional services in its Medicare HIV/PIC Special Needs Plan. Unfortunately, MetroPlus' historical utilization especially in pharmaceuticals was very high in its Medicare HIV/PIC Special Needs Plan (SNP). In addition, CMS reduced the risk intensity of HIV members by 15% and the Plan's rates were dramatically reduced. Changes to the HIV SNP product were made to account for this reduction and include an increase in co-payments and reduction in some

benefits. These changes affect the 300 members in MetroPlus' HIV/PIC SNP and may make this product more difficult to market and add membership in 2013.

As Dr. Saperstein reported earlier this year, as of July 2<sup>nd</sup>, 2012, all Medicaid managed care plans will be required to cover dental services for their enrollees. The MetroPlus dental implementation is going well. The Plan has contracted with Healthplex to administer dental benefits for all its MetroPlus Medicaid and Medicaid SNP members. Also as of July 2<sup>nd</sup>, 2012, MetroPlus Family Health Plus, Child Health Plus, and Medicare Advantage members will have management of their dental benefits transition from DentaQuest to Healthplex.

Also part of Dr. Saperstein's report earlier this year, mandatory enrollment for Managed Long Term Care (MLTC) was scheduled to begin on July 1, 2012. MetroPlus' application was completed and submitted in May. Dr. Saperstein was happy to report that MetroPlus is scheduled for a full day Department of Health onsite readiness review on July 10<sup>th</sup>, 2012. The Plan anticipates that after the readiness review is completed, it will be granted a license and can begin to manage this new population.

In mid-June, SDOH sent Medicaid MLTC plans premium rates effective April 1, 2012. The rates reflect a net reduction of 1.1% to plan premiums from 2011-2012 rates. In addition to continued Medicaid Redesign Team rate reductions, the administrative cap amount was reduced by 7%. SDOH is also working on July 1 rates to coincide with the mandatory enrollment for MLTC. However, the Long Term Home Health Care Program (LTHHCP), also known as the Lombardi program, will still be accepting new admissions until September 1. Maximus will be the MLTC enrollment broker only for those individuals that receive a mandatory enrollment notice. Voluntary enrollments will still occur through the plan, as they do now. Mandatory assignments will only be made to partial capitation MLTC plans, not to PACE or MAP. MetroPlus is still waiting for a decision from SDOH if it will receive auto-assignments or if there will be a moratorium for some period of time until the Plan has demonstrated experience.

Dr. Saperstein stated that MetroPlus is also in the process of meeting all network and facility leadership in regards to its strategic initiatives to grow the Medicare product. The Plan has had productive meetings with the Generations Plus Network, the South Manhattan Health Network and all of HHC managed care coordinators at their monthly meeting in June. Analysis of data provided by HHC shows that there is a pool of 22,000 fee-for-service dual eligible patients currently seeking care at the HHC facilities. MetroPlus has committed to working with HHC towards building the internal processes and systems needed to facilitate potential enrollment of these dual eligible patients that can aid in the expected expansion of MetroPlus' Medicare membership.

#### Medical Director's Report

Attached to Dr. Dunn's report was the most recent copies of the MetroPlus Gold Health News, Medicare Well Being-The Path to Good Health and Medicaid Health Letter.

The MetroPlus Gold Health News articles focus on six foods that help fight cancer; being socially active can keep you healthy; protecting joints from aches and pains; staying informed can keep you healthy; and how MetroPlus' care management programs can help you successfully manage your health.

The current issue of the Medicaid Health Letter focuses on ways to reduce the adverse health effects of pollen and dust; the importance of getting all children ages 1 and 2 tested for lead poisoning; and an update on health benefits and coverage.

Medicare Well Being-The Path to Good Health and Medicaid Health Letter stress the importance of getting all your questions answered by your doctor; the availability of Medicare Case Managers to help members manage their health so they can live a healthier and better life; and five ways to fight allergies.

Dr. Dunn reported that the Quality Management (QM) Department completed several mailing since the last Board of Directors Meeting as a part of its ongoing educational campaign to members and providers. All MetroPlus members over the age of 65 were sent a flyer explaining the importance of having an Advance Directive. At the end of the flyer, members were encouraged to have a discussion with their doctor about an Advance Directive, as well as identified a Health Care Agent. Members were asked to send copies of the form to MetroPlus QM Department as well to their doctor. Flyers were mailed to 5,580 members.

All MetroPlus providers were sent an updated QARR Poster highlighting the key quality measures and appropriate interventions. The posters have been proven to be a helpful reference tool for providers as they work towards improving HEDIS/QARR compliance. The poster is also on the MetroPlus website.

Dr. Dunn stated that due to the Plan's low response on the Health Outcome Survey: Whether members self-reported that they received a pneumonia shot in the past 10 years, MetroPlus decided to send a mailing to all Medicare members over the age of 65 who hadn't

received a vaccination shot based on paid claims. The members were sent a letter explaining the signs and symptoms of pneumonia, and why it is important to get vaccinated.

Dr. Dunn reported that, effective July 1st, MetroPlus Family Health Plus, Child Health Plus, and MetroPlus Medicare members transitioned from DentaQuest to Healthplex for their dental services.

Also, as of July 1st MetroPlus will begin covering dental benefits for its Medicaid and Medicaid SNP members. These members were transitioned from fee for service Medicaid to Healthplex.

Dr. Dunn stated that, effective October 1st, MetroPlus will be covering Orthodontic services through its Healthplex relationship. SDOH will be conducting secret shopper calls to ensure that members and providers are being provided accurate information. If a member calls inquiring on their dental benefits or is requesting to change their Dentist, they are instructed to contact Healthplex.

Customer Services has received a total of 15,117 member calls related to dental services from May until the present. In addition, they have mailed 1,000 Dental Provider Directory to members requesting a directory.

Dr. Dunn stated that the Plan has received numerous complaints from its providers that obtaining prior authorization for medications is very hard. MetroPlus worked with CVS Caremark to develop an electronic prior authorization where the provider from their desk can fill out the form and instantly get a decision. Dr. Dunn stated that the Plan will be doing a presentation to HHC Medical Directors in a few weeks to demonstrate this process.

MetroPlus' provider network continues to grow, adding more primary care providers and specialists.

**Action Items:**

The first resolution was introduced by Mr. Dan Still, Chairman of the MetroPlus Finance Committee.

*Authorizing the Executive Director of MetroPlus Health Plan, Inc. ("MetroPlus" or the "Plan") to increase the spending authority for the contract with Buck Consultants, LLC, dated August 1, 2010, for the remainder of the contract, including two one-year options, with a term ending July 31, 2015, to an amount not to exceed \$650,000 per year.*

Dr. Saperstein gave the Board a detailed overview of the need for the increase to the Buck contract. Dr. Saperstein stated that the Plan will require additional actuarial support due to unexpected audits and potential expansion.

The resolution was passed unanimously by the MetroPlus Health Plan Board of Directors.

The last resolution was also introduced by Mr. Still.

*Authorizing the Executive Director of MetroPlus Health Plan, Inc. (the "Corporation") to negotiate and execute a contract with McMurry, Inc. to provide member newsletter services for a term of three (3) years with two (2) options to renew, solely exercisable by MetroPlus, each for a one (1) year term for an amount not to exceed \$500,000 per year.*

There was a brief discussion regarding price per issue and postage. Dr. Saperstein stated that these newsletters are sent out quarterly. It was stated that the new contract amount would not increase; it would remain the same as the last contract.

**\* \* \* \* \* End of Reports \* \* \* \* \***

**ALAN D. AVILES  
HHC PRESIDENT AND CHIEF EXECUTIVE  
REPORT TO THE BOARD OF DIRECTORS  
JULY 26, 2012**

**SEA VIEW RECEIVES HIGH PRAISE IN JOINT COMMISSION SURVEY**

On July 12th, The Joint Commission completed its triennial accreditation survey of Sea View Hospital Rehabilitation Center and Home. The long term care surveyor praised the processes in place, and was very complimentary of Sea View's leadership, as well as medical, nursing and front line staff. The Leadership Interview Session, which was attended by HHC Board Member Dr. Vincent Calamia, included a discussion on the "Stages of Maturity in Health Care Organizations' Path to High Reliability."

The surveyor was particularly complimentary of two Sea View programs: the "Stop and Watch" program, which trains staff to identify and report changes in a resident's condition; and the Failure Modes Effects Analysis (FMEA) and action plan on reduction of urinary tract infections. The surveyor was impressed with organization's recognition by the Centers for Medicare and Medicaid Services for its stellar performance and #1 ranking on the Nursing Home Value-based Purchasing Demonstration Project on Avoidable Hospitalizations. The CMS ranking is based on staffing, quality measures, avoidable hospitalizations and multiple years of successful regulatory survey results.

Congratulations to Senior Vice President Arthur Wagner, Executive Director Angelo Mascia, Administrator Violet Huie, Medical Director Dr. Maria Pablo, Chief Nurse Carole Morgan and the staff of Sea View for their outstanding survey performance.

The conclusion of Sea View's survey completes The Joint Commission's 2012 multi-facility survey of HHC. In 2013, Elmhurst, Jacobi, Metropolitan, Gouverneur, and Dr. Susan Smith McKinney are scheduled to be surveyed.

**PATIENT SAFETY FORUM ON THE UNDERSTANDING  
OF HUMAN FACTORS**

A Patient Safety Forum entitled "Advancing Patient Safety through the Understanding of Human Factors" was held on at Lincoln Medical and Mental Health Center on July 9th. It was attended by approximately 200 people from across HHC facilities.

The keynote presentation was provided by Kerm Henriksen, Ph.D., Human Factors Advisor for Patient Safety, Center for Quality Improvement and Patient Safety at the Agency for Healthcare Research and Quality (AHRQ). His presentation focused on how patient and provider capabilities can affect the design of interactive healthcare systems to ensure safety, effectiveness, and ease of delivering care.

The second speaker, Aileen Killen, RN, PhD, Director, Patient Safety Program, Memorial Sloan Kettering Cancer Center, spoke on "Human Factors in the Clinical Setting". She shared her experiences when designing an Operating Room, looking at handoffs, and the value of clinical reminders. Her emphasis was to design work areas to fit the people and not getting people to fit design.

The final speaker was David L. Feldman, MD, Chief Medical Officer and Senior Vice-President, Hospitals Insurance Company/FOJP, who presented "Human Factors as a Risk Reduction Strategy: Creating a Culture of Safety in Peri-operative Services and Beyond." The focus of his presentation was on creating reliable

teams, by improving communication, mutual support/respect and leadership skills and encouraging implementation of a Just Culture to encourage open/honest reporting of errors.

### **LEADERSHIP DEVELOPMENT PROGRAM LAUNCHES ITS FIRST SESSION**

On July 10th the first session of the corporate-wide Leadership Development program was held at Draper Hall with 121 middle managers and 32 senior staff, serving as coaches, in attendance. The session was the first of five full day workshops to be conducted by the Advisory Board Company. The session focused on characteristics of different leadership styles, examined a case study of how change was led at Newton-Wellesley Hospital, and guided the participants through a self-assessment to develop a Personal Leadership Profile.

Between workshops, coaches will work with each manager to refine their Leadership Profile, guided by scheduled calls with the Advisory Board instructor. In addition to the program workshops, participants, coaches and executive sponsors will receive access to the Harvard Manage Mentor+, an online resource with additional computer-based learning modules.

The remaining workshops will focus on different aspects of leadership including: instilling accountability; facilitating effective teamwork; critical thinking and problem solving; and impact through influence. The initial session was extremely well received.

A second cohort of up to 125 participants is scheduled to begin a similar leadership development program in Spring 2013.

### **LINCOLN HOSPITAL RECEIVES QUEST FOR QUALITY AWARD AT JULY 19 LEADERSHIP SUMMIT OF AMERICAN HOSPITAL ASSOCIATION**

Lincoln Medical and Mental Health Center received the prestigious Quest for Quality award from the American Hospital Association (AHA) for its leadership and innovation in quality improvement and safety at the organization's annual AHA Health Forum Summit this month in San Francisco. Lincoln won the prize by demonstrating its commitment to providing patient-centered care focused on ground-breaking methods that improve safety and quality. The award is presented annually to honor leadership and innovation based on the Institute of Medicine's (IOM's) six quality aims -- safety, patient-centeredness, effectiveness, efficiency, timeliness and equity. Lincoln is one of four hospitals selected this year from a nation-wide pool of hospitals competing for the prize. Dr. Melissa Schori, Lincoln's Chief Medical Officer, accepted the finalist award.

Lincoln is the second HHC hospital to receive this recognition from the AHA. HHC's Queens Hospital Center was awarded the Quest for Quality Citation of Merit in 2010.

### **HIV DIRECTOR AT HHC WINS TOP NATIONAL QUALITY AWARD FOR LEADERSHIP IN QUALITY**

Terry Hamilton, HHC's Director of HIV Services received the National Quality Center and Health Resources Services Administration (HRSA) HIV/AIDS Bureau Award for Leadership in Quality. This national award recognizes work that Ms. Hamilton has done since 2005 as part of the HHC corporate-wide HIV Quality Improvement Learning Network. That work has also been critical in informing the development of our enterprise Health Home care management program. Under her leadership, quality management has been a

primary concern in HIV services, and the quality of care has continued to improve measurably as a result. One example is the average retention rates, which have increased from 79% in 1999 to 91% in 2010.

Terry Hamilton has a 22-year record as a leader in the development of quality improvement models of HIV care. During her tenure at HHC, she has spearheaded several programs, including the 2006 HIV Testing Expansion Initiative focused on making HIV testing part of routine care and decreasing the stigma associated with it. The program has had the three-fold goal of increasing the number of patients who know their HIV status, the proportion of patients who enter care early, and the proportion of patients retained in care. On World AIDS Day 2011, HHC was recognized by the Centers for Disease Control for testing more than 1 million patients. Ms. Hamilton has also led the four-year effort to develop HIV clinical documentation screens within the HHC electronic medical record, providing effective tools for easier monitoring and reporting.

The National Quality Center, which works with agencies funded through the federal Ryan White CARE act, is the premiere quality improvement resource in HIV care. The organization strives to improve the quality of care by recognizing leadership in the development of state-of-the art HIV-related quality improvement services in HIV.

I know the Board joins me in congratulating Terry Hamilton on this outstanding award and the additional prestige that it brings to HHC's extraordinary HIV services.

#### **HHC HOSPITALS CONTINUE TO EXPAND ACCESS TO HEALTHY FOOD WITH MORE FARMERS MARKETS**

HHC welcomes back farmers markets at several public hospital campuses this summer, making healthy food available in communities where residents don't always have access to fresh fruits and vegetables at reasonable prices.

Farmers markets are open now through November, with one market at Queens Hospital Center open year-round. Farmers markets are also hosted by Metropolitan, Jacobi, North Central Bronx, Lincoln, Coney Island and Elmhurst hospitals.

HHC is part of a recently formed city-wide anti-obesity task force made up of 10 city agencies. The task force was established to develop strategies and initiatives to help New Yorkers stay healthy and fight the rising obesity epidemic. HHC has for several years had healthy eating and weight loss programs throughout its facilities to help New Yorkers of all ages boost their health and physical fitness.

The farmers markets are hosted in partnership with Harvest Home and Greenmarket. Shoppers can pay for their fresh fruits and leafy greens using EBT cards (food stamps), Health Bucks, Green Checks, Senior Farmers Market Nutrition Program (FMNP) coupons and Women, Infants and Children (WIC) coupons.

#### **ELMHURST OPENS OBSERVATION UNIT TO IMPROVE EMERGENCY CARE, REDUCE INPATIENT ADMISSIONS**

This week Elmhurst Hospital opened a new chest pain unit. The 3,550 square foot unit has 13 beds and will be used to observe many of the nearly 5,000 patients each year who come to the emergency department at Elmhurst with chest pain. The new unit is a calm environment where patients can be safely observed for up to 23 hours and receive a complete battery of tests within the ED. While in the unit, these patients will receive prompt evaluation and expedited care at the bedside. When appropriate, medical staff can release

patients or refer them for community-based services, if they do not need to be admitted. More observation time and more complete testing of patients before admission will assist in making accurate initial diagnoses and reduce preventable readmissions. The \$1 million unit was financed by Council Member Daniel Dromm and the Queens delegation of the New York City Council. Elmhurst is opening the unit as part of a strategy to expand services and reduce wait times for patients who come to the hospital for emergency services.

#### **CARE PLAN MANAGEMENT SYSTEM IMPLEMENTATION BEGINS**

This month, after the Board's approval at the May meeting, a contract between HHC and Microsoft Corporation was executed for the development and implementation of a Care Plan Management System. The contract includes software licenses, a patient health record and support and maintenance. The system will support care coordination services for HHC patients and ensure that HHC meets NYS Health Home certification requirements and Patient-Centered Medical Home (PCMH) standards for collaborative care planning. The system is a web-based, inter-operable tool that aids both patients and their extended care teams in managing and coordinating the medical and non-medical services and resources patients may require. The term of the contract with Microsoft is for five years, and is renewable for two additional one year terms. The software license is perpetual and the annual maintenance and support agreements are auto-renewable. The total cost of the contract over the seven-year period is capped and will not exceed \$16,100,000. The contract was successfully developed with the collaboration of the HHC offices of Information Technology, Ambulatory Care Transformation and Legal Affairs.

#### **HHC HOSPITALS APPLY FOR STATE HEALTH DEPARTMENT HOSPITAL-MEDICAL HOME DEMONSTRATION PROJECT**

This month HHC submitted applications for the New York State Department of Health Hospital-Medical Home (H-MH) Demonstration Program on behalf of our 11 hospitals. The H-MH Demonstration Program will make up to \$250 million available over the next three years to NYS teaching hospitals to support transition of their outpatient training sites to Patient-Centered Medical Homes (PCMHs). If successful, HHC is estimated to receive approximately \$28 million of the \$102 million to be disbursed in the first year of the demonstration, based on a formula derived from Medicaid volume and number of primary care residents receiving training at our facilities. Award notifications are expected sometime in August and successful applicants will then be required to submit a work-plan describing selected resident training continuity of care enhancements, care integration initiatives, and inpatient safety projects. Continued funding will be dependent upon meeting certain performance milestones, including achieving Level 2 or 3 NCQA PCMH re-certification by December 2013.

#### **HEALTH HOME SOFT LAUNCH IN BRONX AND BROOKLYN**

As announced last month, the Health Home "soft launch" was initiated this week in the boroughs of Brooklyn and The Bronx with activities for both patients and staff. Announcement letters describing the new program and its services and providing instructions on how individuals should proceed with enrollment were sent out to the initial cohort of 200 eligible patients. The toll-free "Warm-Line" was activated and is ready to provide information about the Health Home Program to callers. Also, a second phase of training focusing on outreach, patient enrollment and care coordination processes was conducted for approximately 20 staff members from Woodhull, Kings and Lincoln hospitals. Six workers are ready to conduct outreach to the first group of patients eligible for enrollment.

#### **HHC TO ACHIEVE HIGH QUALITY, EXPANDED ACCESSIBILITY AND SAVINGS THROUGH CONTRACT WITH PROVIDER FOR DIALYSIS SERVICES**

On your agenda today, for your review and approval, is a nine-year agreement with the Atlantic Dialysis Management Services (ADMS) for the provision of dialysis technical services to HHC patients in nine of our hospitals. You will also be considering a related real estate transaction for the licensing of space on five of our hospital campuses to be occupied and dedicated to the provision of dialysis services by ADMS.

This contract has been structured to ensure that dialysis services continue to be convenient to our patients, meet high quality standards and help us achieve over \$150 million in savings over nine years. Additionally, the contract will allow us to expand our capacity to provide these much-needed services by 35% over the next three years. All this will be achieved without any layoff of employees currently involved in this service.

As I have said in the past, HHC continues to stand behind its mission of ensuring access to all the uninsured, including undocumented immigrants, and our contract with the dialysis operator will reflect that. We have more than six years of experience with this dialysis operator at Elmhurst Hospital and the quality of services has been excellent and no patient has ever been turned away.

As the Board knows, HHC continues to struggle with a structural deficit of several hundred million dollars annually. It is very challenging to close that formidable gap without compromising our mission or reducing our capacity to provide essential services. These agreements will contribute significantly to our gap-closing imperative while maintaining high quality dialysis care, and will actually increase access to these services. I urge the Board's support.

#### **NEW EXECUTIVE DIRECTOR APPOINTED FOR KINGS COUNTY HOSPITAL CENTER**

After conducting an extensive search, we have appointed Ernest Baptiste as the Executive Director of Kings County Hospital Center, effective August 20th.

Let me take this opportunity to thank Roslyn Weinstein for her crucial leadership as the acting Executive Director of Kings County Hospital since October 2011. Kings County is one of our largest and most complex hospitals, with one of our busiest emergency departments. With Roslyn, we were fortunate to have a senior executive with extensive operational knowledge, financial acumen, a collaborative leadership style and a deep commitment to our mission. With her steady hand as interim Executive Director, Kings County was able to maintain its excellent standard of care and complete a very successful Joint Commission accreditation survey. I know that Roslyn will be equally indispensable in assisting with a smooth transition as Mr. Baptiste takes the reins as Executive Director.

Ernest Baptiste brings with him more than twenty years of experience as a healthcare executive. Mr. Baptiste served during the last four years as the Executive Vice President and Chief Operating Officer of St. Francis Hospital in Wilmington, Delaware. He was also Chief Operating Officer of Duke University Medical Center in Durham North Carolina. Raised in Brooklyn, Mr. Baptiste also has significant local healthcare experience. He was a Vice President at St. Mary's Hospital in Brooklyn, served in various managerial roles at North General Hospital for over twelve years, and worked as a manager at Mount Sinai Hospital and Coney Island Hospital.

I am confident that Mr. Baptiste's extensive hospital administrative experience, his deep understanding of New York City healthcare landscape, and his familiarity and love of Brooklyn afford him a strong foundation for leadership at Kings County Hospital Center.

I know you join me in welcoming him and offering him our full support.

## **ANNIVERSARY OF MEDICARE AND MEDICAID ENACTMENT**

Next Monday, July 30th, marks the 47-year anniversary of President Johnson's enactment of Medicare and Medicaid, health insurance programs created through the Social Security Amendments of 1965. As you know, Medicare was created as a program to cover many healthcare costs for the elderly, a rapidly growing population with increasing healthcare needs and limited income. At the same time, Congress created the Medicaid program to provide coverage for other low-income people, including families with children, the blind and the disabled. Prior to the passage of this law, healthcare services for the indigent were provided primarily through a patchwork of programs sponsored by state and local governments, charities, and community hospitals.

The 1965 creation of Medicare and Medicaid followed many years of legislative debate on the efficacy of a federal program to assist with coverage of healthcare costs. President Lyndon Johnson decided to sign the bill with former President Truman at the Truman Presidential Library in Independence, Missouri, in recognition of Truman's efforts 20 years earlier to establish a national health insurance program.

## **CITY RESTORES FUNDING FOR HHC PROGRAMS IN NEXT FISCAL YEAR BUDGET**

In the City Budget that was passed at the end of June, the City Council restored more than \$14.5 million in Expense funding and appropriated \$21 million in Capital funding to HHC. I would like to thank the Council for their generous support and also thank those public health, union and Community Advisory Board advocates who weighed in on HHC's behalf with the Council.

On the Expense side, the Council provided the following funding:

- \$6 million - HHC's Unrestricted City Subsidy
- \$5 million - Child Health Clinics
- \$2 million - Expanded HIV Testing
- \$1.46 million - Developmental Evaluation Clinics
- \$50,000 - Substance Abuse training funds

On the Capital side, the Council allocated the following:

- \$7 million in FY 13 and FY 14 toward the construction of a D&TC at 155 Vanderbilt Avenue on Staten Island;
- \$2.5 million for Metropolitan to renovate their Cancer Center and to purchase a new ultrasound system;
- \$2.25 million for Coney Island Hospital to purchase new cardiac monitors for the ED, new pneumatic tubes for the ED as well as a new communication system;
- \$2.06 million for Kings County to purchase a new MRI;
- \$1.275 million to purchase a new CT Scanner and contribute to a new digital radiography unit;
- \$1.07 million for Harlem Hospital to renovate their post-partum unit and purchase new ultrasound equipment;
- \$850,000 for Bellevue to purchase new OB ultrasound equipment and new cardiac echo machines;
- \$750,000 for Queens Hospital to purchase new anesthesia machines and a CT simulator;
- \$600,000 for Elmhurst Hospital to make renovations to the adult ED and contribute to a new CT scanner;
- \$550,000 for Cumberland D&TC to renovate their pediatric clinic and to purchase a new digital mammography machine;

- \$500,000 for Gouverneur to purchase medical equipment;
- \$500,000 for new medical equipment at Lincoln;
- \$345,000 to renovate the dental suite at Morrisania D&TC; and
- \$120,000 to create a pharmacy at Sydenham.

## **HHC IN THE NEWS HIGHLIGHTS**

### **Broadcast**

Experts Offer Tips for Healthier Ramadan, Dr. Nehad Shabarek, Lincoln, Sonali Upadhyaya, RD, Elmhurst Hospital, NY1, 7/18/12

Elmhurst Hospital Opens New Chest Pain Unit, NY1, 7/23/12

Young girl donates handmade pillows to patients, Jacobi Hospital, News 12 Bronx, 7/23/12

Veda Vasquez struggles toward recovery, Dr. Narajan Sundaresan, Lincoln Hospital, WNBC, 7/13/12

Tips on beating the heat, Dr. Robert Chin, Woodhull, News 12 Brooklyn, 7/6/12

Metropolitan Farmer's Market Opens In East Harlem, NY1, 7/6/12

Hospital Farmer's Market Opens in East Harlem, Metropolitan Hospital, WFUV Radio, 7/6/12

Jacobi's Everlasting Bereavement Garden, Jacobi Hospital, News 12 Bronx, 6/29/12

### **TV and Print**

Supreme Court Upholds Healthcare law

NYC Political Reaction to Health Care Decision Mixed, Alan Aviles, HHC, NY1, 6/28/12 (Also covered by Inside City Hall NY1, CNN, 1010 WINS, WNYC)

New Yorkers divided over 'Obamacare' ruling, Alan Aviles, HHC, Crain's New York Business, 6/29/12

NYC public hospitals see big financial hit from healthcare law, Alan Aviles, HHC, Reuters, 6/29/12

### **More News**

After Affordable Care Act Upheld, Artists Pledge Loyalty to Community Healthcare Programs, Woodhull, Lincoln, New York Observer, 7/6/12

Affordable Care Act: What it means for immigrants, Alan Aviles, HHC, Elmhurst, Queens, The Queens Courier, 7/11/12

Hospital Farmer's Market Opens in East Harlem, Metropolitan Hospital, WNYC, 7/6/12 (Also covered in Crain's Health Pulse)

Best Hospitals in New York, Jacobi, Woodhull, U.S. News & World Report, 7/17/12

Top Spots of Healing: U.S. News rankings for medical centers, Jacobi, Woodhull, New York Daily News, 7/17/12

Metropolitan Hospital Center opens new pediatric inpatient unit, Metropolitan, Nurse.com, 7/2/12

Tales of Pain and Healing, From a Physician Who Knows Both, Dr. Eric Manheimer, Bellevue, 7/13/12 (Also covered in The Wall Street Journal, NY Daily and Huffington Post)

Lincoln Art Exchange: Preventative Healthcare For Artists, Lincoln Hospital, Harlem News, June 28-July 4, 2012

Room emergency: Obese patients weigh on hospital budget, HHC, New York Post, 7/9/12 (Also covered in Sheepshead Bites)

Harvest Home Metropolitan Farmers Market Returns, Metropolitan, Hospital Newspaper, 7/20/12

Calculating different EHR incentive payments, HHC, EHR Intelligence, 7/12/12

Stimulus Dollars Flow to HHC, Crain's Health Pulse, 7/9/12

HIV Testing: It's Best to Know, Dr. Akinola Fisher, Lincoln Hospital , The Bronx Free Press, 7/17/12

Agenda local de salud, Your Local Health Agenda, Elmhurst, Metropolitan and Coney Island, El Diario, 7/16/12

Can't pay that hospital bill? Paint a picture! Dance a jig!, Lincoln Hospital , LA Times/ AP Video, 6/28/12 (Also covered in The Globe and Mail)

Keeping Up with 21st Century Medical Care, Morrisania Diagnostic and Treatment Center, The Bronx Free Press, 6/20/12

Tales of two Bronx students who had to overcome great obstacles to achieve education goals, Jacobi Hospital, New York Daily News, 7/1/12

Harlem Hospital Center celebrates staff, names honorary nurse, Harlem Hospital, Nurse.com, 7/2/12

HHC Goes for ACO Status, Crain's Health Pulse, 7/2/12

HHC Gets \$9M State Grant to Upgrade Services in Clinics, The Chief, 7/2/12

At A Glance: Lincoln Logs Quality, Lincoln Hospital, Crain's Health Pulse, 7/23/12

iPods for seniors: viral hit "Alive Inside" still needs your help on Kickstarter, HHC, Venturebeat.com, 7/23/12

Tu agenda: New chest pain unit at Elmhurst Hospital, Elmhurst Hospital, El Diario, 7/25/12

Protecting Your Skin and Eyes from UV Rays, Iris Jimenez-Hernandez, Lincoln, The Bronx Free Press, 7/18/12

NYC may collect extra \$950 mln in property tax revenue, HHC, Reuters, 7/24/12

CCNY Radio Station Health Initiative Garners Accolades, Harlem Hospital, The City College of New York, 7/5/12

**RESOLUTION**

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract with Atlantic Dialysis Management Services LLC ("Atlantic") to provide dialysis technical services to HHC patients in the following facilities: Coney Island Hospital, Harlem Hospital Center, Jacobi Medical Center, Kings County Hospital Center, Lincoln Medical and Mental Health Center, Metropolitan Hospital Center, North Central Bronx Hospital, Queens Hospital Center, and Woodhull Medical and Mental Health Center. The contract shall be for a period of five years with one, four-year option to renew exercisable solely by the Corporation, in an amount not to exceed \$83 million for the entire term of nine years.

**AND**

Further authorizing the President to make adjustments to the contract amounts, providing such adjustments are consistent with the Corporation's financial plan, professional standards of care and equal employment opportunity policy.

**WHEREAS**, the Corporation seeks to enter into a contract to provide all nursing services, supplies, equipment and maintenance of equipment required for the provision of dialysis technical services and

**WHEREAS**, a Negotiated Acquisition ("NA") was issued on October 3, 2011 in accordance with the Corporation's operating procedures; and

**WHEREAS**, the selection committee evaluated the proposal using criteria specified in the NA, and the committee recommended that Atlantic Dialysis Management Services, LLC be awarded the contract; and

**WHEREAS**, Atlantic Dialysis Management Services, LLC is a company that provides management services to affiliated companies licensed under Article 28 of the Public Health Law but Atlantic Management Dialysis Services LLC is not itself licensed under Article 28 of the Public Health Law; and

**WHEREAS**, to perform under the proposed contract the company engaged must be either licensed under Article 28 of the Public Health Law or be a medical professional corporation; and

**WHEREAS**, Atlantic Dialysis Management Services LLC will assign the proposed contract to an entity or entities licensed under Article 28 of the New York Public Health Law or another entity legally entitled to engage doctors, nurses and other medical professionals provided that such entity(ies) are affiliates of the Licensee and that

the Corporation receives satisfactory assurances that the financial strength of the Licensee will continue to stand behind the Licensee's performance under the license agreement; and

**WHEREAS**, facilities will monitor contract quality measures to ensure quality of patient care; and

**WHEREAS**, the savings, over the life of the contract, are projected to exceed \$146 million; and

**WHEREAS**, the overall responsibility for monitoring the contract shall be under the Senior Vice President/Corporate Chief Medical Officer, Division of Medical & Professional Affairs.

**Now, THEREFORE, be it**

**RESOLVED**, that the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to negotiate and execute a contract with the Atlantic Dialysis Management Services LLC to provide dialysis technical services to HHC patients in the following facilities: Coney Island Hospital, Harlem Hospital Center, Jacobi Medical Center, Kings County Hospital Center, Lincoln Medical and Mental Health Center, Metropolitan Hospital Center, North Central Bronx Hospital, Queens Hospital Center, and Woodhull Medical and Mental Health Center. The contract shall be for a period of five years with one, four-year option to renew exercisable solely by the Corporation, in an amount not to exceed \$83 million for the entire term of nine years.

**AND**

Further authorizing the President to make adjustments to the contract amounts, providing such adjustments are consistent with the Corporation's financial plan, professional standards of care and equal employment opportunity policy.

## RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") to execute a revocable license agreement with Atlantic Dialysis Management Services LLC (the "Licensee") for use and occupancy of space to provide chronic dialysis services at Harlem Hospital Center, Kings County Hospital Center, Metropolitan Hospital Center, Lincoln Medical and Mental Health Center and North Central Bronx Hospital (the "Facilities").

**WHEREAS**, the Corporation, through a Negotiated Acquisition, solicited proposals from qualified vendors to manage inpatient and outpatient dialysis services at the Facilities;

**WHEREAS**, the Licensee, a New York-based manager of dialysis services provided by related entities licensed under Article 28 of the New York State Public Health Law, submitted a proposal, was deemed to have met the solicitation's requirements by the Corporation's Selection Committee, and has been approved for contract award by the Corporation's Contract Review Committee;

**WHEREAS**, by a separate resolution presented in conjunction with this one, the President seeks authorization to enter into a service agreement with the Licensee to govern the provision of both chronic and acute dialysis services to the patients of the Facilities;

**NOW, THEREFORE**, be it

**RESOLVED**, that the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to execute a revocable license agreement with Atlantic Dialysis Management Services, LLC (the "Licensee") for use and occupancy of space to provide chronic dialysis services at Harlem Hospital Center, Kings County Hospital Center, Metropolitan Hospital Center, Lincoln Medical and Mental Health Center and North Central Bronx Hospital (the "Facilities").

The Licensee shall be granted use and occupy of approximately 9,260 sq. ft. of space on the 4<sup>th</sup> floor of the New Patient Pavilion at Harlem Hospital Center, approximately 8,970 sq. ft. of space on the 6<sup>th</sup> floor of the "C" Building at Kings County Hospital Center, approximately 5,015 sq. ft. of space on the 14<sup>th</sup> floor of the Main Hospital building at Metropolitan Hospital Center, approximately 5,998 sq. ft. of space on the 7<sup>th</sup> floor at Lincoln Medical and Mental Health Center, and approximately 6,825 sq. ft. on the 6<sup>th</sup> floor at North Central Bronx Hospital (the "Licensed Space"). The Licensee shall pay an occupancy fee, based on the fair market value of the space, of \$50.00 per sq. ft. at Harlem, or \$463,000 per year; \$54.00 per sq. ft. at Kings County, or \$484,380 per year; \$50.00 per sq. ft. at Metropolitan, or \$250,750 per year; \$40.00 per sq. ft. at Lincoln, or \$239,920 per year; and \$40 per sq. ft. at NCB or \$273,000 per year. The occupancy fee will increase by 10% every five years. The license agreement may be amended, upon the mutual consent of the Corporation and the Licensee, to expand the area licensed at each of Lincoln and NCB to bring the total at each Facility to up to 9,000 sq. ft. and the occupancy fee shall be increased accordingly at \$40 per sq. ft.

The Facilities shall provide building security, heat, air conditioning and ventilation, electricity, internet access, structural maintenance, disposal of medical waste and access to the space twenty-four (24) hours a day, seven (7) days per week. The Licensee shall provide its own housekeeping perform non-structural repairs and maintenance, and maintain and repair the mechanical systems installed for use in the operation of a dialysis clinic.

**Page Two – Resolution  
Atlantic Dialysis Management Services LLC**

The Licensee will provide acute dialysis services to the Facilities' inpatients in space controlled by the Corporation and not licensed to the Licensee under the proposed license agreement.

The Licensee shall indemnify and hold harmless the Corporation and the City of New York from any and all claims arising by virtue of its use of the licensed space, and shall provide appropriate insurance naming the Corporation and the City of New York as additional insured parties.

The license agreement shall not exceed five (5) years without further authorization from the Board of Directors and shall be revocable by either party on one hundred and eighty (180) days prior notice. If the Corporation terminates the license agreement without cause prior to the end of the allowed five year period, the Corporation shall reimburse the Licensee for its un-depreciated, verifiable, reasonable out-of-pocket expenses incurred to prepare the licensed spaces for its intended use and for reasonable expenses actually incurred to wind-down the operation prematurely. The Licensee shall have an option to extend the term of the license agreement for an additional four (4) years with the approval of the Corporation's Board of Directors.

The Licensee may assign the license agreement to an entity or entities licensed under Article 28 of the New York Public Health Law or another entity legally entitled to engage doctors, nurses or other medical professionals provided that such entity(ies) are affiliates of the Licensee and that the Corporation receives satisfactory assurances that the financial strength of the Licensee will continue to stand behind the Licensee's performance under the license agreement.

## RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation" or "Licensor") to execute a revocable license agreement with the Staten Island Inter-Agency Council for the Aging, Inc. (the "Licensee"), for its continued use and occupancy of space to provide services to seniors at the Sea View Hospital Rehabilitation Center and Home (the "Facility").

**WHEREAS**, in June 2007, the Corporation's Board of Directors authorized the President to execute a license agreement with the Licensee; and

**WHEREAS**, the Licensee's services will enhance the quality of life for the Facility's patients; and

**WHEREAS**, the Facility continues to have space available to accommodate the Licensee's needs.

**NOW, THEREFORE**, be it

**RESOLVED**, that the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") be and hereby is authorized to execute a revocable license agreement with the Staten Island Inter-Agency Council for the Aging, Inc. (the "Licensee"), for its continued use and occupancy of space to provide services to seniors at the Sea View Hospital Rehabilitation Center and Home (the "Facility").

The Licensee shall continue to have use and occupancy of approximately 200 square feet of space on the first floor of the Administration Building and, subject to availability, occasional use of the Fireside Room also located in the Administration Building (the "Licensed Space"). The Licensee shall pay an occupancy fee of \$3,600 per annum or approximately \$18.00 per square foot.

The Facility shall provide structural maintenance and utilities to the Licensed Space. The Licensee shall provide housekeeping and general maintenance. The Licensee shall indemnify and hold harmless the Corporation and the City of New York from any claims arising by virtue of its use of the Licensed Space and shall also provide appropriate insurance naming the Corporation and the City of New York as additional insured parties.

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

## RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") to execute a revocable license agreement with Eyes and Optics (the "Licensee") for use and occupancy of space to operate an optical dispensary at Gouverneur Healthcare Services (the "Facility").

WHEREAS, in April 2008 the Board of Directors authorized the President to enter into a license agreement with the Licensee which by its terms expires July 31, 2012; and

WHEREAS, the Facility operates an Ophthalmology and Eye Clinic, performing an array of vision screenings, diagnostic tests and ophthalmic procedures for its patient population; and

WHEREAS, the Licensee's optical dispensary augments available ophthalmology and eye clinic resources for the Facility's patient population by providing an on-site ophthalmic dispensary; and

WHEREAS, the optical dispensary has been a beneficial addition to the Facility's programs and the Facility desires to continue to provide space for the Licensee's operation.

**NOW, THEREFORE, be it**

**RESOLVED**, that the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") be and hereby is authorized to execute a revocable license agreement with Eyes and Optics (the "Licensee") for use and occupancy of space to operate an optical dispensary at Gouverneur Healthcare Services (the "Facility").

The Licensee shall have the continued use and occupancy of approximately 100 square feet of space on the third floor of the Facility (the "Licensed Space"). The Licensee shall pay an occupancy fee of \$45 per square foot, or approximately \$4,500 per year. The occupancy fee represents the fair market value of the space. The cost of electricity shall be included in the occupancy fee. The occupancy fee shall be escalated by 3% per year.

The Licensee shall indemnify and hold harmless the Corporation and the City of New York from any claims arising by virtue of its use of the Licensed Space and shall also provide appropriate insurance naming each of the parties as additional insureds.

The term of this agreement shall not exceed five (5) years without further authorization of the Board of Directors of the Corporation. The License Agreement shall be revocable by either party on ninety (90) days notice.

## **RESOLUTION**

**Authorizing the President of the New York City Health and Hospitals Corporation (“the Corporation”) to execute a contract with Epic Systems Corporation for an Enterprise-wide Electronic Medical Record (EMR) System including the software license, installation, training and maintenance to be used throughout the Corporation’s facilities. The contract will be for an initial term of ten years, with an additional five-year renewal option, exercisable solely by the Corporation, in an amount not to exceed \$302,807,986.**

**WHEREAS**, the Corporation desires to implement a completely integrated Electronic Medical Record system with the intent to centralize the clinical functions currently available in eight electronic instances across the Corporation's health care facilities; and

**WHEREAS**, a qualified EMR vendor is required to assist the Corporation to design, develop and implement an Integrated Clinical Information System that will allow the Corporation’s health care providers to use a single database within a single data repository and help transform the delivery of safe, efficient, and effective care; and

**WHEREAS**, the Corporation performed an assessment of available market options, leading to the issuance of a Negotiated Acquisition that was released July 16, 2008 in accordance with the Corporation’s operating procedures; and

**WHEREAS**, a selection committee composed of the Corporation's Central Office and facility representatives considered proposals from nine EMR vendors and recommended that the Corporation enter into a contract with Epic Systems Corporation; and

**WHEREAS**, the overall responsibility for the monitoring of the contract will be under the direction of the Senior Vice President/Corporate Chief Information Officer;

**NOW THEREFORE, BE IT**

**RESOLVED**, that the President of the New York City Health and Hospitals Corporation be and hereby is authorized to execute a contract with Epic Systems Corporation for an Enterprise-wide Electronic Medical Record System including the software license, installation, training and maintenance to be used throughout the Corporation’s facilities. The contract will be for an initial term of ten years, with an additional five-year renewal option, exercisable solely by the Corporation, in an amount not to exceed \$302,807,986.

## **EXECUTIVE SUMMARY**

### **EPIC SYSTEMS CORPORATION ELECTRONIC MEDICAL RECORD**

The accompanying resolution requests approval to enter into a ten year contract with an additional five year renewal option with Epic Systems Corporation to provide the Integrated Clinical Information System (ICIS) Electronic Medical Record (EMR) for the New York City Health and Hospitals Corporation for a total amount, inclusive of \$22,971,500 for training and implementation, not to exceed \$302,807,986.

The existing EMR used at HHC is a legacy system, which, over several years, continues to lose market share. The product has had four changes in ownership (HDS, Medaphis, Per Se, Misys, and now QuadraMed). In 2006, HHC reviewed the status of our current EMR in the marketplace. It found there was significant executive turnover including at the CEO level, minimal new client sales during the previous two years, a relatively small budget for research and development, and that other products have surpassed the incumbents' medical record functionality. The product (QCPR) and current vendor were determined to be unable to support HHC's future need for the next generation EMR.

The Corporation has selected EPIC, a single enterprise-wide EMR to meet the needs of HHC's expansive size, improve patient care, control costs, and overcome gaps in care transitions. In order to fully realize the benefits provided by the new ICIS system, HHC will undergo an intensive clinical standardization process which, together with the new technology, will position HHC for the challenges of an increasingly complex healthcare marketplace.

HHC wishes to procure the EPIC solution to be able to increase patient safety through the use of efficient and effective decision support. The EPIC system is scalable to the size and performance requirements of HHC and able to meet the unique requirements and workflows of facilities and programs throughout HHC. The EPIC System conforms to emerging and evolving HIT standards and utilizes modern technology to allow for interoperability with external systems, RHIO's and other providers.

The EPIC EMR will be implemented at all eleven (11) HHC acute care hospitals, five (5) long term care/long-term acute care hospital locations, six (6) diagnostic and treatment centers and over seventy (70) other community based clinics. More than 8,000 physicians, 2,500 residents, 9,000 nurses, and many other clinical professionals will directly interact with the ICIS system on a daily basis and nearly all 39,000 of HHC's dedicated employees will be impacted by the new clinical system. The solution will be implemented within a scalable highly-available environment with full disaster recovery capabilities to minimize downtime.

In 2008 HHC planned and initiated a Negotiated Acquisition for the new EMR. The following year, the Federal Government announced Meaningful Use incentive funding and HHC is currently attesting to meaningful use with an estimated \$125,000,000 of incentive payments for the hospital program. These funds will be utilized to support the implementation costs for this software.

# CONTRACT FACT SHEET

New York City Health and Hospitals Corporation

**Contract Title:** THE INTEGRATED CLINICAL INFORMATION SYSTEMS-EMR PROJECT

**Project Title & Number:** THE INTEGRATED CLINICAL INFORMATION SYSTEMS-EMR PROJECT

**Project Location:** HHC – Enterprise Wide

**Requesting Dept.:** CLINICAL INFORMATION SYSTEMS

**Successful Respondent:** EPIC SYSTEMS CORPORATION

**Contract Amount:** \$ 302,807,986

**Contract Term:** TEN YEARS WITH ONE 5 YEAR OPTION TO RENEW

**Number of Respondents:** NINE  
(If Sole Source, explain in Background section)

**Range of Proposals:** \$ 282,425,568 to \$ 389,224,964

**Minority Business Enterprise Invited:** No If no, please explain: Solicitation was publicly advertised

**Funding Source:** General Care X  
Capital X  
Grant: explain  
Other: explain Meaningful Use Incentive Funding, Capital Request

**Method of Payment:** Lump Sum  
Per Diem  
Time and Rate  
Other: explain Payments will be lump sum with subsequent scheduled monthly payments in addition to payments based on milestones and time and materials for services.

**EEO Analysis:** Approved as of 5/10/2012

**Compliance with HHC's McBride Principles?** X Yes No

**Vendex Clearance** X Yes No

## CONTRACT FACT SHEET (continued)

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**Background** (include description and history of problem; previous attempts, if any, to solve it; and how this contract will solve it):

HHC is dependent upon robust clinical information systems to enable it to achieve and maintain excellence in patient care. The Current EMR vendor, QuadraMed is losing resources and market share. Several key programmers have left the organization and the software upgrades have been challenging. HHC needed to perform 24 upgrades over 18 months, just to reach stage I of meaningful use. These upgrades consumed a tremendous amount of staff time and resulted in several significant periods when entire hospital networks were without the EMR. Our current experience with QuadraMed, as well as escalating costs to maintain eight different EMR systems are compelling reasons why HHC has pursued this Negotiated Acquisition.

The healthcare marketplace is gearing up for Accountable Care. This transformation will require care coordination and clinical efficiencies that is supported by robust information systems. If HHC is to meet these upcoming challenges we must have a fully integrated system of care; one which connects centers of excellence and one which can adapt quickly. Changes to our current system take months if not years to complete. There are cost implications of not making this investment as well. HHC has been approached by our incumbent EMR vendor because the vendor does not have enough resources to work on both eligible provider meaningful use AND Stage II at the same time. HHC will be able to sustain Stage I and II for Hospitals with the current system. However, the long term ability of the vendor to support stage II and Eligible providers is unclear. The financial impacts of not meeting meaningful use are estimated at \$70 million for Eligible Providers (EPs) and Stage III will be worth approximately \$40 million. In addition to risks to incentive funding, there are also risks of Medicare penalties (1% of total Medicare revenues in 2015, which is approximately 9.6 million dollars) for not maintaining meaningful use.

Through this Negotiated Acquisition, HHC will procure a new state of the art Electronic Medical Record solution that will increase patient safety through the use of efficient and effective decision support; that is scalable to the size and performance requirements of HHC, is able to meet the unique requirements and workflows of facilities and programs throughout HHC, is focused on secondary uses of data to improve patient care and outcomes; conforms with emerging and evolving HIT standards, and utilizes modern technology to allow for interoperability with foreign systems, RHIO's and other providers. The system will also streamline care delivery and eliminate waste and manual processes. Each of these will, in turn, optimize care experiences for patients, care providers and staff.

The ICIS EMR Project will be implemented at all eleven (11) HHC acute care hospitals, five (5) long term care/long-term acute care hospitals, six (6) diagnostic and treatment centers and over seventy (70) other community based clinics. More than 8,000 physicians, 2,500 residents, 9,000 nurses, and many other clinical professionals will directly interact with the ICIS system on a daily basis and nearly all 39,000 of HHC's dedicated employees will be impacted by the new clinical system as well as the 1.3 million patients served annually by HHC. The ICIS solution will be an integrated EMR utilizing a single database within a single data repository. The application environment will cover all clinical and supporting service lines within the acute care, long term care, and hospital-based and non-hospital-based ambulatory care settings. It will integrate with other existing HHC clinical and enterprise applications and will have extensive business intelligence/reporting functionality. The solution will be implemented within a scalable highly-available environment with full disaster recovery capabilities to minimize downtime.

The existing EMR used at HHC is a legacy system, which has a decreasing market share and has shown several changes in ownership (HDS, Medaphis, Per Se, Misys, and now QuadraMed). In 2006, HHC reviewed the state of our current EMR in the marketplace. It found there was significant executive turnover inclusive at the CEO level, minimal new client sales during the previous two years, the product had not kept pace with competition and competitive products had surpassed the incumbents' medical record functionality. Most recently, the lack of sufficient vendor resources was evident in the extended process leading to meaningful use.

In 2008, HHC planned and initiated a Negotiated Acquisition for a new Electronic Medical Record and received proposals from nine vendors, which were narrowed to five vendors after prequalification in 2009: Allscripts, Cerner, Epic, McKesson and Siemens. Subsequently, the Federal Government announced Meaningful Use incentive funding. HHC estimated total potential incentives at \$125,000,000 for hospital program. In 2010, HHC began preparing for Meaningful Use attestation with the incumbent system to avoid potential loss of incentive funding. In August 2011, the five vendors were narrowed to three after initial ratings based on vendor functionality and gap analysis: Allscripts, Cerner, & Epic. Finally in mid-2012, HHC concluded that Epic offered the best proposal with the most integrated functionality. The contract costs are \$ 215.4 million over the initial ten-year term and one \$87.4 million five-year renewal option, for a total contract amount not to exceed \$302,807,986.

CONTRACT FACT SHEET(**continued**)

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***Contract Review Committee***

*Was the proposed contract presented at the Contract Review Committee (CRC)? (include date):*

**August 22, 2012**

*Has the proposed contract's scope of work, timetable, budget, contract deliverables or accountable person changed since presentation to the CRC? If so, please indicate how the proposed contract differs since presentation to the CRC:*

N/A

## CONTRACT FACT SHEET(**continued**)

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### ***Selection Process:***

Please see Attachment A for list of selection committee members and firms that responded to NA.

The Negotiated Acquisition for a new integrated clinical information system has been carefully designed to maximize stakeholder input with a focus on transparency and process integrity. In 2008, HHC planned and initiated a Negotiated Acquisition for a new Electronic Medical Record and received proposals from nine vendors. HHC selected five leading vendors in 2009 during the prequalification phase followed by evaluations of the remaining vendors' full proposals. Through this comprehensive review process, the Selection Committee, (consisting of three Corporate Officers; Sr. Clinical Leadership representing Nursing, Medicine, Psychiatry, Long Term Care, Emergency Department, Informatics, and Pharmacy; along with the President's Chief of Staff, the Sr. Assistant Vice President of Finance and HHC's Chief Medical Officer), recommended two semi-finalists with one of them being the preferred vendor.

**The Selection Committee** was reconstituted in 2011 and met approximately twice monthly from July 2011 until April 2012. Member roles included (1) oversight of the selection activities; (2) review of key vendor documents, market research, and key proposal content; (3) review of progress reports; (4) review of quantitative ratings of integrated vendor demonstration scripts; (5) review of function-specific product evaluations by HHC's expert workgroups; and (6) review of analysis provided by the negotiating team. The Selection Committee has (7) recommended two vendors to proceed to final negotiation by the Negotiating Team to (8) review the results of the negotiation and (9) ratify and endorse the recommended vendor to the Corporation for ultimate consideration by the Board of Directors.

**Expert Work Groups:** To accomplish the detailed review of the software HHC engaged a broad representation of stakeholders from across HHC's Clinical Councils and other business units. Eight expert workgroups were assembled to review the vendors written responses with respect to system functionality. The workgroups reported directly to the selection committee and included approximately eighty individuals with experience managing and using electronic medical record systems. These workgroups are the same groups that contributed to the over 4,000 functional requirements questions contained within the request for full proposals. Expert Workgroups provided their observations of each vendor's strengths and weaknesses through formal presentations to the selection committee. In addition to attending vendor demonstrations, these groups conducted additional product reviews, attended site visits and participated in reference calls. Expert workgroups provided their impressions of system functionality to the Selection Committee for review, including any significant concerns.

**The Negotiating Team** has reviewed other aspects of the Full Proposals including the vendor's current financial position, ongoing vendor investment in research and development, review of the product roadmap, ability and willingness of the vendors to comply with HHC's standard contract terms and other key information contained within the full proposals, including the total cost. This group negotiated with the two semi-finalists and returned a final contract for consideration of the CRC.

*Scope of work and timetable:*

The scope of work includes procuring a comprehensive Integrated Clinical Information System (ICIS) to cover the majority of our Electronic Medical Records needs for all HHC facilities including Long Term Care, Acute Care Hospitals, and Ambulatory Care. The system chosen will provide electronic medical records functionality for all of these facilities and include a broad array of disciplines such as behavioral health, the emergency departments, obstetrics, as well as medicine, surgery, and subspecialties.

The following services will be provided through this contract:

Software Licenses

Perpetual Enterprise Licenses for all modules

Third Party Licenses for Database and Supporting Applications

Software Maintenance

Annual maintenance as modules are used

Professional Services

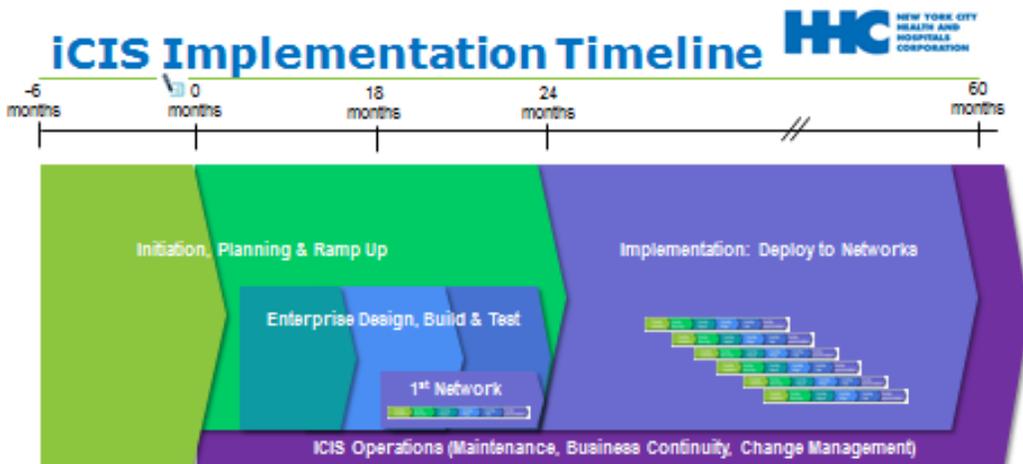
Implementation support for the first wave hospitals, DTC, and LTC

Technical Support during the implementation

Training

The high level rollout timeframe is noted below:

The first network is scheduled to be implemented between the 18<sup>th</sup> and 24<sup>th</sup> month of the project.



**CONTRACT FACT SHEET (continued)**

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*Provide a brief costs/benefits analysis of the services to be purchased.*

The Current level of QuadraMed spending, along with the new functionality that would be required to supplement the QuadraMed application, is significant. If HHC were to remain with QuadraMed, it would need to maintain over 90 existing applications and implement ten to fifteen major new applications.

Shown below is the fifteen-year software cost analysis performed to compare the proposed cost of software based on similar functionality. The analysis includes both of the Negotiated Acquisition finalist vendors: Allscripts and Epic. The outcome of this analysis, shown below, is that Epic was the best value due to the integrated functionality available in a single application. This allows HHC to use fewer applications to achieve the same functionality.

<b>Epic</b>	
Software, Training & Implementation Services	\$ 83,469,164
Maintenance	\$ 204,046,802
Contingency	\$ 15,292,020
	<u>\$ 302,807,986</u>

<b>Allscripts</b>	
Software, Training & Implementation Services	\$ 90,574,028
Maintenance	\$ 193,959,587
Contingency	\$ 14,536,047
	<u>\$ 299,069,662</u>

CONTRACT FACT SHEET (continued)

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In addition, as part of the implementation of Epic, several well documented improvements are expected, particularly related to the transition of our Long Term Care facilities from paper to electronic:

<i>Reduction in Lab Testing (5-16%)</i>	\$ 336,000
<i>Saved Nursing Time with e-MAR</i>	\$ 2,214,000
<i>Redeploy 6 FTE Record Room Staff</i>	\$ 3,824,000
<i>Fifteen-year savings</i>	\$ 6,374,000

*Provide a brief summary of historical expenditure(s) for this service, if applicable.*

EPIC does not currently have any contracts with HHC.

The expenses for QuadraMed are referenced below:

	FY 12 *	FY 11	FY 10 **	FY 09
Software Licenses/ Maintenance	\$ 9,210,779	\$ 3,896,811	\$ 7,363,674	\$ 2,509,217

\* includes new Meaningful Use components. Does not include e-RX.

\*\*included large software upgrade payment.

*Provide a brief summary as to why the work or services cannot be performed by the Corporation's staff.*

A significant portion of the work of implementing the EPIC system will be performed by the Corporation's staff. However, the EPIC Vendor will provide necessary implementation support and training for HHC's staff to become independent and have the ability to maintain the system following implementation.

CONTRACT FACT SHEET (continued)

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*Will the contract produce artistic/creative/intellectual property? Who will own It?  
Will a copyright be obtained? Will it be marketable? Did the presence of such  
property and ownership thereof enter into contract price negotiations?*

No intellectual property creation is envisioned at the present time.

CONTRACT FACT SHEET (continued)

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*Contract monitoring (include which Senior Vice President is responsible):*

**Bert Robles**  
**Senior Vice President**  
**Chief Information Officer**  
**Enterprise Information Technology Services**

**Louis J. Capponi, MD, FACP**  
**Chief Medical Informatics Officer**

*Equal Employment Opportunity Analysis (include outreach efforts to MBE/WBE's, selection process, comparison of vendor/contractor EEO profile to EEO criteria. Indicate areas of under-representation and plan/timetable to address problem areas):*

Received By E.E.O. May, 2012  
Date

Analysis Completed By E.E.O. Approved as of 5/10/2012  
Date

By Manassas Williams  
Name

MEMORANDUM

**To:** Afshan Syed  
Central Office - IT

**From:** Karen Rosen   
Assistant Director

**Date:** September 5, 2012

**Subject:** VENDEX Approval

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For your information, on September 5, 2012 VENDEX approval was granted by the Office of Legal Affairs for the following company:

Epic Systems Corporation.

cc: Norman M. Dion, Esq.

**Manasses C. Williams**  
Assistant Vice President  
Affirmative Action/EEO  
manasses.williams@nychhc.org

**TO:** Patricia Cuartes  
Information Technology Services

**FROM:** Manasses C. Williams *m.c.w. / J.P.*

**DATE:** May 10, 2012

**SUBJECT:** EEO CONTRACT COMPLIANCE REVIEW AND EVALUATION

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The proposed contractor/consultant, **Epic Systems Corporation**, has submitted to the Affirmative Action Office a completed Contract Compliance Questionnaire and the appropriate EEO documents. This company is a:

Minority Business Enterprise  Woman Business Enterprise  Non-M/WBE

Project Location(s): Various Hospitals

Contract Number: \_\_\_\_\_

Project: Enterprise Software License

Submitted by: Office of Information Technology Services

EEO STATUS:

1.  Approved
2.  Approved with follow-up review and monitoring
3.  Not approved
4.  Subject to EEO Committee Review

COMMENTS:

MCW/srf

## EPIC Contract Presentation Summary

### Background

In 2008, HHC determined that it needed to replace the current Electronic Medical Record (EMR) system and launched an initiative, code name iCIS, to replace the current fragmented and disconnected electronic health records with a new, state of the art system. iCIS - The Integrated Clinical Information System (iCIS) will be a single, standardized, enterprise-wide Electronic Medical Record that will build upon the Corporation's twenty years of experience using EMR's. One of the key goals of ICIS is to unite and connect all of HHC's hospitals, community based clinics long term care facilities, centers of excellence, and even our patients. ICIS will be a single, standardized, enterprise-wide Electronic Medical Record (EMR) that will meet HHC's need for an agile and dependable EMR for decades to come.

Utilizing the collective knowledge of our staff and based in Breakthrough improvement and industry-standard technology implementation and management methods, HHC will maintain its reputation for excellence as a safety net organization and continue the transformation into a "top notch" Accountable Care Organization. HHC's Accountable Care Organizations will require a highly developed Electronic Medical Record Systems to support complex care management and patient centered medical homes, manage cost, and eliminate waste while maintaining the best medical practice – in other words, to achieve the triple aim.

Over its twenty-year life span, the current EMR has enabled HHC to maintain operations and even improve in some areas. However, the current system has old functionality, such as clinical documentation and a decision support engine, which have not changed significantly for over 20 years. During that same time HHC's need, for this and other functionality, keeps growing. At this pace, HHC will be no match for the fast paced healthcare environment of the 21st Century. Other areas where the current EMR lacks functionality include the emergency department, operating room, long term care, behavioral health, patient portals, and mobile access. The system also lacks the agility to support our complex integrated delivery system. Finally, the vendor continues to have a low share of the EMR marketplace and falls below market expectations according to several industry authorities.

iCIS will be implemented across every Acute, Ambulatory and Long Term Care Facility including our 80 community-based clinics and all Behavioral Health areas (inpatient, outpatient, ED, mobile crisis, detox, etc). The advancements of iCIS will touch more than 8,000 physicians, 2,500 residents, 9,000 nurses and nursing staff, and other healthcare professionals. iCIS will be able to adapt to the changing needs in healthcare and meet Federal, State, and Local regulatory requirements. Being the central plexus for the entire Public Health Hospitals across all of the five boroughs in New York City , iCIS is being designed with full redundancy both locally (within each facility) and even across State lines to assure constant availability in the event of anything from a minor downtime to significant disaster. It will integrate with existing HHC enterprise applications for exchange of data and will support advanced extensive business intelligence and up-to-the minute dashboards and reporting functionality.

To put this in perspective, consider the case of Ms. Christie Jones. Ms. Jones is a 68-year-old female with a history of hypertension and angina who has recently suffered a small stroke. Previous to iCIS, the medical information regarding the care of Ms. Jones was contained in multiple systems making coordination of care difficult and validating the accuracy of her healthcare laborious. With iCIS, all of Ms. Jones' medical care will be captured within a single, robust, integrated EMR – from her arrival to the Emergency Department, admission as an Inpatient, and subsequent discharge, followed by care within the home and through the ambulatory care services, iCIS will allow all her medications, diagnostics and laboratory tests and clinical documentation to be readily available across HHC.

Ms. Jones is just one representation of the 1.2 million patients, often with even more complex medical conditions, who will benefit from the integrated EMR.

### **Selection Process**

An EMR purchase of this magnitude requires an extensive, comprehensive, and detailed selection process to ensure that the new vendor and product align strategically with HHC. The EMR's evaluation criteria were divided into three major components: proposed system solution, strategic business partnership, and operational and financial impact.

- 1. Proposed System Solution** – EMR must meet functional requirements, be intuitive and easy to use, support patient-focused care, provide 24/7 access to data, satisfy regulatory requirements, protect patient data privacy, and support health information exchange. Additionally, the vendor should not have failed implementations.
- 2. Strategic Business Partnership** – Vendor compatibility based on integrity and reputation, focus on enterprise clinical solutions, alignment with HHC vision, proven implementation methodology, and track record in delivering success.
- 3. Operational and Financial Impact** – Cost components include: software licensing & maintenance, hardware & technical infrastructure, implementation staging & resources, and total cost of ownership.

### **Participation**

To achieve the goals of an endeavor of this magnitude, the engagement and collaboration of both clinical and administrative personnel was essential. HHC engaged a broad spectrum of participants who were representative of every facility type and nearly every service. Five groups helped to evaluate the EMR vendors:

- 1. iCIS Selection Committee** - The iCIS Selection Committee was composed of 15 members from HHC's senior leadership from the Networks and Central Office. The duty of this committee was to review the information gathered from the Demonstration participants and Expert Workgroup members and choose the EMR vendor that best fit HHC's needs.
- 2. Expert Workgroups** – Eight Expert Workgroups were formed to review and evaluate each EMR's offering based on their extensive experience working at HHC and their experience with the

current EMR. Examples of expert workgroups include radiology, laboratory, and health information management.

3. **Demonstration Participants** – Consisted, on average, of approximately 120 clinical and 50 technical Network and Central Office staff members. The purpose of this group was to evaluate the initial two-day demonstration of the top five EMR vendors reviewed by HHC.
4. **iCIS Negotiating Team** – Formed by senior members of HHC Finance, IT, and Legal. This group reviewed and negotiated the terms and conditions of the two finalist EMR vendors.
5. **Councils** – Council members were kept abreast of the progress of the procurement at monthly council meetings which were attended by the iCIS team. These meetings were also used as an opportunity for engagement in some initial set of requirements gathering by the iCIS team.

### **Proposed System Solution**

In June of 2011, five vendors were invited to a two-day clinical and technical session to review the functionalities of their EMR systems with HHC Participants. The five vendors were:

1. Allscripts
2. Cerner
3. Epic
4. McKesson
5. Siemens

Each vendor was provided an identical, detailed clinical scenario and asked to demonstrate their EMR's functionality based on this scenario. HHC participants scored each vendor's demonstration based on their performance in the demonstration and their ability to meet the clinical documentation requirements as per the scenario. In August of 2011, based on their performance and scores, the iCIS Selection Committee narrowed the number of vendors to three Finalists:

1. Allscripts
2. Cerner
3. Epic

From September 2011 to March 2012, members from HHC's Expert Workgroups conducted 33 additional review sessions with each finalist to evaluate their system on a more detailed granular level. These reviews included Clinical Documentation, Decision Support, Pharmacy, Laboratory, Ambulatory Care, Clinical Coding, Radiology, Peri-Op, HIM and Long Term Care. Technical reviews were also conducted to assess each system's ease of use and technological capability to support an organization as large as HHC. In addition to reviewing the EMR's functionalities, a small group of Expert Workgroup members attended two reference site visits per vendor to observe live systems at facilities similar in size and scope to HHC.

## Strategic Alignment

Visits were also made by HHC's Executive Officers to each of the final three vendor's corporate headquarters. The purpose of these visits was to evaluate the alignment of the vendor's long-term strategic goals with HHC's long-term strategic goals.

## Costs

Also during this period, a detailed analysis of each vendor's total cost of ownership (TCO) was conducted. The purpose of the TCO analysis was to evaluate all of the major components required to purchase and implement each EMR. In addition to each vendor's software costs, the TCO includes the additional software and accompanying hardware, interfaces and professional services required to install the new EMR throughout the Corporation. The evaluation of each vendor's costs was structured to provide equivalent comparisons between vendors ("apples-to-apples").

## Final Evaluation

In April 2012, the iCIS Selection Committee evaluated each vendor based on the detailed reviews, Reference and Corporate site visits, and Total Cost of Ownership. The preferred finalist and alternate finalist were determined by the tabulation of structured scorecards which were filled out by each Selection Committee member. Based upon the scores, Epic was voted as the preferred finalist, Allscripts the alternate finalist. Negotiations began in parallel between HHC and each finalist shortly thereafter and continued through August 2012. After negotiations with the finalist vendors, the cost differences between each vendor were de minimis.

Based on extensive assessments of overall fit, goal alignment and cost, Epic was chosen as the finalist and presented to the Contract Review Committee meeting held on August 22<sup>nd</sup>, 2012.

The major advantages of choosing Epic include:

- 1. One patient Electronic Medical Record across HHC.** Epic is able to extend its EHR functionality into essential clinical areas, such as behavioral health, anesthesia/operating room, emergency department and long term care and offer the only true INTEGRATED record.
- 2. Integrates with the Soarian Financial System.**
- 3. A Strong Company.** Epic is a privately held corporation with substantial growth and little debt. It has been used by large and complicated healthcare systems across the United States and has high ratings in the marketplace, including highest rated integrated EMR by KLAS, an industry authority on Health Information Technology ratings. Its business model consists of making their clients independent.

Many EPIC Customers have received recognition from the Health Information Management System Society (HIMSS) and received the prestigious Davies Award. More Epic Clients have achieved the highest stage of EMR functionality, Stage 7, than all other vendors combined. Research has correlated advanced IT systems with improved patient safety and also with improved financial performance. EPIC will provide HHC with the technology to continue our tradition of achievements in Health Information Technology.

## Fifteen Year Cost Analysis

Today, HHC has over 130 clinical applications and many other clinical databases. This is a large number of clinical applications to manage. Even with this large number there remain significant gaps in several areas as noted earlier. These systems are often “stand alone,” meaning they do not communicate with one another. Not only is the status quo failing to meet HHC’s information system’s needs, this large portfolio of stand alone applications is costly to maintain. HHC spends between \$24 and \$30 million per year on its main clinical systems and an additional \$6 million annually for all of the stand-alone applications in use today. There are additional costs for infrastructure to run all of these applications. If we add to this estimate, the cost of procuring even more applications needed to fill the gaps of the status quo, the total fifteen year cost of ownership to maintain our current trajectory, including inflation, would be \$1.28 billion over the next 15 years. This is compared to the total cost for the same time period to move to EPIC of \$1.44 billion as detailed below.

The first item is the 15-year contract cost with Epic of \$302.8M, which includes software licenses (\$60M), professional services (\$23.8M), software maintenance (\$204M), and contingency (\$15M). The software licenses include perpetual enterprise licenses for all modules and third party licenses for Cache database and pharmacy database. Professional services include implementation support for first three networks and training. Software maintenance is annual maintenance for the modules and includes 24x7x365 support. This cost also includes unlimited use of portals and PHR’s for patients and the use of HIE communication via RHIO’s. These cost components are outlined in Table 1

Table 1: 15-Year Epic Contract Cost

<b>Software Licenses</b>	\$60 Million
<ul style="list-style-type: none"> <li>• Perpetual Enterprise Licenses for all modules</li> <li>• Third Party Licenses for Cache Database &amp; Pharmacy Database</li> </ul>	
<b>Professional Services</b>	\$23.8 Million
<ul style="list-style-type: none"> <li>• Implementation support for first 3 Networks (including DTC and LTC)</li> <li>• Training</li> </ul>	
<b>Software Maintenance</b>	\$204 Million
<ul style="list-style-type: none"> <li>• Annual maintenance for modules – paid when implemented</li> </ul>	
<b>Contingency</b>	\$15 Million
<b>Total</b>	<b>\$302.8 Million</b>

As referenced above, the total fifteen-year cost to migrate from the current trajectory to EPIC is \$1.4B, which includes both new costs and the cost to maintain existing systems during the transition. A breakdown of these costs is shown in Table 2.

Table 2: Total Project Cost Analysis

Contract	Time Frame	15-Year Cost
Epic Contract	Term 2012-2027	\$303 Million
QMED	Continuation of current contract through 2017	\$80 Million
Third Party* Software	To be installed over the next 5 years and funded through 2027	\$144 Million
Hardware*	To be purchased over the next 3 years and replacements to be funded through 2027	\$191 Million
Interfaces*	To be purchased over the next 3 years and replacements to be funded through 2027	\$157 Million
Implementation Support*	Vendors to be identified through RFP; includes cost of non-IT Staff participation, training and clinical staff coverage	\$203 Million
Application Support Team	New and existing HHC Staff to be used through the implementation and maintenance period	\$357 Million
<b>Total</b>		<b>\$1,435 Million</b>

\* Future contracts to be presented to the Board of Directors

Compared to the fifteen-year total cost of ownership of the current system, implementing the new Epic system results in a net cost of \$157 million. This net increase is primarily due to implementation costs as well as the cost involved with transitioning from one system to another. The bulk of this cost difference can be funded by the CMS meaningful use incentive, which totals \$125M.

## Implementation

The iCIS Program is projected to be a five year implementation that will deliver an integrated clinical information system to each HHC acute care facility, diagnostic and treatment center and long term care facility. The Program will be structured according to the System Development Life Cycle (SDLC) standards and managed according to the processes defined by the Project Management Institute. The project plan will be developed collaboratively with key HHC stakeholders and the selected EMR vendor. To guide the direction of program work and establish a common understanding amongst team members, the following principles are set forth:

1. Provide strong clinical leadership and engage stakeholders throughout each phase of project
2. Maximize standardization by:
  - Establishing a strong governance structure
  - Following model content & best practice guidelines
  - Maintaining strict change control standards
  - Implementing one enterprise-wide database

By dividing the Program into phases, iCIS leadership will be able to effectively sequence and manage the broad scope and complexity of the Program. The iCIS Program will consist of four phases:

1. Initiation and Ramp Up - Ensure the appropriate planning is conducted and staffing levels defined
2. Enterprise Design and Build – The review, modification, and configuration of the vendor’s out-of-the-box Model system to meet HHC’s needs. The resulting product is the HHC Enterprise Model System, one that delivers standardized workflows and procedures throughout the Corporation.
3. Deployment to Facilities – The preparation for the installation and go-live of the new EMR at every HHC Facility.
4. Transition to Operations and Maintenance – The activities required to ensure a smooth transition to a fully operational and healthy electronic medical record system.

## **Governance**

The Governance for this important project is currently being finalized. Strong project governance is one of the most critical components for success. The following are among the roles which will be established to ensure effective and timely decision making:

***iCIS Executive Sponsor Committee*** – Provides overall Program oversight including governance and decision-making on key elements of the Program scope.

***iCIS Program Leader*** - The champion of the Program and provides Corporate-wide ownership. Has ultimate responsibility for the success of the Program in fulfilling its mission.

***iCIS Program Director*** - Responsible for the overall planning, execution and control of the Program. Leads the Program Managers to mobilize and use the Program team to complete the Program successfully. Reports to the Program Leader.

***iCIS Program Management Team*** - Coordinates and monitors the execution of iCIS core activities and sub-project activities. Mobilizes and uses the program team resources to complete the program successfully. Reports to the Program Director.

***HHC’s Clinical Councils*** - Will be incorporated into the program to provide clinical guidance over the design and build of the HHC Enterprise Model system.

## **Budget Monitoring**

Program spending will be monitored and regularly reported by the Program Director and Project Management Team to the Budget Director of IT as well the Executive Steering Committee, Corporate Finance and Budget, Capital, and other committees as appropriate. Careful attention to budget availability and cash flow will be required to ensure that the project remains on time and on budget.

## **Risk Management**

Uncertain events or conditions may have a negative effect on the program’s timeline and budget. Adequate risk management is a critical success factor of the iCIS Program. In order to develop effective mitigation plans and responses, multi-dimensional risks that are inherent in the program will be estimated and assessed with sufficient qualitative and quantitative analyses. The methodology and

process of managing program risks will be defined according to the Project Management Institute's Body of Knowledge.

### **Robust Technology with Disaster Recovery and Security**

The infrastructure platform from which Epic will be run has been designed for high performance transaction speeds and high system availability. The proposed solution is the culmination of nine months of design and system capacity testing working directly with Epic and top tier hardware manufactures. A transaction speed service level agreement has been negotiated with all parties to assure medical staff will be able to perform their duties quickly and efficiently. The transaction speed estimates have been validated by performing specific system testing using a data set of similar size to what HHC can expect with Epic. Further the system includes instrumentation such that the transaction speed will be constantly monitored, allowing for action to be taken immediately if performance falls below present limits.

Each element of the system has been designed for high performance and reliability. The selected hardware includes all possible redundant componentry. Major system elements such as servers, storage, and network equipment have been arranged in a fault tolerant redundant configuration following industry best practices for high availability. In the event of interruption of one server the workload will move automatically to another piece of equipment with zero impact to the end user. The design includes a fully duplicated running system located in secondary data center, allowing for full system processing to be switched to a secondary facility within a 1 to 2 hour time frame with data loss of less than 1 minute.

Security is another major consideration for this robust system. Prior to selecting Epic, HHC's security and infrastructure team did a thorough review of all technical and functional security parameters enabled through this technology. The system will allow HHC to comply with HIPAA standards as well as Meaningful Use Certification Criteria. In addition, security features were evaluated to determine their level of flexibility to protect specific types of information including highly sensitive information.

### **Change Management**

A key ingredient in the delivery of a quality solution is to ensure that all changes follow stringent change management procedures. The goal of the process is to ensure that standardized methods are followed for the efficient and prompt handling of all changes, minimizing the negative impacts of change. The change management process, when combined with other Information Technology Infrastructure Library (ITIL) standards-based processes, provides the necessary guidelines and procedures to efficiently apply changes to the system. Whether the change is to establish/update a configuration or fix a defect, the established Change Management Process will provide a consistent approach to the assessment of the impact of a change request, the associated risk, resources required, and approvals needed. A Change Management Board consisting of senior members of the Corporation will be instituted to review and approve high impact changes.

**Communication**

As with any large program, iCIS' success will depend on transparent and effective communications both within and outside the HHC community. The iCIS Program will provide regular, timely and appropriate communications to the various stakeholder audiences that relate to the program.

## **RESOLUTION**

Authorizing the creation of the HHC Finance Corporation (the "Finance Corporation") as a Type C not-for-profit corporation under Section 402 of the New York Not-for-Profit Corporation Law with the New York City Health and Hospitals Corporation (the "Corporation") as its sole member.

**WHEREAS**, the Corporation wishes to participate in a New Market Tax Credit ("NMTC") supplemental financing of its Harlem Hospital Major Modernization project; and

**WHEREAS**, NMTC structures often require that, to participate, HHC have an affiliated corporation that is authorized and empowered to take part in a NMTC transaction; and

**WHEREAS**, it would be useful to form a subsidiary corporation with the power to participate in NMTC structures and take other actions supportive of the Corporation; and

**WHEREAS**, the Corporation has the right under Section 7385(20) of the HHC Act to form subsidiary corporations.

**NOW, THEREFORE, be it**

**RESOLVED**, that the Corporation take the necessary steps to form the HHC Finance Corporation (the "Finance Corporation") as a Type C not-for-profit corporation under Section 402 of the New York Not-for-Profit Corporation Law with the Corporation as its sole member; and it is further

**RESOLVED**, that the certificate of incorporation for the Finance Corporation be in the form attached hereto; and it is further

**RESOLVED**, that the initial directors of the Finance Corporation be: Alan D. Aviles, Laray Brown, Antonio Martin, Marlene Zurack and Salvatore Russo and that any subsequent directors elected to fill any vacancies left by the resignation or removal of any of such directors be the successors to such individuals in their offices at the Corporation; and it is further

**RESOLVED**, that the by-laws of the Finance Corporation be in the form attached hereto.

CERTIFICATE OF INCORPORATION

OF

HHC Finance Corporation

Under Section 402 of the Not-for-Profit  
Corporation Law

Katten Muchin Rosenman LLP  
575 Madison Avenue  
New York, New York 10022

CERTIFICATE OF INCORPORATION

OF

HHC Finance Corporation

Under Section 402 of the Not-for-Profit  
Corporation Law

The undersigned, a natural person over the age of eighteen years, for the purpose of forming a corporation pursuant to the Not-for-Profit Corporation Law of the State of New York (hereinafter referred to as the “Not-for-Profit Corporation Law”), hereby certifies as follows:

FIRST: The name of the corporation is HHC Finance Corporation (hereinafter referred to as the “Corporation”).

SECOND: The Corporation described herein is a corporation as defined in Section 102(a)(5) of the Not-for-Profit Corporation Law. The Corporation shall not be conducted or operated for profit and no part of the net earnings of the Corporation shall inure to the benefit of any individual, nor shall any of the profits or assets of the Corporation be used other than for the purposes of the Corporation. Reasonable compensation, however, may be paid for services rendered to or for the Corporation in furtherance of one or more of its purposes.

THIRD: The Corporation is a subsidiary of the New York City Health and Hospitals Corporation (“HHC”).

FOURTH:

I. The purposes for which the Corporation is formed are as follows:

(a) Assisting HHC to secure adequate financing for its activities undertaken in furtherance of its statutory mission.

(b) Borrowing and lending funds for the benefit of HHC, assisting with the administration of loan agreements entered into for HHC's benefit and performing tasks useful to HHC and in furtherance of HHC's corporate and statutory purposes.

(c) Soliciting, accepting and maintaining a fund or funds of real and/or personal property received by gift, grant, contract or otherwise and applying the whole or any part of the income and/or principal thereof exclusively for the benefit of the Corporation and appropriate in connection with the purposes of the Corporation and lawful for not-for-profit corporations.

(d) Exercising such other lawful powers which are necessary, convenient or desirable to carry out and promote its exempt purpose.

II. Tax Language: Notwithstanding any other provision of this Certificate of Incorporation, the Corporation is organized exclusively for charitable, scientific, religious, or educational purposes, as specified in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Code or (b) by a corporation contributions to which are deductible under Section 170(c)(2) of the Code, Section 2055(a)(2) of the Code, or Section 2522(a)(2) of the Code.

III. Nothing herein shall authorize the Corporation, directly or indirectly, to engage in or include among its purposes, any of the activities mentioned in Section 404 of the Not-for-Profit Corporation Law.

IV. No substantial part of the activities of the Corporation shall be carrying on propaganda, or otherwise attempting to influence legislation (except as otherwise provided by Section 501(h) of the Code), and the Corporation shall not participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office.

FIFTH: The Corporation shall be considered a Type C Corporation as that term is defined in Section 201 of the Not-for-Profit Corporation Law. The sole member of the Corporation shall be the New York City Health and Hospitals Corporation.

SIXTH: The lawful public objective of the Corporation is as follows: To improve the ability of HHC to provide services to its patients regardless of their ability to pay and thereby to further HHC's essential public and governmental purposes.

SEVENTH: The office of the Corporation is to be located in the County of New York and State of New York.

EIGHTH: In the event of liquidation, dissolution, or winding up of the Corporation, whether voluntary, involuntary, or by the operation of law, the property or other assets of the Corporation remaining after the payment, satisfaction, and discharge of liabilities or obligations, shall be distributed entirely for one more exempt purposes within the meaning of Section 501(c)(3) of the Code, subject to the order of the Supreme Court as and when provided by law or shall be distributed to the federal government, or to a state or local government, for a public purpose. No individual shall have any right, title, or interest in or to any of the remaining assets of the Corporation.

NINTH: The names and addresses of the persons to be the Corporation's initial Board of Directors are as follows:

Alan D. Aviles	125 Worth Street, Rm. 514 New York, NY 10013
Antonio Martin	125 Worth Street, Rm. 514 New York, NY 10013
Salvatore J. Russo	125 Worth Street, Rm. 527 New York, NY 10013
Laray Brown	125 Worth Street, Rm. 507 New York, NY 10013
Marlene Zurack	160 Water Street, Rm. 1014 New York, NY 10038

TENTH: The duration of the Corporation shall be perpetual.

ELEVENTH: The Secretary of the State, pursuant to Section 402(a)(6) of the Not-for-Profit Corporation Law, is hereby designated as the agent of the Corporation upon whom process against it may be served, and the post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon him or her is:

Senior Vice President for Legal Affairs  
New York City Health and Hospitals Corporation  
125 Worth Street – Room 527  
New York, NY 10013

IN WITNESS WHEREOF, I have made, signed and acknowledged this Certificate of Incorporation this        day of September, 2012.

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Jasmine M. Hanif, Esq.  
Incorporator  
Katten Muchin Rosenman LLP  
575 Madison Avenue  
New York, New York 10022-2585

BY-LAWS  
OF  
HHC FINANCE CORPORATION.

Article 1.

Definitions

Section 1.01 Name. The “Corporation” shall mean HHC Finance Corporation, its successors and assigns.

Section 1.02 Board. The “Board” shall mean the Board of Directors of the Corporation.

Article 2.

Office

Section 2.01 Office. The office of the Corporation shall be located in the County of New York and the State of New York.

Section 2.02 Additional Offices. The Corporation may also have offices at such other places within the State of New York as the Board may from time to time designate or the business of the Corporation may require.

Article 3.

Membership

Section 3.01 Members. The sole Member of the Corporation shall be the New York City Health and Hospitals Corporation.

Section 3.02 Annual Meeting. A meeting of the Member shall be held annually on such date and at such time and place as may be fixed by the Board, and adopted by the Member, for the purpose of electing Directors, receiving annual reports of the Board and Officers, and for the transaction of such other business as may be brought before the meeting.

Section 3.03 Special Meetings. Special meetings of the Member may also be called at any time by the Member’s Chairman, by the Member or a majority of the Member’s Directors then in office, or as otherwise provided by law.

Section 3.04 Place and Time of Meetings. Meetings of the Member may be held at such place and at such time as may be fixed in the notice of the meeting.

Section 3.05 Open Meetings. Meetings of the Member shall be conducted within the requirements of the New York Open Meetings Law (Public Officers Law, Article 7).

Section 3.06 Participation by Videoconference. Unless otherwise prohibited by the New York Open Meetings Law, meetings of the Member may be conducted by means of videoconference communications equipment allowing all persons participating in the meeting to hear and see each other at the same time. Participation by such means shall constitute presence in person at a meeting.

#### Article 4.

##### Directors

Section 4.01 Annual Meeting. A meeting of the Board shall be held annually at such place within the State of New York, on such date and at such time as may be fixed by the Board, for the purpose of electing Officers, receiving annual reports of the Board and Officers, and for the transaction of such other business as may be brought before the meeting.

Section 4.02 Number. The number of Directors constituting the entire Board shall be fixed by the Member, but such number shall not be less than three.

Section 4.03 Election and Term of Office. The initial Directors of the Corporation shall be those persons specified in the Certificate of Incorporation of the Corporation. Thereafter, the Directors shall be elected by the Member at the annual meeting or at any regular or special meeting of the Member of the Corporation. Each Director shall hold office until the next annual meeting of the Member and until such Director's successor has been elected and qualified, or until his or her death, resignation or removal.

Section 4.04 Powers and Duties. Subject to the provisions of law, of the Certificate of Incorporation and of these By-Laws, but in furtherance and not in limitation of any rights and powers thereby conferred, the Board shall have the control and management of the affairs and operations of the Corporation and shall exercise all the powers that may be exercised by the Corporation.

Section 4.05 Additional Meetings. Regular meetings of the Board may be held at such times as the Board may from time to time determine. Special meetings of the Board may also be called at any time by the Chairman or by a majority of the Directors then in office.

Section 4.06 Notice of Meetings. Except as otherwise provided by law, including without limitation, the New York Open Meetings Law (Public Officers Law, Article 7), no notice need be given of any annual or regular meeting of the Board. Notice of a special meeting of the Board shall be given by service upon each Director in person or by mailing the same to him at his or her post office address as it appears upon the books of the Corporation or by facsimile, telegraph, cable, email or other form of recorded communication at least four business days (Saturdays, Sundays and legal holidays not

being considered business days for the purpose of these By-Laws) if given by mailing the same, or at least 2 business days if given in person or by any other means of communication, before the date designated for such meeting specifying the place, date and hour of the meeting. Whenever all of the Directors shall have waived notice of any meeting either before or after such meeting, such meeting shall be valid for all purposes. A Director who shall be present at any meeting and who shall not have protested, prior to the meeting or at its commencement, the lack of notice to him, shall be deemed to have waived notice of such meeting. In any case, any acts or proceedings taken at a Directors' meeting not validly called or constituted may be made valid and fully effective by ratification at a subsequent Directors' meeting that is legally and validly called. Except as otherwise provided herein, notice of any Directors' meeting or any waiver thereof need not state the purpose of the meeting, and, at any Directors' meeting duly held as provided in these By-Laws, any business within the legal province and authority of the Board may be transacted.

Section 4.07 Place of Meetings. The Board may hold its meetings within the State of New York.

Section 4.08 Quorum. At any meeting of the Board, a majority of the Directors then in office shall be necessary to constitute a quorum for the transaction of business. However, should a quorum not be present, a majority of the Directors present may adjourn the meeting from time to time to another time and place, without notice other than announcement at such meeting, until a quorum shall be present.

Section 4.09 Voting. At all meetings of the Board, each Director shall have one vote. Except as otherwise provided by the New York Not-For-Profit Corporation Law, the vote of a majority of the Directors present at the time of the vote, if a quorum is present at such time, shall be the act of the Board.

Section 4.10 Action Without a Meeting. Except as otherwise provided by law, including without limitation, the New York Open Meetings Law (Public Officers Law, Article 7), any action required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if all members of the Board or any such committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board or any such committee shall be filed with the minutes of the proceedings of the Board or such committee.

Section 4.11 Removal. Any Director may be removed for any reason by the Member.

Section 4.12 Resignation. Any Director may resign from office at any time by delivering a resignation in writing to the Board of Directors, and the acceptance of the resignation, unless required by its terms, shall not be necessary to make the resignation effective.

Section 4.13 Vacancies. Any newly created directorships and any vacancy occurring on the Board arising at any time and from any cause may be filled by the Member. A

Director elected to fill a vacancy shall hold office for the unexpired term of his or her predecessor.

Section 4.14 Committee. The Board, by resolution adopted by a majority of the entire Board, may designate from among the Directors an executive committee and other standing committees, each consisting of three or more Directors, to serve at the pleasure of the Board, and each of which, to the extent provided in such resolution, shall have the authority of the Board, except as to matters prohibited by Section 712 of the New York Not-For Profit Corporation Law. The Board may designate one or more Directors as alternate members of any such committee, who may replace any absent member or members at any meeting of such committee.

Section 4.15 Participation by Videoconference. Any one or more members of the Board or any committee thereof may participate in a meeting of the Board or such committee by means of a videoconference communications equipment allowing all persons participating in the meeting to hear and see each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 4.16 Records. Minutes shall be kept of each meeting of the Board. Copies of the minutes of each such meeting shall be filed with the corporate records.

## Article 5.

### Officers

Section 5.01 Election and Qualifications; Term of Office. The Officers of the Corporation shall be a Chairman, a Chief Executive Officer, one or more Vice Presidents, a Secretary and a Treasurer. The Officers shall be elected by the Board at the annual meeting or at any regular or special meeting of the Board and each Officer shall hold office for a term of one year and until such Officer's successor has been elected or appointed and qualified, unless such Officer shall have resigned or shall have been removed as provided in Sections 10 and 11 of this Article 5. The same person may hold more than one office, except that the same person may not be both Chief Executive Officer and Secretary. The Board may appoint such other Officers as may be deemed desirable, including one or more other Vice-Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers. Such Officers shall serve for such period as the Board may designate.

Section 5.02 Vacancies. Any vacancy occurring in any office, whether because of death, resignation or removal, with or without cause, or any other reason, shall be filled by the Board.

Section 5.03 General Powers of the Officers. All Officers as between themselves and the Corporation shall have such authority and perform such duties in the management of the Corporation as shall be provided in these By-Laws or, to the extent not so provided, by the Board.

Section 5.04 Powers and Duties of the Chairman. The Chairman shall preside at all meetings of the Board at which he or she is present and may call meetings of the Board or any committee when he or she deems necessary. The Chairman shall have such other powers and shall perform such other duties as may from time to time be assigned to the Chairman by the Board.

Section 5.05 Powers and Duties of the Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Corporation and shall from time to time make such reports of the affairs and operations of the Corporation as the Board may direct and shall preside at all meetings of the Board. The Chief Executive Officer shall have such other powers and shall perform such other duties as may from time to time be assigned to the Chief Executive Officer by the Board.

Section 5.06 Powers and Duties of the Vice-Presidents. Each of the Vice-Presidents shall have such powers and shall perform such duties as may from time to time be assigned to such Vice President by the Board.

Section 5.07 Powers and Duties of the Secretary. The Secretary shall record and keep the minutes of all meetings of the Board. The Secretary shall be the custodian of, and shall make or cause to be made the proper entries in, the minute book of the Corporation and such books and records as the Board may direct. The Secretary shall be the custodian of the seal of the Corporation and shall affix such seal to such contracts, instruments and other documents as the Board or any committee thereof may direct. The Secretary shall have such other powers and shall perform such other duties as may from time to time be assigned to the Secretary by the Board.

Section 5.08 Powers and Duties of the Treasurer. The Treasurer shall be the custodian or custodians of all funds and securities of the Corporation. Whenever so directed by the Board, the Treasurer shall render a statement of the cash and other accounts of the Corporation, and the Treasurer shall cause to be entered regularly in the books and records of the Corporation to be kept for such purpose full and accurate accounts of the Corporation's receipts and disbursements. The Treasurer shall at all reasonable times exhibit the books and accounts to any Director upon application at the principal office of the Corporation during business hours. The Treasurer shall have such other powers and shall perform such other duties as may from time to time be assigned to the Treasurer by the Board.

Section 5.09 Delegation. In case of the absence of any Officer of the Corporation, or for any other reason that the Board may deem sufficient, the Board may at any time and from time to time delegate all or any part of the powers or duties of any Officer to any other Officer or to any Director or Directors.

Section 5.10 Removal. Any Officer may be removed from office at any time, with or without cause, by a vote of a majority of the Directors then in office at any meeting of the Board.

Section 5.11 Resignation. Any Officer may resign his or her office at any time, such resignation to be made in writing and to take effect immediately without acceptance by the Corporation.

Section 5.12 Agents and Employees. The Board of Directors may appoint agents and employees who shall have such authority and perform such duties as may be prescribed by the Board of Directors. The Board of Directors may remove any agent or employee at any time with or without cause. Removal without cause shall be without prejudice to such person's contract rights, if any, and the appointment of such persons shall not itself create contract rights.

Section 5.13 Compensation of Officers, Agents and Employees. The Corporation may pay compensation in reasonable amounts to agents and employees for services rendered, such amount to be fixed by the Board of Directors or, if the Board of Directors delegates power to any Officer or Officers, then as approved by such Officer or Officers.

## Article 6.

### Conflicts Of Interest

Chapter 68 of the Charter of the City of New York defines a "code of ethics" which outlines the standards of conduct governing the relationship between private interests and the proper discharge of official duties of all employees and directors of the New York City Health and Hospitals Corporation, including those who are working for the Corporation or who are directors of the Corporation. Chapter 68 embodies an extensive recitation of acts that constitute conflicts of interest and are thereby prohibited.

The New York City Health and Hospitals Corporation has promulgated its own "Code of Ethics" which outlines the standards of conduct governing the relationship between private interests and the proper discharge of official duties of all personnel who are not covered by Chapter 68. Similar to Chapter 68, the New York City Health and Hospitals Corporation's Code of Ethics embodies an extensive recitation of acts that constitute conflicts of interest and are thereby prohibited. The Corporation has adopted the Code of Ethics with respect to its personnel and Directors who are not subject to Chapter 68.

The Board is committed to recognizing the Corporation's responsibility to organizational ethics and expects, therefore, every employee and Board member to support and adhere to the principles and policies set forth in Chapter 68 and the Code of Ethics.

## Article 7.

### Bank Accounts, Checks, Contracts and Investments

Section 7.01 Bank Accounts, Checks and Notes. The Board is authorized to select the banks or depositories it deems proper for the funds of the Corporation. The Board shall determine who shall be authorized from time to time on the Corporation's behalf to sign

checks, drafts or other orders for the payment of money, acceptances, notes or other evidences of indebtedness.

Section 7.02 Contracts. The Board may authorize any Officer or Officers, agent or agents, in addition to those specified in these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no Officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or render it liable for any purpose or to any amount.

Section 7.03 Investments. The funds of the Corporation may be retained in whole or in part in cash or be invested and reinvested from time to time in such property, real, personal or otherwise, or stocks, bonds or other securities, as the Board may deem desirable.

#### Article 8.

##### Miscellaneous

Section 8.01 Documents. There shall be kept at the office of the Corporation correct books of accounts of the activities and transactions of the Corporation, including a minute book, which shall contain a copy of the Certificate of Incorporation, a copy of these By-Laws, and all minutes of meetings of the Board of Directors.

Section 8.02 Fiscal Year. The fiscal year of the Corporation shall be June 30.

Section 8.03 Corporate Seal. The corporate seal shall be circular in form and have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal" and "New York". The seal shall be in the charge of the Secretary. If and when so directed by the Board, a duplicate of the seal may be kept and used by the Secretary or the Treasurer. The seal may be used by causing it or a facsimile thereof to be affixed or impressed or reproduced in any other manner.

#### Article 9.

##### Dissolution

The Corporation may be dissolved only upon adoption of a plan of dissolution and distribution of assets by the Board that is consistent with the Certificate of Incorporation. Any nonjudicial dissolution shall be accomplished in accordance with Article 10 of the New York Not-For-Profit Corporation Law or any applicable successor statute or law.

#### Article 10.

##### Amendments

These By-Laws may be altered, amended, added to or repealed only by the Member.

Article 11.

Construction

In the case of any conflict between the Certificate of Incorporation of the Corporation and these By-Laws, the Certificate of Incorporation of the Corporation shall control.

## **RESOLUTION**

Authorizing: (i) the New York City Health and Hospitals Corporation (the “Corporation”) to contribute approximately \$10.661 Million to HHC Finance Corporation (the “Finance Corp”) (ii) the directors of the Finance Corp to authorize its use to make a loan of \$10.661 Million to HHC Investment Fund LLC (the “Investment Fund”) to be established by U.S. Bancorp Community Development Corporation (the “NMTC Equity Investor”); and (iii) authorizing the President of the Corporation to borrow \$14.7 Million from HHC/NCF Sub-CDE, LLC, a subsidiary of the Investment Fund, for the Corporation’s use to pay a work order from the Dormitory Authority of the State of New York (“DASNY”) generated for the Harlem Hospital Center major modernization project (the “Project”) all in order to effectuate the participation by the Corporation and the Finance Corp in a supplemental financing of the Project through a New Markets Tax Credits structure (the “Proposed Financing”); and (iv) the approval and confirmation of all prior actions previously taken in furtherance of the Proposed Financing.

**WHEREAS**, HHC Finance Corporation (the “Finance Corp”) is a wholly-owned subsidiary of the New York City Health and Hospitals Corporation (the “Corporation”); and

**WHEREAS**, the Corporation is engaged in a construction project (the “Project”) to modernize Harlem Hospital Center (“Harlem Hospital”) pursuant to work orders issued to the Dormitory Authority of the State of New York (“DASNY”) previously approved by the Corporation’s Capital Committee utilizing various sources of funds; and

**WHEREAS**, the New York City Economic Development Corporation (the “EDC”) has proposed to the Finance Corp and to the Corporation a structure by which the Corporation can obtain additional funds for the Project on favorable terms by participating in a financing structure involving New Markets Tax Credits (“NMTC”); and

**WHEREAS**, the primary source of funding for the Project to date has been The City of New York (the “City”); and

**WHEREAS**, the structure proposed by the EDC, and its NMTC partner, United Funds Advisors (“UFA”), involves UFA and its subsidiary, National Community Fund I, LLC

(“NCF”), providing to the Project a certain allocation of the NMTC credits available from the U.S. Internal Revenue Service to NCF; and

**WHEREAS**, the structure proposed by the EDC, UFA and NCF involves the contribution of approximately \$10,661,000 by the Corporation to the Finance Corp, and the loan of such amount (the “Leverage Loan”) by the Finance Corp to HHC Investment Fund, LLC, an investment fund (the “Investment Fund”) to be established by U.S. Bancorp Community Development Corporation (the “NMTC Equity Investor”); and

**WHEREAS**, the NMTC Equity Investor is expected to make an equity investment of approximately \$4,797,000 in the Investment Fund, and the Investment Fund is expected to invest approximately \$4,339,000 (after the payment of various closing and management expenses), together with the \$10,661,000 obtained through the Leverage Loan, in HHC/NCF Sub-CDE, LLC, which entity (the “Sub-CDE”) constitutes a “qualified community development entity” within the meaning of Section 45D of the Internal Revenue Code of 1986, as amended (the “Code”), and which Section 45D of the Code (the “NMTC Tax Provisions”) relates to and governs the NMTC program; and

**WHEREAS**, the Sub-CDE is then expected to utilize a major portion of such investment made by the Investment Fund in the Sub-CDE to make two loans to the Corporation, one being an “A Loan” in the approximate amount of \$10,661,000 and the other being a “B Loan” in the approximate amount of \$4,339,000 (collectively, the “Project QLICI Loans”); and

**WHEREAS**, under applicable provisions of the Code, the Corporation and/or a portion of the business of the Corporation consisting of Harlem Hospital Center constitutes a “qualified active low-income community business” (a “QALICB”) and the Project constitutes a project eligible for assistance through the NMTC program; and

**WHEREAS**, the Corporation will use proceeds of the Project QLICI Loans to pay a portion of the costs of the Project; and

**WHEREAS**, the City will provide funds, directly or indirectly, to reimburse the Corporation for its capital contribution to the Finance Corp; and

**WHEREAS**, the Corporation will be obligated to pay (or reserve) closing costs and fees, in the approximate amount of \$968,000, from the proceeds of the Project QLICI Loans; and

**WHEREAS**, after payment of fees and closing costs, the full amount of the approximately \$10,661,000 of proceeds of the A Loan, and a portion of the proceeds of the B Loan equal to approximately \$3,071,000 will be available to pay costs of the Project for Harlem Hospital (including the amount held in the construction debt service reserve); and

**WHEREAS**, the Investment Fund will be obligated to repay the Finance Corp for the Leverage Loan and the Corporation will be obligated to repay the Sub-CDE for the Project QLICI Loans, in each case upon the terms and conditions set forth in such loan documents consistent with the Summary of Economic Terms attached; and

**WHEREAS**, pursuant to this Resolution, the Board of Directors of the Corporation will authorize the participation of the Corporation in the NMTC transaction for the benefit of the Project, including the acceptance by the Finance Corp of the funds from the Corporation, the making of the Leverage Loan by the Finance Corp to the Investment Fund and the borrowing of the Project QLICI Loans by the Corporation from the Sub-CDC and has approved the execution and delivery on behalf of the Corporation of the documents necessary, desirable or convenient for the implementation of the NMTC transaction (collectively, the “Proposed Financing”);

**NOW, THEREFORE, be it**

**RESOLVED**, that the directors of the Finance Corp be and they hereby are authorized to approve the acceptance of the Corporation’s contribution of approximately \$10.661 Million and its use to make the Leverage Loan to the Investment Fund; and it is further

**RESOLVED**, that the President of the Corporation (the “President”) be and he hereby is authorized to execute and deliver on behalf of the Corporation, from time to time, any and all documents necessary, desirable or convenient in order to implement the Proposed Financing and any other documents necessary, desirable or convenient in connection therewith. All actions previously taken by the Corporation in connection with the Proposed Financing are approved, authorized, ratified and confirmed. To provide funds to finance the Project, the participation of the Corporation and the Finance Corp in the Proposed Financing is in all respects authorized, approved and confirmed. To finance the Project, the Corporation is authorized to (i) transfer the approximate amount of \$10,661,000 to the Finance Corp; and (ii) borrow the proceeds of the Project QLICI Loans from the Sub-CDE pursuant to one or more Loan Agreements (the “Project Loan Agreements”) in accordance with the terms of the Proposed Financing and in conformity with the Summary of Economic Terms attached hereto. And it is further,

**RESOLVED**, that the execution, delivery and performances of the Project QLICI Loan Agreements by the Corporation and the transactions to be effectuated thereby are in all respects authorized, approved and confirmed. The President is authorized, empowered and directed to execute and/or attest and deliver for and on behalf of the Corporation, as applicable, the Project QLICI Loan Agreements prior to or simultaneously with the implementation of the Proposed Financing, including necessary counterparts, in substantial conformity with the Summary of Economic Terms attached hereto; the execution and/or attestation of the Project QLICI Loan Agreements by him to constitute conclusive evidence of such conformity, and the Project QLICI Loan Agreements with such changes, modifications, additions or deletions shall be binding upon the Corporation; and that from and after the execution and delivery of such documents the foregoing individual is authorized, empowered and directed to do all such acts and things and to execute all such documents as he deems necessary to carry out and comply with the provisions of such documents as executed (the “Basic Agreements”).

The President is authorized to agree to, and to execute and to deliver, for and on behalf of the Corporation any and all additional agreements, indentures, escrow agreements, certificates, documents, instruments, opinions, letters and other papers (the "Other Documents") as he, in his sole and absolute discretion, from time to time determines to be necessary, desirable,

advisable or appropriate and in the best interests of the Corporation to implement and carry out the intent and purposes of this Resolution and to complete the Proposed Financing, the execution of such documents to constitute conclusive evidence of such determination and all such changes, modifications, amendments, instruments, certificates, agreements and documents shall be binding on the Corporation as applicable.

The President is authorized, empowered and directed to perform all other acts and to do all other things and to execute and/or attest all such documents for and on behalf of the Corporation as he, in his sole and absolute discretion, from time to time determines to be necessary, desirable, advisable or appropriate and in the best interests of the Corporation to comply with the provisions of the Project QLICI Loan Agreement, the Basic Agreements and the Other Documents as executed and as amended from time to time and to implement and carry out the intent and purposes of this Resolution and to complete the Proposed Financing.

The President is hereby authorized and directed to cause the Corporation and the Finance Corp, as applicable, to perform each and every one of its obligations, undertakings, covenants, commitments, representations and agreements arising under the Project QLICI Loan Agreements and the Leverage Loan Agreement, the Basic Agreements and the Other Documents to which it is a party and all other documents, instruments, agreements and certificates executed and delivered in connection with or under the authority of this Resolution, all as amended from time to time.

Any and all actions taken or contracts entered into heretofore by any officer of the Corporation, on behalf of the Corporation in connection with the Proposed Financing be and the same are hereby ratified, approved and confirmed, and all such actions and contracts are hereby adopted by the Corporation, as applicable, as if each and every act had been done pursuant to the specific authorization of the Corporation.

The provisions of this Resolution shall be separable and if any section, phrase or provision of this Resolution shall for any reason be declared invalid, such declaration shall not affect the validity of the remainder of the sections, phrases or provisions of this Resolution.

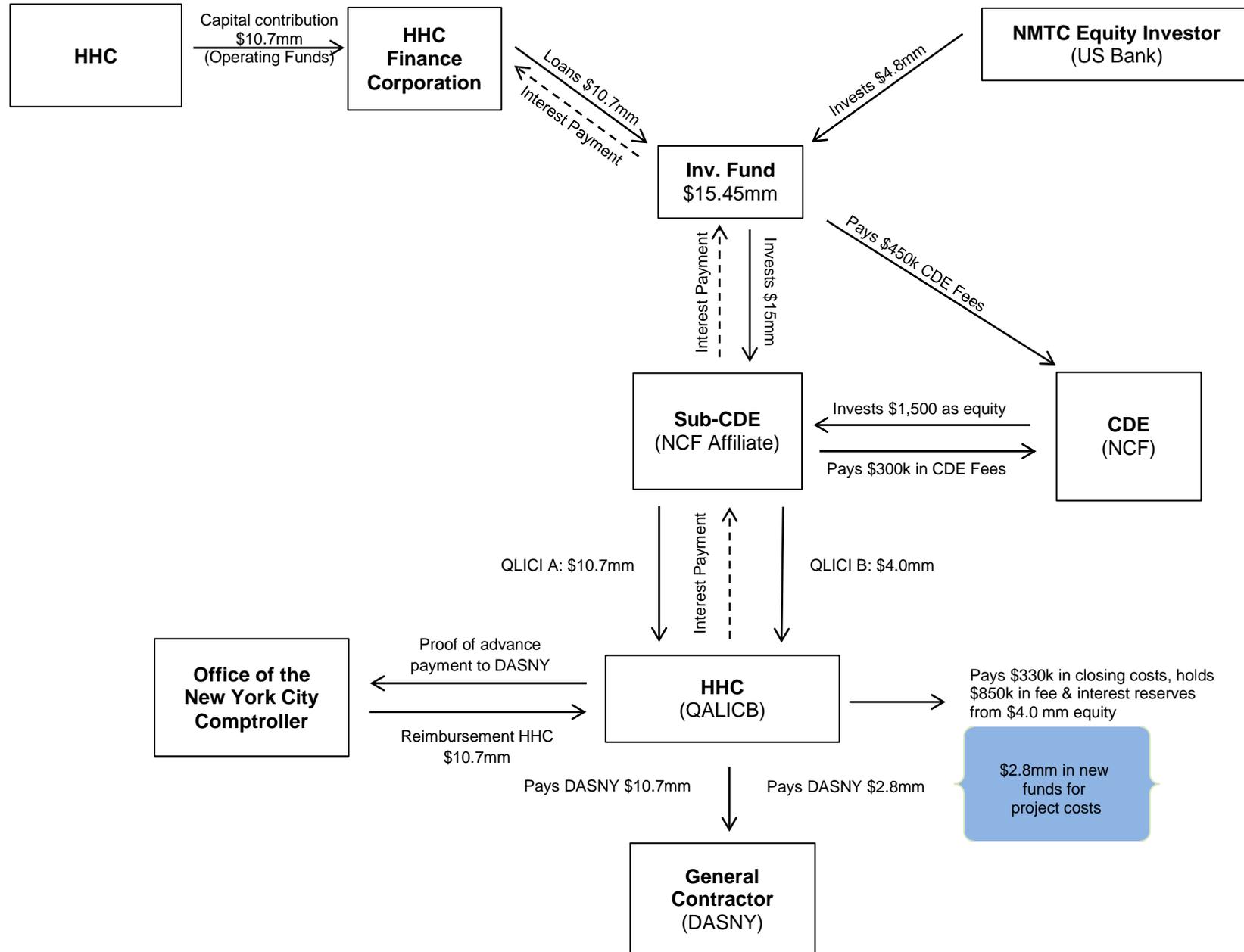
The President is hereby authorized and directed to take any action and to execute and deliver any and all documents as may be necessary or desirable to facilitate the purposes of this Resolution. The President may delegate the authority to sign any documents authorized by this Resolution by a written delegation and when given the party so delegated may execute any such documents with the same force and effect as if the President had signed them.

SUMMARY OF ECONOMIC AND BUSINESS TERMS  
NEW MARKET TAX CREDIT FINANCING  
FOR HARLEM HOSPITAL MODERNIZATION  
POST-PARTUM UNIT

Subsidiary Created:	HHC Finance Corporation (the “Finance Corp”) will be a New York not-for-profit corporation with powers to assist the New York City Health and Hospitals Corporation (the “Corporation”) with financing transactions and miscellaneous powers. The proposed certificate of incorporation is attached. The Corporation will be the sole member of HHC Finance Corporation and so will control its board. The board will initially consist of Alan Aviles, Laray Brown, Marlene Zurack, Antonio Martin and Salvatore Russo.
Capitalization of Subsidiary:	The Corporation will capitalize the Finance Corp with \$10,661,000 drawn from the Corporation’s expense funds.
Leveraged Loan and the “A Loan”	The Finance Corp will make a loan of \$10,661,000 to HHC Investment Fund, LLC, an entity created and controlled by U.S. Bancorp Community Development Corporation (the “Investment Fund”). The Investment Fund will invest this sum in an intermediary company that will then loan the funds to the Corporation as the “A Loan” in the transaction.
Terms of the “A Loan”	30 year loan; interest only for 7 years; interest at approximately 1.217%.
Investor Loan or the “B Loan:	\$4,339,000 will be invested by the Investment Fund in an intermediary and then loaned to the Corporation as the “B Loan.”
Terms of the B Loan	30 year loan; interest only for 7 years; interest at approximately 1.217%.
Use of Loan Proceeds	The entire amount of the A Loan and approximately \$2.670,714 of the B Loan, after paying (or reserving money to pay) a construction debt service account, will be available to the Corporation to supplement its construction budget and, specifically will make possible the construction of a Post-Partum Unit that had been part of the original construction plans for Harlem Hospital but that had been de-scoped due to insufficient funding. The Corporation will pay these sums to DASNY pursuant to work orders previously approved by the Corporation’s Board.

City Funding	The City of New York is committed to funding in excess of \$10,661,000 for the Harlem Hospital project. These funds will, in effect, reimburse the Corporation for its capitalization of the Finance Corp and subsequent use for payment to DASNY using the A Loan proceeds.
Payment of Interest	Interest payments on the two loans will be made from an account funded from the loan proceeds. The approximate amount of \$2,670,714 Million available from the B Loan already reflects the deduction of a construction and debt service reserve.
Payment of Loan Principal	The principal on the two loans does not begin to be payable and, cannot be paid, until the end of the 7 <sup>th</sup> year following the loan closing. At that point, the principal on the two loans is to be repaid over the remaining 23 years of the term of the loans. The Investment Fund may, however, require the Finance Corp to purchase the entire equity in the Investment Fund for a price of \$1,000 at the end of the 7 <sup>th</sup> year. If the Investment Fund were not to exercise its “put,” then the Finance Corp could elect to exercise a right to purchase the equity in the Investment Fund for a purchase price equal to its FMV at the time. Alternatively, the Finance Corp could elect to pay back the B Loan over the remaining 23 years at only its stated interest rate.

# Harlem Hospital Modernization: New Markets Tax Credit Structure



Note: All amounts approximate and subject to change

## **US Bank**

Minneapolis-based U.S. Bancorp (NYSE: USB), with \$353 billion in assets, is the parent company of U.S. Bank National Association, the 5th largest commercial bank in the United States. The company operates 3,080 banking offices, 5,085 ATMs in 25 states, and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions. U.S. Bancorp and its employees are dedicated to improving the communities they serve, for which the company earned the 2011 Spirit of America Award, the highest honor bestowed on a company by United Way.

Key Statistics as of 2Q12 are as follows:

Period-end assets	\$353 B
Period-end deposits	\$241 B
Period-end loans	\$216 B
Earnings per common share	\$0.71
Return on average assets	1.67%
Return on average common equity	16.5%
Customers	17.4 MM
Bank branches	3,080
ATMs	5,085
NYSE symbol	USB
Year founded	1863

## **National Community Fund**

National Community Fund I, LLC (NCF) is a community development entity which has received four consecutive awards of New Markets Tax Credits allocation from the Community Development Financial Institutions Fund of the U.S. Department of Treasury. The most recent award of \$77 million in February of 2011 brings the total amount of allocation authority to \$252 million. Portland Family of Funds Holdings, Inc. is the "controlling entity" of NCF.

NCF provides below-market, flexible financial products for projects located in highly-distressed communities throughout the nation.

## **Portland Family of Funds**

Portland Family of Funds is a mutual benefit corporation that undertakes economic development activities. PFF structures and manages investments that generate triple bottom line returns. PFF's mission is "to create opportunities for profitable investment which enhance social and environmental yields." PFF controls three tax credit funds, of which NCF is one. PFF also provides advisory and investment services through its affiliate United Fund Advisors, LLC.

## **United Fund Advisors: Corporate Profile**

United Fund Advisors (UFA) is a fund manager and financial services company that provides tax-advantaged investment capital and advisory services for community development and renewable energy projects. All investments and services are driven by the firm's triple bottom line mission "to create opportunities for profitable investments which enhance social and environmental yields."

UFA's dedicated staff is comprised of seasoned principal partners, senior management, transaction associates, and professional back-office support with over 150 combined years of experience in community development and renewable energy finance.

PROJECTS

**11 Broadway »**

Mixed-use development

**12 West »**

Mixed-use development

**The Armory »**

The Gerding Theater

**Basketball City »**

Recreational facility

**BioFuels Energy Project »**

Biogas/fuel cell project

**Blanchet House »**

Social services charity

**Brooklyn Scholars Charter School »**

New charter school facility

**The Civic »**

Mixed-use development

**Coastal Energy Project »**

6 MW wind project

**Community Medical Center »**

Ambulatory care center

**The Community Transitional School »**

School for homeless children

**Farwest Steel Corporation »**

Regional steel plant



Demonstrating the power of highly missioned capital.

## COMMUNITY DEVELOPMENT & RENEWABLE ENERGY PROJECTS

UFA's projects generate substantial financial, social and environmental returns. UFA has closed community development and renewable energy projects in Oregon, Washington, California, Hawaii, New York, Massachusetts, Connecticut, Illinois, Wisconsin, Iowa, Utah, Montana, Indiana, Louisiana and Mississippi.

### \$2.3 Billion Total Project Costs

UFA has leveraged over \$739 million in tax credits to finance projects with \$2.3 billion of total development costs. Real estate projects include mixed use, retail, industrial/manufacturing and community facilities. Energy projects include solar, wind, and biogas with combined generation capacity totaling 13.5 MW.

### 18,369 Jobs

UFA's financial products and services have generated and retained construction jobs and permanent positions in healthcare, social services, education, manufacturing, service, and retail.

### 1.2 Million Metric Tons of CO2 Offset

UFA's financing activities have resulted in substantial offsetting of harmful greenhouse gases.





**RESTORATION PLAZA RENOVATION**

Brooklyn, NY  
Commercial and Cultural Center

**IMPACTS:**

Financial **\$117.5M**  
Social **287 JOBS**



**COASTAL ENERGY PROJECT**

Grays Harbor & Pacific Counties, WA  
Clean Wind Energy to Fund Social Services

**IMPACTS:**

Financial **\$30.2M**  
Social **155 JOBS**  
Environmental **13.5M kWh**  
Clean energy produced annually



**HARRISON CIRCLE BUILDING**

Bronx NY  
Medical Office Space and Senior Housing

**IMPACTS:**

Financial **\$141.6M**  
Social **282 JOBS**  
Environmental **SILVER\***



**ROSHEK BUILDING REDEVELOPMENT**

Dubuque, IA  
Office Space and Groundfloor Retail

**IMPACTS:**

Financial **\$1.6B**  
Social **2,540 JOBS**  
Environmental **GOLD\***



**BROOKLYN SCHOLARS CHARTER SCHOOL**

Brooklyn, NY  
Educational Facility in Underserved Community

**IMPACTS:**

Financial **\$42.3M**  
Social **162 JOBS**



**MERCY CORPS WORLD HQ**

Portland, OR  
World Hunger Relief Organization Offices

**IMPACTS:**

Financial **\$305.5M**  
Social **800 JOBS**  
Environmental **PLATINUM\***



**SEATTLE CHILDREN'S HOSPITAL**

Seattle, WA  
Pediatric Care Research facility

**IMPACTS:**

Financial **\$624.0M**  
Social **597 JOBS**  
Environmental **SILVER\***



**McKIBBIN ST. INDUSTRIAL CENTER**

Brooklyn, NY  
Small Business Industrial Workspace

**IMPACTS:**

Financial **\$181.0M**  
Social **237 JOBS**



**VANPORT SQUARE**

Portland, OR  
Commercial Condominiums

**IMPACTS:**

Financial **\$97.3M**  
Social **232 JOBS**  
Environmental **GOLD\***



**COMMUNITY MEDICAL CENTER**

Fresno, CA  
Community Health Care Facility

**IMPACTS:**

Financial **\$626.5M**  
Social **747 JOBS**  
Environmental **SILVER\***



**INTERNATIONAL AIDS VACCINE INITIATIVE**

Brooklyn, NY  
Vaccine Bioscience Research Laboratory

**IMPACTS:**

Financial **\$93.8M**  
Social **182 JOBS**



**GERDING THEATER AT THE ARMORY**

Portland, OR  
Historic Rehabilitation, Theater, Park, Café

**IMPACTS:**

Financial **\$116.4M**  
Social **522 JOBS**  
Environmental **PLATINUM\***

\*Indicates LEED Certification



**THE WHITE STAG BLOCK**

Portland, OR  
Historic Rehabilitation, University, Offices

**IMPACTS:**

Financial **\$89.8M**  
Social **532 JOBS**  
Environmental **GOLD\***



**OREGON CLINIC MEDICAL OFFICE**

Portland, OR  
Medical Office Building, Retail

**IMPACTS:**

Financial **\$454.0M**  
Social **900 JOBS**  
Environmental **GOLD\***



**UNION GOSPEL MISSION**

Portland, OR  
Drug Rehabilitation Center

**IMPACTS:**

Financial **\$21.9M**  
Social **148 JOBS**



**COMMUNITY TRANSITIONAL SCHOOL**

Portland, OR  
School for Homeless Children

**IMPACTS:**

Financial **\$6.0M**  
Social **38 JOBS**



**12 WEST**

Portland, OR  
Office, Residential, Retail

**IMPACTS:**

Financial **\$570.7M**  
Social **2,353 JOBS**  
Environmental **PLATINUM\***



**SMITH'S BLOCK**

Portland, OR  
Historic Rehabilitation, Office, Restaurant

**IMPACTS:**

Financial **\$55.3M**  
Social **151 JOBS**  
Environmental **SILVER\***



**THE CIVIC**

Portland, OR  
Low-Income Housing, Condos, Retail

**IMPACTS:**

Financial **\$204.9M**  
Social **1,307 JOBS**  
Environmental **GOLD\***



**THE FREMONT BUILDING**

Portland, OR  
Office, Restaurant

**IMPACTS:**

Financial **\$56.6M**  
Social **118 JOBS**

**3BL**  
FINANCIAL SOCIAL ENVIRONMENTAL

Chris Hasle, Principal | 503.546.2643 | chris@unitedfundadvisors.com  
Colin Rowan, Principal | 503.546.2647 | colin@unitedfundadvisors.com  
Cam Turner, Principal | 503.546.2639 | cam@unitedfundadvisors.com

24 NW First Avenue, Suite 470, Portland, Oregon, 97209  
T: 503.226.1370 F: 503.796.5865

[www.unitedfundadvisors.com](http://www.unitedfundadvisors.com)

## **RESOLUTION**

Adopting the Corporation's Mission Statement and Performance Measures as required by the Public Authorities Reform Act

**WHEREAS**, the New York State Public Authorities Reform Act of 2009 requires local public authorities such as the Corporation to adopt each year a mission statement and performance measures to assist the Corporation in determining how well it is carrying out its mission; and

**WHEREAS**, the Corporation has posted on its website a mission statement that is a refined version of the purposes of the Corporation as expressed in the legislation which created HHC and in the HHC By-Laws; and

**WHEREAS**, the Corporation keeps extensive data on numerous performance measures for internal monitoring and external reporting; and

**WHEREAS**, the Corporation has selected performance measures addressing the core functions and values of the Corporation for reporting to the Office of the State Comptroller's Authorities Budget Office (ABO) as required by the Public Authorities Reform Act; and

**WHEREAS**, the ABO has required reporting of the Corporation's mission and performance measures, as well as responding to certain additional questions, on a form provided by that office and requires that the Board of Directors read and understand the mission statement and read and understand the responses provided to the ABO; and

**WHEREAS**, the attached "Mission Statement and Performance Measures" is identical to the last report approved by the Board of Directors except that the performance measures have been updated;

**NOW, THEREFORE**, be it

**RESOLVED** that the attached "Mission Statement and Performance Measures" as required by the Public Authorities Reform Act is hereby adopted.

## Executive Summary

HHC is required to adopt and to report to the New York State Office of the State Comptroller's Authority Budget Office ("ABO") each year a mission statement and performance measures to assist the Corporation in determining how well it is carrying out its mission. The ABO requires completion of a specific form to achieve this reporting, as well as to respond to some additional questions. Attached is the complete report of our mission statement and the performance measures and the additional responses, all of which require the Board's adoption.

The attached "Mission Statement and Performance Measures" is identical to the last report approved by the Board of Directors except that the performance measures have been updated

There have been minor variations on the HHC Mission Statement over the years. All are refined versions of the purposes of the Corporation as expressed in the legislation which created HHC and in the HHC By-Laws. The mission statement on the ABO form is the version currently included on our website.

The Corporation keeps extensive data on numerous performance measures for internal monitoring and external reporting. The measures included on the form were selected because they address the core functions and values of the Corporation. We were careful not to include any measures that were confidential quality assurance information not properly shared in this context.

The information on this form will be submitted annually so that we will have the opportunity to make whatever changes are deemed necessary for future filings.



**Authority Mission Statement and Performance Measurements**

**Name of Public Authority:**

New York City Health and Hospitals Corporation

**Public Authority's Mission Statement:**

To extend equally to all New Yorkers, regardless of their ability to pay, comprehensive health services of the highest quality in an atmosphere of humane care, dignity and respect:

To promote and protect, as both innovator and advocate, the health, welfare and safety of the people of the City of New York;

To join with other health workers and with communities in a partnership which will enable each of our institutions to promote and protect health in its fullest sense -- the total physical, mental and social well-being of the people.

**Date Adopted:** September 27, 2012

**List of Performance Goals (If additional space is needed, please attach):**

	Indicator Name	Indicator Description	FY12
1	General Care Average Length of Stay (days)	Average length of stay for a general care inpatient hospitalization	4.7
2	Uninsured Served	Number of patients without health insurance served by HHC	477,957 (CY11)
3	Total Medicaid Managed Care Enrollment	Total number of individuals served by HHC enrolled in Medicaid managed care	521,434
4	MetroPlus Enrollment	Total number of individuals enrolled in MetroPlus health maintenance plan (Medicaid, Child Health Plus, and Family Health Plus)	420,459
5	Percent of eligible women receiving screening mammograms	Total number of women aged 40 to 70 who received a mammogram screening in the reporting period with a primary care or gynecology visit in the past two years	73.0%
6	Adult Psychiatry Average Length of Stay (days)	Average length of stay for adult psychiatry hospital stays	21.70
7	Total outpatient visits	Total outpatient visits	4,876,259
8	Total emergency room visits	Total emergency room visits	1,190,413
9	HIV connect to care	Percent of diagnosed HIV patients who are linked to care within the month of diagnosis	58.25%

### **Additional questions:**

1. Have the board members acknowledged that they have read and understood the mission of the public authority?

Yes.

2. Who has the power to appoint the management of the public authority?

Pursuant to the legislation that created the New York City Health and Hospitals Corporation, the President is chosen by the members of the Board of Directors from persons other than themselves and serves at the pleasure of the Board. (Unconsolidated Law, section 7394)

3. If the Board appoints management, do you have a policy you follow when appointing the management of the public authority?

The Governance Committee to the Board of Directors, which is a special committee established by the Board, includes the functions of the former Personnel Committee and has, among its responsibilities, the duty to receive, evaluate and report to the Board of Directors with respect to the submissions of appointments of corporate officers.

4. Briefly describe the role of the Board and the role of management in the implementation of the mission.

In addition to standing and special committees which have defined subject matter responsibilities and which meet monthly or quarterly, the Board of Directors meets monthly to fulfill its responsibility as the governing body of HHC and its respective facilities as required by law and regulation by the various regulatory and oversight entities that oversee HHC. Corporate by-laws and established policies outline the Board's participation in the oversight of the functions designated to management in order to ensure that HHC can achieve its mission in a legally compliant and fiscally responsible manner.

5. Has the Board acknowledged that they have read and understood the responses to each of these questions?

Yes.

## RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a requirements contract with Rashel Construction Corporation (the "Contractor") for a cumulative amount not-to-exceed \$5,000,000 to provide construction services for General Construction Work on an as-needed basis at various facilities throughout the Corporation.

WHEREAS, the facilities of the Corporation may require construction services for General Construction Work; and

WHEREAS, the Corporation has determined that the needs of the Networks for these services can be best met by utilizing outside firms, on an as-needed basis through a requirements contract; and

WHEREAS, the Corporation's Operating Procedure No. 100-5 requires approval by the Board of Directors of competitively bid contracts having a bid price greater than \$3,000,000; and

WHEREAS, bids were publicly opened on April 30, 2012 and the Corporation has determined that the Contractor is the lowest responsible bidder for this contract; 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.

NOW, THEREFORE, be it

RESOLVED that the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to execute a contract with Rashel Construction Corporation (the "Contractor") to provide construction services for General Construction Work on an as-needed basis at various facilities throughout the Corporation. The contract shall be for a term of two (2) years, for a cumulative amount not to exceed \$5,000,000 for the services provided by this contractor.

**EXECUTIVE SUMMARY  
REQUIREMENTS CONTRACT**

**RASHEL CONSTRUCTION CORPORATION  
CONSTRUCTION SERVICES FOR GENERAL CONSTRUCTION WORK**

**OVERVIEW:** The Corporation seeks to execute a two (2)-year contract not to exceed \$5,000,000 for construction services to be performed on an as needed basis/on demand, at any of its facilities. This method of requirements contract establishes a pre-fixed pricing for materials comprised of thousands of items utilized within a typical renovation project. The successful lowest responsible bidder submits its proposal based upon acceptance of the pre-fixed materials pricing, and its unique submission of a labor multiplier to install the pre-fixed materials. This labor multiplier is referred to as a "factor". Thus, if a material to be installed is \$10 dollars, and the contractor's factor to install that material is 1.0, the cost for that material and labor is \$10 dollars, inclusive of overhead and profit. Under this format, the contractor is pre-qualified to perform work on an as needed/on demand basis for projects of varying size, and for any trade required to complete a project.

This format has been used in previous requirements HHC contracts, and continues to be used by the New York City School Construction Authority ("SCA"), the New York State Dormitory Authority ("DASNY"), the New York City Department of Design and Construction ("DDC"), the New York City Department of Environmental Protection ("DEP"), the United States Postal Service ("UPS"), and others. The program methodology was developed by the Department of Defense and has been in existence for more than twenty years.

**NEED:** Facilities sometimes require construction services that fluctuate in frequency, vary in size and urgency, which cannot be timely and cost effectively be completed through a dedicated design, bid and award process.

**TERMS:** The construction services will be provided via a work order system within a two year period not to exceed \$5 million.

**FINANCING:** Requirements contracts provide a pre-qualified approved mechanism for Networks to access construction services. Networks establish the appropriate funding source such as capital funds from bond proceeds, expense (OTPS), or other funding sources, such as grants.

**SCHEDULE:** Upon contract execution, this contract shall be in effect for a two (2) year period or until the funds have been exhausted, whichever comes first.

**CONTRACT FACT SHEET  
REQUIREMENTS CONTRACT**

**RASHEL CONSTRUCTION CORPORATION  
CONSTRUCTION SERVICES FOR GENERAL CONSTRUCTION WORK**

**CONTRACT SCOPE:** Construction Services for General Construction Work

**CONTRACT DURATION:** 2 Years

**ADVERTISING PERIOD:** March 29, 2012 to April 24, 2012

**BID DOCUMENTS ISSUED:** Thirty-Two (32) Prime Contractors

**BIDS RECEIVED:** Nineteen (19) Prime Contractors

**LOWEST THREE (3)  
CONTRACTOR MULTIPLIERS:**

Rashel Construction Corp.	0.6775
Gridspan Corporation	0.7389
Atlas Restoration	0.7600

**LOWEST RESPONSIVE/  
RESPONSIBLE BIDDER:** Rashel Construction Corp.  
524 Mc Donald Avenue  
Brooklyn, NY 11218

**CONTRACTOR'S SIMILAR  
EXPERIENCE:** NYC Dept. of Homeless Services  
Building Upgrade – Rose Mc Carthy Shelter  
Completed: 2010  
Amount: \$ 1,126,637

Completed: 2011  
Amount: \$1,500,000  
NYC Dept. of Homeless Services  
General Construction – Various Locations  
Citywide

Work  
Amount: \$3,000,000  
NYC Health & Hospitals Corporation  
General Construction Requirements Contract for GC  
at Various Locations  
Completed 2012

**CONTRACT AMOUNT:** \$5,000,000

**VENDEX/EEO APPROVAL:** Approved

Office of Legal Affairs

MEMORANDUM

To: Clifton S. McLaughlin  
Office of Facilities Development

From: Karen Rosen   
Assistant Director

Date: July 9, 2012

Subject: VENDEX Approval

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For your information, on July 9, 2012 approval was granted by the Office of Legal Affairs for the following company:

Rashel Construction corp

cc: Norman M. Dion, Esq.

**Manasses C. Williams**  
Assistant Vice President  
Affirmative Action/EEO

manasses.williams@nychhc.org

TO: Clifton S. Mc Laughlin  
Sr. Management Consultant  
Office of Facilities Development

FROM: Manasses Williams

DATE: August 16, 2012

SUBJECT: EEO CONTRACT COMPLIANCE REVIEW AND EVALUATION

---

The proposed contractor/consultant, Rashel Construction Corp., has submitted to the Affirmative Action Office a completed Contract Compliance Questionnaire and the appropriate EEO documents.

This company is a:

Minority Business Enterprise  Woman Business Enterprise  Non-M/WBE

Project Location (s): HHC – Corporate Wide

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Project Number: 11-IQGC-3

Provide: Indefinite Quantity Construction Services

Submitted by: Office of Facilities Development

**EEO STATUS:**

1.  Approved
2.  Approved with follow-up review and monitoring
3.  Not Approved
4.  Subject to EEO Committee Review

**COMMENTS:**

MCW:moe

c:

## RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a requirements contract with Volmar Construction, Inc. (the "Contractor") for a cumulative amount not to exceed \$3,000,000 to provide construction services for Heating Ventilation and Air Conditioning (HVAC) work on an as-needed basis at various facilities throughout the Corporation.

WHEREAS, the facilities of the Corporation may require construction services for General Construction Work; and

WHEREAS, the Corporation has determined that the needs of the Networks for these services can be best met by utilizing outside firms, on an as-needed basis through a requirements contract; and

WHEREAS, the Corporation's Operating Procedure No. 100-5 requires approval by the Board of Directors of competitively bid contracts having a bid price of \$3,000,000 or more; and

WHEREAS, bids were publicly opened on June 6, 2012 and the Corporation has determined that the Contractor is the lowest responsible bidder for this contract; 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.

NOW, THEREFORE, be it

RESOLVED that the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to execute a contract with Volmar Construction, Inc. (the "Contractor") to provide construction services for Heating Ventilation and Air Conditioning (HVAC) work on an as-needed basis at various facilities throughout the Corporation. The contract shall be for a term of two (2) years, for a cumulative amount not to exceed \$3,000,000 for the services provided by this contractor.

**EXECUTIVE SUMMARY  
REQUIREMENTS CONTRACT**

**VOLMAR CONSTRUCTION, INC.  
CONSTRUCTION SERVICES FOR HVAC WORK**

**OVERVIEW:** The Corporation seeks to execute a two (2)-year contract not to exceed \$3,000,000 for construction services to be performed on an as needed basis/on demand, at any of its facilities. The method of requirements contract establishes a pre-fixed pricing for materials comprised of thousands of items utilized within a typical renovation project. The successful lowest responsible bidder submits its proposal based upon acceptance of the pre-fixed materials pricing, and its unique submission of a labor multiplier to install the pre-fixed materials. This labor multiplier is referred to as a "factor". Thus, if a material to be installed is \$10 dollars, and the contractor's factor to install that material is 1.0, the cost for that material and labor is \$10 dollars, inclusive of overhead and profit. Under this format, the contractor is pre-qualified to perform work on an as needed/on demand basis for projects of varying size, and for any trade required to complete a project.

This format has been used in previous requirements HHC contracts, and continues to be used by the New York City School Construction Authority ("SCA"), the New York State Dormitory Authority ("DASNY"), the New York City Department of Design and Construction ("DDC"), the New York City Department of Environmental Protection ("DEP"), the United States Postal Service ("UPS"), and others. The program methodology was developed by the Department of Defense and has been in existence for more than twenty years.

**NEED:** Facilities sometimes require construction services that fluctuate in frequency, vary in size and urgency, which cannot be timely and cost effectively be completed through a dedicated design, bid and award process.

**TERMS:** The construction services will be provided via a work order system within a two-year period not to exceed \$3 million.

**FINANCING:** Requirements contracts provide a pre-qualified approved mechanism for Networks to access construction services. Networks establish the appropriate funding source such as capital funds from bond proceeds, expense (OTPS), or other funding sources, such as grants.

**SCHEDULE:** Upon contract execution, this contract shall be in effect for a two (2) year period or until the funds have been exhausted, whichever comes first.

**CONTRACT FACT SHEET  
REQUIREMENTS CONTRACT**

**VOLMAR CONSTRUCTION, INC.  
CONSTRUCTION SERVICES FOR HVAC WORK**

**CONTRACT SCOPE:** Construction Services for HVAC Work

**CONTRACT DURATION:** 2 Years

**ADVERTISING PERIOD:** May 11, 2012 to May 25, 2012

**BID DOCUMENTS ISSUED:** Fourteen (14) Prime Contractors

**BIDS RECEIVED:** Nine (9) bids received. One firm was allowed to withdraw due to a bid mistake\*.

**LOWEST THREE (3)  
CONTRACTOR MULTIPLIERS:**

Equator Heating & Cooling, Inc.*	0.2875
Volmar Construction, Inc.	0.8421
Geomatrix Services, Inc.	0.8496

**LOWEST RESPONSIVE AND RESPONSIBLE BIDDER:** Volmar Construction, Inc.  
4400 2<sup>nd</sup> Avenue  
Brooklyn, NY 11232

**CONTRACTOR'S SIMILAR EXPERIENCE** Dormitory Authority of the State of NY  
JOB Order Contract –General Construction Work  
Various Locations in the NYC Area  
Completed: 2019  
Amount: \$ 6,665,195

Completed: 2009  
Amount: \$11,816,0870  
NYC Dept. of Environmental Protection Services  
Job Order Contract - General Construction Work  
Various Facilities in Brooklyn, Queens, Bronx and Manhattan

Indefinite  
Amount: \$3,000,000  
New York City Health & Hospitals Corporation  
Quantity Construction Contract  
Various Locations in Brooklyn, Queens and Staten Island  
Estimated Time for Completion: February 2013

**CONTRACT AMOUNT:** \$3,000,000

**VENDEX/EEO APPROVAL:** Approved

Office of Legal Affairs

MEMORANDUM

**To:** Clifton S. McLaughlin  
Office of Facilities Development

**From:** Karen Rosen   
Assistant Director

**Date:** August 23, 2012

**Subject:** VENDEX Approval

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For your information, on August 23, 2012 approval was granted by the Office of Legal Affairs for the following company:

Volmar Construction, Inc.

cc: Norman M. Dion, Esq.

**Manasses C. Williams**  
Assistant Vice President  
Affirmative Action/EEO

manasses.williams@nychhc.org

**TO:** Clifton S. McLaughlin  
Sr. Management Consultant  
Contract Services

**FROM:** Manasses C. Williams 

**DATE:** August 20, 2012

**SUBJECT:** EEO CONTRACT COMPLIANCE REVIEW AND EVALUATION

---

The proposed contractor/consultant, **Volmar Construction, Inc.**, has submitted to the Affirmative Action Office a completed Contract Compliance Questionnaire and the appropriate EEO documents.

This company is a:

Minority Business Enterprise  Woman Business Enterprise  Non-M/WBE

Project Location(s): HHC-Corporate Wide

Contract Number: \_\_\_\_\_ Project: Construction Work

Submitted by: Office Facilities Development Contracts Services

EEO STATUS:

1.  Approved
2.  Approved with follow-up review and monitoring
3.  Not approved

COMMENTS:

MCW:pat

c:

## **RESOLUTION**

Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation") to execute a requirements contract with Atlas Restoration Corporation (the "Contractor") in the amount of \$5,000,000 to provide construction services for General Construction Work on an as-needed basis at various facilities throughout the Corporation.

**WHEREAS**, the facilities of the Corporation may require construction services for General Construction Work; and

**WHEREAS**, the Corporation has determined that the needs of the Networks for these services can be best met by utilizing outside firms, on an as-needed basis through a requirements contract; and

**WHEREAS**, the Corporation's Operating Procedure No. 100-5 requires approval by the Board of Directors of competitively bid contracts having a bid price greater than \$3,000,000; and

**WHEREAS**, bids were publicly opened on May 1, 2012 and the Corporation has determined that the Contractor is the lowest responsible bidder for this contract; 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.

**NOW, THEREFORE, be it**

**RESOLVED** that the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to execute a contract with Atlas Restoration Corporation (the "Contractor") to provide construction services for General Construction Work on an as-needed basis at various facilities throughout the Corporation. The contract shall be for a term of two (2) years, for a cumulative amount not to exceed \$5,000,000 for the services provided by this contractor.

## EXECUTIVE SUMMARY

### REQUIREMENTS CONTRACT ATLAS RESTORATION CORPORATION

#### CONSTRUCTION SERVICES FOR GENERAL CONSTRUCTION WORK

**OVERVIEW:** The Corporation seeks to execute a two (2)-year contract not to exceed \$5,000,000 for construction services to be performed on an as needed basis/on demand, at any of its facilities. The method of requirements contract establishes a pre-fixed pricing for materials comprised of thousands of items utilized within a typical renovation project. The successful lowest responsible bidder submits its proposal based upon acceptance of the pre-fixed materials pricing, and its unique submission of a labor multiplier to install the pre-fixed materials. This labor multiplier is referred to as a "factor". Thus, if a material to be installed is \$10 dollars, and the contractor's factor to install that material is 1.0, the cost for that material and labor is \$10 dollars, inclusive of overhead and profit. Under this format, the contractor is pre-qualified to perform work on an as needed/on demand basis for projects of varying size, and for any trade required to complete a project.

This format has been used in previous requirements HHC contracts, and continues to be used by the New York City School Construction Authority ("SCA"), the New York State Dormitory Authority ("DASNY"), the New York City Department of Design and Construction ("DDC"), the New York City Department of Environmental Protection ("DEP"), the United States Postal Service ("UPS"), and others. The program methodology was developed by the Department of Defense and has been in existence for more than twenty years.

**NEED:** Facilities sometimes require construction services that fluctuate in frequency, vary in size and urgency, which cannot be timely and cost effectively be completed through a dedicated design, bid and award process.

**TERMS:** The construction services will be provided via a work order system within a two-year period not to exceed \$5 million.

**FINANCING:** Requirements contracts provide a pre-qualified mechanism for Networks to access construction services. Networks establish the appropriate funding source such as capital funds from bond proceeds, expense (OTPS), or other funding sources, such as grants.

**SCHEDULE:** Upon contract execution, this contract shall be in effect to for a two (2) year period or until the funds have been exhausted, whichever comes first.

**CONTRACT FACT SHEET  
REQUIREMENTS CONTRACT**

**ATLAS RESTORATION CORPORATION  
CONSTRUCTION SERVICES FOR GENERAL CONSTRUCTION WORK**

**CONTRACT SCOPE:** Construction Services for General Construction Work

**CONTRACT DURATION:** Two (2) Years

**ADVERTISING PERIOD:** March 29, 2012 to April 24, 2012

**BID DOCUMENTS ISSUED:** Thirty-Two (32) Prime Contractors

**BIDS RECEIVED:** Sixteen (16) Bids Received\*

**LOWEST THREE (3)  
CONTRACTOR MULTIPLIERS:**

Raschel Construction Corp.*	0.6994
Atlas Restoration Corp.	0.7150
Gridspan Corporation	0.7389

\*Raschel Construction Corp. submitted the lowest bid price on both IQCC GC-1 and IQCC GC-2. The Corporation has determined that it would not be advisable to award two (2) contracts of this magnitude to the same bidder because one firm may encounter difficulty handling the volume of work required for two (2) contracts. A separate Resolution requesting authorization to execute a contract with Raschel Construction for IQCC GC-1 will be submitted to the Board.

**LOWEST RESPONSIVE/  
RESPONSIBLE BIDDER:** Atlas Restoration Corp.  
35-11 9<sup>th</sup> Street  
Long Island City, NY 11106

**CONTACTOR'S SIMILAR  
EXPERIENCE:** Riverbay Corp. – Co-Op City  
Interior Renovations  
Completed: 2010  
Amount: \$ 10,200,000

Argo Management Corp. - 50 West 17<sup>th</sup> Street, NYC  
Interior Renovations/Masonry Restoration  
Completed: 2008  
Amount: \$2,500,000

220 Central Park Tower Associates LLC  
220 Central Park South Towers  
Interior Renovations  
Completed: 2007

Amount: \$2,882,000

**Page Two – Contract Fact Sheet  
Atlas Restoration Corporation**

NYC Health & Hospitals Corporation  
General Construction Requirements Contract for GC  
Work at Various Locations  
To be Completed: 2013

**CONTRACT AMOUNT:** \$5,000,000

**VENDEX APPROVAL:** Approved

**EEO APPROVAL:** Approved



NEW YORK CITY HEALTH AND HOSPITALS CORPORATION  
 125 Worth Street · Suite 401 · New York · New York · 10013  
 212-788-3380 · Fax: 212-788-3689 · E-mail: manasses.williams@nychhc.org

Manasses C. Williams  
 Assistant Vice President  
 Affirmative Action/EEO

TO: Clifton S. McLaughlin  
 Sr. Management Consultant  
 Contract Services

FROM: Manasses C. Williams 

DATE: September 10, 2012

SUBJECT: EEO CONTRACT COMPLIANCE REVIEW AND EVALUATION

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The proposed contractor/consultant, Atlas Restoration Corp., has submitted to the Affirmative Action Office a completed Contract Compliance Questionnaire and the appropriate EEO documents.

This company is a:

Minority Business Enterprise  Woman Business Enterprise  Non-M/WBE

Project Location(s): HHC-Corporate Wide

Contract Number: \_\_\_\_\_ Project: Indefinite Quantity Construction

Submitted by: Office Facilities Development Contracts Services

EEO STATUS:

1.  Approved
2.  Approved with follow-up review and monitoring
3.  Not approved

COMMENTS:

MCW:pat

c:

Office of Legal Affairs

MEMORANDUM

**To:** Clifton S. McLaughlin  
Office of Facilities Development

**From:** Karen Rosen   
Assistant Director

**Date:** September 12, 2012

**Subject:** VENDEX Approval

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For your information, on September 12, 2012 approval was granted by the Office of Legal Affairs for the following company:

Atlas Restoration Corp.

cc: Norman M. Dion, Esq.

## RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to name the Burn Intensive Care Unit on the second floor of Building 6 at Jacobi Medical Center (the "Facility") "The Stanley M. Levenson, M.D. Burn Intensive Care Unit".

WHEREAS, the Facility has requested that the Burn Intensive Care Unit on the second floor of Building 6 (the new inpatient building) be named in honor of Stanley M. Levenson, M.D., who, as the Founding Director of the Burn Intensive Care Unit at the Facility, provided leadership for almost a quarter of a century and who was a nationally recognized leader, educator, researcher and innovator in the care of burns and other wounds and in nutrition for wound healing; and

WHEREAS, Dr. Levenson, during his more than 35 year career at the Facility, used his expertise to develop the Burn Intensive Care Unit into a first-rate clinical center that successfully treated hundreds of burn victims and trained scores of physicians in the latest treatment protocols for the care of burns and other wounds; and

WHEREAS, the Facility, in conjunction with the naming of the Burn Intensive Care Unit and based on Dr. Levenson's work, will develop educational materials on burn and wound care that will be available for patients, their families and visitors; and

WHEREAS, Dr. Levenson's family and colleagues, in conjunction with the naming of the Burn Intensive Care Unit, have expressed an interest in raising funds for the support of the Unit and the Facility's educational efforts around burn and wound care; and

WHEREAS, the Facility has met the requirements for naming a portion of a facility as set forth in the Corporation's Operating Procedure 100-8 dated December 15, 2004 including that no person or persons on behalf of the Corporation or the Facility solicited a gift and that the naming is supported by the Facility's Community Advisory Board, the Medical Board, and the Executive Director; and

WHEREAS, the request has been submitted to the President advising of the intent to name the Burn Intensive Care Unit after Dr. Levenson.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation") be and is hereby authorized to name the Burn Intensive Care Unit on the second floor of Building 6 at Jacobi Medical Center (the "Facility") "The Stanley M. Levenson, M.D. Burn Intensive Care Unit".

The President of the Health and Hospitals Corporation is hereby authorized to notify all private parties and public agencies and organizations involved and interested in the affairs of such naming.

## EXECUTIVE SUMMARY

### THE STANLEY M. LEVENSON, M.D. BURN INTENSIVE CARE UNIT

#### JACOBI MEDICAL CENTER

The President of the New York City Health and Hospitals Corporation seeks authorization from the Board of Directors to name the Burn Intensive Care Unit (Burn ICU) on the 2nd floor of Building 6, the new inpatient building at Jacobi Medical Center (JMC) after Dr. Stanley M. Levenson who died in March 2012 after a career of almost 50 years as a clinician, researcher, educator and innovator in the treatment of burns and other wounds and in the role of nutrition in wound healing.

Dr. Levenson trained at Harvard Medical School (1937-41) and in 1942, as a Resident in the Burn Service and a Research Associate in Surgery at Boston City Hospital he found himself treating many of the victims of the horrific fire that destroyed the Coconut Grove nightclub and killed over 400 people. It was then that his lifelong dedication to improving the clinical care of burn victims and his continuing involvement in research into the role of nutrition in wound care began.

Dr. Levenson came to Jacobi in 1961 as an Attending Surgeon, Board certified in both Surgery and Nutrition. In 1971 he became the Director of Surgical Intensive Care Burn Unit and, as the Founder of the Burn ICU provided leadership for almost a quarter of a century. He was active as a clinician, administrator, educator and researcher throughout his long career in varying positions in the Department of Surgery at JMC. His development of pioneering protocols for the treatment of burns and other wounds and his work on the role of nutrition in wound healing over this period earned him national recognition as an expert, brought countless numbers of young physicians to him for training and made the Burn ICU at Jacobi a unique center of excellence.

In conjunction with the naming of the Burn ICU for Dr. Levenson, Jacobi Medical Center will develop public health and other educational materials around the care of burns and other wounds for the use of patients, their families and other visitors to the Burn ICU. Dr. Levenson is so highly regarded by his colleagues and other physicians he has mentored and trained that it is anticipated that this permanent recognition of his renowned career will serve as an inspiration and attraction to future generations of physicians.

*William P. Walsh*  
*Senior Vice President*

August 8, 2012

Alan D. Aviles  
President  
NYC Health and Hospitals Corporation  
125 Worth Street, Room 514  
New York, NY 10013

Dear Mr. Aviles,

I am writing to recommend and seek your support to name the Burn Unit within the Department of Surgery at Jacobi Medical Center: "The Stanley M. Levenson, M.D. Burn Intensive Care Unit."

Dr. Stanley Levenson, who passed away in March of 2012 at the age of 95, made a significant contribution to public health and to Jacobi Medical Center, where he established his professional career, his reputation as a clinician, scholar, educator and researcher, and where his spirit continues to be palpable. Dr. Levenson, an internationally recognized surgeon, was a visionary in modern burn care and the founder of Jacobi Medical Center's renowned Burn Service. He played a seminal role in the establishment of a strong burn and surgical intensive care service here, as a model for others, including our understanding of the role of nutrition in wound healing – the basis for our current treatment modalities.

I have communicated with our Medical and Community Advisory Boards to discuss this naming and received resounding and enthusiastic support from each of them.

We are grateful to have had Dr. Stanley Levenson make Jacobi Medical Center his professional home and for his longstanding association with Jacobi, and are cautiously optimistic that this naming will attract other support for our vision for the future. A significant part of physician engagement is recognition, and our physicians have reason to feel pride in the incredible clinical legacy of Dr. Levenson. In particular, this naming in tribute to such a worthy and well-respected individual will help to bolster our ability to attract and retain physicians of this high caliber and character.

Thank you in advance for your support of this request.

Sincerely,



William P. Walsh

cc: Antonio Martin

**Victor Badner, DMD, MPH**

**President**

**Medical Executive Committee**

1400 Pelham Parkway South

Building 1, Room 3NE1

Bronx, New York 10461

Tel. (718) 918-3418

Fax (718) 918-6147

Email: Victor.Badner@nbhn.net

August 3, 2012

William P. Walsh

Senior Vice President/Executive Director

Jacobi Medical Center

1400 Pelham Parkway South

Building 1, Room 1S9

Bronx, NY 10461

Dear Mr. Walsh:

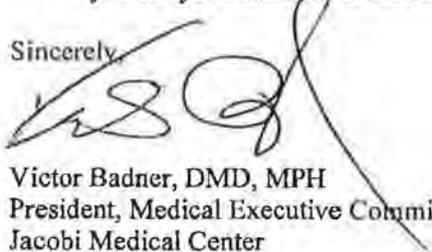
I am writing to inform you that at the Monday, July 23, 2012 meeting, the Medical Executive Committee of Jacobi Medical Center unanimously passed a resolution in support of the naming of the Burn Unit within the Department of Surgery as The Dr. Stanley M. Levenson Burn Unit.

My colleagues and I on the medical staff feel strongly that Dr. Levenson should be recognized for his extraordinary life work and his significant accomplishments. His contributions to burn research and clinical knowledge have made our Burn Center renowned in New York City and beyond. It is only fitting for the Jacobi Burn Unit to carry his name so that his memory will live on.

We would be truly honored if Dr. Levenson's name could be permanently attached to Jacobi and look forward to participating in future efforts related to the naming of the Jacobi Burn Unit.

Thank you for your attention to this matter.

Sincerely,



Victor Badner, DMD, MPH

President, Medical Executive Committee

Jacobi Medical Center

# CAB

COMMUNITY ADVISORY BOARD OF  
JACOBI MEDICAL CENTER

1400 Pelham Parkway South  
Bronx, NY 10461  
Sylvia Lask, Chairperson

August 6, 2012

William P. Walsh  
Senior Vice President/Executive Director  
Jacobi Medical Center  
1400 Pelham Parkway South  
Building 1, Room 1S9  
Bronx, NY 10461

Dear Mr. Walsh:

On behalf of the Jacobi Community Advisory Board (CAB), I am pleased to inform you that the CAB supports the proposed naming of the Jacobi Medical Center Burn Unit in honor of Dr. Stanley M. Levenson. Notwithstanding the CAB's summer recess, a formal poll of all CAB members took place, the results of which fully supports this important endeavor.

We strongly believe Dr. Levenson should be recognized for his long and exemplary service to Jacobi Medical Center and its renowned Burn Unit, and for his significant contributions to the education and training of physicians and to the evolution of contemporary treatment and care of burn victims at Jacobi and beyond. It is important to our Board to know that the physicians who have helped create outstanding programs are acknowledged.

The Community Advisory Board is committed to enriching, enhancing and improving the quality of health care available for all consumers regardless of ability to pay. Consistent with our mission, we believe the naming of the hospital's Burn Unit for Dr. Stanley M. Levenson will allow for the opportunity to further the prominence of this excellent, critical, and unique service.

Sincerely,



Sylvia Lask  
Chairperson, Community Advisory Board  
Jacobi Medical Center

## RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Landlord") to execute a sublease agreement with Meals On Wheels of Staten Island, Inc. (the "Tenant" or "Meals On Wheels"), for the development and operation of a facility housing kitchen, office, and storage functions on the campus of Sea View Hospital Rehabilitation Center and Home (the "Facility").

WHEREAS, Meals On Wheels, a non-profit corporation based in Staten Island, has been delivering hot meals to the borough's frail and elderly since the 1970s; and

WHEREAS, the organization's kitchen currently located on Port Richmond Avenue has limited food preparation capabilities and is no longer able to meet the demand for its services as the meal recipient census grows; and

WHEREAS, locating a new kitchen on the Facility's campus will enable Meals On Wheels to continue to provide its meals to the Staten Island community, and the Facility will benefit from the revenue produced by the sublease; and

WHEREAS, a Public Hearing was held on January 18, 2012, in accordance with the requirements of the Corporation's Enabling Act, and, prior to lease execution, the proposed sublease is subject to the approval of the City Council and the Office of the Mayor.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Landlord") be and hereby is authorized to execute a sublease agreement with Meals On Wheels of Staten Island, Inc. (the "Tenant" or "Meals On Wheels"), for the development and operation of a facility housing kitchen, office, and storage functions on the campus of Sea View Hospital Rehabilitation Center and Home (the "Facility").

The Tenant shall have use and occupancy of an approximately 65,340-square-foot parcel of land located on the northern portion of the Facility's campus ("the Demised Premises"). The Tenant shall develop and operate an approximately 22,400-square-foot facility on the Demised Premises. The balance of the parcel shall be developed for parking use. The initial term of the sublease shall be twenty-five (25) years. The sublease shall contain one 14-year renewal option and one 10-year option exclusive to the Tenant. The base rent for the initial term shall be \$94,740 per year.

The rent during the initial term shall be escalated by three (3) percent per year compounded annually. The rent shall be subject to re-appraisal prior to the commencement of each renewal option.

**Page Two – Resolution**  
**Meals On Wheels – Sea View**

The Tenant shall be responsible for the design, construction, and operation of the residential facility. Design documents shall be subject to review and approval of the Landlord, such approval not to be unreasonably withheld. The tenant has estimated approximately \$4 million for the development of the planned 22,400 square-foot facility.

The Tenant shall be responsible for all interior and exterior structural and non-structural maintenance and repairs to the facility. The cost of all utilities shall be the Tenant's responsibility.

The Tenant shall indemnify and hold harmless the Corporation and the City of New York from any and all claims arising by virtue of its use of the Demised Premises, and shall also provide appropriate insurance naming each as additional insured parties.

## EXECUTIVE SUMMARY

### SUBLEASE AGREEMENT MEALS ON WHEELS OF STATEN ISLAND, INC. SEA VIEW HOSPITAL REHABILITATION CENTER AND HOME

**OVERVIEW:** The President seeks authorization from the Board of Directors of the Corporation to execute a sublease with Meals On Wheels of Staten Island, Inc. ("Meals On Wheels"), for the development and operation of a facility housing kitchen, office and storage functions on the campus of Sea View Hospital Rehabilitation Center and Home ("Sea View").

**PROGRAM/  
NEED:**

Meals On Wheels of Staten Island, Inc., a non-profit corporation based in Staten Island, has been delivering hot meals to the borough's frail and elderly since the 1970s. Meals are currently prepared in the organization's kitchen located on Port Richmond Avenue and delivered using a combination of Meals On Wheels staff-driven vehicles and vehicles driven by volunteers. Over the past three years, the organization's meal recipient census has grown to nearly 800 people across the borough. The existing kitchen was forecasted to manage up to 550 meal recipients receiving two meals daily. As the elderly population on Staten Island continues to grow, Meals On Wheels acknowledges the need to expand its capabilities to meet the increasing demand for its services.

Meals On Wheels will build an approximately 22,400-square-foot building on Sea View's campus on an approximately 65,000-square-foot parcel of land that is currently vacant. The new facility will house a full capacity kitchen for food preparation and storage and administrative offices. The facility will also accommodate vehicular activity connected with loading prepared food on vehicles for delivery and the movement of trucks delivering food and other kitchen supplies. The Sea View campus location provides a central location from which the entire borough can be accessed.

A Public Hearing was held on January 18, 2012, in accordance with the requirements of the Corporation's Enabling Act, and, prior to lease execution the proposed sublease is subject to approval of the City Council and the Office of the Mayor.

**TERMS:** Meals On Wheels will have use and occupancy of an approximately 65,340-square-foot parcel of land located on the northern portion of the Facility's campus ("the Demised Premises"). Meals On Wheels will develop and operate an approximately 22,400-square-foot facility on the Demised Premises. The balance of the parcel shall be developed for parking use. The initial term of the sublease will be twenty-five (25) years.

Page Two – Executive Summary  
Meals On Wheels – Sea View

The sublease will contain one 14-year renewal option and one 10-year option exclusive to Meals On Wheels. The base rent for the initial term will be \$94,740 per year.

The rent during the initial term will be escalated by three (3) percent per year compounded annually. The rent will be subject to re-appraisal prior to the commencement of each renewal option.

Meals On Wheels will be responsible for the design, construction, and operation of the residential facility. Design documents shall be subject to review and approval of the Landlord, such approval not to be unreasonably withheld. Meals On Wheels has estimated approximately \$4 million for the development of the planned 22,400 square-foot facility.

Meals On Wheels will be responsible for all interior and exterior structural and non-structural maintenance and repairs to the facility. The cost of all utilities will be Meals On Wheels' responsibility.

Meals On Wheels will indemnify and hold harmless the Corporation and the City of New York from any and all claims arising by virtue of its use of the Demised Premises, and will also provide appropriate insurance naming each as additional insured parties.

## SUMMARY OF ECONOMIC TERMS

<b>SITE:</b>	Sea View Hospital Rehabilitation Center and Home 460 Brielle Avenue Borough of Staten Island Block 955, Lot 1
<b>TENANT:</b>	Meals On Wheels of Staten Island, Inc. 304 Port Richmond Avenue Staten Island, N.Y. 10302
<b>PARCEL SIZE:</b>	Approximately 65,340 square feet
<b>TERM:</b>	Twenty-five (25)-year initial term
<b>RENEWAL OPTIONS:</b>	One 14-year option, one 10-year option
<b>RENT:</b>	\$94,740 per year
<b>ESCALATION:</b>	3% per year compounded annually
<b>APPRAISALS/ RESETS:</b>	Prior to the commencement of each renewal option
<b>UTILITIES:</b>	The cost of all utilities shall be the tenant's responsibility.
<b>MAINTENANCE:</b>	The tenant shall responsible for all interior and exterior structural and non-structural maintenance and repairs to the facility.

## RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (“the Corporation” or “Licensor”) to execute a revocable license agreement with the Federal Bureau of Investigation of the United States Department of Justice (the “Licensee”) for its continued use and occupancy of space to house communications equipment at Coney Island Hospital (the “Facility”).

WHEREAS, in July 2007, the Board of Directors authorized the President to enter into a license agreement with the Licensee; and

WHEREAS, the Licensee has operated communications equipment on the Facility’s campus since September 2002, and desires to continue operating its system at the site; and

WHEREAS, the Facility continues to have adequate space to accommodate the Licensee’s communications equipment; and

WHEREAS, the communications equipment does not compromise Facility operations; and

WHEREAS, the Licensee’s communications system complies with applicable federal statutes governing the emission of radio frequency signals and therefore poses no health risk.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (“the Corporation” or “Licensor”) be and hereby is authorized to execute a revocable license agreement with the Federal Bureau of Investigation of the United States Department of Justice (the “Licensee”) for its continued use and occupancy of space to house communications equipment at Coney Island Hospital (the “Facility”).

The Licensee shall be granted the continued use and occupancy of approximately 150 square feet of space on the roof of the Main Building and in the 14<sup>th</sup> floor Mechanical Room (the “Licensed Space”) to house its communications equipment. The Licensee shall pay an occupancy fee of approximately \$8,021 per year, with annual increases of 3% per year.

The operation and maintenance of the equipment shall be the responsibility of the Licensee. The occupancy fee shall include the cost of electricity.

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

The license agreement shall be revocable by either party on ninety (90) days prior notice, and shall not exceed a term of five (5) years without further authorization by the Board of Directors of the New York City Health and Hospitals Corporation. The license agreement shall contain a five-year renewal option, which shall not be exercised without authorization by the Board of Directors.

## EXECUTIVE SUMMARY

### LICENSE AGREEMENT

#### FEDERAL BUREAU OF INVESTIGATION OF THE UNITED STATES DEPARTMENT OF JUSTICE

#### CONEY ISLAND HOSPITAL

The President seeks the authorization of the Board of Directors of the Corporation to execute a revocable license agreement with the Federal Bureau of Investigation of the United States Department of Justice ("FBI") for its continued use and occupancy of space to house communications equipment at Coney Island Hospital ("Coney Island").

In July 2007, the Board of Directors authorized the President to enter into a license agreement with the Licensee and the Licensee has operated communications equipment on the Facility's campus since September 2002, and desires to continue operating its system at the site.

At Coney Island, the FBI operates VHF-FM radio receiver equipment that enhances the overall performance of its communications systems. The FBI will continue to have use and occupancy of approximately 150 square feet of space on the roof of the Main Building and in the 14<sup>th</sup> floor Mechanical Room.

The FBI will pay an occupancy fee of \$8,021 per year, subject to annual increases of 3% per year. The FBI will be responsible for the operation and maintenance of the equipment. The license includes the cost of electricity.

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

The license agreement will be revocable by either party on ninety (90) days prior notice, and will not exceed a term of five (5) years without further authorization by the Board of Directors of the New York City Health and Hospitals Corporation. The license agreement will contain a five-year renewal option, which shall not be exercised without authorization by the Board of Directors.

## ANTENNA AGREEMENTS

Facility	Licensee	Occupancy Fee (\$)	Price/Square Foot (\$)	Board Approval
Elmhurst	NYPD	waived	n/a	5/2012
Harlem	Con Edison	27,007	540	3/2012
Coler	T-Mobile	52,840	264	2/2012
Goldwater	T-Mobile	50,087	254	2/2012
Goldwater	Sprint-Nextel	54,170	339	TBD
Lincoln	Sprint-Spectrum	80,812	269	9/2011
Coler	Sprint-Nextel	31,200	125	6/2011
Sea View	U.S. Government	7,939	52	7/2010
NCB	NYPD	waived	n/a	10/2009
Coler-Goldwater	Metro PCS	90,360	226	6/2009
Harlem	Con Edison	23,996	480	3/2007
Coney Island	U.S. Government	6,919	46	7/2007

### Explanation of Charges:

Government entities typically pay lower occupancy fees for the space their antenna equipment occupies. The fees paid by private firms are heavily influenced by the degree to which the equipment will enhance system coverage in the area. Carriers are willing to pay a higher rate for those antenna sites where the installation significantly improves signal coverage.

## RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a revocable license agreement with Sprint Spectrum L.P. (the "Licensee") for its continued use and occupancy of space for the operation of a cellular communications system at Coler-Goldwater Specialty Hospital and Nursing Facility, Goldwater Campus (the "Facility").

WHEREAS, the Corporation's Board of Directors in October 2006 authorized the execution of a license agreement allowing the Licensee to operate a cellular communications system which by its terms expired November 30, 2011; and

WHEREAS, the Licensee desires to continue operating its communications equipment at the Facility, and the Facility continues to have space suitable for the Licensee's needs; and

WHEREAS, the Licensee's continued use will not compromise Facility operations; and

WHEREAS, the Licensee's cellular communications system is in compliance with applicable federal statutes governing the emission of radiofrequency signals, and therefore poses no health risk.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to execute a revocable license agreement with Sprint Spectrum L.P. (the "Licensee") for its continued use and occupancy of space for the operation of a cellular communications system at Coler-Goldwater Specialty Hospital and Nursing Facility, Goldwater Campus (the "Facility").

The Licensee shall be granted use and occupancy of a total of approximately 160 square feet of space on the roof and the fourth floor of the Main Building on the Goldwater campus (the "Licensed Space") for the location of cellular antennas and associated equipment. The Licensee will operate a system which includes fourteen (14) antennas. The Licensee shall pay an annual occupancy fee of \$54,170 with a 3% increase on the anniversary of the commencement date for its use and occupancy of the Licensed Space. The Licensee shall be responsible for paying its utility costs.

As a result of the Coler-Goldwater modernization project, the facility's Goldwater campus will be vacated not later than November 2013. Because the Corporation will hold the right to terminate this license on 60 days notice without cause, the Corporation will be able to terminate this license in time to coincide with its closing of the Goldwater campus.

The Licensee shall be required to indemnify and hold harmless the Corporation and the City of New York from any and all claims arising out of its use of the licensed space, and shall provide appropriate insurance naming the Corporation and the City of New York as additional insureds.

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

## EXECUTIVE SUMMARY

### LICENSE AGREEMENT SPRINT SPECTRUM L.P.

#### COLER-GOLDWATER SPECIALTY HOSPITAL AND NURSING FACILITY

The President seeks authorization from the Board of Directors to execute a revocable license agreement with Sprint Spectrum L.P. ("Sprint") for its continued use and occupancy of space for the operation of a cellular communication base station, antennas, and related equipment on the roof of the Main Building on the Goldwater Campus of Coler-Goldwater Specialty Hospital and Nursing Facility ("Coler-Goldwater").

This resolution requests the Board's authorization to renew an existing agreement which expired November 30, 2011. The occupancy fee is 3% above the rate contained in the existing license agreement. Sprint has operated cellular equipment at Coler-Goldwater since 1999. The location on the roof of Coler-Goldwater's main building offers system performance advantages to Sprint and does not interfere with the facility's telecommunication systems. The system is in compliance with applicable federal statutes governing radiofrequency emissions, and therefore poses no health risk.

This resolution was originally submitted to the Capital Committee in November 2011 with the licensee identified as Nextel Communications and the Vendex approval pending. The Vendex approval was not received prior to the November 2011 Board of Directors meeting and the decision was made to withhold the resolution from presentation to the Board until the approval was received. In late June 2012, the Vendex approval for Sprint Spectrum L.P., previously doing business as Nextel Communications, was issued. The resolution was presented to the September 2012 Capital Committee as an "Old Business" item.

Sprint currently operates fourteen (14) antennas installed at the Main Building on the Goldwater campus. For its use and occupancy of approximately 160 square feet of space on the roof and fourth floor of the Main Building, Sprint will pay an annual occupancy fee of \$54,170 with a 3% increase on the anniversary of the commencement date of the license agreement. Sprint will be responsible for paying its utility costs.

As a result of the Coler-Goldwater modernization project, the facility's Goldwater campus will be vacated not later than November 2013. Because the Corporation will hold the right to terminate this license on 60 days notice without cause, the Corporation will be able to terminate this license in time to coincide with its closing of the Goldwater campus.

Sprint will be required to indemnify and hold harmless the Corporation and the City of New York from any and all claims arising out of its use of the licensed space, and shall provide appropriate insurance naming the Corporation and the City of New York as additional insureds.

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

## ANTENNA AGREEMENTS

Facility	Licensee	Occupancy Fee (\$)	Price/Square Foot (\$)	Board Approval
Elmhurst	NYPD	waived	n/a	5/2012
Harlem	Con Edison	27,007	540	3/2012
Coler	T-Mobile	50,807	264	2/2012
Goldwater	T-Mobile	50,807	254	2/2012
Goldwater	Nextel	54,170	339	TBD
Lincoln	Sprint-Spectrum	80,812	269	9/2011
Coler	Sprint-Nextel	31,200	125	6/2011
Sea View	U.S. Government	7,939	52	7/2010
NCB	NYPD	waived	n/a	10/2009
Coler-Goldwater	Metro PCS	90,360	226	6/2009
Harlem	Con Edison	23,996	480	3/2007
Coney Island	U.S. Government	6,919	46	7/2007

### Explanation of Charges:

Government entities typically pay lower occupancy fees for the space their antenna equipment occupies. The fees paid by private firms are heavily influenced by the degree to which the equipment will enhance system coverage in the area. Carriers are willing to pay a higher rate for those antenna sites where the installation significantly improves signal coverage.

Office of Legal Affairs

MEMORANDUM

To: Michael Buchholz  
Coler-Goldwater Specialty Hospital & Nursing Facility

From: Karen Rosen   
Assistant Director

Date: June 28, 2012

Subject: VENDEX Approval

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For your information, on June 28, 2012 VENDEX approval was granted by the Office of Contract Administration and Control for the following company:

Sprint Spectrum L.P.

cc: Norman M. Dion, Esq.

## RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a revocable license agreement with T-Mobile Northeast, LLC, (the "Licensee"), for its use and occupancy of space for the operation of a cellular communications system at Coler-Goldwater Specialty Hospital & Nursing Facility, Coler Campus (the "Facility").

WHEREAS, the Board of Directors approved a resolution on February 29, 2012 to authorize a license agreement with the Licensee for its use and occupancy of space at the Facility for the operation of cellular communications equipment; and

WHEREAS, as a result of a staff clerical error, the resolution provided for payment of an occupancy fee of \$52,840 per year, effective November 1, 2013; and

WHEREAS, the rate that was to have been stated was \$50,807 per year; and

WHEREAS, the Board of Directors desires to adopt an amended resolution to correct the error.

NOW THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to execute a revocable license agreement with T-Mobile Northeast, LLC, (the "Licensee"), for its use and occupancy of space for the operation of a cellular communications system at Coler-Goldwater Specialty Hospital & Nursing Facility (the "Facility") for the purposes and on the terms approved by the Board of Directors on February 29, 2012 provided that the annual occupancy fee shall be \$50,807 rather than \$52,840 as originally authorized and be it further resolved that the resolution approved on February 29, 2012 is otherwise ratified and confirmed.

## RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a revocable license agreement with T-Mobile Northeast, LLC, (the "Licensee"), for use and occupancy of space for the operation of a cellular communications system at Coler-Goldwater Specialty Hospital & Nursing Facility, Coler Campus (the "Facility").

WHEREAS, in July 2007 the Board of Directors of the Corporation authorized the President to execute a license agreement with the Licensee which by its terms expires on October 31, 2012; and

WHEREAS, the Licensee desires to continue to operate a cellular communications system at the Facility, and the Facility has space suitable for the Licensee's needs; and

WHEREAS, the Licensee's use of the rooftop space will not compromise Facility operations; and

WHEREAS, the Licensee's cellular communications system complies with applicable federal statutes governing the emission of radio frequency signals and therefore poses no health risk.

NOW THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to execute a revocable license agreement with T-Mobile Northeast, LLC, (the "Licensee"), for use and occupancy of space for the operation of a cellular communications system at Coler-Goldwater Specialty Hospital & Nursing Facility (the "Facility").

The Licensee shall be granted the use and occupancy of approximately 200 square feet of space on the roof of the "A-C" Building on the Facility's Coler campus (the "Licensed Space") for the operation of a cellular communications base station and related antenna equipment and accessories. The Licensee shall be responsible for paying for electrical and telephone services.

The Licensee shall pay an annual occupancy fee of \$52,840 per year, with an annual increase of 4% on the anniversary of the commencement date, for its use and occupancy of the Licensed Space.

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

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

## EXECUTIVE SUMMARY

### LICENSE AGREEMENT T-MOBILE NORTHEAST, LLC.

#### COLER-GOLDWATER SPECIALTY HOSPITAL AND NURSING FACILITY

The President seeks the authorization of the Board of Directors to execute a revocable license agreement with T-Mobile Northeast, LLC ("T-Mobile"), for use and occupancy of space to operate a cellular communications system at Coler-Goldwater Specialty Hospital & Nursing Facility ("Coler-Goldwater").

T-Mobile will operate a base station, antennae and related equipment at Coler-Goldwater. The roof of the "A-C" Building on the Coler campus offers system performance advantages to T-Mobile, and the operation of the system does not interfere with the facility's telecommunications systems. The system complies with applicable federal statutes governing radio frequency emissions, and, therefore, poses no health risk.

T-Mobile will have use and occupancy of approximately 200 square feet of space on the roof of the "A-C" Building on the Coler campus. T-Mobile will pay an annual occupancy fee of \$52,840 per year, with an annual increase of 4% on the anniversary of the commencement date, for use and occupancy of the licensed space and will also be responsible for paying for electrical and telephone services.

T-Mobile will be required to indemnify and hold harmless the Corporation and the City of New York from any and all claims arising out of its use of the licensed space, and shall provide appropriate insurance naming the Corporation and the City of New York as additional insureds.

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

Office of Legal Affairs

MEMORANDUM

To: Christopher Roberson  
Bellevue Hospital Center

From: Karen Rosen   
Assistant Director

Date: August 23, 2012

Subject: VENDEX Approval

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For your information, on August 23, 2012 VENDEX approval was granted by the Office of Legal Affairs for the following company:

T-Mobile Northeast, LLC.

cc: Norman M. Dion, Esq.

## RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to modify the scope and budget for the Major Modernization project at Gouverneur Healthcare Services (the "Facility") to add an additional \$38.2 million, raising the total project budget to \$247.479 million.

WHEREAS, the Major Modernization project at Gouverneur Healthcare Services was first authorized by Capital Committee approval of a Work Order for the Dormitory Authority of New York ("DASNY") on January 13, 2005; and

WHEREAS, subsequent DASNY Work Orders for the project were presented to Capital Committee on 2/9/2006, 9/10/2007, 4/10/2008, 6/12/2008, 2/12/2009, 6/11/2009, 10/23/2009, 3/11/2010, and 6/2/2011 which together authorized the total expenditure on the project of \$207.1 million; and

WHEREAS, scope changes and other revisions to the project budget have been proposed to address field conditions, changes in regulatory requirements, code violation corrections, and design enhancement; and

WHEREAS, the additional work proposed to be performed will require addition to the project budget of \$38.2 Million; and

WHEREAS, funding of \$1.3 million was reallocated from other available current capital project balances, and \$0.5 million from fiscal year 2013 Section 254 appropriations was added to the project's capital plan via the fiscal year 2013 September Plan submission; and

WHEREAS, funding in the amount of \$207.1 million was appropriated in the Corporation's City Capital Commitment Plan and an additional request of \$36.4million has been made via the Fiscal Year 2013 September Plan submission; and

WHEREAS, therecentrevision to Operating Procedure 100-5 requires construction project budgets of \$3 million or more to receive Board of Directors approval;

WHEREAS, the proposed modification of the project budget exceeds \$3 Million; and

WHEREAS, past practice has been to submit construction work orders for construction projects managed by DASNY or EDC through the Capital Committee and not to submit construction projects to the full Board of Directors at all; and

WHEREAS, it would be redundant to seek secure approval by the Board of Directors of this resolution and to also seek the Capital Committee's approval of work orders for the proposed additional work and cost.

NOW THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation, be and he hereby is authorized to modify the scope and funding for the Major Modernization project at Gouverneur Healthcare Services in accordance with the budget attached at an additional cost of \$38 million, raising the total project budget to \$247.479 million; and

RESOLVED, this Resolution shall stand in lieu of an approval by the Capital Committee of any work order for the expenditure approved by this Resolution.

## EXECUTIVE SUMMARY

### PROJECT APPROVAL MAJOR MODERNIZATION

#### GOUVERNEUR HEALTHCARE SERVICES

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to modify the scope and project funding for the Major Modernization of Gouverneur Healthcare Services (the "Facility") by an additional \$38.2 million, raising the total project budget to \$247.479 million.

The Major Modernization project at Gouverneur Healthcare Services was originally authorized by the Capital Committee's approval of a work order for the Dormitory Authority of New York ("DASNY") on January 13, 2005. The Capital Committee approved subsequent DASNY Work Orders for the project in February 2006, September 2007, April 2008, June 2008, February 2009, June 2009, October 2009, March 2010, and June 2011.

The expanded scope of the Modernization project will address field conditions in the existing structure, changes in regulatory requirements not in force at the time of the initial design, and correct existing code violations not incorporated in the project as part of the initial design. The New York City Department of Buildings will not issue a Certificate of Occupancy unless code deficiencies are corrected. The additional funding will also provide for programmatic design modifications. The attached itemized list summarizes the required changes that increase the total project budget to \$247.479 million.

NEW YORK CITY HEALTH & HOSPITALS CORPORATION  
CAPITAL COMMITTEE

DORMITORY AUTHORITY  
WORK ORDER APPROVAL

Date: September 13, 2012

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

Facility: Gouverneur Healthcare Services

Title: Major Modernization Project

Scope:

This authorization further provides funding for planning, pre-construction, architectural and engineering design services, construction, construction management and project management services necessary to complete the interior fit-out, infrastructure core and exterior enclosure for the modernization of Gouverneur Healthcare Services. This work order will permit the award of work to bring parts of the existing building to current codes, added scope items, change orders, and the procurement of the remaining phases of furniture, fixtures and equipment.

Estimate of Cost:

	<i>Previously Approved</i>	<i>Proposed</i>	<i>Budget</i>
<i>Construction</i>	\$152,680,000	\$30,678,000	\$184,358,000
<i>Design</i>	12,563,000	4,918,000	17,481,000
<i>Construction Consultants</i>	9,908,000	5,312,000	15,220,000
<i>Planning and Other Fees</i>	2,621,000	1,351,000	3,972,000
<i>Furniture &amp; Equipment</i>	9,422,000	3,586,000	13,008,000
<i>DASNY Fee</i>	7,333,000	1,028,000	8,361,000
<i>Prior Contingency</i>	14,752,000	(14,752,000)	0
<i>New Contingency</i>	0	5,000,000	5,000,000
<b><i>DASNY Total</i></b>	<b>\$209,279,000</b>	<b>\$38,121,000</b>	<b>\$247,400,000</b>
<i>Additional CON Processing Fee</i>			\$949,000
<i>Planning Fees</i>			75,000
<i>Value Engineering Services</i>			666,000
<b><i>Total</i></b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,690,000</b>
<b><i>Grand Total</i></b>	<b>\$209,279,000</b>	<b>\$38,121,000</b>	<b>\$249,090,000</b>

Funding:

<i>HHC tax-exempt bonds</i>	\$3,400,000	\$0	\$3,400,000
<i>Donations</i>	100,000	0	100,000
<i>Grant Funds</i>	2,050,000	0	2,050,000
<i>NYC General Obligation Bonds</i>	203,729,000	1,800,000	205,529,000
<i>NYC G.O. Bonds (Pending)</i>	0	36,400,000	36,400,000
<b><i>Total</i></b>	<b>\$209,279,000</b>	<b>\$38,200,000</b>	<b>\$247,479,000</b>

End Date: March 2014

CON: Full Review

Filed: October 30, 2007

Approval: Approved October 2, 2008

## Gouverneur Budget Analysis 9/4/12 - Financial PSR

Category	Contract	Original Encumbrance	Executed Changes	Current Encumbrance	Anticipated Changes	Projected Total Cost	
Design	RMJM Design phase	6,072,948	3,557,143	9,630,091	0	9,630,091	
	RMJM Construction phase	923,160	992,105	1,915,265	2,917,916	4,833,181	
	HRCG Design Phase	617,934	1,218,340	1,836,274	0	1,836,274	
	Elevators	0	0	0	50,000	50,000	
	Other Design consultants	347,603	32,843	380,446	0	380,446	
	Design Contingency				750,971	750,971	
	<b>Total Design</b>	<b>7,961,645</b>	<b>5,800,431</b>	<b>13,762,076</b>	<b>3,718,887</b>	<b>17,480,963</b>	
Const Consultants	HRCG CM	9,852,731	0	9,852,731	5,367,576	15,220,307	
	Other	2,075,023	294,800	2,369,823	1,027,659	3,397,482	
	<b>Total Const Consultants</b>	<b>11,927,754</b>	<b>294,800</b>	<b>12,222,554</b>	<b>6,395,235</b>	<b>18,617,789</b>	
Construction	HRG General Conditions	2,000,000	8,619,454	10,619,454	1,900,000	12,519,454	
	Construction Contractors	128,695,059	20,217,763	148,912,822	17,643,420	166,556,242	
	Elevators	0	0	0	1,450,000	1,450,000	
	Wage Escalation/Gen Conditions				1,000,000	1,000,000	
	Construction Contingency				3,000,000	3,000,000	
	<b>Total Construction</b>	<b>130,695,059</b>	<b>28,837,217</b>	<b>159,532,276</b>	<b>24,993,420</b>	<b>184,437,217</b>	
Other Project Costs		136,468	412,168	548,636	25,079	573,715	
FF&E		6,175,994	0	6,175,994	6,831,927	13,007,921	
DASNY Labor		0	5,727,886	5,727,886	2,618,509	8,361,395	
New Contingency		0	0	0	5,000,000	5,000,000	
<b>Total</b>		<b>156,896,920</b>	<b>41,072,502</b>	<b>197,969,422</b>	<b>49,583,057</b>	<b>247,479,000</b>	
					Budget	<b>209,279,000</b>	
						<b>(38,200,000)</b>	Projected Shortfall

Per DASNY PSR run date 9/4/12 current through 9/3/12

Executed and Anticipated Change Order categorization is per DASNY systems

<b>Current Funding</b>	Major	204,420,000
	Soil	2,680,000
	Med Gas	100,000
	IT/Cooling	1,779,000
	Kitchen	300,000
		<b>209,279,000</b>

**Assumes No Claims**

## **Project Narrative**

### **Gouverneur Hospital Major Modernization**

Work Order #1 was issued in January 2005 for \$2m to provide design phase services for the Gouverneur Major Modernization Project (the Project). Work Order #2 was issued for \$10.1m in February 2006, also for design phase services, which provided funding to procure architectural schematic design phase services for the Project. The selection process conducted by the Dormitory Authority - State of New York (DASNY), with participation and approval of HHC, yielded Hillier Architects as the design professional. Hunter Roberts Construction Group (HRCG), was selected as the construction manager. Schematic design was completed by Hillier, and in January 2007, HHC approved the design. At that time, the project budget was established at \$159m and approved by HHC. DASNY was to manage the project with the exception of four floors of rehabilitation work in the existing facility, which was to be managed by HHC. The approved budget did not include the four floors to be managed by HHC, or consideration for furnishings, fixtures and equipment (FF&E). Funding for the project was (Work Order #3) was \$38.5m.

Construction documents were produced, and the first construction contract for soil remediation was awarded in June 2008. Foundations and structural steel were awarded following an 'early start' CON approval by DOH. HHC transferred responsibility of the four floors they were to manage to DASNY, and in October 2008 the Project budget was formally increased in writing to \$182m, which included the original project scope plus the added four floors. Mechanical, plumbing, electrical and general construction fit out awards followed, after the CON approvals by DOH for D&TC and SNF, with the final major package ("GHS 11", representing the interior fit-out) awarded in January 2010. This approved budget did not include consideration for FF&E.

Funding for the project for Work Order #4 was raised to \$60m. Subsequent Work Orders increased the Project's funding to \$179.4m (Work Order #7), and with the inclusion of the Soil Remediation funding totaled \$182 m.

The Project's initial phase included the new construction component (ambulatory care center) and rehabilitation of the 13<sup>th</sup> floor of the existing facility, dedicated in September 2011.

Subsequent phasing for the rehabilitation of floors 2 through 11 followed with additional Work Orders #8 and #9 issued to incorporate FF&E, project program changes and bid overage, bringing the Project funding to \$207.2m by June 2011, with a scheduled Project completion date of April 2013.

A combination of field conditions, program changes involving code required and infrastructure, design omissions, and the associated coordination of which had a negative impact on the Project's schedule and associated budget. By October 2011, this combination of events led to the extension of the Project schedule from April 2013 to September 2013. By July 2012, these same factors continued to impact the schedule, with the projected substantial completion date of March 2014.

**DASNY WORK ORDERS - GOUVERNEUR MAJOR MODERNIZATION**

	<b>WO # 1</b>	<b>WO # 2</b>	<b>WO # 3</b>	<b>WO # 4</b>	<b>WO # 5</b>	<b>WO # 6</b>	<b>WO # 7</b>	<b>WO # 8</b>	<b>WO # 9</b>
Date	1/13/2005	2/9/2006	9/10/2007	6/12/2008	2/12/2009	6/11/2009	10/15/2009	3/11/2010	6/2/2011
<b>Proposed</b>									
Construction	\$0	\$997,000	\$15,997,000	\$34,933,000	\$71,317,000	\$124,813,000	\$133,342,000	\$140,842,000	\$148,531,605
design	\$1,500,000	\$7,712,000	\$10,272,000	\$10,272,000	\$10,482,000	\$11,999,000	\$12,277,000	\$12,277,000	\$12,277,000
CM	\$30,000	\$425,000	\$8,925,000	\$8,825,000	\$9,853,000	\$9,853,000	\$9,853,000	\$9,853,000	\$9,853,000
other	\$120,000	\$135,000	\$135,000	\$335,000	\$1,945,000	\$2,450,000	\$2,551,000	\$2,551,000	\$2,551,000
Movable Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,422,000	\$9,422,000
DASNY Fee	\$168,000	\$390,000	\$1,390,000	\$3,616,000	\$2,436,000	\$6,900,000	\$6,900,000	\$6,900,000	\$7,288,395
Contingency	\$182,000	\$464,000	\$1,732,000	\$2,645,000	\$5,731,000	\$12,485,000	\$14,497,000	\$14,497,000	\$14,497,000
	<b>\$2,000,000</b>	<b>\$10,123,000</b>	<b>\$38,451,000</b>	<b>\$60,626,000</b>	<b>\$101,764,000</b>	<b>\$168,500,000</b>	<b>\$179,420,000</b>	<b>\$196,342,000</b>	<b>\$204,420,000</b>
<b>Budget</b>									
Construction	\$0	\$0	\$0	\$0	\$0	\$133,342,000	\$133,342,000	\$141,842,000	\$148,531,605
design	\$0	\$0	\$0	\$0	\$0	\$12,277,000	\$12,277,000	\$12,277,000	\$12,277,000
CM	\$0	\$0	\$0	\$0	\$0	\$9,853,000	\$9,853,000	\$9,853,000	\$9,853,000
other	\$0	\$0	\$0	\$0	\$0	\$2,551,000	\$3,551,000	\$2,551,000	\$2,551,000
Movable Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,422,000	\$9,422,000
DASNY Fee	\$0	\$0	\$0	\$0	\$0	\$6,900,000	\$6,900,000	\$6,900,000	\$7,288,395
Contingency	\$0	\$0	\$0	\$0	\$0	\$14,497,000	\$14,497,000	\$14,497,000	\$14,497,000
	\$0	\$0	\$0	\$0	\$0	<b>\$179,420,000</b>	<b>\$180,420,000</b>	<b>\$197,342,000</b>	<b>\$204,420,000</b>
<b>Forecast</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	<b>\$205,420,000</b>	<b>\$204,420,000</b>

<b>Major Activities</b>	Initial DASNY WO	A/E contract award	30% schematic design approved Jan 2007	60% design submissions July 2007-April 2008	Foundation and steel progress	Other major bid packages awarded	Steel topping Sept 2009	GHS 11 Fit Out award Final major package Interior fit out	Ribbon Cutting Am Care 13th Floor, Sept 2011
	Pre-design	CM contract award	DASNY scope \$159 mill excluding 4 floors of existing building HHC to manage those excluding FF&E	DASNY scope \$180 mill including 4 floors excluding FF&E	Other major bid packages issued		Construction progresses		
	Procurement of A/E	Programming and Design proceed		Ground Breaking Sept 2008					

<b>% Construction Completion</b>						2.0%	7.0%	13.9%	25.9%	32.0%
<b>Est Substantial Completion</b>						12/3/2012	12/31/2012	2/28/2013	4/30/2013	12/11/2013

**Current Status**  
 Construction completion @ 73%

floors 2,3 demolished, layout work  
 floors 4,5,6,7 being fitted out for Dec. 2012 TCO  
 floor 8: abated and demolished, has temporary loops for plumbing for occupied floors above.  
 floor 9. abatement ongoing  
 floors 1, 10, 11 existing occupancy remains until 5,6,7 are completed for relocation

**NEW YORK CITY HEALTH & HOSPITALS CORPORATION  
CAPITAL COMMITTEE**

**DORMITORY AUTHORITY  
WORK ORDER APPROVAL**

**Date:** January 13, 2005

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

**Facility:** Gouverneur Healthcare Services  
**Title:** Gouverneur Major Modernization Project

**Scope:** Provide the planning, pre-construction, architectural and engineering design and project management services necessary for the schematic design development of the Gouverneur's Major Modernization to provide for a new building extension to expand the Nursing Facility beds, renovation of existing Nursing Facility and Ambulatory Care areas.

**Need:** Gouverneur's existing design is outdated, and impedes efforts to increase efficiencies, introduce new technologies, and meet current healthcare guidelines and standards. The Nursing Facility includes four-bedded resident rooms and lacks amenities now commonly found in other nursing facilities. This project is necessary to meet emerging community needs. The programmatic, space and facility needs were developed in conjunction with a facility-wide modernization master plan recently completed.

**Estimate of Cost:**

	<i>Proposed</i>
<i>Construction</i>	\$ 0
<i>Design</i>	1,500,000
<i>Construction management</i>	30,000
<i>Other Costs (VE Section)</i>	120,000
<i>DASNY Fee</i>	168,000
<i>Contingency</i>	182,000
<i>Total</i>	\$ 2,000,000

**Funding:**

<i>HHC tax-exempt bonds</i>	\$ 0
<i>HHC operating revenue</i>	0
<i>Working capital</i>	\$ 2,000,000
<i>NYC capital funds</i>	0
<i>Other</i>	0
<i>Total</i>	\$ 2,000,000

**End Date:** July 2005 (Schematic Design)

**CON:** Full Review

**Filed:** To be file

**Approval:**

**NEW YORK CITY HEALTH & HOSPITALS CORPORATION  
CAPITAL COMMITTEE**

**DORMITORY AUTHORITY  
WORK ORDER APPROVAL**

**Date:** February 9, 2006 (revised)

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

**Facility:**

**Title:**

**Scope:**

**Need:**

**Estimate of Cost:**

	<i>Previously Approved</i>	<i>Proposed</i>
<i>Construction</i>	\$ 0	\$ 997,000
<i>Design</i>	1,500,000	7,712,000
<i>Construction management</i>	30,000	425,000
<i>Other Costs</i>	120,000	135,000
<i>DASNY Fee</i>	168,000	390,000
<i>Contingency</i>	182,000	464,000
<i>Total</i>	<u>\$ 2,000,000</u>	<u>\$ 10,123,000</u>

**Funding:**

<i>HHC tax-exempt bonds</i>	\$ 0	\$ 0
<i>HHC operating revenue</i>	0	0
<i>Working capital</i>	0	0
<i>NYC General Obligation Bonds</i>	2,000,000	10,123,000
<i>Other</i>	0	0
<i>Total</i>	<u>\$ 2,000,000</u>	<u>\$ 10,123,000</u>

**End Date:**

**CON:**

**Filed:**

**Approval:**

**NEW YORK CITY HEALTH & HOSPITALS CORPORATION  
CAPITAL COMMITTEE**

**DORMITORY AUTHORITY  
WORK ORDER APPROVAL**

**Date:** September 10, 2007 (revised)

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

**Facility:** Gouverneur Healthcare Services

**Title:** Gouverneur Major Modernization Project

**Scope:** Provide the planning, pre-construction, architectural and engineering design services, construction, construction management and project management services necessary to complete the excavation, foundation, and structural steel for the modernization of Gouverneur Healthcare Services. This increases the previous work order authorization of \$10.1 million.

**Need:** Gouverneur's existing design is outdated and impedes efforts to increase efficiencies, introduce new technologies, and meet current healthcare guidelines and standards. The existing nursing facility contains four-bedded resident rooms and lacks amenities now standard in nursing facilities.

**Estimate of Cost:**

	<i>Previously Approved</i>	<i>Proposed</i>
<i>Construction</i>	\$ 997,000	\$ 15,997,000
<i>Design</i>	7,712,000	10,272,000
<i>Construction management</i>	425,000	8,925,000
<i>Other Costs</i>	135,000	135,000
<i>DASNY Fee</i>	390,000	1,390,000
<i>Contingency</i>	464,000	1,732,000
<i>Total</i>	<u>\$ 10,123,000</u>	<u>\$ 38,451,000</u>

**Funding:**

<i>HHC tax-exempt bonds</i>	\$ 0	\$ 0
<i>HHC operating revenue</i>	0	0
<i>Working capital</i>	0	0
<i>NYC General Obligation Bonds</i>	10,123,000	38,451,000
<i>Total</i>	<u>\$ 10,123,000</u>	<u>\$ 38,451,000</u>

**End Date:** September 2008

**CON:** Full Review

**Filed:** August 3, 2007

**Approval:** Pending

**NEW YORK CITY HEALTH & HOSPITALS CORPORATION  
CAPITAL COMMITTEE**

**DORMITORY AUTHORITY  
WORK ORDER APPROVAL**

**Date:** April 10, 2008

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

**Facility:** Gouverneur Healthcare Services

**Title:** Soil Decontamination

**Scope:** Provide architectural and engineering design services, construction, construction management and project management services for the removal and disposal of contaminated soil.

**Need:** Soil contaminated with fuel oil was encountered under the existing parking lot at Gouverneur Healthcare Services. This soil must be removed in accordance with the procedures and standards promulgated by the Department of Environmental Conservation (DEC) and replaced with clean backfill.

**Estimate of Cost:**

	<i>Proposed</i>
<i>Construction</i>	\$ 2,255,000
<i>Design</i>	150,000
<i>Construction Management</i>	30,000
<i>DASNY Fee</i>	20,000
<i>Contingency</i>	225,000
<i>Total</i>	\$ 2,680,000

**Funding:**

<i>HHC tax-exempt bonds</i>	\$ 0
<i>HHC operating revenue</i>	0
<i>Working capital</i>	0
<i>NYC General Obligation Bonds</i>	2,680,000
<i>Other</i>	0
<i>Total</i>	\$ 2,680,000

**End Date:** June 2008

**CON:** N/A

**Filed:**

**Approved:**

**NEW YORK CITY HEALTH & HOSPITALS CORPORATION  
CAPITAL COMMITTEE**

**DORMITORY AUTHORITY  
WORK ORDER APPROVAL**

**Date:** June 12, 2008 (revised)

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

**Facility:** Gouverneur Healthcare Services

**Title:** Gouverneur Major Modernization Project

**Scope:** Provide the planning, pre-construction, architectural and engineering design services, construction, construction management and project management services necessary to complete the infrastructure core and exterior enclosure for the modernization of Gouverneur Healthcare Services. This increases the previous work order authorization of \$38.5 million.

**Need:** Gouverneur's existing design is outdated and impedes efforts to increase efficiencies, introduce new technologies, and meet current healthcare guidelines and standards. The existing nursing facility contains four-bedded resident rooms and lacks amenities now standard in nursing facilities.

**Estimate of Cost:**

	<i>Previously Approved</i>	<i>Proposed</i>
<i>Construction</i>	\$ 15,997,000	\$ 34,933,000
<i>Design</i>	10,272,000	10,272,000
<i>Construction management</i>	8,925,000	8,825,000
<i>Other Costs</i>	135,000	335,000
<i>DASNY Fee</i>	1,390,000	3,616,000
<i>Contingency</i>	1,732,000	2,645,000
<i>Total</i>	<u>\$ 38,451,000</u>	<u>\$ 60,626,000</u>

**Funding:**

<i>HHC tax-exempt bonds</i>	\$ 0	\$ 0
<i>HHC operating revenue</i>	0	0
<i>Working capital</i>	0	0
<i>NYC General Obligation Bonds</i>	38,451,000	60,626,000
<i>Total</i>	<u>\$ 38,451,000</u>	<u>\$ 60,626,000</u>

**End Date:** March 2009

**CON:** Full Review

**Filed:** August 3, 2007

**Approval:** Pending

**NEW YORK CITY HEALTH & HOSPITALS CORPORATION  
CAPITAL COMMITTEE**

**DORMITORY AUTHORITY  
WORK ORDER APPROVAL**

**Date:** February 12, 2009 (revised)

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

**Facility:** Gouverneur Healthcare Services

**Title:** Gouverneur Major Modernization Project

**Scope:** Provide the planning, pre-construction, architectural and engineering design services, construction, construction management and project management services necessary to complete the infrastructure core and exterior enclosure for the modernization of Gouverneur Healthcare Services. This increases the previous work order authorization of \$60.6 million.

**Need:** Gouverneur's existing design is outdated and impedes efforts to increase efficiencies, introduce new technologies, and meet current healthcare guidelines and standards. The existing nursing facility contains four-bedded resident rooms and lacks amenities now standard in nursing facilities.

**Estimate of Cost:**

	<i>Previously Approved</i>	<i>Proposed</i>	<i>Budget</i>
<i>Construction</i>	\$34,833,000	\$ 71,317,000	\$133,819,000
<i>Design</i>	10,272,000	10,482,000	11,999,000
<i>Construction management</i>	8,925,000	9,853,000	9,853,000
<i>Other Costs</i>	335,000	1,945,000	2,450,000
<i>Movable Equipment</i>	0	0	10,000,000
<i>DASNY Fee</i>	2,645,000	2,615,000	6,900,000
<i>Contingency</i>	3,616,000	5,731,000	12,485,000
<i>Total</i>	<u>\$60,626,000</u>	<u>\$101,943,000</u>	<u>\$187,506,000</u>

**Funding:**

<i>City Council/Boro. Pres</i>	\$ 0	\$ 0	\$ 1,900,000
<i>Donations &amp; Homeland Security</i>	0	0	700,000
<i>Grant Funds (Pending)</i>	0	0	1,500,000
<i>NYC G. O. &amp; HHC Bonds</i>	<u>\$60,626,000</u>	<u>\$101,943,000</u>	<u>\$183,406,000</u>
<i>Total</i>	<u>\$60,626,000</u>	<u>\$101,943,000</u>	<u>\$187,506,000</u>

**End Date:** December 2010

**CON:** Full Review

**Filed:**

**Approval:** Approved October 2, 2008

**NEW YORK CITY HEALTH & HOSPITALS CORPORATION  
CAPITAL COMMITTEE**

**DORMITORY AUTHORITY  
WORK ORDER APPROVAL**

**Date:** June 11, 2009 (revised)

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

**Facility:** Gouverneur Healthcare Services

**Title:** Gouverneur Major Modernization Project

**Scope:** Provide the planning, pre-construction, architectural and engineering design services, construction, construction management and project management services necessary to complete the infrastructure core and exterior enclosure for the modernization of Gouverneur Healthcare Services. This increases the previous work order authorization of \$101.9 million, and will permit the award of construction contracts that have been bid since the prior work order was approved by the Capital Committee on February 12, 2009.

**Need:** The existing nursing facility contains four-bedded resident rooms that lack most amenities now considered standard in nursing facilities. The project will address outdated designs by improving efficiencies through use of new technologies, building configurations and enhancements that meet current healthcare guidelines and standards.

**Estimate of Cost:**

	<i>Previously Approved</i>	<i>Proposed</i>	<i>Budget</i>
<i>Construction</i>	\$71,317,000	\$ 124,813,000	\$133,342,000
<i>Design</i>	10,482,000	11,999,000	12,277,000
<i>Construction management</i>	9,853,000	9,853,000	9,853,000
<i>Other Costs</i>	1,945,000	2,450,000	2,551,000
<i>Movable Equipment</i>	0	0	0
<i>DASNY Fee</i>	2,615,000	6,900,000	6,900,000
<i>Contingency</i>	5,731,000	12,485,000	14,497,000
<i>Total</i>	<u>\$101,943,000</u>	<u>\$168,500,000</u>	<u>\$179,420,000</u>

**Funding:**

<i>City Council/Boro. Pres</i>	\$ 0	\$ 1,900,000	\$ 2,350,000
<i>Donations &amp; Homeland Security</i>	0	700,000	1,100,000
<i>Grant Funds (Pending)</i>	0	0	1,500,000
<i>NYC G. O. Bonds</i>	\$101,943,000	\$165,900,000	\$174,470,000
<i>Total</i>	<u>\$101,943,000</u>	<u>\$168,500,000</u>	<u>\$179,420,000</u>

**End Date:** April 2013

**CON:** Full Review

**Filed:**

**Approval:** Approved October 2, 2008

**NEW YORK CITY HEALTH & HOSPITALS CORPORATION  
CAPITAL COMMITTEE**

**DORMITORY AUTHORITY  
WORK ORDER APPROVAL**

**Date:** October 15, 2009 (revised)

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

**Facility:** Gouverneur Healthcare Services

**Title:** Gouverneur Major Modernization Project

**Scope:** Provide the planning, pre-construction, architectural and engineering design services, construction, construction management and project management services necessary to complete the interior fit-out, infrastructure core and exterior enclosure for the modernization of Gouverneur Healthcare Services. This increases the previous work order authorization to \$179.4 million, and will permit the award of construction contracts that have been bid since the prior work order was approved by the Capital Committee on June 11, 2009.

**Need:** The existing nursing facility contains four-bedded resident rooms that lack most amenities now considered standard in nursing facilities. The project will address outdated designs by improving efficiencies through use of new technologies, building configurations and enhancements that meet current healthcare guidelines and standards.

**Estimate of Cost:**

	<i>Previously Approved →</i>	<i>Presented for Committee Authorization on 10/23/2009 →</i>	<i>New Approval Level</i>	<i>Budget</i>
<i>Construction</i>	\$ 124,813,000	\$8,529,000	\$ 133,342,000	\$ 133,342,000
<i>Design</i>	11,999,000	278,000	12,277,000	12,277,000
<i>Construction management</i>	9,853,000	0	9,853,000	9,853,000
<i>Other Costs</i>	2,450,000	101,000	2,551,000	3,551,000
<i>Movable Equipment</i>	0	0	0	0
<i>DASNY Fee</i>	6,900,000	0	6,900,000	6,900,000
<i>Contingency</i>	12,485,000	2,012,000	14,497,000	14,497,000
<b>Total</b>	<b>\$168,500,000</b>	<b>\$10,920,000</b>	<b>\$179,420,000</b>	<b>\$180,420,000</b>
<b>Funding:</b>				
<i>City Council/Boro. Pres</i>	\$ 1,900,000	\$ 450,000	\$ 2,350,000	\$ 2,350,000
<i>Donat. &amp; Homeland Secu.</i>	700,000	400,000	1,100,000	1,100,000
<i>Grant Funds (Pending)</i>	0	1,500,000	1,500,000	1,500,000
<i>NYC G. O. Bonds</i>	\$165,900,000	\$8,570,000	\$174,470,000	\$175,470,000
<b>Total</b>	<b>\$168,500,000</b>	<b>\$10,920,000</b>	<b>\$179,420,000</b>	<b>\$180,420,000</b>
<b>OMB Budget Reduction</b>	<b>(\$11,100,000)</b>	<b>(\$11,100,000)</b>	<b>(\$11,100,000)</b>	<b>(\$11,100,000)</b>

**End Date:** April 2013

**CON:** Full Review

**Filed:**

**Approval:** Approved October 2, 2008

**NEW YORK CITY HEALTH & HOSPITALS CORPORATION  
CAPITAL COMMITTEE**

**DORMITORY AUTHORITY  
WORK ORDER APPROVAL**

**Date:** March 11, 2010 (revised)

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

**Facility:** Gouverneur Healthcare Services

**Title:** Gouverneur Major Modernization Project

**Scope:** Provide the planning, pre-construction, architectural and engineering design services, construction, construction management and project management services necessary to complete the interior fit-out, infrastructure core and exterior enclosure for the modernization of Gouverneur Healthcare Services. This increases the previous work order authorization to \$196.3 million, and will permit the award of the security and telecommunication contracts, elevator upgrade and roof replacement work, and the procurement of furniture, fixtures and equipment. This work order will increase the prior work order authorization by \$16.9 million.

**Need:** The existing nursing facility contains four-bedded resident rooms that lack most amenities now considered standard in nursing facilities. The project will address outdated designs by improving efficiencies through use of new technologies, building configurations and enhancements that meet current healthcare guidelines and standards.

**Estimate of Cost:**

	<i>Previously Approved →</i>	<i>Presented for Committee Authorization on 03/11/2010 →</i>	<i>New Approval Level</i>	<i>Budget</i>
<i>Construction</i>	\$ 133,342,000	\$ 7,500,000	\$ 140,842,000	\$ 141,842,000
<i>Design</i>	12,277,000	0	12,277,000	12,277,000
<i>Construction management</i>	9,853,000	0	9,853,000	9,853,000
<i>Other Costs</i>	2,551,000	0	2,551,000	2,551,000
<i>Movable Equipment</i>	0	9,422,000	9,422,000	9,422,000
<i>DASNY Fee</i>	6,900,000	0	6,900,000	6,900,000
<i>Contingency</i>	14,497,000	0	14,497,000	14,497,000
<b>Total</b>	<b>\$179,420,000</b>	<b>\$16,922,000</b>	<b>\$196,342,000</b>	<b>\$197,342,000</b>
<b>Funding:</b>				
<i>City Council/Boro. Pres</i>	\$ 2,350,000	\$ 0	\$ 2,350,000	\$ 2,350,000
<i>Donations</i>	1,100,000	0	1,100,000	1,100,000
<i>Grant Funds (Pending)</i>	1,500,000	0	1,500,000	1,500,000
<i>NYC G. O. Bonds</i>	\$174,470,000	\$16,922,000	\$191,392,000	\$192,492,000
<b>Total</b>	<b>\$179,420,000</b>	<b>\$16,922,000</b>	<b>\$196,342,000</b>	<b>\$197,342,000</b>
<i>Forecast</i>				\$205,420,000
<i>Shortfall</i>				(\$8,078,000)
<b>Mayoral Budget Reduction*</b>	<b>(\$11,100,000)</b>	<b>(\$11,100,000)</b>	<b>(\$11,100,000)</b>	<b>(\$11,100,000)</b>

*\*Does not affect DASNY's work order*

**CON Status:** End Date: April 2013

**CON:** Full Review

**Approval:** October  
2, 2008

**Filed:**

# NEW YORK CITY HEALTH & HOSPITALS CORPORATION CAPITAL COMMITTEE

## DORMITORY AUTHORITY WORK ORDER APPROVAL

Date: June 2, 2011

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

Facility: Gouverneur Healthcare Services

Title: Gouverneur Major Modernization Project

Scope: This work order increases the prior authorization limit by \$8.1 million to a total of \$204.4. The funding increase will authorize DASNY to increase the construction and management fee limits.

Need: The facility was a nursing facility containing four-bedded resident rooms that lacked most of the amenities now considered standard in nursing facilities. This project addresses outdated designs by improving efficiencies through the use of new technologies, building configurations and enhancements that meet current healthcare guidelines and standards. The increase in authorization will permit DASNY to compensate contractors performing construction work, as well as increase its fee limit to administer the additional work.

**Estimate of Cost:**

	<i>Previously Approved (3/11/11) →</i>	<i>Presented for Committee Authorization on 06/02/2011 →</i>	<i>New Approval Level</i>	<i>Budget</i>
<i>Construction</i>	\$ 140,842,000	\$ 7,689,605	\$ 148,531,605	\$ 148,531,605
<i>Design</i>	12,277,000	0	12,277,000	12,277,000
<i>Construction management</i>	9,853,000	0	9,853,000	9,853,000
<i>Other Costs</i>	2,551,000	0	2,551,000	2,551,000
<i>Movable Equipment</i>	9,422,000	0	9,422,000	9,422,000
<i>DASNY Fee</i>	6,900,000	388,395	7,288,395	7,288,395
<i>Contingency</i>	14,497,000	0	14,497,000	14,497,000
<b>Total</b>	<b>\$196,342,000</b>	<b>\$8,078,000</b>	<b>\$204,420,000</b>	<b>\$204,420,000</b>
<b>Funding Source:</b>				
<i>City Council/Boro. Pres</i>	\$ 2,920,000	\$0	\$ 2,920,000	\$ 2,920,000
<i>Donations</i>	150,000	0	150,000	150,000
<i>Grant Funds (Pending)</i>	1,880,000	0	1,880,000	1,880,000
<i>NYC G. O. Bonds</i>	\$191,392,000	\$8,078,000	\$199,470,000	\$199,470,000
<b>Total</b>	<b>\$196,342,000</b>	<b>\$8,078,000</b>	<b>\$204,420,000</b>	<b>\$204,420,000</b>
<i>Forecast</i>				<b>\$204,420,000</b>
<i>Shortfall</i>				<b>-0-</b>

## RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to modify the Capital budget for the Lincoln Medical and Mental Health Center Emergency Room Expansion and Annex by \$9 million, increasing the total project budget to \$37.3 million.

WHEREAS, the Lincoln Emergency Room Expansion Project and Annex was developed as a two-phase project; and

WHEREAS, the Annex phase of the project has been completed at a cost of \$15,270,000; and

WHEREAS, the two phase project was budgeted for \$28,275,000 million in Capital funds; and

WHEREAS, the second phase of the project, encompassing expansion of the Emergency Department requires the use of \$9 million in additional Capital funding to replace OTPS funds initially identified to fund the project; and

WHEREAS, funding for the additional cost of the project will be provided by reallocating capital funds from other HHC projects; and

WHEREAS, the revision to Operating Procedure 100-5 requires that construction projects with budgets of \$3 million or more receive approval of the Board of Directors not just the approval of work orders through the Capital Committee as had previously been the case; and

WHEREAS, the proposed expansion to the total project budget will exceed \$3 Million; and

WHEREAS, it would be redundant to seek approval for both work orders and total project budgets.

NOW THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation"), be and he hereby is authorized to modify the funding for the Emergency Department Renovation and Expansion project at Lincoln Hospital in accordance with the budget attached at an additional cost of \$9 million, raising the total project budget to \$37.3 million.

RESOLVED, that the approval of this resolution shall be in lieu of an approval by the Capital Committee of a Work Order for the funds authorized in this resolution.

## EXECUTIVE SUMMARY

### PROJECT APPROVAL RENOVATION

#### LINCOLN EMERGENCY DEPARTMENT RENOVATION AND EXPANSION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to modify the Capital budget for the Lincoln Medical and Mental Health Center Emergency Room Expansion and Annex by \$9 million, increasing the total project budget to \$37.3 million.

The Lincoln Emergency Room Expansion Project and Annex was developed as a two-phase project. The Annex phase of the project was completed at a cost of \$15,270,000. The second phase of the project, encompassing expansion of the Emergency Department requires reallocation of capital funds to replace OTPS funds initially identified to fund the project.

The project has been budgeted for \$28,275,000 million in Capital funds. The work proposed to complete the Emergency Department requires the use of \$9 million in additional Capital funding in lieu of OTPS funding. Funding for the additional cost of the project will be provided by reallocating capital funds from other HHC projects. It is intended that the capital projects adversely affected will be re-funded by the next HHC bond issue.

The project will include required swing space, fit-out, moveable equipment, environmental items, make-ready space and relocation costs and therefore increases the total project budget to \$37.3 million.

# Lincoln Medical Center

## Emergency Department Renovation

### Project Chronology

Originally the project was envisioned in two phases, the first a Medical Clinic Annex and the second the Emergency Department Renovation.

The events that impacted the project are as follows:

1. Phase I – Annex
  - a. Department of Health approval process was longer than originally anticipated
  - b. Foundation and dewatering permit delayed by New York City Department of Environmental Protection (DEP)
  - c. Inclement weather while building envelope was under construction
  - d. Certificate of Occupancy approval delayed due to issues with controlled inspection sign-offs
  - e. Certificate of Occupancy approval delayed due to Department of Buildings (DOB) internal audit.
  - f. Moving Metropolitan from Generations + to South Manhattan network resulted in a need to relocate personnel into the Annex eliminating the ability for it to be used as ED office swing space.
  
2. Phase II – Emergency Department Renovation
  - a. Behavioral area of ED redesigned due to registration and financial offices inability to be relocated
  - b. Mechanical systems on the third floor needed to be redesigned to accommodate Behavioral Health area
  - c. Additional data closet needed due to expanded computer/network requirements
  - d. Demolition was to be executed by in-house forces, this option was no longer available requiring immediate change orders to the contractors upon award
  - e. CON submitted on March 17, 2011 did not get approval until January 5, 2012
  - f. Existing violations delayed the General Contractor from obtaining DOB permits until February 1, 2012
  - g. Original budget did not include medical equipment, furniture, casework, initial cleaning, computers, phones, printers, monitors or security, these items were to be purchased with expense funds

## **RESOLUTION**

**Approving and ratifying bylaws adopted by HHC ACO Inc.'s Board of Directors, annexed at Exhibit A.**

**WHEREAS**, the Corporation previously authorized the creation of HHC ACO Inc., subject to the Corporation's Board of Directors approving HHC ACO Inc.'s bylaws and any subsequent amendments thereto; and

**WHEREAS**, HHC ACO Inc.'s Board of Directors previously adopted bylaws of HHC ACO Inc., subject to approval and ratification by the Corporation.

**NOW, THEREFORE, BE IT**

**RESOLVED**, THAT THE Corporation hereby approves and ratifies the bylaws adopted by HHC ACO Inc.'s Board of Directors, annexed at Exhibit A.

AMENDED AND RESTATED

BY-LAWS

OF

HHC ACO INC.

Article 1.

Definitions

Section 1.01 Name. The “Corporation” shall mean HHC ACO INC., its successors and assigns.

Section 1.02 Board. The “Board” shall mean the Board of Directors of the Corporation.

Article 2.

Office

Section 2.01 Office. The office of the Corporation shall be located in the County of New York and the State of New York.

Section 2.02 Additional Offices. The Corporation may also have offices at such other places within the State of New York as the Board may from time to time designate or the business of the Corporation may require.

Article 3.

Membership

Section 3.01 Members. The sole Member of the Corporation shall be the New York City Health and Hospitals Corporation.

Section 3.02 Annual Meeting. A meeting of the Member shall be held annually on such date and at such time and place as may be fixed by the Board, and adopted by the Member, for the purpose of electing Directors, receiving annual reports of the Board and Officers, and for the transaction of such other business as may be brought before the meeting.

Section 3.03 Special Meetings. Special meetings of the Member may also be called at any time by the Member’s Chairman, by the Member or a majority of the Member’s Directors then in office, or as otherwise provided by law.

Section 3.04 Place and Time of Meetings. Meetings of the Member may be held at such place and at such time as may be fixed in the notice of the meeting.

Section 3.05 Open Meetings. Meetings of the Member shall be conducted within the requirements of the New York Open Meetings Law (Public Officers Law, Article 7).

Section 3.06 Participation by Videoconference. Unless otherwise prohibited by the New York Open Meetings Law, meetings of the Member may be conducted by means of videoconference communications equipment allowing all persons participating in the meeting to hear and see each other at the same time. Participation by such means shall constitute presence in person at a meeting.

#### Article 4.

##### Directors

Section 4.01 Annual Meeting. A meeting of the Board shall be held annually at such place within the State of New York, on such date and at such time as may be fixed by the Board, for the purpose of electing Officers, receiving annual reports of the Board and Officers, and for the transaction of such other business as may be brought before the meeting.

Section 4.02 Number. The number of Directors constituting the entire Board shall be fixed by the Member, but such number shall not be less than three.

Section 4.03 Election and Term of Office. The initial Directors of the Corporation shall be those persons specified in the Certificate of Incorporation of the Corporation. Thereafter, the Directors shall be elected by the Member at the annual meeting or at any regular or special meeting of the Member of the Corporation. Each Director shall hold office until the next annual meeting of the Member and until such Director's successor has been elected and qualified, or until his or her death, resignation or removal.

Section 4.04 Powers and Duties. Subject to the provisions of law, of the Certificate of Incorporation and of these By-Laws, but in furtherance and not in limitation of any rights and powers thereby conferred, the Board shall have the control and management of the affairs and operations of the Corporation and shall exercise all the powers that may be exercised by the Corporation.

Section 4.05 Additional Meetings. Regular meetings of the Board may be held at such times as the Board may from time to time determine. Special meetings of the Board may also be called at any time by the Chairman or by a majority of the Directors then in office.

Section 4.06 Notice of Meetings. Except as otherwise provided by law, including without limitation, the New York Open Meetings Law (Public Officers Law, Article 7), no notice need be given of any annual or regular meeting of the Board. Notice of a special meeting of the Board shall be given by service upon each Director in person or by

mailing the same to him at his or her post office address as it appears upon the books of the Corporation or by facsimile, telegraph, cable, email or other form of recorded communication at least four business days (Saturdays, Sundays and legal holidays not being considered business days for the purpose of these By-Laws) if given by mailing the same, or at least 2 business days if given in person or by any other means of communication, before the date designated for such meeting specifying the place, date and hour of the meeting. Whenever all of the Directors shall have waived notice of any meeting either before or after such meeting, such meeting shall be valid for all purposes. A Director who shall be present at any meeting and who shall not have protested, prior to the meeting or at its commencement, the lack of notice to him, shall be deemed to have waived notice of such meeting. In any case, any acts or proceedings taken at a Directors' meeting not validly called or constituted may be made valid and fully effective by ratification at a subsequent Directors' meeting that is legally and validly called. Except as otherwise provided herein, notice of any Directors' meeting or any waiver thereof need not state the purpose of the meeting, and, at any Directors' meeting duly held as provided in these By-Laws, any business within the legal province and authority of the Board may be transacted.

Section 4.07 Place of Meetings. The Board may hold its meetings within the State of New York.

Section 4.08 Quorum. At any meeting of the Board, a majority of the Directors then in office shall be necessary to constitute a quorum for the transaction of business. However, should a quorum not be present, a majority of the Directors present may adjourn the meeting from time to time to another time and place, without notice other than announcement at such meeting, until a quorum shall be present.

Section 4.09 Voting. At all meetings of the Board, each Director shall have one vote. Except as otherwise provided by the New York Not-For-Profit Corporation Law, the vote of a majority of the Directors present at the time of the vote, if a quorum is present at such time, shall be the act of the Board.

Section 4.10 Action Without a Meeting. Except as otherwise provided by law, including without limitation, the New York Open Meetings Law (Public Officers Law, Article 7), any action required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if all members of the Board or any such committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board or any such committee shall be filed with the minutes of the proceedings of the Board or such committee.

Section 4.11 Removal. Any Director may be removed for any reason by the Member.

Section 4.12 Resignation. Any Director may resign from office at any time by delivering a resignation in writing to the Board of Directors, and the acceptance of the resignation, unless required by its terms, shall not be necessary to make the resignation effective.

Section 4.13 Vacancies. Any newly created directorships and any vacancy occurring on the Board arising at any time and from any cause may be filled by the Member. A Director elected to fill a vacancy shall hold office for the unexpired term of his or her predecessor.

Section 4.14 Committee. The Board, by resolution adopted by a majority of the entire Board, may designate from among the Directors an executive committee and other standing committees, each consisting of three or more Directors, to serve at the pleasure of the Board, and each of which, to the extent provided in such resolution, shall have the authority of the Board, except as to matters prohibited by Section 712 of the New York Not-For Profit Corporation Law. The Board may designate one or more Directors as alternate members of any such committee, who may replace any absent member or members at any meeting of such committee.

Section 4.15 Participation by Videoconference. Any one or more members of the Board or any committee thereof may participate in a meeting of the Board or such committee by means of a videoconference communications equipment allowing all persons participating in the meeting to hear and see each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 4.16 Records. Minutes shall be kept of each meeting of the Board. Copies of the minutes of each such meeting shall be filed with the corporate records.

## Article 5.

### Officers

Section 5.01 Election and Qualifications; Term of Office. The Officers of the Corporation shall be a Chairman, a Chief Executive Officer, one or more Vice Presidents, a Secretary and a Treasurer. The Officers shall be elected by the Board at the annual meeting or at any regular or special meeting of the Board and each Officer shall hold office for a term of one year and until such Officer's successor has been elected or appointed and qualified, unless such Officer shall have resigned or shall have been removed as provided in Sections 10 and 11 of this Article 5. The same person may hold more than one office, except that the same person may not be both Chief Executive Officer and Secretary. The Board may appoint such other Officers as may be deemed desirable, including one or more other Vice-Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers. Such Officers shall serve for such period as the Board may designate.

Section 5.02 Vacancies. Any vacancy occurring in any office, whether because of death, resignation or removal, with or without cause, or any other reason, shall be filled by the Board.

Section 5.03 General Powers of the Officers. All Officers as between themselves and the Corporation shall have such authority and perform such duties in the management of

the Corporation as shall be provided in these By-Laws or, to the extent not so provided, by the Board.

Section 5.04 Powers and Duties of the Chairman. The Chairman shall preside at all meetings of the Board at which he or she is present and may call meetings of the Board or any committee when he or she deems necessary. The Chairman shall have such other powers and shall perform such other duties as may from time to time be assigned to the Chairman by the Board.

Section 5.05 Powers and Duties of the Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Corporation and shall from time to time make such reports of the affairs and operations of the Corporation as the Board may direct and shall preside at all meetings of the Board. The Chief Executive Officer shall have such other powers and shall perform such other duties as may from time to time be assigned to the Chief Executive Officer by the Board.

Section 5.06 Powers and Duties of the Vice-Presidents. Each of the Vice-Presidents shall have such powers and shall perform such duties as may from time to time be assigned to such Vice President by the Board.

Section 5.07 Powers and Duties of the Secretary. The Secretary shall record and keep the minutes of all meetings of the Board. The Secretary shall be the custodian of, and shall make or cause to be made the proper entries in, the minute book of the Corporation and such books and records as the Board may direct. The Secretary shall be the custodian of the seal of the Corporation and shall affix such seal to such contracts, instruments and other documents as the Board or any committee thereof may direct. The Secretary shall have such other powers and shall perform such other duties as may from time to time be assigned to the Secretary by the Board.

Section 5.08 Powers and Duties of the Treasurer. The Treasurer shall be the custodian or custodians of all funds and securities of the Corporation. Whenever so directed by the Board, the Treasurer shall render a statement of the cash and other accounts of the Corporation, and the Treasurer shall cause to be entered regularly in the books and records of the Corporation to be kept for such purpose full and accurate accounts of the Corporation's receipts and disbursements. The Treasurer shall at all reasonable times exhibit the books and accounts to any Director upon application at the principal office of the Corporation during business hours. The Treasurer shall have such other powers and shall perform such other duties as may from time to time be assigned to the Treasurer by the Board.

Section 5.09 Delegation. In case of the absence of any Officer of the Corporation, or for any other reason that the Board may deem sufficient, the Board may at any time and from time to time delegate all or any part of the powers or duties of any Officer to any other Officer or to any Director or Directors.

Section 5.10 Removal. Any Officer may be removed from office at any time, with or without cause, by a vote of a majority of the Directors then in office at any meeting of the Board.

Section 5.11 Resignation. Any Officer may resign his or her office at any time, such resignation to be made in writing and to take effect immediately without acceptance by the Corporation.

Section 5.12 Agents and Employees. The Board of Directors may appoint agents and employees who shall have such authority and perform such duties as may be prescribed by the Board of Directors. The Board of Directors may remove any agent or employee at any time with or without cause. Removal without cause shall be without prejudice to such person's contract rights, if any, and the appointment of such persons shall not itself create contract rights.

Section 5.13 Compensation of Officers, Agents and Employees. The Corporation may pay compensation in reasonable amounts to agents and employees for services rendered, such amount to be fixed by the Board of Directors or, if the Board of Directors delegates power to any Officer or Officers, then as approved by such Officer or Officers.

## Article 6.

### Conflicts Of Interest

Chapter 68 of the Charter of the City of New York defines a "code of ethics" which outlines the standards of conduct governing the relationship between private interests and the proper discharge of official duties of all employees and directors of the New York City Health and Hospitals Corporation, including those who are working for the Corporation or who are directors of the Corporation. Chapter 68 embodies an extensive recitation of acts that constitute conflicts of interest and are thereby prohibited.

The New York City Health and Hospitals Corporation has promulgated its own "Code of Ethics" which outlines the standards of conduct governing the relationship between private interests and the proper discharge of official duties of all personnel who are not covered by Chapter 68. Similar to Chapter 68, the New York City Health and Hospitals Corporation's Code of Ethics embodies an extensive recitation of acts that constitute conflicts of interest and are thereby prohibited. The Corporation has adopted the Code of Ethics with respect to its personnel and Directors who are not subject to Chapter 68.

The Board is committed to recognizing the Corporation's responsibility to organizational ethics and expects, therefore, every employee and Board member to support and adhere to the principles and policies set forth in Chapter 68 and the Code of Ethics.

## Article 7.

### Bank Accounts, Checks, Contracts and Investments

Section 7.01 Bank Accounts, Checks and Notes. The Board is authorized to select the banks or depositories it deems proper for the funds of the Corporation. The Board shall determine who shall be authorized from time to time on the Corporation's behalf to sign checks, drafts or other orders for the payment of money, acceptances, notes or other evidences of indebtedness.

Section 7.02 Contracts. The Board may authorize any Officer or Officers, agent or agents, in addition to those specified in these By-Laws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no Officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or render it liable for any purpose or to any amount.

Section 7.03 Investments. The funds of the Corporation may be retained in whole or in part in cash or be invested and reinvested from time to time in such property, real, personal or otherwise, or stocks, bonds or other securities, as the Board may deem desirable.

## Article 8.

### Miscellaneous

Section 8.01 Documents. There shall be kept at the office of the Corporation correct books of accounts of the activities and transactions of the Corporation, including a minute book, which shall contain a copy of the Certificate of Incorporation, a copy of these By-Laws, and all minutes of meetings of the Board of Directors.

Section 8.02 Fiscal Year. The fiscal year of the Corporation shall be June 30.

Section 8.03 Corporate Seal. The corporate seal shall be circular in form and have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal" and "New York". The seal shall be in the charge of the Secretary. If and when so directed by the Board, a duplicate of the seal may be kept and used by the Secretary or the Treasurer. The seal may be used by causing it or a facsimile thereof to be affixed or impressed or reproduced in any other manner.

## Article 9.

### Dissolution

The Corporation may be dissolved only upon adoption of a plan of dissolution and distribution of assets by the Board that is consistent with the Certificate of Incorporation.

Any nonjudicial dissolution shall be accomplished in accordance with Article 10 of the New York Not-For-Profit Corporation Law or any applicable successor statute or law.

Article 10.

Amendments

These By-Laws may be altered, amended, added to or repealed only by the Member.

Article 11.

Construction

In the case of any conflict between the Certificate of Incorporation of the Corporation and these By-Laws, the Certificate of Incorporation of the Corporation shall control.

## RESOLUTION

**Approving and ratifying certain actions of the HHC ACO Inc. Board of Directors, which authorized that the number of Directors of HHC ACO Inc.'s Board of Directors be fixed at eight and that each of the following persons be elected to serve as Directors of HHC ACO Inc.'s Board of Directors, subject to such person's earlier death, resignation or removal, in accordance with the laws of the State of New York until such person's successor is duly elected and qualified, and subject to approval and ratification by HHC ACO Inc.'s sole Member, the New York City Health and Hospitals Corporation (the "Corporation") :**

**Jeroman Berger-Gaskin, a Medicare beneficiary Director;**

**A Director to be named pursuant to a designation by a majority in number of HHC ACO Inc.'s ACO Participants, as defined in 42 C.F.R. Part 425, other than the Corporation, that have executed Participation Agreements with HHC ACO Inc., and specified in a writing signed by such majority that is delivered to the Chairman of HHC ACO Inc.;**

**A Director who shall be the Chief Executive Officer of Physician Affiliate Group of New York, P.C. ("PAGNY").**

**WHEREAS**, the Corporation previously appointed certain individuals to serve as the initial Board of Directors of HHC ACO Inc., as specified in the Certificate of Incorporation of HHC ACO Inc., and now wishes to approve and ratify the actions of HHC ACO Inc.'s Board of Directors, which fixed the number of Directors of HHC ACO Inc. at eight and added certain persons as Directors, subject to approval and ratification by the Corporation.

**NOW, THEREFORE, BE IT**

**RESOLVED**, THAT THE Corporation hereby approves and ratifies the actions taken by the HHC ACO Inc. Board of Directors, which authorized that the number of Directors of HHC ACO Inc.'s Board of Directors be fixed at eight and that each of the following persons be elected to serve as Directors of HHC ACO Inc.'s Board of Directors, subject to such person's earlier death, resignation or removal, in accordance with the laws of the State of New York until such person's successor is duly elected and qualified, and subject to approval and ratification by HHC ACO Inc.'s sole Member, the Corporation:

**Jeroman Berger-Gaskin, a Medicare beneficiary Director;**

**A Director to be named pursuant to a designation by a majority in number of HHC ACO Inc.'s ACO Participants, as defined in 42 C.F.R. Part 425, other than the Corporation, that have executed Participation Agreements with HHC ACO Inc., and specified in a writing signed by such majority that is delivered to the Chairman of HHC ACO Inc.;**

**A Director who shall be the Chief Executive Officer of PAGNY.**