### Call to Order - 4 pm

1. Adoption of Minutes: March 21, 2013

### Chairman’s Report

### President’s Report (Alan D. Aviles)

### Action Items

#### Corporate

2. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to procure and outfit one hundred-nineteen (119) ambulances in Fiscal Year 2014 on behalf of the Fire Department of the City of New York (FDNY) through City-wide Requirements contracts for a total amount not to exceed $37.3 million.
   (Capital Committee – 04/11/2013)

### South Manhattan Health Network & Queens Health Network

3. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to execute a Customer Installation Commitment with the New York City Department of Citywide Administrative Services and the New York Power Authority for an amount not to exceed $34,349,705 for the planning, pre-construction, design, construction, procurement, construction management and project management services necessary for the Comprehensive Energy Efficiency upgrade project at Metropolitan Hospital Center.
   (Capital Committee – 04/11/2013)

4. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to execute a Customer Installation Commitment with the New York City Department of Citywide Administrative Services and the New York Power Authority for an amount not to exceed $28,462,001 for the planning, pre-construction, design, construction, procurement, construction management and project management services necessary for the Comprehensive Energy Efficiency upgrade project at Elmhurst Hospital Center.
   (Capital Committee – 03/14/2013)

5. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute a tax-exempt financing with the New York Power Authority for a principal amount not to exceed $22,847,521 to finance the Comprehensive Energy Efficiency upgrade project at Metropolitan Hospital Center.
   (Finance Committee – 04/09/2013)

6. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute a tax-exempt financing with the New York Power Authority for a principal amount not to exceed $23,061,199 to finance the Comprehensive Energy Efficiency upgrade project at Elmhurst Hospital Center.
   (Finance Committee – 04/09/2013)

### Information Item

- Procurement Initiative Implementation Plan

### Committee Reports

- Audit
- Capital
- Equal Employment Opportunity
- Finance
- Medical & Professional Affairs / Information Technology
- Strategic Planning

### Facility Governing Body / Executive Session

- Metropolitan Hospital Center

#### Old Business

#### New Business

### Adjournment

Dr. Stocker

Mr. Martin

Ms. Youssouf

Mr. Rosen

Mr. A. Martin

EVP/COO

Ms. Youssouf

Rev. Lacey

Mr. Rosen

Dr. Stocker

Mrs. Bolus

Dr. Stocker
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 21st of March 2013 at 4:00 P.M., 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
Mr. Alan D. Aviles
Josephine Bolus, R.N.
Mr. Robert Doar
Ms. Anna Kril
Rev. Diane E. Lacey
Mr. Robert F. Nolan
Mr. Bernard Rosen
Ms. Emily A. Youssouf

Andrea Cohen was in attendance representing Deputy Mayor Linda Gibbs; Dr. Amanda Parsons was in attendance representing Commissioner Thomas Farley and Dr. Lily Tom was in attendance representing Executive Deputy Commissioner Adam Karpati, 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 February 28, 2013 were presented to the Board. Then, on motion made by Rev. Lacey and duly seconded, the Board unanimously adopted the minutes.

1. RESOLVED, that the minutes of the meeting of the Board of Directors held on February 28, 2013, 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.

Dr. Stocker updated the Board on approved and pending Vendex and will report on the status of pending Vendex at the next Board meeting. He also announced that the fifth public meeting, which was canceled because of Hurricane Sandy, would take place on April 8th at Coney Island Hospital.

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.

Mr. Aviles also reported on two contracts for which deviations from Operating Procedure 100-5 had been authorized. Contracts with Arcadis-US, Inc. and Parsons Brinckerhoff, Inc. are related to recovery from the damage from Hurricane Sandy and mitigation of future risk.

ACTION ITEMS

RESOLUTION

2. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute a contract and related agreements with North Shore-Long Island Jewish Health Systems, Inc. (NSLIJ) (i) to establish a jointly controlled not-for-profit hospitals cooperative (CoOpLab) that will provide laboratory services at cost to NSLIJ's and the Corporation's respective health systems in a new cooperative laboratory facility to be located within the City of New York for this purpose; (ii) for the period prior to CoOpLab obtaining the
requisite licenses to provide such laboratory services to have NSLIJ's existing not-for-profit corporation, which operates its core laboratory perform the Corporation's reference laboratory work that is now sent to commercial vendors at cost and have the Corporation join such not-for-profit corporation as a member; and (iii) to provide for NSLIJ to indemnify the Corporation for any cost, damage or liability arising out of its laboratory activities prior to launch of the cooperative venture and out of any ongoing laboratory activities unrelated to the cooperative venture and for CoOpLab to purchase liability insurance to cover any claims that may arise in the conduct of CoOpLab's cooperative business; AND authorizing the President of the Corporation to effectuate the establishment of CoOpLab and take such other actions as he/she deems appropriate to establish the cooperative laboratory structure described below consistent with these Resolutions.

George Proctor, Senior Vice President, North & Central Brooklyn Healthcare Network, and Marlene Zurack, Senior Vice President, Chief Financial Officer, described how HHC could achieve greater efficiency through a core lab shared with another large health care system. The CoOpLab will be a not-for-profit corporation with a joint board of directors. North Shore would have a majority of the seats, but consent of HHC would be required for critical decisions. The goal is to achieve economies of scale, better pricing and savings for both entities, as well as improved quality and data, and sharing of best practices. Staff reductions needed are anticipated to be met by attrition. Total savings and enhanced insurance billing are ultimately expected to be $23 million a year.

Mr. Rosen moved the adoption of the resolution which was duly seconded and adopted by the Board by a vote of eleven in favor with Rev. Lacey opposing.
3. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to negotiate a contract with CyraCom International, Inc., Language Line Services, and Pacific Interpreters, Inc. to provide over-the-phone medical interpreting (OPI) services to the Corporation to meet the patient care needs of its limited English proficient patient population and comply with external review agency requirements for a term of three years with two-one year options to renew, solely exercisable by the Corporation, for an amount not to exceed $30,853,396.

Dr. Stocker moved the adoption of the resolution which was duly seconded and unanimously adopted by the Board.

4. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute a sole source contract with Microsoft Corporation to purchase software licenses and related maintenance and support on an on-going basis in an amount not to exceed $34,500,000 for a three year period.

Dr. Stocker moved the adoption of the resolution which was duly seconded and unanimously adopted by the Board.

5. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute a fifteen year lease agreement with 2857 West 8th Street Associates (the "Landlord") for 24,000 square feet of space at 2857 W. 8th Street, Borough of Brooklyn, to house the Ida G. Israel Community Health Center operated by Coney Island Hospital at an initial rent of $24/square foot.

The previous space for this facility was badly damaged by Hurricane Sandy. It is anticipated that FEMA will reimburse HHC for the construction costs of the space.

Ms. Youssouf moved the adoption of the resolution which was duly seconded and adopted by the Board by a vote of ten in favor with Mrs. Bolus and Mr. Doar abstaining.
6. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to approve a Capital Project for Harlem Hospital Center to relocate and modernize the Dental Clinic for a total project cost of $6.25 million.

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

7. RESOLUTION reappointing Margo Bishop as a member of the Board of Directors of MetroPlus Health Plan, Inc., a public benefit corporation formed pursuant to Section 7385(20) of the Unconsolidated Laws of New York (MetroPlus) to serve in such capacity until her successor has been duly elected and qualified, or as otherwise provided in the Bylaws.

Mr. Rosen 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 report 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.

**FACILITY GOVERNING BODY/EXECUTIVE SESSION**

The Board convened in Executive Session. When it reconvened in open session, Dr. Stocker reported that the Board of Directors as the governing body of Coler Nursing Facility and Goldwater Specialty Hospital & Nursing Facility discussed and adopted the facilities' reports presented.
ADJOURNMENT

Thereupon, there being no further business before the Board, the meeting was adjourned at 6:25 P.M.

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

Capital Committee – March 14, 2013
As reported by Ms. Emily Youssouf

Assistant Vice President's Report

Alfonso Pistone, Assistant Vice President, Office of Facilities Development, provided an overview of the meeting agenda. He informed members of the Committee that there would be two action items for consideration. The first, a lease agreement with 2857 West 8th Street Associates for Coney Island Hospital to operate the Ida G. Israel Community Health Center to replace the prior clinic location at 2201-2203 Neptune Avenue which was substantially destroyed by Hurricane Sandy. The second agenda item would request authorization to relocate the Harlem Dental Clinic from its current location to the Kountz Pavilion, first introduced in January 2013, and tabled pending a response to questions regarding the Harlem Modernization.

Mr. Pistone explained that contained in that written response were observations that the subject dental clinic was originally contemplated to be relocated into the Ron Brown Building as part of a master plan issued in 2006, and the relocation process required a series of other service relocations that had not been properly funded. As a result, an alternate plan was developed to relocate the dental clinic into the Kountz Pavilion. There were five (5) major elements to the Harlem Modernization master plan when first initiated; which was to modernize portions of the Martin Luther King Pavilion, construct a new Patient Pavilion, relocate occupants of the New Nurse’s Residence and demolish that structure, construct a new 400 car parking garage to include the integration of an EMS station, relocate occupants of the Women's Pavilion (which includes the Dental Clinic) and demolish that structure. The New Patient Pavilion and the relocation of Nurse’s Residence and their demolition have taken place; the Martin Luther King Pavilion, parking garage and the Women's Pavilion relocation have not.

Mr. Pistone thanked Harlem administration for their assistance in preparing the response, and explained that the greatest reason for that condition is reflected by a lack of validation and reconciliation of the project’s initial $225 million estimate. Best practice recommends continuous revisiting and reconciliation of project scope at various stages of design and construction and to assure their alignment, and that project assumptions remain valid. The Harlem Modernization budget is $325 million, of which $292 million has been spent. Additionally, there remains approximately $31 million in project funding allocated among the Women’s Pavilion, the EMS station, and the parking garage, which cannot be comingleed to address the needs of the Women’s Pavilion. The initial estimate for the Women's Pavilion now exceeds $25 million, and the existing budget allocation is $10 million. In addition, the plan to construct a 400+ parking facility was significantly reduced to a more modest 200+ facility, and its estimated cost also exceeds $25 million. There remains an $8 million unfunded appropriation from Congressman Rangel that the Health and Hospitals Corporation (HHC) has made application to the United States Department of Transportation to fund a parking facility with stackable car lifts, which is currently pending in lieu of constructing the parking garage at this time.

Lastly, he indicated that his report also included recommendations with respect to future projects, especially those with the complexity of the Harlem Modernization, governance should have a clear understanding of the implications of a project’s budget constraints, suggesting that more effective communication with governance is required prospectively. He expressed an expectation that the current Breakthrough initiative – the most recent event being scheduled for next week, will successfully establish such an effective communication.

Finally, Mr. Pistone advised that there are two (2) projects that will report progress delays.

That concluded his report.

Action Items

Authorizing the President of the New York City Health and Hospitals Corporation (the "Tenant" or the "Corporation") to execute a lease agreement with 2857 West 8th Street Associates (the "Landlord") for space at 2857 W. 8th Street, Borough of Brooklyn, to house the Ida G. Israel Community Health Center (the "Center") operated by Coney Island Hospital (the "Facility").

David Tannenholz, Associate Executive Director, Coney Island Hospital, read the resolution into the record on behalf of Arthur Wagner, Senior Vice President, Southern Brooklyn/Staten Island Health Network. Mr. Tannenholz was joined by Daniel Collins, Director, and Mary Mong, Chief Operating Officer, Coney Island Hospital and Dion Wilson, Assistant Director, Office of Facilities Development.

Mr. Tannenholz commented that he had attended the opening of the original Ida Israel Center in 1984, under then New York City Mayor Ed Koch and Health and Hospitals Corporation President Jo Ivey Boufford; a fond memory. Unfortunately, that site was destroyed by Hurricane Sandy. Mr. Tannenholz continued his presentation by sharing a slide presentation that featured photos of the site during and after the Hurricane. He
explained the location with relation to waterways, the interior damage to the site, and windows that had been broken. He noted that the water pressure was so strong it actually pushed the roll-down gate off its structure. The final slide showed a rendering of the new proposed site.

Michael Stocker, MD, Chairman of the Board, commented on the estimates of the construction costs, feeling they were very preliminary numbers, and asked that when the item comes before the full Board of Directors, a not-to-exceed number be included. Mr. Tannenholz advised that once the program was developed, estimators would review, and a not-to-exceed number would be attached to the resolution at that time.

Dr. Stocker requested that the Capital Committee receive an automatic update on the project in 12 months. Ms. Youssouf agreed with Dr. Stocker, and expressed concern with why HHC was not doing the building on our own, which would give HHC more control. She added that a not to exceed number would explain cost per month, and asked that the finance department look at the final numbers so they are aware of the additional costs that were not in the documents being presented at the present time.

Ms. Youssouf asked if the new site was located in a flood zone. Mr. Tannenholz said that all of Coney Island is a flood zone, but this location will be on the second floor of the building. He explained that the previous location on Neptune Avenue flooded every time there was a storm, even just from high tide, so this will be a safer spot. Ms. Youssouf asked that the FEMA consultant attend the Board meeting to speak to the fact that reimbursement is expected. Dr. Stocker asked that the landlord also be in attendance.

Alan D. Aviles asked if the item was expected to be presented at the April Board Meeting, and whether that was in fact enough time to get all necessary information and the not-to-exceed number. Mr. Tannenholz said they would try their best. Programmatically, it will be a duplicate of the previous site so that part should be easy, and plans have been turned over to the landlord, so there is a little bit of a head start. Mr. Pistone agreed.

Josephine Bolus, RN, asked how many times the site had been flooded. Mr. Tannenholz said the every time there was a storm or a Nor'easter, the Neptune Avenue location would flood. Mrs. Bolus asked what preventative measures were in place to act against flooding. Mr. Tannenholz said, at the old site -none, at the new site we are on the second floor. Mrs. Bolus said that the first floor will still flood. Mr. Tannenholz said yes, but our equipment and our center would be safe. Mr. Collins explained that the old location was located adjacent to the Coney Island Creek, but the new site is further from that and from the ocean. He added that, while the old site flooded frequently the new site experienced significant flooding, for the first time, from the effects of Hurricane Sandy.

Ms. Youssouf asked if other sites were investigated that were less likely to flood. Mr. Tannenholz said this was the only second floor location that was found, and that was an immensely important factor.

Mrs. Bolus asked whether any mold had been found. Mr. Tannenholz said that the entire first and second floor had been demolished. Mrs. Bolus asked if the landlord did that every time there was a flood. Mr. Tannenholz said no, this is the first time that the new site has flooded. The old site flooded frequently but this new site has only flooded once, as a result of Sandy. The new site is approximately eight to ten feet above sea level and the previous site was approximately six feet above sea level.

Ms. Yossouf asked if any asbestos was found. Mr. Tannenholz said the entire interior has been stripped, it is an empty shell.

Ms. Youssouf said she looked forward to getting as much information as possible. Mrs. Bolus agreed, adding, especially regarding the mold.

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

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

Authorizing the President of the New York City Health and Hospitals Corporation (the “Corporation”) to approve a Capital Project for Harlem Hospital Center to Relocate and Modernize the Dental Clinic for a total project cost of $6.25 Million.

Denise Soares, Executive Director, Harlem Hospital Center, read the resolution into the record on behalf of Iris Jimenez-Hernandez, Senior Vice President, Generations+/Northern Manhattan Health Network. Ms. Soares was joined by Louis Iglhaut, Associate Executive Director, Lincoln Medical and Mental Health Center, and Joseph Shein, Perkins Eastman Architects.

Dr. Stocker asked whether the team was confident that this project could be completed on budget and on time, and when the expected completion date was. Mr. Iglhaut advised that construction needed to be complete by the end of the fiscal year. He added that equipment installation could be completed after the fact, because it was funded separately with City Council funds.
Mr. Iglhaut said that the project is expected to take five (5) months. If the project were to be approved during this Board cycle then the three (3) to four (4) month bidding process could begin, and then construction would take place and have to be completed by year end in order to use the Healthcare Efficiency and Affordability Law (HEAL) funding.

Dr. Stocker asked whether the team was comfortable that the project could be completed on time and on budget. Ms. Soares said yes, we have de-scoped the project, and there is a 20% construction contingency. Mr. Shein said that there have been a number of estimates completed on the project, it has been gone through line by line, documents are approximately 96% complete, possible glitches have been discovered and the team is comfortable with the cost. He said they are also comfortable with the contingency, and the construction portion is a pretty vanilla job.

Ms. Youssouf asked for an explanation of the decrease in cost since the project was last presented. Mr. Iglhaut explained that the original scope had $4.8 million for demolition and construction and the new scope has $2.9 million, a 35% reduction in square footage for the project, and within that $2.9 million is a $250,000 placeholder for asbestos abatement. The original scope had $486,000 for design contingency, which has been reduced to $81,000. The architect has agreed to this number and other stakeholders have agreed to the project scope of the project.

Ms. Youssouf acknowledged that much planning and design work has been done up front so they seem comfortable with this new number. Mr. Iglhaut explained that this was the fourth iteration of the scope/budget. Mr. Shein added that the original $400,000 number for design is the kind of number you might see at the very beginning of a project and at this point, this project is much further along.

Dr. Stocker commented on the fact that this project has had good planning, is taking place within one of HHC’s own buildings, and said that hopefully it will be a model project. He expressed concern that other projects frequently exchange funds and funding sources when it comes to cost overruns and said that he hoped that did not happen here or continue to happen elsewhere.

Mr. Iglhaut continued the explanation of de-scoping. He said the original contingency was increased from 10% to 20%, half of which will be paid by Central Office if necessary.

Ms. Youssouf said that Architectural and Engineering fees had been brought down. Mr. Iglhaut said yes, and so have the construction management fees.

Ms. Youssouf asked if any parts of the project had been removed. Ms. Soares said yes, one operatory was eliminated, but that is fine. The goal of this project is to have the radiological equipment necessary to provide services and that will still be accomplished. She added that there was also a stairwell slated for demolition that will now remain in place.

Ms. Youssouf thanked Mr. Pistone and his staff and the staff at Harlem for coming back with good explanations and thorough information. She said she hoped this is the start of a new way of doing things.

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.

Information Items

Henry J. Carter – Major Modernization – Status Report

Michael Buchholz, Senior Associate Executive Director, Coler-Goldwater Specialty Hospital and Nursing Facility, provided the status report on the project. Mr. Buchholz was joined by Emil Martone, New York City Economic Development Corporation.

Mr. Martone showed some photos depicting progress since the last status report. He explained that the Skilled Nursing Facility (SNF) was water-tight as of December 2012, and they were still in the process of putting in the curtain wall, metal panels and finalization of roofing, but the building is dry and allows interior work to be completed.

He noted that the generator(s) for the Long Term Acute (LTACH) had been completely installed and testing was expected to commence next month. He said that the project is progressing from the top down, ceiling grids were being installed in some patient rooms and primer painting is happening on certain floors. Interior finish work is beginning on parts of the building and continues to gradually move down to the lower floors. The fourth floor drywall is up and overhead mechanical installation work is in progress. Sixth floor walls and first layer of gypsum are complete and much ceiling work has been completed as well. Door frames and studs are in various locations, and much above ceiling duct work has been completed.
Financially, he said, the project is on budget, and holding an $8.9 million contingency. As of January the project was 48% complete, as of today, approximately 57% complete, with a completion rate of roughly 9% per month. The procurement process for contracts that EDC holds is complete, and the furniture, fixture and equipment (FFE) and Information Technology (IT) hardware contracts, which HHC is holding, are moving ahead on schedule.

Mrs. Bolus asked how many elevators there were. Mr. Martone said there are six (6) elevators in the existing building, all of which are being rehabilitated, and in the new building there are four (4) elevators, and one that strictly services the basement. Mrs. Bolus asked how many wheelchairs could be accommodated in each. Mr. Buchholz said that a study had been completed to ensure they would be enough to accommodate services. Mr. Martone added that service and wait time had also been investigated early on in the project.

Ms. Youssouf said it looks like it’s going well and the team had worked well on keeping the Committee informed. She was pleased that it was on schedule to meet all demands.

Mrs. Bolus asked about emergency disaster escape plans. Mr. Buchholz explained that Base Tactical had reviewed the project for mitigation and fortification against flooding. Mrs. Bolus said she wanted to know more specifics, and was concerned about other emergencies, such as fire. Mr. Martone said that the New York State Department of Health approves emergency protocols, fire safety plans, etc. Antonio Martin, Executive Vice President asked that the plans be brought before the Committee at the next reporting cycle.

That concluded the status report.

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

Woodhull Medical and Mental Health Center – Replacement of Nurse Call System

Kein Anderson, Associate Executive Director, Woodhull Medical and Mental Health Center, provided the delay report. Mr. Anderson explained that delays were principally due to the fact that after installation commenced the facility had to modify the design and scope because the data server needed to be connected to the IT network, which was not originally planned. It was determined that the vendor would need to monitor service and therefore needed to be on the network, and as a result of that, equipment and cabling had to be changed and rerouted through IT data closets, some of which had not yet been completed, adding to delays. Additionally, change and contract modifications had to be completed prior to the contract proceeding with the work.

Ms. Youssouf noted that some of these issues seemed like things that should have been known up front. Mr. Pistone agreed. Mr. Pistone asked what the cost of the additional work was and when completion would take place. Mr. Anderson said that the additional scope cost approximately $32,000, which represents approximately 4% of the original cost, and will be funded through savings generated from other projects.

Mrs. Bolus asked what projects had such savings. Mr. Anderson said the facility’s MRI upgrade had $61,000 worth of savings, and the x-ray installation received unexpected discounts that amounted to approximately $50,000.

The Committee thanked Mr. Anderson for his report.

Elmhurst Hospital Center – Women’s Health Center

Thomas Scully, Senior Associate Director, Elmhurst Hospital Center, provided the delay report. Mr. Scully advised that the Women’s Health Pavilion project involved construction of a building attached to the “J” wing of the facility. The building was two stories, with a basement, and construction began in September 2011. He explained that the major issue causing delay, approximately 134 construction days, was in relocating utilities. The gas line that went through the center of the site stopped the job, so the two hundred and some odd days of delay, approximately five (5) months or so, were strictly a result of issues relocating the gas line.

Mr. Scully explained that he had just been placed on the project in the last few months, and one of his first questions was why the 134 days had not been included in the total construction project in the beginning. If it had been then there would be only a relatively short delay. He explained that, the Construction Manager had been released and the Superintendent of the General Contractor had been changed to recapture the project with an accelerated pace – which has begun. He said that he anticipates completion by September, 2013, but if there are no serious additional issues, he hopes to have it complete by July, 2013.
Ms. Youssouf was pleased with the attitude of Mr. Scully with respect to the issues and appreciated his thoughts on how projects should be executed.

Ms. Youssouf asked about budget increase. Mr. Scully said he was unaware of any additional charges by the prime contractors but he would continue to look into issues and keep fully informed.

**Community Relations Committee – March 5, 2013**  
*As reported by Josephine Bolus, RN*

**Chairperson’s Report**

Before proceeding with the annual reports of the Community Advisory Boards (CAB) of the Central/North Brooklyn Family Health Network, Mrs. Bolus announced the Health and Hospitals Corporation (HHC) Board of Directors Annual Public Meeting for the Borough of Brooklyn will be held at Coney Island Hospital on Monday, April 8, 2013 beginning at 5:30 p.m. Mrs. Bolus stated that "this is the last of the series of HHC Borough annual public meetings for FY2013." She noted that the Brooklyn meeting had been postponed due to Super Storm Sandy. Mrs. Bolus also directed members and invited guests attention to a message from HHC President Alan Aviles and Kings County Hospital Center Executive Director Ernest Baptiste in reference to an error that involved an Emergency Department resident’s failure to note an abnormal finding on a patient’s chest x-ray that later turned out to be lung cancer and was not picked up until late last year. Mrs. Bolus noted that the story recently made headlines in the news. She encouraged members to read the message in its entirety.

Mrs. Bolus continued and highlighted some notable developments that have occurred since the January 8, 2013 meeting.

Mrs. Bolus began her report by thanking all the staff who has worked tirelessly to restore service operations at both Bellevue and Coney Island hospitals.

Mrs. Bolus informed the Committee and invited guests that Bellevue fully re-opened on February 7th, 2013 and has resumed its Level 1 Trauma Center status. She added that Coney Island Hospital began to accept inpatients in the middle of January and has now restored most of its services; however, its Emergency Department capacity remains limited as work continues to rebuild much of its Emergency Department. In addition, Coney Island Hospital has also been operating a fleet of mobile medical vans providing primary care services and immunizations in parts of southern Brooklyn and Staten Island that were affected by Sandy.

Mrs. Bolus stated that a tremendous amount of work has been done at Coler Specialty Hospital and Nursing Facility so that the facility can operate on permanent power through Con Ed by early this spring.

Mrs. Bolus continued and reported that HHC President Alan Aviles had testified before the City Council in January regarding Hurricane Sandy and that a copy of the testimony could be found on the counter near the entrance to this room. In addition, anyone interested to have more information about HHC’s efforts during and after the storm, could visit the “Restoration” page on HHC’s website.

Mrs. Bolus thanked the CAB members for participating in legislative events at their facilities and or planning in-person meetings with their elected officials in their district offices. She reminded them that now is the time for those meetings as April 1st is only a few weeks from now and that means that adoption of the State budget is right around the corner.

Mrs. Bolus emphasized that the outcome of the deliberations between the Governor and Legislature is especially important for HHC, given the $500 million in Medicaid cuts that we have already experienced over the last five State budget cycles, as well as the reductions in Medicare and Medicaid funding already enacted in federal law. She noted that these actions have contributed to the mounting budget challenges HHC is facing.

Mrs. Bolus referred to the CAB Council President, Agnes Abraham’s constant reminder, “all politics is local.” She reminded the CAB members that the Community Advisory Boards have always played a major role in advocacy, telling your facility’s story and articulating your community’s needs. She noted that the CAB Members’ advocacy is needed more than ever.

Mrs. Bolus continued and informed members of the Committee, CAB Chairs and invited guests that HHC has been designated as an Accountable Care Organization (ACO) by the federal government’s Centers for Medicare and Medicaid Services (CMS). Mrs. Bolus added that this ACO designation allows HHC to participate in the Medicare Shared Savings Program. She explained that the Medicare Shared Savings Program offers hospitals and doctors financial incentives to improve quality and reduce health spending. Mrs. Bolus congratulated all of those who worked hard to make this happen.

Mrs. Bolus reported that last month, Bellevue Hospital received a $1.6 million federal grant, as part of broader grant made to different organizations for several initiatives aimed at improving trauma services in the child welfare and juvenile justice systems in the New York City. Mrs.
Bolus stated that “violence is a public health issue and in this vein, the Kings County CAB is holding a public meeting which will focus on “Violence as it Affects Your Health.” The meeting will take place on Saturday, April 20th from 10:00 A.M. to 1:00 P.M. in the T Building. All are welcome to attend.”

Mrs. Bolus announced that Lincoln Medical Center recently unveiled its “TEEN Van”, which was funded by the New York Yankees. Mrs. Bolus noted that the van allows hospital staff to boost outreach efforts to Bronx teens at schools and community events. The aim is to help Bronx teens make changes for a safe and healthy lifestyle.

Mrs. Bolus continued by calling the CAB members’ attention to a series of videos in which President Aviles outlines some of the challenges that HHC must confront, not only in terms of its budget but also the imperatives to transform how health care is delivered. She added that, while these videos were mostly intended for HHC employees, they can serve as an excellent tool to inform and engage in dialogues with community members and elected officials.

Mrs. Bolus noted that one of these videos was shown at a recent CAB Council meeting and encouraged the CAB members to view the rest of these at a future CAB Council meeting or at their local CAB meeting.

Mrs. Bolus concluded her remarks by asking the Committee members, CAB Chairs and invited guests to join her in a moment of silence on the recent passing of Mrs. Jane Lyons, former executive director of Sea View Hospital Rehabilitation Center and Home, at age 85.

Mrs. Bolus stated that “Mrs. Lyons was named one of the Top 100 Black Achievers in New York City of the 20th Century by the Schomburg Center. In 1961 she was appointed to the Staten Island Borough President's Cabinet, the first African-American and the first female in any borough to so serve.

She held administrative positions with the City and became Personnel Director at the then City Hospital Center in Queens. She began at Sea View in 1978 and served as executive director for 15 years, retiring in 1997. Her lifelong interest in history led only a decade ago to her rescuing Sea View’s WPA murals for public view.

Mrs. Lyons led many community activities, from the NAACP to AIDS education. She was a lifelong fundraiser for United Cerebral Palsy.

She is survived by her son, Gregory, who is afflicted with Cerebral Palsy.

Central/North Brooklyn Family Health Network

Kings County Hospital Center (Kings County) Community Advisory Board

Mrs. Bolus introduced Ms. Agnes Abraham, Chairperson of the Kings County Hospital Center CAB and invited her to present the CAB’s annual report.

Ms. Abraham began her presentation by greeting members of the Committee and invited guests and acknowledging George Proctor, Senior Vice President, Central/North Brooklyn Family Health Network and Ernest Baptist, Executive Director, Kings County Hospital Center.

Ms. Abraham informed members of the Committee, CAB Chairs and invited guests that since the CAB last report there has been a change in leadership at Kings County Hospital, Roselyn Weinstein, Acting Executive Director has been succeeded by Ernest Baptist. Ms. Abraham added that the CAB welcomes Mr. Baptist and look forward to a working relationship.

Ms. Abraham reported that the most significant health care service needs or concerns for the Kings County community are long wait times in the clinics, gun violence against young men, long wait and overcrowding in the Emergency room in addition; the community is affect by health disparities in the areas of hypertension, diabetes and childhood obesity. Ms. Abraham added that these concerns are identified by Community Planning Board, Needs Assessment Surveys and Community Health Profile Data.

Ms. Abraham continued and reported that the facility’s leadership is addressing the needs and concerns of the community by expanding clinic hours, the implementation of KAVI Cure Violence and Intervention program, the hospital established a Hospitality Center to provide positive patient experience for patients who are discharged and the hospital has selected hypertension, diabetes, and childhood obesity as clinical indicators and will focus management of care for Kings County patients through the establishment of Patient Centered Medical Home.

Ms. Abraham stated that the facility strategic priorities are patient safety, to maintain and improve quality of patient care and services, respect for patients, staff and visitors and patient satisfaction. Ms. Abraham noted that the Kings County CAB provides input into the development of the facility’s strategic priority by meeting with the Executive Director and Senior Management.
Ms. Abraham reported that the most frequent complaints raised by patients at Kings County Hospital Center are long wait time in the pharmacy, long wait time in the Emergency Room and staff attitude. Ms. Abraham noted that the most frequent compliments provided by patients include: improved quality of care and, improvements on how patients are treated by the health care team.

Ms. Abraham concluded her report by informing members of the Committee, CAB Chairs and invited guests that from the Kings County CAB perspective the facility ratings in the areas of cleanliness, condition and appearance is very good.

**Dr. Susan Smith McKinney Nursing and Rehabilitation Center (DSSM) Community Advisory Board**

Mrs. Bolus introduced Dr. Frederick Monderson, 1st Vice Chairperson of the DSSM Community Advisory Board and invited him to present the CAB’s annual report.

Dr. Monderson began his presentation by acknowledging Mrs. Bolus, members of the Community Relations Committee and guests. Dr. Monderson also extended greetings to Michael Tartaglia, newly appointed Executive Director. Dr. Monderson explained that Peola Small, former Executive Director Retired in September 2012 and was succeeded by Michael Tartagilia.

Dr. Monderson reported there were so many major issues that were of concern to the CAB such as: The Decision of the Fiscal Cliff, the Budget, the Presidential Election and foremost the devastation of Hurricane Sandy. Dr. Monderson noted that DSSM senior staff maintained a serious vigil to ensure the safety of the residents and patients. Dr. Monderson expressed appreciation to Barry Chapman, Operations Plant Manager, Mr. Anthony Radkumar, Associate Director, Robert Cummings, Associate Director and the Kings County Team for their extremely generous support. Dr. Monderson added that Michael Tartaglia, Executive Director; camped out round the clock, in the command center; thus ensuring the safety of the residents, staff and the entire facility.

Dr. Monderson reported that Dr. Susan Smith McKinney Nursing and Rehabilitation Center had their Annual Department of Health (DOH) Survey and New York State DOH/Center for Medicare and Medicaid Survey with very good results. Dr. Monderson added that DSSM is in the process of preparing for the Joint Commission Survey.

Dr. Monderson informed members of the Committee and invited guests that DSSM Marketing and Public Relations Department, hosted an event that augments patient care and in the interim boost staff morale. He noted that last year DSSM had the first ever Easter Egg hunt. He stated “what a success it was.”

Dr. Monderson continued and highlighted DSSM’s activities for the past year. Dr. Monderson stated that “DSSM hosted its 1st Recognition Luncheon Event for the male staff; all the units at DSSM have names and DSSM hosted their first Block Party; GO Red Event both staff and residents participated; the DSSM CAB has created a Resident’s Satisfaction Survey for the facility; Black Tie Cabaret Dinner continues for Residents. Dr. Monderson noted that residents and family members were treated to a formal sit down dinner; non-alcoholic beverages and live entertainment was provided. Dr. Monderson added that DSSM in house beautician prepared hair and makeup for the residents.

Dr. Monderson reported that the Community Outreach Program is ongoing and DSSM physicians continue to educate to the community by providing information about Diabetes Management, Podiatry in the Elderly, Hypertension and Stroke.

Dr. Monderson informed the Committee and invited guests on the DSSM CAB involvement in the Annual Tree, Menorah and Kwanzaa Lighting Ceremonies. Dr. Monderson noted that there was a trip to Radio City Christmas show for the residents through the sponsorship of DSSM Auxiliary. Dr. Monderson added that the residents are excited about the upcoming summer, where they can enjoy the summer garden, outdoor barbeques and special outings.

Dr. Monderson concluded his report by thanking Mr. George Proctor, Senior Vice President and Michael Tartagila, Executive Director, for always encouraging and supporting the DSSM CAB in their efforts.

**Woodhull Medical and Mental Health Center (Woodhull) Community Advisory Board**

Mrs Bolus introduced Ms. Jessica Arocho, Chairperson on the Woodhull’ Community Advisory Board and invited her to present the CAB’s Annual Report.

Ms. Arocho reported that the that the most significant health care service needs and concerns of the Woodhull community are the Emergency Department, Geriatric Practice, Dental Practice and the Women’s Health Practice. Ms. Arocho noted that the Woodhull CAB has identified these needs/concerns through numerous Community Board meetings as well as reports from Community Organizations.
Ms. Arocho continued and stated “Woodhull's facility leadership are addressing these needs and concerns, by taking an aggressive position in addressing the waiting time and space availability in the Emergency room.” She noted that the registration desk with a nurse greeter continue to work well along with the white board that track patient from the time of arrival to the Emergency Room through admission or discharge from the ER.

Ms. Arocho reported that the leadership at Woodhull Medical and Mental Health Center are planning to redesign and renovate primary care and specialty practices to accommodate the growing community, enhance quality, and increase patient satisfaction and patient safety as part of the hospital’s strategic priorities. Ms. Arocho added that the Woodhull CAB provides input into the development of the facility's strategic priorities by conducting walk-throughs in the facility. She added that the CAB meets and engages with staff to gain first-hand experience on how patient care is being provided. In addition, the CAB also prepares a monthly presentation calendar so that Department Heads/ Chiefs of Service can make presentations to the Board and the Network Senior Vice President meets with the CAB Chairperson on a regular basis.

Ms. Arocho informed members of the Committee that the most recent complaints raised by patients and residents of the Woodhull community is the long waiting time in the Emergency Room and long wait time for clinic appointments to the Ambulatory Care Clinics. She noted that the most recent compliments provided by patients and residents of the community are the Extended Ambulatory Care Practices Clinic hours and the services provided at the Cancer Care Center. Ms. Arocho added that there are periodic reports and updates on Woodhull's access indicators such as appointment availability and wait times are always provided by the facility's leadership at Woodhull CAB meetings.

Ms. Arocho concluded her presentation by reporting on the Woodhull CAB recruitment activities. Ms. Arocho reported that the Woodhull CAB, Membership Committee takes a positive position in communicating with the community and provides a copy of the Woodhull CAB Profile and application for those who may be interested in joining. She added that the CAB’s recruitment efforts include outreach to new population groups in the community.

*Cumberland Diagnostic and Treatment Center (Cumberland) Community Advisory Board*

Mrs. Bolus introduced Ms. Antoinette Brown, Chairperson of the Cumberland Diagnostic and Treatment Center Advisory Board and invited her to present the CAB Annual Report.

Ms. Brown began her presentation by reporting that the Cumberland CAB provides input into the development of the facility's strategic priorities through various committee meetings and reports their findings to the administration. Ms. Brown added that the CAB also seek input from the consumer of the facility and relay the feedback to the facility’s leadership.

Ms. Brown reported that the most significant health care service needs of the Cumberland D&TC community is pediatrics, HIV, diabetes, dental, Women's and Men's health.

Ms. Brown stated that the leadership is addressing these needs by increased community outreach, health fairs and Breakthrough training for the staff. Ms. Brown added that Cumberland's administration has invested HEAL 6 funding to expand capacity in both the dental and adult medicine clinics.

Ms. Brown concluded her CAB report by announcing the Cumberland CAB successful membership recruitment efforts. Ms. Brown stated that the Cumberland CAB now has sixteen members. Ms. Brown also announced that she is term limited and will have to come off the CAB this year. She expressed gratitude to the staff and CAB members.

*Community Needs Assessment Presentation*

Mrs. Bolus introduced Ms. Dona Green, Senior Assistant Vice President of Corporate Planning Services and invited her to present the Community Assessment Presentation.

Ms. Green greeted Committee members and invited guests and thanked them for the opportunity to present on the IRS Community Health Needs Assessments Requirement. Ms. Green explained that Section 9007 of the Patient Protection and Affordable Care Act (“ACA”, the 2010 federal health care reform law) adds requirements that a non-profit hospital must meet in order to maintain its Sec. 501(c)(3) tax-exempt status under the Internal Revenue Code. She added that the final notice incorporating these rules was printed on July 25, 2011. She stated that a hospital must conduct a community health needs assessment at least once every three years and faces financial penalties for failing to timely conduct the assessment.

Ms. Green began her presentation by giving a legislative background of these rules. Ms. Green reported that during the period leading up to the enactment of the ACA, numerous parties, among them Senator Charles Grassley of Michigan determined that some 501(c) (3) hospitals had
engaged in practices that seemed to belie their “charitable” status. These included failing to publicize their charity care policies, etc. As a result, Congress sought to have 501(c) (3) hospital organizations demonstrate that they were, in fact, providing “charitable care.”

Considering that HHC as a government entity is already transparent, the National Association of Public Hospitals (NAPH) and other advocacy entities attempted to exclude HHC from complying with this requirement, but were unsuccessful. Ms. Green noted that there is a $50,000 penalty fee for every hospital failing to meet the requirement for any taxable year as quoted in the rule: “If a hospital organization to which section 501(r) applies fails to meet the requirement of section 501(r)(3) for any taxable year, there is imposed on the organization a tax equal to $50,000.” (Section 4959). Ms. Green reminded Committee members and invited guests that because HHC has 11 acute hospitals and one long term hospital (Coler-Goldwater), failure to meet the requirements will cost HHC $600,000 ($50,000 x 12).

Ms. Green stated that in order to comply with the requirement, HHC has to conduct a Community Health Needs Assessment which meets IRS’ requirements and adopt an implementation strategy to meet the community needs identified through this assessment. She explained the process for IRS’ purposes as follows: after conducting the community health needs assessment, a committee of the hospital’s board, in our case, the Community Relations Committee (CRC), is to adopt the implementation strategy.

Ms. Green reported that the components of the Community Health Needs Assessment (CHNA) are as follows:
- A description of the community served by the hospital facility.
- A description of the process and methods used to conduct the assessment.
- A description of how the hospital organization took into account input from persons who represent the broad interests of the community served.
- A prioritized description of all the community health needs identified through the CHNA, as well as a description of the process and criteria used in prioritizing such health needs.
- A description of the existing health care facilities and other resources within the community available to meet the community health needs identified through the CHNA.

Ms. Green highlighted other pertinent requirements as noted below:
- The first CHNA must be “conducted” on or before June 30, 2013 – a separate CHNA must be conducted for each hospital.
- A CHNA is considered “conducted” when the written report of its findings is made widely available to the public.
- “Widely available” is defined as:
  - Providing a link on the hospital website with clear instructions on how to access the report on that website.
- A hospital organization must create & adopt a written implementation strategy/plan to meet the community health needs identified in a CHNA.

Ms. Green reported on the implementation strategy, which is a written plan, separate from the CHNA. As such, the implementation strategy:
- describes how the hospital facility plans to meet the health need; or
- Identifies the health need as one the hospital facility does not intend to meet and explains why the hospital facility does not intend to meet the health need;
- tailors the description to the particular hospital facility, taking into account specific programs, resources and priorities; and
- must be adopted. Please note that the implementation strategy is considered adopted on the date approved by an authorized governing body of the hospital organization.

Ms. Green shared with the Committee HHC’s work plan’s timeline to comply with the CHNA requirement:

**February 28, 2013:**
Kickoff with Network / Facility Planning Directors

**March 4, 2013**
- Assessment Team Facilitate, Collect & Analyze Primary Data
- Send invites to select CBOs to participate in CHNA discussion Forum
- Assessment Team Members provide CPS with existing CHNA / Joint Commission Strategic Plans etc

**March 14, 2013**
- Discussion groups/surveys patient care team to identify strengths/weakness and current interventions
- CPS to draft/disseminate “Community Served” section resources

**March 24, 2013**
- Review primary data to identify strengths, gaps, opportunities, demographics, health status, risk behavior
- Generate list of Community Health Needs and identify
March 25, 2013
- Assessment Team facilitates Need/Gap
- Create Draft Implementation

April 22, 2013
CRC Package Due

May 7, 2013
CRC Committee Meeting to adopt the implementation strategy

May 30, 2013
Board of Directors to approve the implementation strategy adopted by the CRC Committee

Ms. Gloria Thomas, cross-representing CAB Member of Kings County Hospital Center and Dr. Susan Smith McKinney Rehabilitation Center asked Ms. Green to clarify the composition of the governing body she referred to earlier. Ms. Green answered that in HHC’s case the governing body is the Board of Directors; however the implementation of the CHNA can be adopted by the governing body itself or a committee of the governing body, such as the Community Relations Committee.

Ms. Thomas asked if each hospital will have its own board. Ms. Green answered that the process of the community health needs assessment specifies that you must take into account input from people representing the broad interests of the community served by the facility, including those with expertise and special knowledge of the community. Ms. Green explained the Corporation’s strategy to gather the data. In order to have the local input, many of the CAB members are being asked to participate in focus groups; however, the group that would adopt the implementation strategy has to be a Committee of the Board. Ms. Green noted that the IRS requirement is more than the hospitals’ strategic plans and other form of community health assessments. To that end, HHC will be working with three focus groups: one looking internally, one with patients and one with community based organizations, CAB members and other stakeholders that are very knowledgeable about their community needs. Those needs collected at the local level are prioritized according to the most common needs and implementation strategies are identified to address these needs.

In the interest of time, Mrs. Bolus asked the audience to hold all further questions until the Council of CABs meeting following the CRC meeting at which time Ms. Green will also go over the Community Health Survey 2013 and answer the Committee members’ questions.

East New York Diagnostic and Treatment (East New York D&TC) Community Advisory Board

In the absence of East New York D&TC’s CAB chairperson, Mr. Ludwig Jones, Mrs. Bolus introduced Ms. Patricia Hinds, Senior Associate Director Administrator of East New York D&TC and invited her to present the facility’s CAB report.

Ms. Hinds began the East New York Diagnostic and Treatment Center’s CAB presentation by greeting all in attendance.

Ms. Hinds reported that the community’s most significant health care service needs/concerns of the East New York Diagnostic and Treatment Center community is obesity, diabetes, hypertension, high cholesterol, heart disease, depression and asthma.

Ms. Hinds continued and reported that the facility’s leadership is addressing these needs by adopting HHC’s Chronic Disease Collaborative. Ms. Hinds explained that there are five providers, a nurse, care manager, nutritionist, social worker and other nursing staff using the Chronic Care Model during planned visits to improve quality of care provided to patients with diabetes, hypertension and high cholesterol. Ms. Hinds noted that MetroPlus and Health First also provided Care Managers, to work in collaboration with the providers and clinic staff. Ms. Hinds added that the clinic is also developing an exercise program for patients to address the needs.

Ms. Hinds informed members of the Committee and invited guests that “ENYD&TC has started using the Breakthrough methodology to develop changes in the way they provide services.” Ms. Hinds noted that ENYD&TC CAB members are included in the process. Ms. Hinds added that one of ENYD&TC CAB members participated in a Rapid Improvement Event (RIE) that was successful in changing the way patients with appointments flow through the clinic. Ms. Hinds stated that “the CAB member involvement has resulted in a tremendous reduction in the amount of time patients spend in the clinic.” In addition, Greeters were placed in the facility lobby to ensure that patients were properly acknowledged; their questions answered, and correctly directed to improve patient flow. She noted that with this action patients are satisfied with their care and treatment in the facility. She stated “the clinical director addresses all issues of staff curiousness to the patients.”
Ms. Hinds concluded the ENYD&TC presentation by informing members of the Committee and invited guests that ENYD&TC CAB recently held elections and revised the CAB’s bylaws. Ms. Hinds continued and stated “there are new officers on the board and CAB has increased its membership; there are now nine (9) members on the board with a vacancy of six (6) members. Ms. Hinds reported recruitment efforts are ongoing.

Finance Committee – March 12, 2013
As reported by Mr. Bernard Rosen

Senior Vice President’s Report

Ms. Marlene Zurack informed the Committee that her report would cover two items. Last week HHC testified before the NY City Council regarding the preliminary budget for FY 14. The Committee should be aware that it is important that the City Council restores the $8.5 million that was restored in HHC’s FY 13 budget but is yet to be restored in the FY 14 budget. These funds are necessary in order to protect the funding for the child health clinic program of $5 million; the Rapid HIV testing of $2 million and approximately $1.5 million in delayed funding for patients. The Mayor’s Office has restored HHC’s November Plan subsidy PEG. HHC will continue to address the restoration of those funds with the Council.

Ms. Zurack stated that there are 33 days of COH compared to 41 days last month. Due to the closures at Coney Island and Bellevue, the projected revenue loss totals $183 million which puts HHC in dire need of a funding source to offset that loss. HHC has been advocating for the use of Community Development Block Grant (CDBG) funds that were in the Sandy appropriation for that revenue loss. HHC’s cash flow projections include the impact of not receiving those funds and if HHC makes all of its payments that are due to the City by 6/30/13 which would include a large pension payment, malpractice and debt service, the cash balance would be $91 million negative. HHC has met with the Deputy Major, Linda Gibbs and Mark Page, City Budget Director regarding this issue. Additionally, Ms. Zurack stated that she had gone to Albany with Ms. LaRay Brown, Senior Vice President, Corporate Planning Services, Community Partnership and Intergovernmental Relations and met with the division of Budget and the State Department of Health (SDOH). There are collective efforts to review the mechanism for getting the CDBG funds directed toward HHC to meet the funding need for the revenue loss due to the storm.

Committee member Ms. Emily Youssouf asked if the issue is being discussed in terms of where those funds should go.

Ms. Zurack stated that HHC received a request from Budget but there has not been a definitive decision in terms of the interpretation of those regulations and the use of that funding stream for revenue losses. There have been discussions with some of the Committee members regarding this issue and efforts are being made to advocate for this important funding stream.

Board Chairman Dr. Michael Stocker asked if there has been a major change from last month’s reporting in this area. Ms. Zurack stated that it is the same as reported in January 2013.

Ms. Andrea Cohen, Agent Designee for Committee member Deputy Mayor Linda Gibbs, stated that under the regulations it looks as if it is possible to make use of those funds for the revenue losses. Ms. Zurack agreed adding that based on discussions with others there is some ambiguity.

Senior Vice President Ms. LaRay Brown stated that HHC has received various perspectives on whether the regulations are clear in the use of the CDBG funds to fund revenue losses. Although there is some uncertainty, based on recent guidelines, HHC is moving forward based on the certainty that it can be. In HHC’s message to all levels of government including the congressional members and senate offices that their support of the supplemental dollars and the presumptions that the $810 million which was allocated included a total package that included funding for HHC for the revenue losses.

Ms. Zurack added that if in fact the regulations are problematic, HHC would be eligible for operational subsidy from the CDBG based on eligible expenses and that process of review to identify those expenses that can be claimed is currently under review for either a revenue loss or an operational expense.

Mr. Rosen asked if the eligible expense would include salaries and fringes for the staff that continued to show up for work although services at those two facilities were not being provided. Ms. Zurack stated that those expenses would be included and concluded her report.

Key Indicators & Cash Receipts & Dibursements Reports

Mr. Fred Covino stated that based on data through January 2013, acute discharges are down by 8.4% which includes the impact of Hurricane Sandy for Bellevue and Coney Island, whereby the facilities were forced to close. By excluding those two facilities, utilization is up by 1% or 805 discharges. The D&T visits are down by 12.1% which is a slight improvement from the last reporting period. Nursing home days are down by 13.3% due to the transition at Coler/Goldwater Specialty Hospital/Nursing Facility. The ALOS, all of the facilities with the exception of Lincoln, Metropolitan, and, Bellevue are within 1/3 day of the corporate average. Bellevue was 6/10 greater than the expected; Lincoln is 7/10 less and
Metropolitan is 4/10 less than the average. The CMI corporate-wide is up by .5% compared to last year for the same period. A comparison of the budget to actual, FTEs are down by 688 compared to last year’s base of 6/12/12 and against the YTD budget of 385 FTEs, the reduction is 300 FTEs greater than the targeted reduction. Receipts are down by $189 million compared to disbursements of $39 million worse than budget that resulted in a net negative variance of $228 million.

Ms. Youssouf asked how the ALOS for Bellevue and Coney Island was calculated given that the two facilities were closed due to the storm.

Mr. Covino stated that it is being calculated in the usual manner. There were some late discharges at Bellevue when the facility was forced to evacuate that related to some rather long stays that drove their LOS up but the facility has not added to that in recent months but will be back on track now that the facility has reopened.

Ms. Youssouf asked if the data for Bellevue and Coney Island was for the same period given that those two facilities were closed and would not have had any discharges.

Mr. Covino stated that the data is year-to-date was for all of the acute facilities but as previously stated there were some late discharges at Bellevue.

Ms. Youssouf asked that there be a footnote added to all of the reports explaining the data for those two facilities given that the report will become part of the record.

Dr. Stocker added that it is important to clarify the data for the purpose of comparisons in the future.

Mr. Covino stated that a footnote would be added to each of the reports.

Mr. Rosen added that the reductions in utilization at those two facilities are very pronounced on the report as indicated by the large variances. If those two facilities were excluded in the reporting the actual trend for the other facilities would be more reflective.

Mr. Covino stated that Bellevue and Coney Island were kept in the reporting to show the full picture and the impact of the storm. However, the reports will be reissued to reflect that footnote. Continuing with the reporting, a comparison of the current cash receipts and disbursements to the prior year, receipts are $52 million better than the prior year due to a $126 million increase in DSH/UPL payments for prior years. Expenses are $182 million better than last year due to the timing of pension payments. At this time last year expenses were paid through December 2012 of $149 million and $94 million in payments to the City. Actual versus budget, inpatient receipts are down by $153 million due to Medicaid fee-for-service which is down by 6,000 cases and 31,000 psych cases. Outpatient receipts are down by $62 million and all other receipts are up by $26 million due to grants and tax levy receipts. Expenses are reflective of $55 million in expenses relative to the storm that were not included in prior data but is now included as part of the OTPS expenses.

Ms. Cohen asked what the change in outpatient services is attributable to.

Ms. Zurack stated that Dr. Wilson has begun a major effort to analyze primary care access. At the starting point the drop in clinic visits has been confounding given that MetroPlus, HHC’s managed care plan has indicated that it is difficult to get appointments at HHC facilities. There is a major effort to resolve this issue which is being addressed by Dr. Wilson.

Ms. Cohen added that it is difficult to understand how those two things have occurred at the same time, not enough access and yet FTEs have remained stable in that area.

Dr. Stocker stated that inpatient admissions are up slightly but outpatient visits are down. There are some access issues and it is hard to determine how to get the cash to invest in primary care which is an important factor in reducing inpatient stays.

Corporate Senior Vice President & Chief Medical Officer Dr. Ross Wilson stated that it is a very complicated problem that has been very difficult to pinpoint given the factors required to address the issue at this time. However, HHC is aware that there is a major access issue. HHC has done a major transformation which is near completion in the patient centered medical home team base model which alters HHC’s ability to understand the FTE and productivity ratio. HHC is one month into a 24 month engagement with McKenzie Consultants to analyze this issue in an effort to find answers to some of those questions regarding FTE productivity and access. HHC expects that through the use of the consultancy the access and capacity compensation will be must clearer. Additionally, there are geographical factors. For example, at Cumberland there are neighborhood changes and re-gentrification housing changes. Six months ago, it was perceived that the issues were understood only to later conclude that HHC did not understand. It is important to understand that this is a complicated issue but HHC expects to have an answer to this issue in terms of understanding the factors involved and when completed, the information will be shared with the Committee.
Mr. Rosen asked if the contract Dr. Wilson referenced was for ambulatory care. Dr. Wilson stated that it is.

Ms. Brown stated that in terms of the SNFs it is not a theory but a reality, in that HHC is aggressively reducing the census at Goldwater as part of the restructuring. Therefore, beds have been taken out of service; 189 patients have been discharged with the assistance of NYCHA, and a great deal of effort on the part of the Coler/Goldwater staff and Corporate Planning staff in terms of exerting some very concentrated efforts in helping patient and their families find appropriate housing and support which is very much related to the reduction in the SNF.

Ms. Zurack added that the capital project at Gouverneur is also a factor. Ms. Brown stated that at Gouverneur some beds have been moved offline until the modernization project is back on track.

Dr. Stocker added that if HHC gets to an Accountable Care Organization with a capitated system it would be more feasible to invent in primary care given that it would reduce inpatient admissions.

**Action Item**

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract and related agreements with North Shore-Long Island Jewish Health Systems, Inc. ("NSLIJ") (i) to establish a jointly controlled not-for-profit hospital cooperative ("CoOpLab") that will provide laboratory services at cost to NSLIJ's and the Corporation's respective health systems in a new cooperative laboratory facility to be located within the City of New York for this purpose; (ii) for the period prior to CoOpLab obtaining the requisite licenses to provide such laboratory services, to have NSLIJ's existing not-for-profit corporation, which operates its core laboratory perform the Corporation's reference laboratory work that is now sent to commercial vendors at cost and have the Corporation join such not-for-profit corporation as a member; and (iii) to provide for NSLIJ to indemnify the Corporation for any cost, damage or liability arising out of its laboratory activities prior to the launch of the cooperative venture and out of any ongoing laboratory activities unrelated to the cooperative venture and for CoOpLab to purchase liability insurance to cover any claims that may arise in the conduct of CoOpLab's cooperative business; AND authorizing the President of the Corporation to effectuate the establishment of CoOpLab and take such other actions as he/she deems appropriate to establish the cooperative laboratory structure described below consistent with these Resolutions.

Ms. Zurack introduced the team involved in the presentation, George Proctor, Senior Vice President, North Brooklyn/Central Brooklyn Networks, Dr. James Crawford and Robert Stallone. The presentation would be done in two parts, Mr. Proctor and Ms. Zurack and NSLIJ, Dr. Crawford and Mr. Stallone.

Mr. Proctor stated that his section of the presentation would cover an overview of HHC's current conditions as well as the vision of the CoOpLab, structure and governance, notwithstanding the business model, staffing changes, the projected five-year cost savings and the implementation. Currently HHC operates four core labs serving the entire system with twelve rapid response labs at each of the facilities. The restructuring project efforts have yielded approximately $7.3 million to-date in savings. This was achieved through the standardization of products and a review of best tier pricing in terms of lab supplies. The restructuring project initially included the review of four operations in conjunction with two expert consultants to assist in the process which resulted in the best option for the Corporation. The selected option will allow HHC significant opportunity to achieve greater efficiencies through a shared core lab with another large integrated delivery system. The process used to identify potential partners included the review of several proposers one of which included Mount Sinai. At one point during the process, Mount Sinai expressed an interest in partnering with HHC; however, the proposal was not the most feasible for HHC and did not meet the goals of the restructuring project. Through that process, HHC was able to determine that NSLIJ would best meet the needs of the Corporation in this endeavor. The vision of the CoOpLab would be to standardize test menus for local hospital clinic tests. This standardized menu has been reviewed by a clinical operations committee which has been overseen by HHC's Chief Medical Officer and is currently being finalized. The hospital labs will continue to provide clinical results needed for less than four hours particularly for the emergency departments and the inpatient units which would be the rapid response tests. The hospitals will continue to provide surgical and anatomical pathology at each of the sites as well as the blood bank. NSLIJ and HHC will cooperate to create one shared core lab to process clinical lab work for nursing homes, diagnostic treatment centers and hospital clinics as well as micro and molecular biology tests and test on behalf of community physicians and other outside business. The key goal would be through collaboration to achieve the economy of scale, better pricing; savings for both entities as well as an improvement in quality and data sharing for best practices. The structure of the cooperative would be a not for profit cooperation and NSLIJ will have joint membership and operate the shared core lab. There will be a Board of Directors with participation in membership from NSLIJ and HHC. The lab will have CBO and management team on site with oversight by the Board; maintain NSLIJ business and support HHC commercial insurance collections. Some of the other key components of the joint venture will also include collaboration on lab methods between both systems but independently operate hospital rapid response lab. There would be a sharing of information and technology. The test menus and group purchases to a greater extent than currently available to HHC for equipment, reagents and blood products. In terms of the governance structure of this entity, NSLIJ will have the majority of seats on the Board of Directors of the CoOpLab. NS operates the current core lab and has successfully done so for fifteen years. It will provide initial capital for the new expanded CoOpLab. Given the phase-in of HHC over the next four years and NS test growth rate, it is almost certain that NSLIJ will always have plurality of test volume. HHC will receive funding member status that will guarantee that if new member joins, HHC will continue to have rights and benefits that will not be diminished. Critical decisions will require
The organizational structure of the CoOpLab, the Board of Directors will include membership from HHC and NSLIJ. The chief executive officer and the management team at the shared core lab and the shared suppliers including the vendors, reference tests/blood products, equipment, reagents and information technology, including the join the various joint standards committees that will focus on quality, system interoperability, equipment and reagents, policy and procedures, test menu and research. The rapid response labs will continue to operate at the HHC facilities.

Ms. Zurack stated that the business model for the CoOpLab venture includes the CoOpLab as an independent not for profit structure which would sell test to both NS and HHC. In addition HHC would move its current microbiology and molecular biology staff to the core lab site and the CoOpLab would pay HHC for those staff costs and it would also pay NSLIJ for the staff that would be moved from their current location in Long Island to NYC as part of that venture. Since NSLIJ will be doing the initial capital, the CoOpLab will pay rent and as stated in the resolution and by agreement as part of the intent. There will be a cap on the amount of rent based on the agreed upon budget for the capital project. The CoOpLab and its affiliated structures will be able to bill commercial insurers which will be revenue for both NS and HHC. The CoOpLab would be able to get the volume of both entities in terms of group purchasing which would produce saving at the CoOpLab and at the rapid response labs at both institutions. It would also create a great venue for best practice sharing for all parties. In terms of how this venture will impact staffing at HHC, the clinical staffing as reflected on the slide are the staff that will be needed and maintained by HHC to operate the rapid response labs. There is significant attrition between the base period and 2018 as a result of sending the test to the core lab that will free up work and would allow HHC the flexibility to not backfill those technicians in those core lab services. The microbiology and molecular biology staff are those employees who perform these tests currently at all of HHC facilities. This would be consolidated to the core lab. The reason the decrease in the staffing over time is due to the process of this joint venture which involves going one set of hospitals at a time so that it can be done in a measured way to avoid disruptions in services. In 2015, thirty FTEs will move from HHC sites to the core lab which would be based upon the movement of, for example Queens and Elmhurst. In total, HHC's total staff complement for the labs is 1,405 and would be reduced to 1,215 by 2018. In terms of expenses and projected savings, the projected savings in 2014 total $11.1 million growing to $18.5 million in 2018 with a revenue opportunity of $300,000 in 2015 growing to $4.6 million in 2018. The total benefit is $11.1 million in 2014 growing to $23.1 million in 2018. There are many implementation issues and if approved by the Board will take some time to implement. As Mr. Proctor stated earlier and as stated in the resolution, the immediate steps would be for HHC to obtain membership in NSLIJ current 501 C-3 for its current core lab operation which would generate a saving of $1.7 million resulting from HHC sending its lab work to NSLIJ at cost which would be lower than the market rates. Initially NSLIJ would enter into a real estate deal. A site has been identified in College Point Queens, NY as part of the capital project. Simultaneously, NS and HHC will seek an IRS status for the new CoOpLab. Specifically 501 E status which relates to two hospital organizations forming a joint venture to do work behalf of its members. When the CoOpLab is up and running as a core lab which is expected to be in approximately eighteen months from April 2013 the time constraints is the capital work on the new site. However, during that time period, the new entity will need to obtain insurance, legal and regulatory work and as discussed internally with management at HHC would need to have a robust disaster plan.

Committee member and Human Resources Administration Commissioner Robert Doar asked if the new established Board would be compensated and whether the compensated levels for the management of the new entity will be consistent with HHC practices or different practices with regard to NS.

Ms. Zurack stated that the Board would not be compensated. There are different practices at NS but not that much different than HHC as determined through the process. This would be through the current letter of intent a majority Board decision which would mean that NSLIJ would have that authority. The salary scales are not as much higher than HHC.

Ms. Youssouf asked if NS has an estimate of the build out cost. Ms. Zurack stated that there is an estimate. Ms. Youssouf asked if it would be shared with HHC.

Ms. Zurack stated that in the savings analysis that was presented earlier, the current estimate for the capital cost was factored in which would be cap and not a risk to the projected savings given that it is already factored in as reflected in the analysis.

**NSLIJ Lab Presentation**

Ms. Zurack re-introduced the NSLIJ representatives, Robert Stallone, Vice President, Laboratory Services/Health System and Dr. James Crawford, Senior Vice President of Laboratory Services.

Mr. Stallone stated that NSLIJ is extremely excited about joining HHC in the venture and looks forward to working with HHC on the fully implementation of the project. It is important for HHC to know that NSLIJ has been in business for an extended period of time and is very familiar with laboratory operations. The current central laboratory has been operating since March 23, 1998, fifteen years and occupies space of 60,000 square feet. During that time, NSLIJ has integrated all of its hospital laboratories through an evolving process, one at a time and as the system has grown additional hospitals have been added. After fifteen years of continuous growth, NSLIJ is doing 8.5 million tests per year at the central
laboratory. This is about half the volume of tests at HHC. NSLIJ has run out of space and needs to find a new facility; therefore, the timing is right for NSLIJ to do a joint venture. There are eleven hospitals laboratories that are currently standardized and a unified management of the laboratories. There are staff working in the laboratory that have decisions about the best practices with representatives from each of the hospitals. It is a collaborative effort that is made within the existing organization at NSLIJ that has enabled best practices. There are standardized information systems and equipment on a Cerner laboratory information system. There are two hospitals that are yet to be added to that system. The equipment is standardized at all of the hospitals laboratories so that the testing regardless of where it is being done the results will be same and the work could move from one hospital laboratory to a core laboratory or from outpatient location and to physicians who utilize that information and it would be the same ranges encumbering the same type of equipment. Testing is done by moving samples around unknown values to ensure consistency and accuracy at each of the sites on a regular basis. As Mr. Proctor stated testing that is necessary within a four-hour-time frame, that testing will remain at the hospitals. The testing that will remain is primarily the testing that is necessary for the management of the patients in the hospital. There is a highly developed logistic service and infrastructure that is utilized. A FedEx type tracking is used and specimens are monitored by each individual container from pickup to the delivery site. The staff who do this tracking have backgrounds in running the UPS for NYC and airborne at Kennedy airport prior to working with NSLIJ. Initially and strategically, the goals were to find a partner similar to NSLIJ. There were multiple requests from commercial laboratories to join with them. The laboratory services are a core service to the health system, to patients and as a core service, is becoming more important as healthcare moves forward. NSLIJ's goal was to find a partner in the area to work together with the same value, patient centered, etc. Given the size in the amount of testing that is done, the number of employees in the labs; the organization size in the area that is currently occupied, there are synergies. The goal is to increase the volume and decrease cost. The initial step in deciding to partner with another entity was to review a variety of different models and deciding what to keep in the hospitals; whether there should be four core labs similar to HHC or one by core lab. NSLIJ has achieved a 15% reduction in cost and another 10% reduction is anticipated. In addition to reducing the cost, there is an improvement in the quality of the depth of services by putting all the experts in the specialized testing areas. There is a great depth of services that all of the hospitals within the organization will have access to. Different opportunities will be developed through the joint venture. The structure of NSLIJ includes the hospitals work done for physicians' practices although many of them are from NSLIJ faculty and LTC/NH many of which are affiliates. Clinical trials work is also done and non-hospital testing for a few hospitals outside the NSLIJ health system. NSLIJ has a good track record having done this work for the past fifteen years. NSLIJ measures its performance to validate how well it is performing. The stat turnaround time for ambulatory testing is 248 minutes or four hours for that to happen and any testing needed more quickly than that is done at the hospital. NSLIJ has been successful in doing this in slightly over three hours and has the best record in the NY area. On the routine turnaround time even though many of these tests are not needed before the next day, all work is done as quickly as possible.

Ms. Youssouf stated that she had to leave for a City Council hearing but wanted to commend the HHC staff for its hard work and for doing an excellent job in putting the information together after several meetings with the Board.

Mr. Stallone stated that in addition, NSLIJ monitors its error rates within the laboratory. There are defects out of a million opportunities. NSLIJ measures its service in terms of the “likelihood to recommend” by survey both to its patients and physicians who utilize the laboratories. At a 99.7% rate based on 5,000 patient surveys over the past three months from physicians, 97.5% likely to recommend. It's important to continue to strive for improvement. The abandoned call rates in all of the call centers are less than 4.4% as the benchmark was achieved at 3.4%. Those stats are reported through the system and will be reported to the leadership of the laboratory as part of the CoOpLab. Patient safety is a big issue for the laboratories, value notification typically the benchmark is twenty minutes, and NSLIJ strives to do it in fifteen minutes which is achieved 98% of the time which is the current measurement.

Mr. Rosen asked what DPMO represented. Mr. Stallone stated that it is the defects out of a million opportunities. Laboratories are at high volumes whereby millions of tests are done and the error rate is very small. Basically, out of every million tests reported there is some type of error with 229 of the tests.

Mrs. Bolus asked what type of research is done by NSLIJ.

Mr. Stallone stated that not much research is done given that it is a clinical laboratory so the primary focus is on testing. The only type of research that is currently being done relates to the clinical research that Mr. Crawford would address.

Mr. Crawford stated that there is funded research in the clinical microbiology lab that is very robust. It is one of the world class laboratories in molecular biology and there is research in blood banking. Those are the two primary areas of research that would be relevant to the joint venture. The area that NSLIJ is particularly interested in with the consolidated laboratory is research in how to deliver healthcare better using the work that is current done to learn how to provide better patient care across the coordination of the continuum of care to health systems. This consolidated network will provide an opportunity to lead the country in that research as a future objective on the research side.

Mrs. Bolus asked if in the event there was a major breakthrough that came out of that research, which entity would get the credit given that NSLIJ has 51%.
Dr. Crawford stated that it would be called an intellectual property if it comes out of the CoOpLab it would be the CoOpLab that would get the credit. The credit goes to the institutional entity that generates it which would be the integrated network.

Ms. Zurack stated that as described in the letter of intent, the joint standard committee is 50/50. The Board has majority of NSLIJ. So in terms of the intellectual property it is not clear whether it follows the Board or the joint oversight.

Dr. Crawford stated that it should be addressed by the legal structure of the CoOpLab.

Mr. Stallone stated that the joint research that takes place if something like this were to occur and there was a joint effort it would be shared by both entities. The structure of such an occurrence would be determined by the legal structure on how it will be incorporated into the agreement.

Mr. Wilson stated that on the research projects there are projects by projects as opposed to lab by lab or hospital by hospital. Each individual project requires a hypothesis, a team and IMB approval. In putting together a proposal for a project, two things are very important, the intellectual property rights and commercial rights that flow as a result of that project which must be specified upfront and in advance of the project. This relates to each project than the laboratory or a hospital system.

Commissioner Doar asked where the core lab will be located. Mr. Stallone stated that NSLIJ has identified a building in College Point Queens that is central to all of the hospitals.

Ms. Zurack stated that HHC is requiring that it be in the City of New York as part of its participation in the CoOpLab and has to be in one of the five boroughs.

Mr. Rosen asked what is the estimated square footage of the new facility. Mr. Stallone stated that the square footage is 70,000 which would be appropriate for the type of production testing that will be performed. It appears to be in a safe location away from the water. However, the necessary steps will be taken to ensure that the building is safe in the event of a major storm and the plan for what happens if must be very robust in all aspects of the service delivery to ensure that there are no major disruptions and that the work can be moved around seamlessly.

Dr. Stocker stated that the Corporation is in the process of installing EPIC; therefore it is important that the Cerner system can interface with that system.

Mr. Stallone stated that NSLIJ is aware of the EPIC system at HHC and there are multiple sites that are EPIC integrated to Cerner across the country. Therefore, it is something that can be done. NSLIJ is using Allscripts and is currently in the process of integrating to that system. The process will begin with interfacing HHC’s current lab system to NSLIJ through an interface approach which would allow the work to flow back and forth and most importantly is that the systems are able to talk to one another.

Ms. Zurack stated that in the budget as part of the $23 million savings the assumption is that HHC will be doing as Mr. Stallone described.

Mr. Stallone stated that NSLIJ has a great team and the expectation is that it will be one of the largest labs in the country.

Dr. Stocker stated that it would be twenty seven hospitals. Mr. Stallone agreed.

Commissioner Doar asked if the percentage of growth will increase significantly after partnering with HHC.

Mr. Stallone stated that the core lab does approximately 8.5 million tests and an additional 8 million tests are expected from HHC facilities over a period of 4 to 5 years and NSLIJ grows its programs to the physicians’ offices and nursing homes and other business to about 2 million a year. In five years it is anticipated to increase to 22 million tests. Together it is expected to be three times bigger than today. The continued growth is important in order to achieve the projected savings.

Commissioner Doar asked if there is an audit function or an outside review of those metrics.

Mr. Stallone stated that it is only an internal review that is monitored by NSLIJ and reported to the health system on the websites. All of the organizations measures include experience, customers, patients and financial and operational performance.

Ms. Cohen asked if the metric be reported to a standards committee. Mr. Stallone stated that it would be and that one of the standard committees will be the joint quality management group where performance and errors will be reported and monitored at all levels of performance. There is a business side of this joint venture.
Ms. Zurack stated that the financial portion would be subject to an independent audit as part of the deal and HHC would reserve the right to choose the auditing firm given that the price is at cost.

Ms. Cohen asked if there is a model of another CoOpLab providing services to this number of hospitals.

Mr. Stallone stated that there is one other 501 that NSLIJ is aware of, TriCore Laboratories in Albuquerque, New Mexico. It is a 100,000 square feet laboratory established as a 501 E hospital profit service organization between two large health systems in that area. In addition there are other models that are not setup as a 501 E. Similarly, the biggest one is in Chicago and Wisconsin which is the ACL and the Abbott Health System. This joint venture is the next level up that will be the structure for other health systems in the future.

The resolution was approved for the full Board’s consideration.

Information Items:
FINANCIAL PLAN UPDATE

Mr. Covino stated that HHC’s Financial Plan is a part of the City’s overall budget process that will be forwarded to the State. The plan includes the actual result for FY 2012, the budget for the current FY 13 and the Corporation’s plan for FY 14 through FY 17. The plan is comprised of three sections, receipts, disbursements and corrective actions. The overview will include some of the major highlights of the plan. Beginning with the receipts, in terms of the major payers, the plan reflects current NYS Medicaid law including the impact of the Medicaid Redesign Team (MRT) and State budget adjustments; however, the plan does not include the latest State budget which was not finalized before the plan was completed. Medicaid fee-for-service receipts are projected based on the current year-to-date (YTD) actual and adjusted for projected impact of items not yet reflected in the receipts; such as retro rate adjustments, appeals and settlements. FY 13 projected receipts include a reduction in workload of approximately $117 million and an additional reduction for loss revenue due to Hurricane Sandy and an increase of $44 million for HIV. $9.5 million for Medical Home funding; UPL funding reflects a large increase in FY 13 due to the receipt of $143 million on behalf of prior FY years but in the out years the funding is stable. The DSH funding includes two components, the base of $330 million annually and the DSH maximization (Max) which varies over the life of the plan. The projected DSH Max payments range from $305 million which were received in FY 13 as part of the $600 million payment increasing to $387 million. In FY 14 the plan reflects the impact of the federal healthcare reform, whereby DSH payments will be reduced by 5%. Additionally, DSH Max payments of $100 million in FY 13 are reduced by $20 million each year due to the uncertainty in the State’s cap. The DSH reduction also impacts the out years of the bad debt and charity care pools (BD&CC) as reflected in the plan as a downward trend. Medicaid managed care reflects growth but is projected to decline to 3% due to a change in the rate. Medicaid managed care also include $89 million for enhancements in FY 13 to $86 million in the out years and also includes an anticipated MetroPlus risk payment of $95 million in FY 13 and $120 million in FY 14 and $75 million each year thereafter. Medicare fee-for-service and managed care receipts reflect projected rate reductions for DSH cuts including the Affordable Care Act as well as a 2% reduction in FY 14. Moving to the next section of the plan, expenses reflect over $580 million savings due to the Corporation’s corrective action plans which over the last four years total $1.6 billion in savings cumulatively. Personal Services reflect an additional reduction of $65 million in FY 13 and an additional $20 million for collective bargaining for City Laborers titles due to a Controller’s determination, and $10 million for overtime expenditures related to Hurricane Sandy. The out years are projected to remain flat with minor increases for collective bargaining of 1.25% per year beginning FY 14. Fringe benefits are projected to increase by 3% to 5% beginning FY 13 due to an increase in health insurance premiums projected to grow by 8.6% each year or 40% over the life of the plan. Pension estimates are projected to increase by 1% in FY 13 increasing to 4% each year thereafter. OTPS expenses in FY 13 reflect an increase of $100 million nonrecurring expenses related to Hurricane Sandy and increasing by 3% each year thereafter. Medical malpractice expenses in FY 13 include payments for FY 12 and FY 13 and in FY 14 expense are projected to return to the normal average of $135 million per year.

Mr. Rosen asked if the malpractice payments were lagged from FY 12 to FY 13 at the end of FY 12. Mr. Covino stated that a portion of the $114 million payment was lagged. Continuing with the plan, affiliation expenses are projected to increase by 4% in FY 13 to 3% each year thereafter. The corrective actions include four major components, savings initiatives/corrective actions, which began in FY 10. This program has generated annual deficit reductions of over $300 million which includes a reduction in FTEs of over 1,000 totaling $125 million including fringes and revenue enhancements from MetroPlus risk pools. The remaining deficit reduction for the out years of $10.7 million is for continued improvements in coding and documentation. Restructuring the Corporation achieved $136 million in FY 12 and $200 million in FY 13.

Mr. Rosen asked if the restructuring savings for FY 13 are above the line and whether the savings for FY 13 are additional savings for FY 13. Mr. Covino replied that they are above the line and the additional savings are a growth of the current reductions.

Ms. Zurack added that for example, the labs restructuring project has achieved $7 million in savings but is expected to achieve an additional $11 million.

Mr. Covino stated that the State and Federal actions include HHC lobbying efforts which includes $183 million revenue loss for Hurricane Sandy.
Mr. Rosen stated that it is a good plan that reflects long range planning.

MEDICAID APPLICATION PROCESS STATUS REPORT – BELLEVUE HOSPITAL CENTER

Representatives from Bellevue included Aaron Cohen, Chief Financial Officer and Diana Santos, Patient Accounts Director.

Mr. Cohen stated that Bellevue presented to the Committee in October 2012 and at that time certain goals were established regarding the submission and approval of Medicaid applications. The goal was to reduce the number of cases sent to collection agencies; reductions in self-pay cases and a reduction in the patient accounts backlog. It was anticipated that Bellevue would achieve all of those goals; however, the facility did not anticipate a hurricane Sandy disaster, whereby the facility was impacted by 8 million gallons of water that flooded the hospital's basement. Given the circumstances, the facility has achieved some things that are well beyond its expectations. The disruptions caused by Sandy as things became more settled; there was an opportunity to reduce and eliminate the patient accounts backlogs, and to process as many Medicaid applications as feasible. In the weeks after the hurricane and the facility was evacuated, staff were relocated to other HHC facilities. The patient accounts and medical records staff in their new locations site worked on Bellevue accounts, local and a combination of both. In January 2013, the staff was returned to the facility and in the medical records department it was decide that it would be used as the “training academy” whereby the time was used to have the doctors and some key staff for the coding and DRG validators, the clinical documentation staff to focus on the new DRG system. The APR/DRG for severity of illness which is relatively new; strategic coding for targeted DRGs and also the staff learned about the changes in reimbursement methodologies. The patients’ accounts staff focused on the things that were discussed at the October Finance Committee meeting. The medical affiliation process to reinforce that the self-pay collection process and inpatient tracking which includes a new system and all of the systems.

Mr. Cohen moving to the presentation stated that one of the ways of measuring patients accounts is through receivables associated with the patients that were discharged and not final billed. There are two categories, the medical records of coding the cases and the other relates to the patient accounts process of interacting with the patients and families in an effort to obtain documents and information necessary to qualify patients. The amount of the receivable prior to Sandy was $20 million which increased after the evacuation of 600 patients to over $60 million which reduced in January 2013 to $3 million. Accounts Receivable days as reflected on the chart and another way to measure the receivable by dividing the total receivables by the average daily receivables to determine a daily number. This is an important statistic that allows for comparisons across facilities. For example, Bellevue days were under 70 days. This category also includes billed days with the discharge of 600 patients that increased to 70 days to 90 days decreasing to 30 days which is all on the billed side which the facility continues to focus its efforts. The outcomes in terms of cash receipts in September 2012 on the inpatient side the total receipts were $25 million in October 2012 increased to $34 million and decreased in November 2012 to $15 million then increasing slightly under $25 million in December 2012. On the outpatient side from September to December 2012 there was a slight decrease from $5 million. The Medicaid applications, submissions and approval, the number in September 2012 was slightly over 400 for submissions and slightly under 300 cases for approvals. However, in October 2012, 540 applications were submitted and the success was 350 cases. In November 2012 there was a decline and in December 2012 even though there was a decrease in the submissions. There was a catch up that resulted in 350 successful Medicaid applications. The facility will continue to focus its efforts on improving the process. The current census at Bellevue was 577 compared to the normal census of 700. Overtime expenses are down from $1.2 million to $400,000 and FTEs also decreased.

Dr. Stocker stated that it would appear that since Bellevue’s presentation in October 2012 there was some improvement. It was a good presentation given the circumstances the facility has endured and overcome.

Ms. Brown added that the facility is to be commended for taking the opportunity to do the training and focusing key staff as a way of engaging the staff back to the reality.

Medical & Professional Affairs / Information Technology Committee
March 14, 2013 – As reported by Dr. Michael Stocker

Chief Medical Officer Report:

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

Integrating Depression Care into Primary Care (“Collaborative Care”)

HHC will contract for Collaborative Care Training with the University of Washington as part of the NYS Hospital Medical Home Demonstration Program. The contracted services will provide adult primary care clinics at all HHC Hospitals and D&TCS with comprehensive training, coaching and quality oversight services so that they can implement best-practices for integrated care management of depression in primary care. Collaborative care for depression in primary care is a requirement of the NYS Hospital Medical Home Demonstration and aligns with NCQA PCMH standards.”
New York Safe Act

This new NYS Secure Ammunition and Firearms Enforcement Act has reporting requirements/provisions that the behavioral health community is concerned will deter people from seeking treatment. The Act requires that Mental Health licensed professionals report to DOHMH in the exercise of “reasonable professional judgment” when they determine a client/patient is likely to engage in conduct that would result in serious harm to self or others. We are awaiting further guidance from the State and the city about the implementation which is to take effect in March.

Behavioral Health Visioning Workshop Held

The Office of Behavioral Health together with the Breakthrough Office held a Visioning event to address the changes in models of behavioral health care, as we move into a fully managed care environment for mental health and chemical dependency services. The event held over a day and a half was enterprise-wide with interdisciplinary, facility and central office participants. The Reason for Action frankly addressed dissatisfaction from all stakeholders with current practices, and expressed strong concern about the financial consequences of continuing as we are. The group discussed how to achieve the triple aim while maintaining the HHC mission. The event proposed some strategic questions for HHC leadership, as well as a corporate-wide breakthrough event to reduce inpatient length-of-stay which should commence late in April.

Blood Transfusion Guidelines

New HHC guidelines for the use of red cell transfusions are about to be released, to address the appropriate use blood. This follows more than one year of work by a multi-disciplinary group led by Dr. Fishkin and supported by the Office of Healthcare Improvement. The guidelines are now being pilot tested at Woodhull.

Credentialing

A contract is being finalized to streamline current credentialing and privileging processes. This new program will standardize a corporate-wide approach, as well as incorporating OPPE and FPPE requirements. It will also facilitate the credentialing of providers at more than one HHC facility, to assist when they provide services at more than one site or need to move sites in circumstances like Hurricane Sandy.

Christina Jenkins MD

Dr. Jenkins has stepped down from membership of the HHC Board (and Chair of its QA committee) to join the division of Medical & Professional Affairs as Assistant Vice President for Primary Care Services. In this new role, she will oversee the McKinsey project to improve primary care access, as well as coordinate new efforts to better incorporate technology and social networking in our care delivery.

Chief Information Officer Report

Bert Robles, Senior Vice President/Chief Information Officer provided the Committee with updates on the following initiatives:

HHC's Response to the February 21st Cyber-Attacks

On Thursday, February 21st, China, according to "The Washington Post" hacked computers of virtually every institute in Washington. Additionally on the same day, Froedhert Hospital in Milwaukee, Wisconsin announced that it encountered one massive security hack that caused 43,000 patient records to be exposed. It was estimated that this security breach could cost Froedhert hospital close to $8.3m in damages.

Following these developments, the EITS Security Team became extra vigilant in monitoring intrusion attempts on our corporate assets especially from outside HHC. On February 22nd, the EITS Security Team proactively engaged the "US Computer Emergency Readiness Team" (US-CERT) and received specific IP addresses and websites that were involved in attacks against US government and private entities. This was non-public information and was received over a secure channel. In addition, the Security Team engaged and alerted its security partners/vendors and sister agencies. Based on historical institutional knowledge and information received from the Department of Homeland Security, the FBI and other entities contacted, the EITS Security Team elevated HHC's security status which included re-calibrating our perimeter security devices (Intrusion Prevention Systems, Anti-Virus, DNS, Firewalls etc.,) within a matter of 4 hours to cover all known as well as unknown but expected intrusions. In addition, the monitoring which is usually from 8am-6pm was extended to 24 by 7 from Friday, February 22nd through Monday, February 25th.

As a result of these proactive measures and collaboration with internal and external entities, HHC managed to block all malicious attempts. At this point, there is no reported or detected compromise of any HHC asset due to the alleged Chinese cyber-attacks. We continue to operate our security devices at increased sensitivity but have resumed normal security monitoring.
ICIS Electronic Health Record (EHR) Program Update:

Since Mr. Robles last update to the Committee at the January meeting, he is pleased to report that their planning phase for the Epic implementation is well underway.

Staffing:
The first major deadline with the project was to have identified 80% of the project team members by March 1st in order for HHC to begin the first wave of Epic training on March 25th. Depending on their identified roles, EHR staff may need to attend multiple trainings at the Epic campus in order to receive their certification on specific application modules. It was critical for the program team to recruit and identify those key staff members who would be attending the first trainings scheduled for the week of March 25th. Mr. Robles is happy to report that the team has met this challenge and they will be sending their first wave of trainees to EPIC in late March.

Current Program Activities:
The Infrastructure and Operations team has ordered the necessary hardware for the program and it is being staged for initial review of the EPIC application.

The program team continues to work on and prioritize workflows for standardization across the enterprise. They are in the process of developing a plan for application review sessions which will start in late June of this year and go through August. They anticipate some 200+ sessions for this review by HHC clinical and non-clinical staff over a 6-8 week period. Planning for this large scale event is underway and the team is currently exploring venues where this event could be held.

Mr. Robles reported that they are also in the process of finalizing the program plan which includes establishing a governance model, refining baseline timelines and milestones, as well as creating a risk plan. With Epic, they are also in the process of looking at key criteria that will be used in discussions with Senior HHC leadership to identify which facility/network will be the initial site for our implementation strategy.

Going forward, Mr. Robles will continue to provide a monthly update to the Committee members on their progress.

METROPLUS HEALTH PLAN, INC.

Arnold Saperstein, MD, Executive Director, MetroPlus Health Plan, Inc. presented to the Committee. Dr. Saperstein informed the Committee that the total plan enrollment as of February 28, 2013 was 440,352. Breakdown of plan enrollment by line of business is as follows:

<table>
<thead>
<tr>
<th>Line of Business</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid</td>
<td>376,316</td>
</tr>
<tr>
<td>Child Health Plus</td>
<td>13,090</td>
</tr>
<tr>
<td>Family Health Plus</td>
<td>35,650</td>
</tr>
<tr>
<td>MetroPlus Gold</td>
<td>3,184</td>
</tr>
<tr>
<td>Partnership in Care (HIV/SNP)</td>
<td>5,604</td>
</tr>
<tr>
<td>Medicare</td>
<td>6,485</td>
</tr>
<tr>
<td>MLTC</td>
<td>23</td>
</tr>
</tbody>
</table>

Dr. Saperstein informed the Committee that this month, they had a net loss of 4,339 members and experienced a positive gain in Medicare, gaining 346 enrollees.

Dr. Saperstein provided the Committee with 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 analyzed disenrollments from their plan. In February, MetroPlus had 19,978 disenrollments from MetroPlus, and 15,639 new applications. The majority of the losses were due to loss of Medicaid eligibility, likely a catch-up after Superstorm Sandy.

MetroPlus membership losses to Health First and Fidelis continue to be a significant part of their monthly losses. In February, MetroPlus lost 899 members to Health First and lost 783 members to Fidelis Care. As Dr. Saperstein has reported in the past, approximately 80% of the members that transfer from MetroPlus to Health First leave the HHC system as well. This trend began this summer, after their dental transition to Healthplex. MetroPlus has completed further disenrollment surveys beyond the dental transition period and the overwhelming number of members surveyed stated that they wish to see doctors that are not a part of the MetroPlus network.
This month, MetroPlus successfully completed the submission of the initial Centers for Medicaid and Medicare Services (CMS) Fully Integrated Duals Advantage (FIDA) application on February 21, 2013. The FIDA program is a demonstration project between CMS and the State of New York and is focused on long term care. MetroPlus is currently waiting for guidance from the State on any next steps that may be required.

In February, MetroPlus implemented an authorization program for outpatient high tech radiology services (PT, MRI, MRA, CT) and nuclear cardiology services. Due to the volume of requests, and expertise required, MetroPlus will be partnering with MedSolutions to issue the authorizations for these services. All HHC facilities are excluded from this authorization requirement.

The HHC Health Home initiative has entered into its second phase of enrollment. At the end of January, the State sent HHC a new list of members for outreach to join the HHC Health Home. The current outreach strategy includes a target outreach population of 50% of HHC Fee-for-Service (FFS) patients and 50% MetroPlus members. A mailing of 1,300 letters was sent this month and the response is favorable. The current enrollment in the HHC Health Home is 640 patients, 348 of which are MetroPlus members. In addition, the New York State Department of Health (NYSDOH) notified health plans that the plans must diversify their contracts beyond HHC. MetroPlus has entered into negotiations with other Health Homes that are not considered direct competitors.

This month, the State has announced the Phase II Medicaid Redesign Team rate adjustments for health plans. There will be an overall increase of 0.6% to Medicaid rates and 0.7% to Family Health Plus rates. In the future, there will also be a rate increase for our Managed Long Term product line. The calculation for reimbursement was made on the assumption that 80% of members in the program would be nursing home certifiable. The actual number has proven to be 98% of members that are nursing home certifiable generating the rate increase.

There will be a .7% shift in dollars due to the transportation carve-out; these dollars will be used to support the primary care rate increase required by the Affordable Care Act. For dates of service starting January 1, 2013, the statute specifies that higher payment applies to primary care services delivered by a physician with a specialty designation of family medicine, general internal medicine, or pediatric medicine. The regulation specifies that specialists and subspecialists within those designations as recognized by the American Board of Medical Specialties (ABMS) the American Osteopathic Association (AOA) or the American Board of Physician Specialties (ABPS) also qualify for the enhanced payment. In order to be eligible for higher payment physicians must first self-attest to a covered specialty or subspecialty designation. It was recently announced that the State will collect attestations from providers and will provide plans with an eligibility file to aid in the reimbursement process.

As the New York State Medicaid Redesign Team continues their work to cut costs, the focus is now on the Behavioral Health population. The latest recommendation for NYC will be full benefit integrated SNPs (affiliated with existing plan or freestanding) for high need populations to be called Health and Recovery Plans (HARPs). HARPs eligibility criteria and specialized benefits will be developed by NYS DOH, OASAS, OMH and NYC with stakeholder input. The State has issued a draft BH benefit redesign proposal timeline which shows that applicants will need to be prepared to respond to serve as a HARP in the Summer of 2013 with a 30-day response time to an RFP. HARPs will begin operation in Fall/Winter 2014.

**Action Items:**

**Authorizing the President of the New York City Health and Hospitals Corporation (the “Corporation”) to negotiate a contract with CyraCom International, Inc., Language Line Services, and Pacific Interpreters, Inc. to provide over-the-phone-medical interpreting (OPI) services to the Corporation to meet the patient care needs of its limited English proficient patient population and comply with external review agency requirements for a term of three years with two-one year options to renew, solely exercisable by the Corporation, for an amount not to exceed $30,853,396.**

The resolution was approved for the full Board of Director’s consideration.

**Authorizing the President of the New York City Health and Hospitals Corporation (the “Corporation”) to negotiate and enter into a sole source contract with Microsoft Corporation to purchase software licenses and related maintenance and support on an on-going basis in an amount not to exceed $34,500,000 for a three year period.**

The resolution was approved for the full Board of Director’s consideration.

**Authorizing the President of the New York City Health and Hospitals Corporation (“the Corporation”) to negotiate and execute a contract and related agreements with North Shore-Long Island Jewish Health Systems, Inc. (“NSLIJ”) (i) to establish a jointly controlled not-for-profit hospitals cooperative (“CoOpLab”) that will provide laboratory services at cost to NSLIJ’s and the Corporation’s respective health systems in a new cooperative laboratory facility to be located within the City of New York for this purpose; (ii) for the period prior to CoOpLab obtaining the requisite licenses to provide such laboratory services to have NSLIJ’s existing not-for-profit corporation, which operates its core laboratory perform the Corporation’s reference laboratory work that is now sent to commercial vendors at cost and have the Corporation join such not-for-profit corporation as a member; and (iii) to provide for NSLIJ to indemnify the Corporation for any cost, damage or liability arising out of its laboratory related agreements with North Shore-Long Island Jewish Health Systems, Inc. (“NSLIJ”).**
activities prior to launch of the cooperative venture and out of any ongoing laboratory activities unrelated to the cooperative venture and for CoOpLab to purchase liability insurance to cover any claims that may arise in the conduct of CoOpLab's cooperative business; AND authorizing the President of the Corporation to effectuate the establishment of CoOpLab and take such other actions as he/she deems appropriate to establish the cooperative laboratory structure described below consistent with these Resolutions.

The resolution was approved for the full Board of Director's consideration.

Information Item:

Chronic Illness Improvement at HHC: Hypertension

David Stevens, MD, Senior Director, Office of Health Care Improvement presented to the Committee. Dr. Stevens informed the Committee that Hypertension is the number two health threat to the US population (smoking is the number one threat). HHC treats 120,000 patients with hypertension of which 43% are controlled (national average is 46%). Seventy-five to eighty percent (75% - 80%) is the benchmark for a national system. That seems unattainable, but these benchmark organizations started out where we are 10 years ago. Meeting this target would mean 38,400 additional patients controlled, resulting in 1,920 fewer health attacks every year and 768 fewer strokes every year. Each 1% improvement across HHC prevents 60 myocardial infarctions and 24 strokes.

Dr. Steven's provided the Committee with a slide that illustrated the percentage of primary care patients with blood pressure (BP) controlled at 140/90 in January 2013 which ranged from 38% to 55% which shows no major improvement from prior years (January 2010=44%; January 2011, 2012 & 2013 at 43%).

The factors contributing to uncontrolled hypertension are: Physician barriers – accepting 'close enough', ineffective counseling by primary care physician (PCP) in not getting the message of importance to patients, and unaware of own performance compared to other physician’s success rates; Patient barriers – insufficient engagement (awareness, commitment) and time/cost involved in keeping appointments; and System barrier is access to primary care appointments. A chart review study we did at Gouverneur showed that the most common feature of patients with chronic poor BP control was very few PCP visits. Multiple studies show that patients with hypertension are approximately 50% of patients with hypertension take their pills all the time, or almost all the time.

The following are HHC’s strategies for hypertension improvement: feedback to primary care patients on performance; identify uncontrolled patients in the registry; and engage patients as partners in their care with methods such as home BP monitors, collaborative goal setting and close relationship with RN care manager.

The essential elements of the registered nurse (RN) Treat-to-Target Pathways program are: 1) the PCP determines & negotiates goal with the patient and directs RN in BP target and medication adjustments; 2) the RN evaluates the patient frequently to see if they are reaching their target and adhering to treatment plan, counsels and adjusts treatment plan as needed and consults with the PCP as needed, documents discussion/changes in treatment plan which the PCP cosigns; and 3) review program performance and provide feedback to both the PCP and the RN.

The RN led Treat-to-Target Pathway was implemented in six (6) facilities beginning May 2012 [Elmhurst Hospital Center; Harlem Hospital Center; Jacobi Medical Center; North Central Bronx Hospital; Cumberland D&TC; East New York D&TC; and Gouverneur Healthcare Services]. There are three key strategies to this program: 1) focused - patients seen frequently by RN until BP is at target and the patient “get the message– this is about controlling BP”; 2) Supportive – patients build a relationship with RN, patients talk about their concerns about treatments, and patients feel they have a team caring for them; and 3) Convenient - “In and out” – patients appreciate minimal wait time.

The next steps are to: spread the Treat-to-Target model to all HHC facilities; integrate new conditions - phase 2 hyperlipidemia and depression in hypertensive patients will be integrated, phase 3 integrate diabetes; innovations to promote engagement will include community-based self-management groups, pedometers and other devices and digital social networks; payment models that align with better outcomes; and develop a registry that integrates all population health concerns.

Strategic Planning Committee – March 12, 2013
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 the Sequester cuts and some important emergent regulatory issues at the federal level in addition to some state and city issues.
Ms. Brown reported that the City's Office of Management and Budget (OMB) had estimated that the impact on HHC's Medicare reimbursements (2% of total Medicare revenue of $900 million a year) will be a loss of $18 million per year. In addition, many programs including the Sandy Supplemental, September 11 Health, Ryan White, and WIC among others would be cut approximately by 6%. This means that the $60 billion Sandy appropriation would be reduced by $3.6 million. She noted that it was not possible to calculate a specific reduction in any expected HHC reimbursement. The City OMB also estimates an added loss of $2.4 million from direct federal grants received by the Corporation.

Ms. Brown noted that it is unpredictable whether Congress will act to avoid the Sequester but there are conversations about giving some flexibility to agencies in determining how to implement the cuts. She added that there were discussions today about the House Budget Committee Chair promulgating his budget proposal. Ms. Brown stated that Mr. Ryan is proposing a change in the Medicare program specifically to impact those who are 55 and younger. She added that Mr. Ryan's plan would provide people now 55 and younger an opportunity to opt out of Medicare and purchase private insurance instead in the commercial sector with the federal government subsidizing that cost. Ms. Brown noted that Mr. Ryan's federal subsidy plan implied a reduction in the federal support for the Medicare program. Most importantly, his proposal seeks to move the Medicaid program and other federal programs like food stamps and other entitlement programs to the states. As such, states would become fully responsible for those programs. Ms. Brown stated that there were ongoing discussions about “block granting” the amount of federal dollars that funds the Medicaid program.

340B Rule Concerning Group Purchasing Organizations (GPOs)
Ms. Brown reported that, on February 7, 2013, the Health Resources and Services Administration (HRSA) had released a 340B Drug Pricing Program Notice to explain and clarify HRSA’s position on 340B hospitals’ use of group purchasing organizations (GPO), often referred to as the GPO exclusion. The rule states that any system that is unable to achieve compliance by April 7, 2013, would be excluded from participation in the 340B program. Ms. Brown reminded Committee members that the 340B program was created to assist low-income patients to gain access to their prescriptions. Ms. Brown stated that this is not enough notice. This short deadline provides 340B participating hospitals with only 60 days to achieve major system changes. She stated that HHC is assessing how much time it would need to make the necessary changes. It is to be noted that, if HHC is excluded from the 340B discount drug program for failure to achieve compliance within the required time frame, HHC's costs could increase by $205 million in the first year alone. Ms. Brown noted that, while HHC was not optimistic in getting the regulations changed, the Corporation is working on an extension so that it can make the necessary changes to comply with the rule.

Essential Benefits
Ms. Brown reported that the Obama Administration had issued a final rule on Wednesday, February 20, 2013, defining “essential health benefits” that must be offered by most health insurance plans next year. She explained that the Affordable Care Act (ACA) requires insurers to cover benefits in 10 broad categories including: ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance use disorder services, behavioral health treatment, prescription drugs, rehabilitative and habilitative services and devices, laboratory services, preventive and wellness services, chronic disease management, pediatric services, oral and vision care. Ms. Brown noted that this rule would have a significant impact on the coverage of mental health services. As a result of the rule, the Administration has estimated that 32 million people would gain access to mental health care coverage and 30 million more people who already have some mental health coverage will see improvements in their mental health benefits.

STATE UPDATE

State Budget Update
Ms. Brown reported that both houses of the New York State Legislature had released their respective one-house spending plans over the weekend. She stated that over the next week and a half, all sides would work to narrow their differences and ultimately achieve a consensus so that a budget can be passed by March 22, 2013. She added that both the Assembly and Senate spending plans make changes to the proposed 2% across the board Medicaid cut and phase this cut out in 2014. Ms. Brown noted that in the Executive Budget, the across the board cut would extend to 2015 but the Commissioner of the State Health Department would have discretion to end it sooner in 2014. In addition, the Legislature is also seeking to reinstate language that would allow for a future trend factor increase for healthcare providers, beginning in the first or second
quarter of 2014. Ms. Brown stated that the Executive Budget sought to permanently eliminate the trend factor. She reported that both houses had also included language that would change how indigent care funding is distributed to hospitals to bring New York State into compliance with federal Disproportionate Share Hospital fund methodology changes that were included in the Affordable Care Act. Ms. Brown explained that these changes exclude the practice in New York of factoring bad debt into the equation when distributing indigent care funding to hospitals. Ms. Brown noted that the new formula will be phased in over three years with limits on how much hospitals can gain or lose per year. She added that HHC was grateful that the Executive branch had changed a provision in the 21-day budget amendments that would have redistributed $25 million in DSH funds from HHC to voluntary hospitals in order to fund the three year transition period. She noted that, regardless of the changes that the Legislature would be seeking, HHC still stands to lose approximately $50 million in state budget cuts this year.

CITY UPDATE

City Council Budget Hearing

Ms. Brown reported that HHC President Alan Aviles had provided testimony last week before the City Council on the City's preliminary Budget. She stated that members of the Council had expressed concern over the impact that budget cuts would have on HHC and the size of HHC's structural deficit. Specifically, they had urged the Administration to restore funding that the Council provides to HHC each year to support, child health clinics, expanded HIV testing, behavioral health programs and for the Sexual Assault Response Team program. The Council also inquired if HHC is planning for layoffs due to the size of its deficits. Ms. Brown noted that HHC's response was that, while the Corporation has no plans for layoffs at this time, HHC’s plans could change down the road. Ms. Brown announced that HHC will provide testimony again before the Council on the Executive Budget in late May or early June.

Information Item:

Update on Road Ahead Outsourcing Initiatives

Mrs. Bolus introduced Mr. Joseph Quinones, Senior Assistant Vice President of Operations and invited him to provide an update to the Committee on various HHC Road Ahead outsourcing initiatives concerning dietary, environmental, laundry, plant maintenance and dialysis services. Dr. Stocker, HHC’s Board Chairman, stated that these were various projects undertaken by HHC over the past seven years. He added that this presentation will also be presented to the entire Board of Directors to update them on the status of initiatives.

Dietary Operations Update

Mr. Quinones provided an overview of the dietary initiative. Mr. Quinones invited representatives of the Consortium, which included Sodexho, Greater New York Hospital Association, and US Foods to join him for the presentation. These representatives included Miles Foley, Vice President of Operations and Rick Kuplicki, Senior Vice President of Sodexo; Cortney Marcin, Nexera Consultant at Greater New York Hospital Association (GNYHA); and Rhoda Brooks, Founding Partner of International Point of Contract (IPC), a company that conduct studies on patient satisfaction relating to dietary and linen services. He stated that HHC executed a contract in 2005 with Sodexo Dietary Division, US Foods, and GNYHA Ventures (the Consortium). The contract was fully implemented in early 2006 with a term of 10 years and 3 five year renewals.

Mr. Quinones described the objectives of the dietary initiative, achievements, vendor performance, and patient satisfaction as the following:

Objectives

- Improve patient care, quality of food and standardize menus (within first year of the contract)
- Increase Patient Satisfaction (to be monitored by independent survey every year after full implementation)
- Reduce Corporate-wide meal cost (year one of the contract)
- Re-tool the Cook Chill Plant by replacing non-working equipment and using plant to its full capacity (by December 2005)
- Standardize food policy and procedures throughout the Corporation (by year one of the contract)
- Increase staff productivity (implement training program for staff within six months)
- Target Savings (first year after full implementation): $5M per year
- No Union Layoffs

Achievements

- No union workers were laid off
- Reduced staffing levels from 1,400 FTE’s to current level of 963 FTE’s (437 FTEs attrited)
- Instituted corporate-wide formulary in 2008 for nutritional supplements that resulted in improved patient care and lowered costs
Implemented a 21 day menu cycle for all acute care and long term care facilities in early 2006
Improved patient satisfaction scores and sustained improvement every year
Staffing assessment identified workflows that improved direct and indirect patient care and resulted in maximizing efficiencies since early 2006
Standardized policies and procedures for food delivery, floor stock, supplements, nourishments, and catering in 2005
Standardized reporting systems for costs controls and financial analysis resulting in real-time information that allows for rapid management corrective action plans since 2006
Completed renovation of Cook Chill Plant in late 2005, producing 19K meals/day, 7 million meals/year, and adding capacity for generating potential revenue
Achieved cost savings of $5.7 million per year, which exceeded the Corporation's savings target of $5 million per year after full implementation

Vendor Performance

- Each facility has assigned a Contract Liaison to whom the vendor reports.
- The vendor produces reports on a monthly basis to the facility and HHC's Office of Operations that tracks the vendor's contractual obligation such as staffing, contract expectations, and survey readiness.
- The vendor and facility staff conduct quality assurance audits to assure compliance with Center for Medicare and Medicaid Services (CMS), Joint Commission on Accreditation of Healthcare Organizations (JCAHO), and Department of Health (DOH) guidelines as directed by each facility.
- Mock surveys are conducted by vendor and Central Office. The results are sent to senior staff of each facility.
- Mock surveys are also conducted by an independent consultant at least one year prior to an anticipated survey. All results are shared with the senior staff of each facility.

Measuring Patient Satisfaction

- The Corporation entered into an agreement with International Point of Contact (IPC), an independent company specializing in conducting surveys.
- HHC and IPC developed a survey tool made up of 17 questions consistent with survey standards in order to measure the patient experience in a comprehensive way.
- The sample size was statistically validated by the vendor and totals approximately 800 patients surveyed face-to-face.
- A baseline face-to-face patient survey was conducted prior to the Sodexo conversion to the Cook Chill Model in 2006.
- The survey has been conducted each year since 2007 and is compared year over year and to the baseline year.
- Results of the Patient Satisfaction Survey for FY2012 for both acute and long term care (LTC) from 2005 to 2012 (Wave I to Wave VII of the initiative) were all above satisfactory.

Environmental Services Operations Update

Mr. Quinones described HHC's Environmental Services Initiative with Crothall Inc. He introduced and invited representatives of Crothall, Inc. to join him for the presentation. These representatives included Sophia Trana, Patient Experience Manager, Ken Vlass, Senior Regional Manager, and Michael Villani, Vice President, Northeast Region. Mr. Quinones stated that HHC executed a contract with Crothall, Inc., in November 2011. The contract was fully implemented in early December 2011 and that the contract term is for nine years. He described the objectives of the Environmental Services initiative, achievements, vendor performance, and patient satisfaction as the following:

Objectives

- Assure regulatory survey readiness of facilities 24/7
- Increase worker productivity (by year one of the contract)
- Increase Hospital Consumer Assessment of Healthcare Providers & Systems (HCAHPS) scores for all facilities
- Standardize workflow (within six months)
- Lower overtime costs (within six months)
- Obtain capital equipment from vendor at no cost to Corporation
- Training program for union staff
- No union layoffs
- Achieve target cost savings of $2.4M by November 2012, year 1 of the contract
- Achieve total cost savings over 9 years: $180M
Achievements

- No union workers were laid off
- Environmental services operations retrained and absorbed 156 workers from the Brooklyn Central Laundry and facility laundry distribution workers throughout first year of contract
- Attrition objectives have been achieved: prior to the contract 1,955 FTE, 156 Laundry workers were transferred to EVS. Current staff is 1,887. Total staff attrited 222, backfilled to other jobs 22. Target attrition of 63 FTE was achieved by first year of contract.
- Capital equipment totaling $1.3M has been delivered to EVS HHC facilities at no cost to the corporation completed (September 2012)
- All workflows at all facilities have been standardized and worker productivity has increased completed January 2012
- Overtime costs have been lowered by $600K completed December 2012
- Target savings of $2.4M have been exceeded and total savings for the first year was $6,774,511
- Corporation exceeded its contract cost savings target by $2.3M, which brings the total savings to $6.7M.

Vendor Performance

- Each facility has assigned a Contract Liaison to whom the vendor reports
- The vendor produces reports on a monthly basis to the facility and HHC’s Office of Operations that tracks the Vendor’s contractual obligation such as staffing, contract expectations, and survey readiness.
- The vendor and facility staff do “floor rounding” inspecting the areas of the hospital to assure compliance with Centers for Medicare & Medicaid Services (CMS), Joint Commission on Accreditation of Healthcare Organizations (JCAHO), and Department of Health (DOH) guidelines as required by each facility with Administrators of the facility.
- Mock surveys are conducted by the vendor and Central Office and the results are sent to senior staff of the facilities.
- Mock surveys are also conducted by an independent consultant at least one year prior to an anticipated survey. All results are shared with senior staff of the facilities

Measuring Patient Satisfaction

- In 2011, HHC entered into a contract with Press Ganey, Inc. to conduct a survey consistent with the Hospital Consumer Assessment of Healthcare Providers & Systems (HCAHPS)
- The survey is the first national, standardized, publicly reported survey of patients’ perspectives of hospital care. The environment of the hospital is measured as part of this survey.
- Press Ganey, Inc. conducts the survey in accordance with federal guidelines and uses a standard Centers for Medicare & Medicaid Services (CMS) approved survey instrument and data collection methodology for measuring patients’ perceptions of their hospital experience.
- January 1, 2012 – HHC converted the patient satisfaction surveying tool from Health Stream to Press Ganey, the #1 national organization on surveying methodologies. The use of Press Ganey, Inc. allows HHC to be Hospital Consumer Assessment of Healthcare Providers & Systems (HCAHPS) compliant as recommended by the Centers for Medicare and Medicaid Services and subject to public reporting.
- When converting from Health Stream (phone survey) to Press Ganey (mail survey), the average adjustment in percentages is approximately -5.5%.
- The first survey was conducted by Press Ganey on January 2012 to May 2012.

Mr. Quinones explained that the baseline period (1st quarter of 2012) was set at 63%, the contract year to date at 63% and Year1 Target at 65%. The baseline period began when HHC first used Press Ganey, Inc. (January 2012 – March 2012). Year 1 survey data will be evaluated on July 1, 2013. There is a 2-3 month lag in data when using discharge date to generate reports.

Laundry Operations Briefing

Mr. Quinones described HHC’s Laundry Operations initiative. He invited Cortney Marcin of Greater New York Hospital Association (GNYHA)/Nexera Consultant, Rhoda Brooks of IPC, and Pam O’Brien, Senior General Manager for Sodexo to join him for the presentation. Mr. Quinones informed the Committee that HHC executed a contract with Sodexo Laundry Division and Nexera Inc., (the Consortium) in July 2011. The contract was fully implemented by November 2011 and the term of the contract is nine years.
Mr. Quinones described the objectives for the Laundry Operations initiative, achievements, vendor performance, patient satisfaction, and additional identified savings as the following:

**Objectives**

- Close Brooklyn Central Laundry and re-deploy staff by October 2011
- Lower cost for supplies and linen processing and meet or exceed first year budget savings
- Lower personnel services cost for laundry distribution
- Standardize HHC Laundry Operations Policies & Procedures
- No union layoffs
- Target savings for year 1 is $5.1M

**Achievements**

- Completed 90 day transition of linen distribution and processing on schedule by the end of October 2011
- Transitioned 156 full-time HHC employees out of Linen & Laundry Operations to Environmental Services and 10 to other departments
- Closed Brooklyn Central Laundry (BCL) on schedule in October 2011
- Standardized policies and procedures for linen and laundry operations by the end of October 2011
- Implemented linen management web based tool to track linen utilization in December 2011
- Achieved and exceeded year 1 cost savings target of $5.1M per year (achieved $6.5M)
- Corporation exceeded the budget to contract cost savings target by $1,402,287, which brings the total savings to $6,509,377

**Vendor Performance**

As noted below, the vendor’s performance is monitored through the same steps identified in the previous initiatives.

- Each facility has assigned a Contract Liaison that the vendor reports to
- The vendor produces reports on a monthly basis to the facility and HHC’s Office of Operations that tracks the vendor’s contractual obligation such as staffing, contract expectations, and survey readiness.
- The vendor does facility “floor rounding” inspecting the areas of the Hospital to assure compliance with Centers for Medicare & Medicaid Services (CMS), Joint Commission on Accreditation of Healthcare Organizations (JCAHO), and Department of Health (DOH) requirements as required by each facility with Administrators of the facility.
- Mock surveys are conducted by vendor and Central Office and the results are sent to senior staff at the facilities.
- Mock surveys are also conducted by an independent consultant at least one year prior to an anticipated survey. All results are shared with the senior staff of the facilities.

**Measuring Patient Satisfaction**

- The Corporation entered into an agreement with International Point of Contact (IPC), an independent company specializing in conducting surveys
- HHC and IPC developed a survey tool made up of 13 questions in order to measure the patient experience in a comprehensive way
- The sample size was statistically validated by the vendor and totals approximately 800 patients
- A baseline face-to-face patient survey was conducted prior to the Sodexo conversion July through August 2011
- The survey was then conducted post transition in the first contract year 2012
- Nearly all the results of the patient satisfaction survey for acute and long-Term Care (LTC) facilities were rated “Above Satisfactory.”

**Additional Savings Identified**

- To increase efficiency and achieve additional cost savings the Corporation transitioned six facility internal laundries to Sodexo:
  - Total pounds processed by the internal laundries was 1.3 million additional pounds of linen
  - 24 additional FTE’s were transferred out of laundry operation
  - The result was an HHC net savings of $2,045,816 vs. contract cost of $248,400
- Residential clothing processing has been transitioned to Sodexo at Coler, Goldwater, Gouverneur and McKinney with a planned transition of Sea View scheduled for FY13
Due to the move from Goldwater to Henry Carter and the new design at Gouverneur, these facilities could no longer accommodate the processing of resident clothing on-site.

- A total of 640,000 lbs. of residential clothing are being processed with 26.8 FTE’s identified to be transferred to other HHC departments.
- The result is a net savings of $1,279,106 vs. contract cost of $777,155.

- Linen losses are substantially higher than the projected $605,000 annually.
  - Current trend indicated an additional annual cost of $2.2M.
  - Sodexo has implemented a loss prevention program to address these costs and we are currently trending down in losses.

- Currently piloting transition to reusable linen items (under pads, gowns, and towels) to replace disposable items for further cost savings.

**Plant Maintenance Operations Update**

Mr. Quinones described HHC’s Plant Maintenance Operations initiative. Mr. Quinones invited and introduced representatives from Johnson Controls, Inc. (JCI), to join him for the presentation. These representatives included Mr. Steve Herbst, Vice President, General Manager, JWS North America; Steve Terrano, Director of Operations for JCI and HHC; and Bob Giro, Regional Manager for the Northeast. Mr. Quinones informed the Committee that HHC executed a contract with Johnson Controls, Inc., in July 2012. The contract term is for nine years. The contract was implemented in October 2012.

Mr. Quinones described the objectives of the Plant Maintenance Operations initiative, achievements, vendor performance, and patient satisfaction as the following:

**Objectives**

- Total staff attrition as of December 31, 2012 - 28 FTE (target year one 55 FTEs)
- Hire HHC management staff completed in October 2012
- Implement training program for managers July 2012
- Transition HHC facility contracts to JCI contracts completed by October 2012
- Transition facility work order system from various HHC work order systems to JCI systems completed by February 2013
- Control overtime at all facilities (in the first year of the contract)
- Standardize workflow at all facilities (in the first year of the contract)
- Issue policy and procedure for how the work gets done and how much time it takes to do the work (in the first year of the contract)
- Maintain or replace exhausted assets
- Provide necessary repair and maintenance tools
- Meet total target savings of $1.3M after first year of the contract
- All financials will be released 60 days after the first twelve months of the contract

**Measuring Vendor Performance**

- Each facility has assigned a Contract Liaison to whom the vendor reports.
- The Vendor produces reports on a monthly basis to the facility and HHC’s Office of Operations that tracks the Vendor’s contractual obligation such as staffing, contract expectations, and survey readiness.
- The Vendor does facility “floor rounding” inspecting the areas of the hospital to assure compliance with Centers for Medicare and Medicaid Services (CMS), Joint Commission on Accreditation of Healthcare Organizations (JCAHO), and Department of Health (DOH) requirements as required by each facility with Administrators of the facility.
- Mock surveys are conducted by vendor and Central Office. The results are sent to senior staff of the facilities.
- Mock surveys are also conducted by an independent consultant at least one year prior to an anticipated survey. All results are shared with senior staff of the facilities.

**Dialysis Transition Update**

Mr. Quinones concluded his presentation by providing the Committee with an update on the Dialysis transition initiative. He reported that the contract with Atlantic Dialysis Management Services was executed on February 2013. He described the implementation schedule as the following:
Mr. Quinones reported that Harlem Hospital Center, Kings County Hospital Center, Lincoln Medical and Mental Health Center and Metropolitan Hospital Center will transition to Atlantic Dialysis Management Services after the state has granted the license. Harlem Hospital's new unit will be outfitted by the vendor and will open in 2014. Lincoln Medical and Mental Health Center's new unit will be built by the vendor (the date yet to be determined). A new unit will be constructed by the vendor at North Central Bronx Hospital (the estimated start of construction is 2015). Once all construction is completed, more than 50 stations will have been added.

**SUBSIDIARY BOARD REPORT**

**MetroPlus Health Plan, Inc. – March 12, 2013**

*As reported by Mr. Bernard Rosen*

**Chairperson's Remarks**

Chair Rosen welcomed everyone to the first MetroPlus Board of Directors meeting of the year 2013. Mr. Rosen stated that Dr. Sap erstein 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.

**Executive Director’s Report**

Dr. Saperstein reported that total plan enrollment as of February 28th, 2013 was 440,352. Breakdown of plan enrollment by line of business is as follows:

<table>
<thead>
<tr>
<th>Line of Business</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid</td>
<td>376,316</td>
</tr>
<tr>
<td>Child Health Plus</td>
<td>13,090</td>
</tr>
<tr>
<td>Family Health Plus</td>
<td>35,650</td>
</tr>
<tr>
<td>MetroPlus Gold</td>
<td>3,184</td>
</tr>
<tr>
<td>Partnership in Care (HIV/SNP)</td>
<td>5,604</td>
</tr>
<tr>
<td>Medicare</td>
<td>6,485</td>
</tr>
<tr>
<td>MLTC</td>
<td>23</td>
</tr>
</tbody>
</table>

This month, MetroPlus had a net loss of 4,339 members. The Plan experienced a positive gain in Medicare, gaining 346 enrollees.

Since this was the first meeting in 2013, Dr. Saperstein wanted to give a few brief highlights of the Plan’s successes in 2012. MetroPlus’ membership experienced positive gains in 2012. From January 2012 - December 2012, MetroPlus added 16,364 members, an increase of nearly 4%.

In December, the New York State Department of Health (NYSDOH) released the 2012 Consumer's Guide to Medicaid Managed Care in New York City. MetroPlus was again the #1 rated health plan in New York City based on Quality of Care and Patient Satisfaction, tied with two other health plans. This made MetroPlus the #1 plan in New York City for seven out of the last eight years.

Also, the 2012 New York State (NYS) Quality Incentive awards were announced and MetroPlus was one of only two NYS plans to achieve 100% of the Medicaid Quality incentive. The Plan earned 34 million in quality award dollars.

Dr. Saperstein stated that, in 2012, due in large part to MetroPlus’ previously designed Business Resumption Plan; MetroPlus successfully recovered and maintained operations through Superstorm Sandy. MetroPlus was able to resume business functions within 5 days of the storm, and secure temporary space to bring back together most of its functional areas within 4 weeks of displacement. Unfortunately, the Plan is still in its temporary space, as the reoccupation of 160 Water Street has been delayed.
Additionally, the Plan underwent several Centers for Medicaid and Medicare Services (CMS) financial and operational audits in 2012 and displayed superb results throughout the year. MetroPlus had no significant deficiencies, and only a number of observations and findings, where the corrective actions have already been put into place.

Dr. Saperstein reported that, in 2012, MetroPlus successfully developed and implemented a Managed Long Term Care (MLTC) plan. The goal of the MLTC is to provide a Plan of Care and coordinated services to individuals who are eligible for nursing home level of care so that they may live in their own homes as soon as possible. MetroPlus’ membership is currently 23 members, and it expects significant growth due to the mandatory enrollment of long term care members.

Finally, as of July 2nd, 2012, all Medicaid managed care plans were required to cover dental services for all of their enrollees. The Plan contracted with Healthplex to administer dental benefits for all of its MetroPlus Medicaid and Medicaid SNP members. At the same time, the Plan transitioned MetroPlus Family Health Plus, Child Health Plus and Medicare Advantage members from DentaQuest to Healthplex. Analysis in the Fall of 2012 showed that this move did cause a temporary loss of membership, but it leveled out after the three month transition period.

Dr. Saperstein stated that, overall, MetroPlus had a year of successes, which it intends to leverage and build upon in 2013.

In March 2013, MetroPlus analyzed disenrollments from the plan. In February, there were 19,978 disenrollments from MetroPlus, and 15,639 new applications. The majority of the losses were due to loss of Medicaid eligibility, likely a catch-up after Superstorm Sandy.

Dr. Saperstein reported that the Plan’s membership losses to Health First and Fidelis continue to be a significant part of its monthly losses. In February, the Plan lost 899 members to Healthfirst and 783 members to Fidelis Care. As Dr. Saperstein has reported in the past, approximately 80% of the members that transfer from MetroPlus to Healthfirst leave the HHC system as well. This trend began this summer, after the Plans dental transition to Healthplex. MetroPlus has completed further disenrollment surveys beyond the dental transition period and the overwhelming number of members surveyed stated that they wish to see doctors that are not a part of the MetroPlus network.

MetroPlus anticipated returning to its main offices at 160 Water Street by the end of March 2013. The return has been delayed by additional testing and cleaning of the building. MetroPlus will continue its operations at 40 Wall Street until this work is completed. The lease at 40 Wall Street guarantees MetroPlus space until July 2013.

Dr. Saperstein informed the Board that MetroPlus successfully completed the submission of the initial CMS FIDA application on February 21st, 2013. The FIDA program is a demonstration project between CMS and NYS and is focused on long term care. MetroPlus is currently waiting for guidance from the State on any next steps that may be required.

In February, MetroPlus implemented an authorization program for outpatient high tech radiology services (PT, MRI, MRA, CT) and nuclear cardiology services. Due to the volume of requests, and expertise required, MetroPlus will be partnering with MedSolutions to issue the authorizations for these services. All HHC facilities are excluded from this authorization requirement.

Dr. Saperstein reported that the HHC Health Home initiative has entered into its second phase of enrollment. At the end of January, the State sent HHC a new list of members for outreach to join the HHC Health Home. The current outreach strategy includes a target outreach population of 50% of HHC fee-for-service patients and 50% MetroPlus members. A mailing of 1,300 letters was sent this month and the response is favorable. The current enrollment in the HHC Health Home is 640 patients, 348 of which are MetroPlus members. In addition, the NYSDOH notified the Plan that it must diversify its contracts beyond HHC. MetroPlus has entered into negotiations with other Health Homes that are not considered direct competitors.

NYS announced the Phase II Medicaid Redesign Team rate adjustments for health plans. There will be an overall increase of 0.6% to Medicaid rates and 0.7% to Family Health Plus rates. In the future, there will also be a rate increase for the Plan’s Managed Long Term product line. The calculation for reimbursement was made on the assumption that 80% of members in the program would be nursing home certifiable. The actual number has proven to be 98% of members that are nursing home certifiable- generating the rate increase.

Dr. Saperstein stated that there will be a 0.7% shift in dollars due to the transportation carve-out; these dollars will be used to support the primary care rate increase required by the Affordable Care Act. For dates of service starting January 1st, 2013, the statute specifies that higher payment applies to primary care services delivered by a physician with a specialty designation of family medicine, general internal medicine, or pediatric medicine. The regulation specifies that specialists and subspecialists within those designations as recognized by the American Board of Medical Specialties the American Osteopathic Association or the American Board of Physician Specialties also qualify for the enhanced payment. In order to be eligible for higher payment physicians must first self-attest to a covered specialty or subspecialty designation. It was recently announced that the State will collect attestations from providers and will provide plans with an eligibility file to aid in the reimbursement process.
As the New York State Medicaid Redesign Team continues their work to cut costs, the focus is now on the Behavioral Health population. The latest recommendation for New York City (NYC) will be full benefit integrated SNPs (affiliated with existing plan or freestanding) for high need populations to be called Health and Recovery Plans (HARPs). HARPs eligibility criteria and specialized benefits will be developed by SDOH, the Office of Alcoholism and Substance Abuse Services, the Office of Mental Health and NYC with stakeholder input. The state has issued a draft Behavioral Health benefit redesign proposal timeline which shows that applicants will need to be prepared to respond to serve as a HARP in the summer of 2013 with a 30-day response time to a Request for Proposal. HARPs will begin operation in Fall/Winter 2014.

Mr. Still asked if other plans experienced the same issues that MetroPlus has experienced involving disenrollment. Dr. Saperstein replied that all the other plans membership data has about a three month delay so it may take a little longer to find out. Mr. Still asked if the Board would need to take another look at the 2013 budget due to the membership dip. Dr. Saperstein stated that the Plan has been very conservative in its numbers so there is enough flexibility in the budget to not have to worry at this time. Mr. Still asked if the loss of membership to other plans had anything to do with 2 facilities (Coney Island and Bellevue) being out of commission due to the storm. Dr. Saperstein replied that the loss of membership to other plans had started as far back as July, before the storm, and it was across the board and across all the facilities. Customer Services has surveyed several members that have left and the reason is mostly to access other providers.

Ms. Weinberg asked if the access issue was with Primary Care Physicians as well as Specialty Physicians. Dr. Saperstein stated that there has been a slow decline in Primary Care capacity in HHC.

**Medical Director's Report**

Dr. Dunn reported that, on November 7, 2012, MetroPlus entered into an agreement with the Council for Affordable Quality Healthcare (CAQH). MetroPlus utilizes the CAQH Universal Provider DataSource for gathering credentialing data for physicians and other healthcare professionals. The service is free for physicians and other healthcare professionals and it eliminates redundancies in completing credentialing applications for multiple health plans. It also eliminates the need to print and mail credentialing applications, minimizes paperwork by allowing all providers to make updates online and enables all providers to easily access their information.

Since the agreement inception date, MetroPlus has submitted its existing community provider network of 5,341 providers and has received requests from 542 interested providers. MetroPlus’ goal is to lower the time to process rates for initial credentialing and make the recredentialing process seamless to its providers. Thus far, the Plan has received positive and enthusiastic feedback from the community providers and their representatives. As the Plan moves forward, it will attempt to streamline and simplify the credentialing process for all providers utilizing their valuable feedback and the feedback of the credentialing staff.

Dr. Dunn stated that, on February 21, 2013, MetroPlus completed its application of supporting documents the FIDA program, which will be available starting January 2014. Under this program, care will be coordinated for Medicare, Medicaid and Managed Long Term Care (MLTC) eligible individuals who require 120 days or more of long term support services. Medical Management completed the Model of Care component of the application. Final results are pending from CMS.

Dr. Dunn informed the Board that the Quality Management Dept completed a review and update of the QAC clinical guidelines, which are reflected in the Quality Management Plan. The clinical guidelines were presented at the Quality Assurance Committee on February 14, 2013. Evidenced based clinical practice guidelines are provided by the Centers of Disease Control and Prevention, the American College of Physicians, the American Academy of Pediatrics, American College of Obstetricians and Gynecologists and the U.S. Preventive Task Force. The clinical guidelines will be posted on the MetroPlus website within the next 30 days. Providers will have access to the clinical guidelines posted on the website and will be able to print them for usage. The guidelines will also be announced in the spring 2013 provider newsletter.

Over the past few months, Quality Management (QM) Department initiated and sent Preventive Health Mailings to all MetroPlus providers of care. SDOH requires that this mailing be done to all Medicaid providers on an annual basis as a means to improve the identification and delivery of care in cases of communicable diseases and preventive health. The preventive mailing list is determined by identified members that are overdue for an immunization or lead screening, based on QM reconciling lists with the New York City Department of Health and Mental Hygiene's Immunization Registry. In addition, mailing lists are also sent for members suspected of a communicable disease, child abuse or domestic abuse. To create that list, the QM Department uses claims to identify suspected cases. Providers are required to report the latter of situations to the New York City Department of Health for reporting and follow-up.

Dr. Dunn reported that MetroPlus received State approval to operate as a Partial Capitation MLTC program on November 9, 2012. As of February 2013, there are 52 active members enrolled in the MLTC line of business and 28 applications presently in the enrollment/assessment process to determine plan eligibility. The MetroPlus website now has a MLTC webpage, which provides information to prospective members, providers of care and plan beneficiaries.
As of February 2013, HIV Special Needs Plan (SNP) enrollment is 5,604 members. There has been a steady decline in SNP membership since July of 2012, a trend observed by SDOH with all SNP plans. Possible reasons for this trend may be related to members disenrolling to non-SNP MCOs, loss of SNP eligibility (loss of Medicaid), eligibility for MLTC programs and transfers to other Health Home affiliated managed care organizations (MCO). MetroPlus has identified this trend and will be reviewing member level data to try and gain some insight. SDOH/AIDS Institute is convening a meeting within the 1st quarter of 2013 to discuss SNP perspectives of this trend.

Dr. Dunn stated that HIV Services is actively working with Quality Management on initiatives related to the QARR HIV Comprehensive Care Indicator. HIV Services has launched the SNP Benefit Navigator initiative in the first quarter 2013, where network based case management staff will collaborate with participating designated AIDS Centers and Article 28 HIV primary care programs to identify MetroPlus enrolled members in Medicaid; provide member benefit education, and facilitate member choice for enrollment in the SNP. The aforementioned SNP Benefits Navigator initiative is another mechanism to identify members to the case management program to facilitate member retention in HIV primary care and improved quality outcomes.

MetroPlus continues to work with the plans Pharmacy Benefit Manager, CVS Caremark. Our Clinical Director of Pharmacy is collaborating with CVS Caremark on the 2014 Medicare Part D formulary, which is due for CMS submission in June 2013.

Dr. Dunn reported that, on February 13, 2013 MetroPlus had a meeting with the Dental Directors at HHC. The purpose of the meeting was to discuss and strategize ways members could obtain better access to dental care and to insure members are getting access to care at HHC. Healthplex, the Plan’s dental benefit manager was also in attendance at the meeting and conducted Q&A for the dental directors on topics of reimbursement, service and process.

Dr. Dunn stated that MetroPlus is currently working on the company wide application for the New York Health Benefit Exchange. Meetings have been underway between the QM Dept., Medical Management and the plans Product/Project Managers to identify, update and complete the QM plan per the requirements of the application; with a March 15th anticipated completion date. CVS Caremark is working on formulary development, analysis and pricing for the Health Benefit Exchange planned prescription benefit.

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") to increase the spending authority for the contract with New York County Health Services Review Organization (“NYCHSRO”), dated April 1, 2010, and to allocate additional funds for the fulfillment of the contract, with the total amount not to exceed $4,359,000 for the term which was extended until March 31, 2014.

Dr. Dunn gave the Board a detailed overview of the need for the additional funds for NYCHSRO. Dr. Dunn stated that the main reason was due to Super Storm Sandy disrupting the way MetroPlus was able to do chart reviews. Mr. Hagler commended MetroPlus for being diligent in the way it turns every sheet of paper upside down to obtain the needed information.

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

The last resolution was introduced by Dr. Saperstein.

Approving Margo Bishop for nomination to serve as a member of the Board of Directors of MetroPlus Health Plan, Inc. ("MetroPlus"), a public benefit corporation formed pursuant to Section 7385(20) of the Un consolidated Laws of New York, to serve in such capacity until her successor has been duly elected and qualified, or as otherwise provided in the Bylaws.

Dr. Saperstein stated that the Plan is happy that Mrs. Bishop has agreed to serve another term on the MetroPlus board of Directors.

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

* * * * * End of Reports * * * * *
PATIENT SAFETY FORUM AND
2013 PATIENT SAFETY CHAMPIONS AWARD CEREMONY

In celebration of Patient Safety Awareness Week, on March 4, almost 300 staff and leaders from across the enterprise gathered at Lincoln Hospital for our annual Patient Safety Champions Awards Ceremony and Patient Safety Forum. Patient Safety Awareness Week provides an opportunity to recognize the advancements that have been made in the patient safety arena, while acknowledging the challenges that remain -- and re-committing to work on them, every day.

This year’s theme was 7/365: seven days of recognition, 365 days of commitment to safe care. The keynote presentation, "Partnering with Patients: A Bed’s Eye View of Safety" was delivered by Ms. Tiffany Christensen, national patient advocate and author of "Sick Girl Speaks!" Ms. Christensen provided a rare glimpse into the life of a once-terminally ill patient with chronic diseases, who survived both her life-threatening illness and a major medical mistake. In her presentation she described ways to partner with patients and their families to decrease medical errors and improve patient outcomes.

During the awards ceremony, we recognized our 2013 Patient Safety Champions, six individuals and 15 teams who exemplify all that we are striving to achieve in patient safety. This year, the 2013 President’s Choice Award for Patient Safety was given to the Kings County Hospital Center Medical Intensive Care Unit, Patient Safety, Nursing and Infection Control Departments, and the Office of the Medical Director. Through application of multiple risk reduction measures, this team has successfully "Journeyed to Zero" by sustaining 18 months with zero central line bloodstream infections in the MICU.

GOUVERNEUR PERFORMS WELL ON JOINT COMMISSION SURVEY

This week, Gouverneur Healthcare Services Nursing Facility had its triennial survey by The Joint Commission. The survey team, led by Long Term Care surveyor, Ms. Hattie Courtney, RN, remarked on the wonderful way in which staff provide care for Gouverneur’s vulnerable and culturally dynamic population. They were particularly impressed with the facility’s commitment to patient-centered care and made special mention of its wound care program and hand hygiene practices. The team leader also commented on the remarkable synergistic relationship between medical and nursing leadership and the dedication and commitment of the staff toward their patients.

Gouverneur performed well on their triennial survey, and congratulations go to Senior Vice President Lynda D. Curtis, Executive Director Mendy Hagler, Medical Director Dr. William Bateman, Chief Nurse Janet Cuaycong, RN, Nursing Home Administrator Robert Sussingham, and the staff of Gouverneur Healthcare Services, for a job well done.

FEDERAL UPDATE

The Budget Control Act’s mandated Sequester will initiate cuts starting April 1st for reimbursements for services that were provided in March. Medicaid and Medicaid Electronic Health Record (EHR) incentive payments are exempt from Sequester cuts but Medicare provider payments, which include Medicare EHR payments, will be cut 2%.
The City's Office of Management and Budget estimates that the impact on HHC's Medicare reimbursements will be a loss of $18 million per year and a loss of $2.4 million from direct federal grants received by the Corporation.

It is unlikely that the Congress will act to avoid the $85 billion in automatic Sequester cuts between now and September 30th.

On March 6, the House passed the Continuing Resolution (CR) to fund the federal government for the rest of federal fiscal year 2013. The CR will not prevent the Sequester cuts but will give federal agencies more flexibility in implementing the cuts. The CR does not address the Administration's request for an increase of $949 million for CMS to implement the health insurance marketplaces that are preparing to provide coverage beginning January 1, 2014 and to begin enrollment in October 2013.

On March 12, Senate Appropriations Committee Chair Mikulski introduced a substitute amendment to the House-passed CR, which includes a $71 million increase for the National Institutes of Health and would require the Administration to obligate all FY 2013 funds appropriated for community health centers. However, like the House CR, it retains the $85 billion in Sequester cuts. It is anticipated that the Senate will adopt their version expeditiously and that it will subsequently pass the House long before any threat of a government shutdown when the current CR expires on March 27.

On Tuesday, March 12, 2013, House Budget Committee Chair Paul Ryan introduced his budget resolution for FY 2014. The Ryan plan would cut more than $4.6 trillion in spending over 10 years; seventy percent of which would be from health programs, much from Medicaid. Approximately $2.7 trillion of the cuts would be from repealing the Patient Protection and Affordable Care Act (PPACA) coverage provisions but retaining the PPACA Medicare and Medicaid cuts.

On Wednesday, March 14, 2013, the Senate Budget Committee Chairwoman Patty Murray introduced her Budget Resolution. The Murray Plan would cut health care programs by $275 billion over 10 years, including $125 billion from Medicare. The Murray plan is half revenue and half spending cuts.

It is likely that the Murray plan will be adopted in the Senate but it is unlikely that the Murray and Ryan Plans will actually form the basis of a compromise in a House-Senate conference because they are so far apart. The conference is not expected to resolve these differences anytime soon. The President is attempting to negotiate a "grand bargain" which would include tax increases, spending cuts and entitlement reforms, including Medicare and Social Security.

The President is expected to release his budget April 8, which is rumored to cut $400 billion from health care programs, none from Medicaid. Congress's budget proposals precede the President's for the first time in recent memory.

STATE BUDGET UPDATE

Last night, Governor Cuomo and the State Legislature reached agreement on the 2013-14 State Budget. Importantly, the Leaders are describing this as a two-year Budget. As you may have read in this morning's papers, the $135 billion budget will include an increase in the minimum wage, a three-year extension of the "Millionaire's Tax," and a new $350 tax rebate for families earning between $40,000 and $300,000. While in many areas, including health care, staff continue to negotiate the details, legislators have already begun to pass less controversial parts of the Budget. The Legislature is expected to complete passage of the budget bills on Sunday, making this the earliest Budget in memory.
The final agreement differs from the proposed Executive Budget in several ways that affect HHC, including:

- Extension of the 2% across-the-board Medicaid cut for two years, expiring March 31, 2015. However, the State Department of Health would have the ability to end the cut sooner and have stated that if Medicaid spending stays on track they will be able to do so;
- Eliminates the trend factor increase for health care providers for two years until April 1, 2015;
- Reallocates charity care dollars to direct a greater proportion of the funding to hospitals that provide care to the uninsured, underinsured and Medicaid populations in conformance with federal Disproportionate Share Hospital fund methodology changes that were included in the Affordable Care Act. These changes exclude the practice in New York of factoring bad debt into the equation when distributing indigent care to hospitals. The new formula will be phased in over three years with limits on how much hospitals can gain or lose per year. Regardless of these changes, HHC still stands to lose approximately $50 million in state budget cuts this year.

CITY COUNCIL BUDGET HEARING

On March 7, I testified before the City Council on the City's preliminary Budget. Members of the Council expressed concern over the adverse impact that budget cuts would have on HHC and the size of HHC’s structural deficit. Specifically, they urged the restoration of funding that the Council provides to HHC each year to support child health clinics, expanded HIV testing, behavioral health programs and for the sexual assault response team program. The Council also asked if we had plans for layoffs given the size of our projected deficit. We responded that we have no plans for layoffs at this time but, if our attempts at securing additional federal and state assistance fail, we may be forced to reconsider our options. HHC will testify again before the Council on the Executive Budget in late May or early June.

US NEWS & WORLD REPORT GIVES TOP RATINGS TO HHC NURSING HOMES

Last week two of HHC’s nursing homes received the highest rating of five stars from U.S. News & World Report in the publication’s new best nursing homes list for 2013. Another received four stars overall.

U.S. News calculates its nursing homes scores using data to evaluate health inspections, nurse staffing, and quality measures. It then issues an overall rating for nursing homes of up to five stars. U.S. News says that the federal Centers for Medicare & Medicaid Services (CMS) has approved its ratings methodology.

The Sea View Hospital Rehabilitation Center Home in Staten Island and the Coler-Goldwater Specialty Hospital and Nursing Facility on Roosevelt Island both received a five star overall rating. The Dr. Susan Smith McKinney Nursing & Rehabilitation Center in Brooklyn received four stars overall. Sea View and Coler-Goldwater also achieved a five star rating for performance on measures of quality.

These high ratings confirm that New York City’s public nursing homes are among the nation’s best, and that patients in our care receive top flight services and attention. The recognition by U.S. News is a tribute to the dedication and diligence of our HHC staff at these facilities.

ACCESSIBLE AND AFFORDABLE HOUSING FOR HHC PATIENTS TO BREAK GROUND SOON IN EAST HARLEM

SKA Marin, an "affordable housing" developer, will be breaking ground soon on a unique project to provide fully accessible apartments for low-income, disabled and/or elderly individuals who are currently patients at Coler-Goldwater Specialty Hospital. The apartments are being built on East 99th Street between First and
Second Avenues, a parcel of land on the Metropolitan Hospital campus. The apartment building will contain 176 units, with a mix of studios and one bedroom apartments designed for low income disabled non-elderly and elderly persons whose health status allows them to live independently with some support services.

The project represents a unique partnership among the developer, the public hospital system, the New York City Department of Housing Preservation and Development (HPD), Housing Development Corporation (HDC), New York City Housing Authority (NYCHA), New York State Homes and Community Renewal (HCR), Citibank and Raymond James. The project is also the first in New York State to receive Medicaid Redesign Team funding for projects focused on high cost Medicaid populations. The project is estimated to save $10 million a year in state and federal Medicaid expenditures.

This project will open new horizons of independent living for former skilled nursing facility residents through readily accessible healthcare services provided by Metropolitan Hospital. We are pleased that patients with disabilities from Coler-Goldwater who no longer need institutionally based care will have affordable community living options that for a very long time have not been available.

**MAJOR HHC CAPITAL PROJECTS UPDATE**

The following is an update on our major capital projects at HHC.

At Harlem Hospital Center, the New Patient Pavilion, now called the Mural Pavilion (MP), is complete and the first phase is occupied. This project included a special program to promote and foster community employment in targeted areas around the hospital. To date, more than 221 people have been employed on the project from the community with many more trained and/or referred to other programs in the city. It has been a very successful program and a model for other projects at City College and Columbia University. Once the second phase is complete this summer, the MP will house new diagnostic suites, an emergency department, operating rooms and critical care units that will serve as the centerpiece of the campus-wide modernization. The MP is connected to the Martin Luther King Pavilion and the Ron Brown, Jr., Ambulatory Care Pavilion.

At Gouverneur Health, the new clinic areas and the 13th floor residence are open and occupied. Floors 4 through 7 have received a Temporary Certificate of Occupancy from the NYC Buildings Department. Occupancy of these floors will occur by the end of the month. Construction is in progress on floors 2, 3, 8 and 9, and these floors are scheduled for occupancy by end of this summer. When complete, the lower floors will house expanded ambulatory care services, and the upper floors will house the long-term care services, with an increase of nursing home capacity from 210 to 295 beds.

At Lincoln Medical and Mental Health Center, a multi-phase renovation and expansion of the facility’s Emergency Department is nearing completion. The first phase constructed an annex and relocated outpatient clinics to the first floor of the new building. The second phase relocated functions to the second floor of the recently constructed annex building, and is complete. The third phase, which remodeled and expanded the existing Adult Emergency Department, is complete and occupied. The fourth and final phase, which includes Pediatric Emergency and Trauma Services, is in construction. The Emergency Department has remained fully functional throughout the project. We anticipate final move-in by Fall 2013.

Finally, at the soon-to-be-opened Henry J. Carter Specialty Hospital, construction of the new building is proceeding as planned. The new elevators will be operational shortly permitting removal of the hoist and completion of the exterior walls. Mechanical roughing, wall layout and framing are ongoing working from the upper floors down. At the Long Term Acute Care Hospital building, mechanical roughing is ongoing. New wall framing and repair and fire-stopping of existing walls are progressing from the top floor down and nearing
completion. Upgrades of existing mechanical equipment are in progress. Residents will begin to move into the new structure in early November of this year.

THE FUND FOR HHC RECEIVES GRANT TO SUPPORT HHC EMPLOYEES AFFECTED BY HURRICANE SANDY

Last month, The Fund for HHC received a grant of nearly $38,000 from the Hurricane Sandy Health Care Employee Relief Fund administered by the United Hospital Fund (UHF) to benefit HHC employees affected the storm.

The Relief Fund was established by the Greater New York Hospital Association, Healthcare Association of New York State, Nassau-Suffolk Hospital Council, New Jersey Hospital Association, Northern Metropolitan Hospital Association, and UHF with support from the American Hospital Association. The total donation of more than $600,000 was distributed to 47 hospitals and healthcare organizations in Sandy-affected communities. UHF awarded HHC the maximum allowable grant amount for a single organization.

Including the Employee Relief Fund grant, The Fund for HHC has raised more than $225,000 to help employees, with the final grant allocations to be made by the end of this month. By that time, more than 700 staff members who suffered personal losses and experienced hardships due to the hurricane will have received financial assistance.

CORPORATE LEADERSHIP DEVELOPMENT PROGRAM FOR MIDDLE MANAGERS HOLDS GRADUATION

On March 12th, the first cohort of 112 middle managers completed the Corporate Leadership Development Program conducted in partnership with The Advisory Board Company Talent Management Division. The Leadership Development Program has been designed to equip participants with the skills, confidence, and motivation to be more effective leaders while tapping into their ideas and energy to drive innovation and change throughout the organization. Over the course of the program, managers were required to attend five full day sessions: a Healthcare Management Intensive; Instilling Accountability; Facilitating Effective Teamwork; Critical Thinking and Problem Solving; and Impact Through Influence.

Thirty-two senior staff served as coaches to the managers and attended each of the five sessions as well as a specialized class on Coaching to Full Potential. Between workshops, the coaches participated on monthly coaching calls with The Advisory Board faculty and worked with the managers on individual or group projects and application activities to reinforce what was learned in the sessions. Participants, coaches, and executive sponsors received access to Harvard Manage Mentor Plus, an online resource with interactive, computer-based training modules designed to help users tackle common business and staff challenges.

A second cohort of up to 125 participants is scheduled to begin the Leadership Development Program on April 30th. I would like to thank Senior Vice President Caroline Jacobs for leading this important effort which is a critical to developing our workforce to meet our enterprise-wide strategic priorities.

JOINT BUSINESS VENTURE WITH NORTHSHORE-LIJ HEALTH SYSTEM TO PRODUCE TOP QUALITY LABORATORY SERVICES

On your agenda today is a resolution for HHC to enter negotiations for an agreement with North Shore-LIJ Health System (NSLIJ) to create a new jointly controlled central laboratory that will process routine tests for both hospital systems. HHC projects savings under the project to be $80 million over the next five years and
then $23 million annually after that. The proposed lab would be located in New York City and would be the largest hospital-controlled lab of its type in the country. The lab, if approved, will begin operations in 2014 and is expected to process about 20 million tests annually for the HHC and NSLIJ systems when fully implemented by 2018.

The proposed new lab will be run by a shared management team and will be staffed by approximately 700 employees. It will also operate a joint standards committee with representatives of NSLIJ and HHC to develop the laboratory quality assurance standards.

HHC currently operates four core labs and 12 rapid response labs, which together perform about 15 million lab tests per year at a current cost of about $233 million annually. Under this agreement, HHC would consolidate its four core lab operations into the new cooperative lab, which would eventually process about half of all HHC lab tests. HHC would continue to maintain 12 rapid response laboratories for tests that require a turnaround of four hours or less. No current staff would be laid off and HHC would eventually relocate approximately 162 lab staff to the new jointly controlled facility.

Once fully operational, the new lab is expected to generate savings of at least $23 million annually for HHC, while increasing efficiency, standardizing best practices, and improving quality and depth of services. I urge your support.

### SENIOR LEADERSHIP CHANGES

As the Board knows, Iris Jimenez-Hernandez, our Executive Director of Lincoln Medical and Mental Health Center and Network Senior Vice President for our Generations+/Northern Manhattan Network, will be leaving us at the end of the March to become a Senior Vice President in the Health Division at Maximus, a national social service management firm. In her new role, Iris will oversee work in several northeastern states to operationalize health exchanges and other provisions of the Affordable Care Act.

With Iris’s departure, I have asked Denise Soares, the Executive Director at Harlem Hospital Center, to assume the role of Senior Vice President of the Generations+/Northern Manhattan Network. Before her present position, Denise served the North Bronx Healthcare Network for 12 years, as Network Chief Nurse Executive and then as North Central Bronx Hospital's Chief Operating Officer. She is a leader whose commitment to quality patient care and patient satisfaction is anchored in operational excellence and prudent stewardship. This is demonstrated by Harlem Hospital’s recently earned Leapfrog Award for the Greatest Leaps in Patient Safety and Quality. Additionally, during her tenure at Harlem Hospital, Denise has been a champion of Breakthrough, HHC’s process improvement methodology, with readily apparent positive results.

To fill the void at the helm of Lincoln, I have selected Milton Nunez, the Deputy Executive Director/Chief Financial Officer of the North Brooklyn Health Network to assume the role of Executive Director. Milton has been a senior manager in HHC for 13 years, and most recently assisted PAGNY, our professional affiliate, with the restructuring of its finance operations. Milton’s accomplishments include implementing effective service line consolidations, leading the development of staffing benchmarks for physicians, nurses and other staff, coordinating successful Phase 1 Meaningful Use designation, and leading a collaboration to revamp ambulatory care service delivery to produce lower costs, improved operations, and increased managed care enrollment.

Under the leadership of Denise and Milton, I am confident that the Generations+/Northern Manhattan Network and Lincoln Hospital are in very capable hands. I know that the Board joins me in congratulating them and in offering our support as they assume their new duties.
HHC IN THE NEWS HIGHLIGHTS

Broadcast

Dr. Susan Smith McKinney Nursing & Rehabilitation Center earns 4-star rating from U.S. News, News 12 Brooklyn, 03/13/13

Emergency room struggles after Hurricane Sandy, Coney Island Hospital, WABC, 03/12/13

Print

HHC Aces Ratings, Crain's Health Pulse, 03/01/13

HHC Bonds Get Top Ratings from Moody's, S&P and Fitch, Hospital Newspaper, 03/18/13

The Melody of Memory, Sea View Hospital, Staten Island Advance, 03/11/13

City Hospital Corporation Hit by Sandy Losses, HHC, The Wall Street Journal, 03/08/13

Public hospital MDs push back against pay tied to performance, HHC, The New York World, 03/07/13

Coney Island Hospital Again Receiving Ambulances, Hospital Newspaper, 03/18/13

Nursing Home Innovation: Sea View’s Incontinence Program, Sea View Hospital, Sea View Hospital, Elderbranch.com, 03/15/13

Moving Toward Person - Centered and Recovery - Oriented Services and Systems, Dr. Eric Leventhal, Bellevue Hospital, Mental Health News, Spring 2013

Peer Counseling Effectiveness in Acute Care at Kings County Hospital, Jonathan P. Edwards, LMSW, Janine Perazzo, LMSW, Kings County Hospital, Mental Health News, Spring 2013


Lincoln Recovery Center, Lincoln Hospital, The Bronx Free Press, 03/06/13

Chinese leader in maternal health visits Gouverneur and Bellevue to learn about natural labor and delivery, World Journal, 03/09/13 (Covered in China Press, SinoVision, DW News)
RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract and related agreements with North Shore-Lang Island Jewish Health Systems, Inc. ("NSLIJ") (i) to establish a jointly controlled not-for-profit hospital cooperative ("CoOpLab") that will provide laboratory services at cost to NSLIJ's and the Corporation's respective health systems in a new cooperative laboratory facility to be located within the City of New York for this purpose; (ii) for the period prior to CoOpLab obtaining the requisite licenses to provide such laboratory services, to have NSLIJ's existing not-for-profit corporation, which operates its core laboratory perform the Corporation's reference laboratory work that is now sent to commercial vendors at cost and have the Corporation join such not-for-profit corporation as a member; and (iii) to provide for NSLIJ to indemnify the Corporation for any cost, damage or liability arising out of its laboratory activities prior to the launch of the cooperative venture and out of any ongoing laboratory activities unrelated to the cooperative venture and for CoOpLab to purchase liability insurance to cover any claims that may arise in the conduct of CoOpLab's cooperative business.

AND

Authorizing the President of the Corporation to effectuate the establishment of CoOpLab and take such other actions as he/she deems appropriate to establish the cooperative laboratory structure described below consistent with these Resolutions.

WHEREAS, the Corporation's internal studies as augmented by independent consultants lead to the determination that the best way to assure high quality laboratory services and achieve savings is to collaborate with another large health system to establish a shared core laboratory to process clinical lab work for the Corporation's health system; and

WHEREAS, not-for-profit NSLIJ, the biggest integrated healthcare network in the New York metropolitan area, currently operates an efficient, high quality consolidated core laboratory to serve the needs of its member hospitals, and wishes to establish a new, larger consolidated core laboratory in collaboration with the Corporation to achieve even greater efficiencies; and

WHEREAS, a core laboratory shared by HHC and NSLIJ is expected to benefit the Corporation by achieving economies of scale, improved quality of services, lower prices and savings, and data sharing of best practices; and

WHEREAS, NSLIJ will be solely responsible to finance the purchase or lease of the selected site for the new laboratory facility, its improvements and outfitting; and

WHEREAS, the amount charged to CoOpLab by NSLIJ shall be capped at an amount based on a maximum agreed upon capital project cost; and

WHEREAS, both NSLIJ and the Corporation will appoint members of the board of directors of CoOpLab under an agreement providing that the following actions of CoOpLab will require the consent of the Corporation in its capacity as a founding member: (i) any sale, relocation or dissolution of the laboratory or of CoOpLab and any action that terminates the Corporation's membership status; (ii) any capital call; and (iii) the establishment of the level of reserves to be maintained by CoOpLab; and

WHEREAS, the governing documents of CoOpLab shall clearly establish that the Board of
CoOpLab shall act in the interest of all of its members and that any action that is proposed to be taken that will benefit NSLIJ and will impose any significant risks or costs on HHC will require the consent of HHC; and

WHEREAS, the Corporation will be indemnified by CoOpLab for any costs, damages or liability that arise from NSLIJ's activities conducted within the cooperative structure or prior to its establishment and CoOpLab will purchase liability insurance to cover any claims that may arise in the conduct of CoOpLab’s cooperative business; and

WHEREAS, a CoOpLab joint standards committee with representatives of NSLIJ and the Corporation will develop the laboratory quality assurance standards and other methods and metrics for the laboratory operations of CoOpLab; and

WHEREAS, current employees of NSLIJ and the Corporation will be provided to CoOpLab to provide the needed laboratory services with all associated costs paid by CoOpLab; and

WHEREAS, through the cooperative structure, the Corporation will benefit from volume discounts on its purchases of laboratory equipment, blood products, systems and supplies;

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 and related agreements with North Shore-Long Island Jewish Health Systems, Inc. ("NSLIJ") (i) to establish a jointly controlled not-for-profit hospital cooperative ("CoOpLab") that will provide laboratory services at cost to NSLIJ's and the Corporation's respective health systems in a new cooperative laboratory facility to be located within the City of New York for this purpose; (ii) for the period prior to CoOpLab obtaining the requisite licenses to provide such laboratory services, to have NSLIJ's existing not-for-profit corporation, which operates its core laboratory perform the Corporation's reference laboratory work that is now sent to commercial vendors at cost and have the Corporation join such not-for-profit corporation as a member; and (iii) to provide for NSLIJ to indemnify the Corporation for any cost, damage or liability arising out of its laboratory activities prior to the launch of the cooperative venture and out of any ongoing laboratory activities unrelated to the cooperative venture and for CoOpLab to purchase liability insurance to cover any claims that may arise in the conduct of CoOpLab’s cooperative business; and

BE IT FURTHER RESOLVED, that the President of the Corporation be, and hereby is, authorized to effectuate the establishment of CoOpLab and take such other actions as he/she deems appropriate to establish the cooperative laboratory structure described consistent with these Resolutions.
RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate a contract with CyraCom International, Inc., Language Line Services, and Pacific Interpreters, Inc. to provide over-the-phone-medical interpreting (OPI) services to the Corporation to meet the patient care needs of its limited English proficient patient population and comply with external review agency requirements for a term of three years with two-one year options to renew, solely exercisable by the Corporation, for an amount not to exceed $30,853,396.

WHEREAS, the Corporation is committed to providing equitable, safe, timely, efficient patient centered care in the languages spoken by its patient populations; and

WHEREAS, in fiscal year 2012 over twenty-five percent of the Corporation's patient population was deemed limited English proficient; and

WHEREAS, in fiscal year 2012, over 190 languages and dialects were spoken by the patients receiving care by the Corporation; and

WHEREAS, the Corporation requires the assistance of firms specializing in over-the-phone medical interpreting services to support the provision of patient care services in the languages spoken by the populations served by the Corporation's acute care hospitals, long term care facilities, diagnostic and treatment centers, certified home health agency and, community based clinics.

WHEREAS, CyraCom International, Inc., Language Line Services, and Pacific Interpreters, Inc. are recognized leaders in the provision of over-the-phone medical interpreting services; and

WHEREAS, the Corporation will benefit from the provision of over-the-phone medical interpreting services to its patients requiring such services; and

WHEREAS, the provision of over-the-phone medical interpreting services will enable compliance with external review agency regulations, standards and law; and

WHEREAS, the responsibility for monitoring these contracts shall reside with the Senior Vice President for Safety and Human Development.

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 a contract with CyraCom International, Inc.,
Language Line Services, and Pacific Interpreters, Inc. to provide over-the-phone-medical interpreting (OPI) services to the Corporation to meet the patient care needs of its limited English proficient patient population and comply with external review agency requirements for a term of three years with two-one year options to renew, solely exercisable by the Corporation, for an amount not to exceed $30,853,396.
RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation") to negotiate and enter into a sole source contract with Microsoft Corporation to purchase software licenses and related maintenance and support on an on-going basis in an amount not to exceed $34,500,000 for a three year period.

WHEREAS, the Corporation uses a wide array of Microsoft software products and the Corporation is required to purchase from Microsoft the licenses and software maintenance and support needed to run this software; and

WHEREAS, analysis has shown that the most favorable terms and pricing for the Corporation can be obtained by contracting directly with Microsoft Corporation; and

WHEREAS, the accountable person for this procurement is the Senior Vice President/Corporate Chief Information Officer.

NOW, THEREFORE, be it:

RESOLVED, THAT THE President of New York City Health and Hospitals Corporation be and hereby is authorized to negotiate and enter into a sole source contract with Microsoft Corporation to purchase software licenses and related maintenance and support on an on-going basis in an amount not to exceed $34,500,000 for a three year period.
RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Tenant" or the "Corporation") to execute a fifteen year lease agreement with 2857 West 8th Street Associates (the "Landlord") for 24,000 square feet of space at 2857 W. 8th Street, Borough of Brooklyn, to house the Ida G. Israel Community Health Center (the "Center") operated by Coney Island Hospital (the "Facility") at an initial rent of $24/square foot.

WHEREAS, since 1984, the Center provided a full range of primary care services for its patients including pediatric care from newborn through adolescence, gynecologic services, adult primary care, immunizations, dental services, a WIC program, podiatric services, allergy and other medical specialty services as needed; and

WHEREAS, the Center also housed a Chemical Dependency Program which managed approximately 18,000 visits annually; and

WHEREAS, on October 29th and 30th, 2012, the building housing the Center at 2201-2203 Neptune Avenue, Borough of Brooklyn, was substantially destroyed by Hurricane Sandy rendering it unsuitable and untenable for use as a health care facility site and the Corporation terminated the lease effective November 27, 2012; and

WHEREAS, the Center served a primary services delivery area whose residents suffer from a higher rate of medical problems such as diabetes, cancer, heart disease, hypertension and asthma than the general population of New York City, and whose elderly female population exhibits a significant gynecological pathology; and

WHEREAS, there continues to be a need for healthcare services in the area and moving the Center to 2847 W. 8th Street will allow these services to remain within the community.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Tenant" or the "Corporation") be and hereby is authorized to execute a fifteen year lease agreement with 2857 West 8th Street Associates (the "Landlord") for 24,000 square feet of space at 2857 W. 8th Street, Borough of Brooklyn, to house the Ida G. Israel Community Health Center (the "Center") operated by Coney Island Hospital (the "Facility") at an initial rent of $24/square foot.
RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to approve a Capital Project for Harlem Hospital Center to Relocate and Modernize the Dental Clinic for a total project cost of $6.25 Million.

WHEREAS, the Harlem Hospital Center Dental Clinic resides in the Women's Pavilion (WP) which is planned for eventual demolition; and

WHEREAS, the existing WP building infrastructure and clinic space cannot support the proposed modernization of the Dental Clinic; and

WHEREAS, Harlem Hospital Center has been granted HEAL 21 funds in the amount of $3,858,653 to be used for the relocation and modernization of its Dental Clinic; and

WHEREAS, Harlem Hospital Center has been awarded an additional $1.8 million in City Council funds for the purpose of purchasing equipment for a 23-operator dental clinic which will be used to partially fund this project; and

WHEREAS, the proposed dental clinic equipment will provide a state of the art sterilization facility will correct existing deficiencies and conform to current codes and standards allowing the process to return to operation within the dental clinic thereby increasing efficiencies; and

WHEREAS, funding for the balance of this project above the HEAL 21 grant and City Council funds will be provided by Harlem Hospital Center Expense funds and existing Capital funds remaining in Capital Project #13200703; and

WHEREAS, the revision to Operating Procedure 100-5 requires that construction projects with budgets of $3 million or more shall receive approval of the Board of Directors through the Capital Committee; and

WHEREAS, the proposed total project budget, inclusive of all contingencies, is estimated to be $6.25 Million; and

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 approve a Capital Project for the Relocation and Modernization of the Dental Clinic at Harlem Hospital Center in accordance with the budget attached at a total project budget of $6.25 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.
RESOLUTION

Reappointing Margo Bishop as a member of the Board of Directors of MetroPlus Health Plan, Inc., a public benefit corporation formed pursuant to Section 7385(20) of the Unconsolidated Laws of New York ("MetroPlus"), to serve in such capacity until her successor has been duly elected and qualified, or as otherwise provided in the Bylaws.

WHEREAS, a resolution approved by the Board of Directors of the New York City Health and Hospitals Corporation ("HHC") on October 29, 1998, authorized the conversion of MetroPlus from an operating division to a wholly owned subsidiary of HHC; and

WHEREAS, the Certificate of Incorporation of MetroPlus designates HHC as the sole member of MetroPlus and has reserved to HHC the sole power with respect to electing members of the Board of Directors of MetroPlus; and

WHEREAS, the Bylaws of the Corporation authorize the Executive Director of the Corporation to select a Director who is a member of the MetroPlus "mainstream" Health Plan, subject to approval by the Board of Directors of the Member; and

WHEREAS, the Executive Director of MetroPlus has selected Mrs. Bishop to serve an additional term as a member of the Board of Directors of MetroPlus;

WHEREAS, the Board of Directors of MetroPlus has approved said nomination;

NOW, THEREFORE, be it

RESOLVED, that the HHC Board of Directors hereby reappoint Margo Bishop to the Board of Directors of the MetroPlus Health Plan, Inc. to serve in such capacity until her successor has been duly elected and qualified, or as otherwise provided in the Bylaws of MetroPlus.
RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to procure and outfit one hundred-nineteen (119) ambulances in Fiscal Year 2014 on behalf of the Fire Department of the City of New York ("FDNY"), through City-wide Requirements Contracts for a total amount not-to-exceed $37.3 million.

WHEREAS, on January 19, 1996, the Corporation and the City of New York (the "City") executed a Memorandum of Understanding ("MOU") allowing the transfer of the Corporation's Emergency Medical Service ("EMS") ambulance and pre-hospital emergency medical service functions to the Fire Department of the City of New York ("FDNY") to be performed by FDNY for the benefit of the City; and

WHEREAS, the MOU requires that the FDNY have access to and use of the Corporation's property to the same extent that EMS had prior to the transfer; and

WHEREAS, a major portion of the Corporation's property used and maintained by the FDNY is the ambulance fleet formerly managed and operated by EMS; and

WHEREAS, to maintain an appropriate ambulance and pre-hospital emergency medical service, vehicles in the ambulance fleet must be periodically replaced when such vehicles have exceeded their useful life, requiring more than routine repairs and maintenance; and

WHEREAS, 119 vehicles out of the FDNY's active fleet of 413 ambulances have reached the end of their useful life and must be replaced at a cost of $37,266,000; and

WHEREAS, the City provides the funding for ambulance replacement to the Corporation for allocation to the FDNY; and

WHEREAS, the City has allocated $49,040,000, on behalf of the FDNY, in the Corporation's Capital Commitment Plan in Fiscal Year 2013 for this purpose.

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 procure and outfit one hundred-nineteen (119) ambulances in FY 2014 on behalf of the Fire Department of the City of New York ("FDNY"), through City-wide Requirements Contracts for a total amount not-to-exceed $37.3 million.
EXECUTIVE SUMMARY
EMS AMBULANCES & INITIAL OUTFITTING EQUIPMENT
FISCAL YEAR 2014
FIRE DEPARTMENT OF THE CITY OF NEW YORK

OVERVIEW: The Fire Department of the City of New York ("FDNY") operates the Corporation's Emergency Medical Service ("EMS") program on behalf of HHC under a 1996 Memorandum of Understanding ("MOU"). The MOU requires the FDNY to operate and maintain the City's active fleet of 413 ambulances as part of the EMS program.

As part of the MOU between the Health and Hospitals Corporation and the City of New York, the Corporation collects Medicaid funds for each fee-for-service patient that is admitted to one of its facilities including transports through EMS based on a longstanding agreement between HHC and the New York State Department of Health. Included in the Medicaid funding arrangement with the State DOH is the depreciated value of the ambulances. The Corporation, in turn, reimburses FDNY through payments on a quarterly basis for the provision of ambulance services. The reimbursement represents EMS's pro rata share of Medicaid revenues of which depreciation on the ambulances is included.

NEED: Ambulances have an expected useful life of five (5) years and must be replaced after reaching the five-year period in order to maintain a high-performance fleet. The FDNY has advised the Corporation one hundred-nineteen (119) ambulances have reached the end of their useful life and need to be replaced. In addition, initial equipment must be purchased to outfit the vehicles for a total acquisition cost of $37,266,000, which includes a ten percent acquisition contingency.

SCOPE: Procurement of one hundred-nineteen (119) and initial outfitting equipment.

COST: $37.3 million (Non-HHC funds)

FINANCING: New York City General Obligation Bonds (No debt service impact to HHC)

SCHEDULE: FDNY is expected to obtain the ambulances and complete outfitting within 12 months.
### NEW AUTHORIZATION FY 2014

<table>
<thead>
<tr>
<th>Unit Price</th>
<th># of Units</th>
<th>Total</th>
<th>Contingency</th>
<th>Total</th>
<th>Per Unit</th>
<th>$/Equipped Unit</th>
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<tbody>
<tr>
<td><strong>Ambulances (Excluding Initial Equipment):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Ambulance F-450 4 x 2</td>
<td>198,879</td>
<td>99</td>
<td>19,689,021</td>
<td>$1,968,502</td>
<td>$21,657,923</td>
<td>$218,767</td>
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<td>Ambulance F-450 4 x 4</td>
<td>200,079</td>
<td>20</td>
<td>4,001,560</td>
<td>$400,158</td>
<td>$4,401,738</td>
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<tr>
<td>Total Ambulances:</td>
<td>119</td>
<td>23,690,581</td>
<td>2,389,060</td>
<td>$26,059,641</td>
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<tr>
<td><strong>Initial Equipment:</strong></td>
<td></td>
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</tr>
<tr>
<td>BLS Initial Equipment</td>
<td>38,526</td>
<td>131</td>
<td>5,046,906</td>
<td>$504,691</td>
<td>$5,551,597</td>
<td>$42,379</td>
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<tr>
<td>ALS Initial Equipment</td>
<td>79,074</td>
<td>65</td>
<td>5,139,810</td>
<td>$513,981</td>
<td>$5,653,791</td>
<td>$86,981</td>
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<tr>
<td>Total Initial Equipment:</td>
<td>196</td>
<td>10,186,716</td>
<td>$1,018,672</td>
<td>$11,205,388</td>
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<td>**Total:</td>
<td></td>
<td>33,877,317</td>
<td>$3,387,732</td>
<td>$37,265,049</td>
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<tr>
<td>BLS: Basic Life Support</td>
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<tr>
<td>ALS: Advance Life Support</td>
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### Past Authorizations FY 2007, 2010 and FY 2012

#### FY 2012 Ambulances

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<tr>
<th>Unit Price</th>
<th># of Units</th>
<th>Total</th>
<th>Contingency</th>
<th>Total</th>
<th>Per Unit</th>
<th>$/Equipped Unit</th>
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</thead>
<tbody>
<tr>
<td><strong>Ambulances (Excluding Initial Equipment):</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Type I Ambulances:</td>
<td>160,656</td>
<td>80</td>
<td>12,852,480</td>
<td>$1,285,248</td>
<td>$14,137,728</td>
<td>$176,722</td>
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<tr>
<td>Total Ambulances:</td>
<td>80</td>
<td>12,852,480</td>
<td>$1,285,248</td>
<td>$14,137,728</td>
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<td></td>
</tr>
<tr>
<td><strong>Initial Equipment:</strong></td>
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</tr>
<tr>
<td>BLS Initial Equipment</td>
<td>22,000</td>
<td>60</td>
<td>1,320,000</td>
<td>$132,000</td>
<td>$1,452,000</td>
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<td>ALS Initial Equipment</td>
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<td>920,000</td>
<td>$92,000</td>
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<td>$224,000</td>
<td>$2,464,000</td>
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<td></td>
<td>15,092,480</td>
<td>$1,509,248</td>
<td>$16,601,728</td>
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<td>**Total (Rounded):</td>
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<td>16,600,000</td>
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#### FY 2010 Ambulances

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<tr>
<th>Unit Price</th>
<th># of Units</th>
<th>Total</th>
<th>Contingency</th>
<th>Total</th>
<th>Per Unit</th>
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<tbody>
<tr>
<td><strong>Ambulances (Excluding Initial Equipment):</strong></td>
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</tr>
<tr>
<td>Type I Ambulances:</td>
<td>155,900</td>
<td>56</td>
<td>8,730,400</td>
<td>$702,833</td>
<td>$9,433,233</td>
<td>$168,451</td>
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<tr>
<td>Total Ambulances:</td>
<td>56</td>
<td>8,730,400</td>
<td>$702,833</td>
<td>$9,433,233</td>
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<td></td>
</tr>
<tr>
<td><strong>Initial Equipment:</strong></td>
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</tr>
<tr>
<td>BLS Initial Equipment</td>
<td>22,400</td>
<td>37</td>
<td>828,800</td>
<td>$86,722</td>
<td>$915,522</td>
<td>$24,203</td>
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<td>ALS Initial Equipment</td>
<td>59,000</td>
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<td>$1,211,245</td>
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<td></td>
<td>10,680,200</td>
<td>$859,800</td>
<td>$11,540,000</td>
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#### FY 2007 Ambulances

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<tr>
<th>Unit Price</th>
<th># of Units</th>
<th>Total</th>
<th>Contingency</th>
<th>Total</th>
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<tr>
<td><strong>Ambulances (Excluding Initial Equipment):</strong></td>
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<tr>
<td>Type I Ambulances:</td>
<td>151,212</td>
<td>120</td>
<td>18,145,440</td>
<td>$1,814,544</td>
<td>$19,959,984</td>
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<tr>
<td>HazTec Ambulances</td>
<td>175,000</td>
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<td>7,000,000</td>
<td>$700,000</td>
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<td>$2,514,544</td>
<td>$27,659,984</td>
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<tr>
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<tr>
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### MEDICAID FUNDS TRANSFERRED TO THE FDNY

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<th>(In millions)</th>
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<tr>
<td>2001</td>
<td>$66.2</td>
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<tr>
<td>2002</td>
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<td>2003</td>
<td>$61.8</td>
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<td>2004</td>
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<tr>
<td>2008</td>
<td>$56.7</td>
</tr>
<tr>
<td>2009</td>
<td>$60.2</td>
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<tr>
<td>2010</td>
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<tr>
<td>2011</td>
<td>$59.9</td>
</tr>
<tr>
<td>2012</td>
<td>$54.8</td>
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**Source:** Martin Genee  
Deputy Corporate Comptroller  
3/29/13
March 21, 2013

Alfonso Pistone  
Assistant Vice President  
HHC, Office of Facilities Development  
346 Broadway, 12 West  
New York, NY 10013

Re: Request for HHC Board Resolution

Dear Mr. Pistone:

This letter represents a formal submission, to be presented to HHC's Board of Directors at their next meeting. The FDNY hereby requests approval to purchase one hundred nineteen (119) ambulances of the below descriptions and quantities, plus initial equipment for the 119, plus an additional 77 ambulances, currently on order, as indicated below. Detailed initial equipment lists are attached.

<table>
<thead>
<tr>
<th>Description</th>
<th># of Units</th>
<th>Unit Price</th>
<th>Total $ Amount</th>
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<td>Ambulance F-450 4 x 4</td>
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<tr>
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<td>79,074</td>
<td>5,139,810.00</td>
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<td></td>
<td></td>
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<tr>
<td>Contingency (10%)</td>
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</tr>
<tr>
<td></td>
<td></td>
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<td>37,292,548.70</td>
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Please be advised that the procurement process is performed in accordance with HHC's operating procedures and Procurement Policy Board rules.

If you require additional information in order to secure HHC board approval, please contact me at 718/999-1221.

Thank you for your cooperation

Sincerely,

Robert L. Scott

Robert L. Scott

c:  Stephen G. Rush, FDNY  
    Mark Aronberg, FDNY  
    Vincent Barrett, FDNY  
    Patricia Mims, FDNY  
    Terry Fiorentino, FDNY  
    Dean Moskos, HHC  
    Jawwad Ahmad, HHC

attach.
INITIAL EQUIPMENT FOR ONE (1) FDNY AMBULANCE (ALS)

### MEU ALS READY

<table>
<thead>
<tr>
<th>Equipment Description</th>
<th>Qty</th>
<th>Cost</th>
<th>Ext</th>
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<td>$17.35</td>
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<td>$17.35</td>
<td>$17.35</td>
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<tr>
<td>BP UNIT - ADULT</td>
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<td>$17.35</td>
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<tr>
<td>BP UNIT - OBESE</td>
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<td>$20.90</td>
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<tr>
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<td>$5.95</td>
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<td>$2,500.00</td>
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<tr>
<td>CHAIR, STAIR CUSTOM SILK SCREEN</td>
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<td>$26.25</td>
<td>$26.25</td>
</tr>
<tr>
<td>COT, FOLDING W/3 SETS-2PC STRAPS</td>
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<td>$299.06</td>
<td>$299.06</td>
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<tr>
<td>COT, FOLDING CUSTOM SILK SCREEN</td>
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<td>$26.25</td>
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<td>$4,390.00</td>
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<tr>
<td>OXYGEN &quot;D&quot; CYL BRACKET</td>
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<td>$220.00</td>
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<td>OXYGEN FLOWMETER</td>
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<td>OXYGEN PRESSURE REDUCER</td>
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<tr>
<td>SPLINT, TRACTION COMBO</td>
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<tr>
<td>SPLINT, TRACTION CUSTOM SILK SCREEN</td>
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<tr>
<td>STOOL, STEP</td>
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<td>SUCTION UNIT KIT, PORTABLE</td>
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<td>SUCTION UNIT, ON-BOARD</td>
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**MEU TOTAL** $59,469.06

### MSU ALS READY

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<th>Ext</th>
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**MSU TOTAL** $2,720.98

**ALS READY TOTAL** $62,190.04

**RADIOS**
## Initial Equipment for One (1) FDNY Ambulance (ALS)

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### MEU BLS READY

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<tr>
<td>BP UNIT - OBESE</td>
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<td>CHAIR, STAIR CUSTOM SILK SCREEN</td>
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<td>COT, FOLDING W/3 SETS-2PC STRAPS</td>
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<td>$26.25</td>
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<tr>
<td>OXIMETER KIT, CARBON MONOXIDE</td>
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<td>$220.00</td>
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<tr>
<td>OXYGEN FLOWMETER</td>
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<td>$351.00</td>
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<td>SPLINT, TRACTION CUSTOM SILK SCREEN</td>
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<tr>
<td>STOOL, STEP</td>
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<tr>
<td>STRETCHER - RAIL</td>
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<tr>
<td>SUCTION UNIT KIT, PORTABLE</td>
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<td>SUCTION UNIT, ON-BOARD</td>
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**MEU TOTAL** $21,773.86

### MSU BLS READY

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**MSU TOTAL** $1,868.36

**BLS READY TOTAL** $23,642.22
### INITIAL EQUIPMENT FOR ONE (1) FDNY AMBULANCE (BLS)

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<tr>
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<td><strong>MSU BLS READY</strong></td>
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<tr>
<td><strong>RADIOS</strong></td>
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<td>$8,300.00</td>
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<tr>
<td><strong>HAZMAT</strong></td>
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<td>$6,583.50</td>
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<tr>
<td><strong>BLS SAME TOTAL</strong></td>
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<td></td>
<td>$38,555.72</td>
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FDNY/EMS MEDICAID REIMBURSEMENT

As part of the Memorandum of Understanding ("MOU") between the Health and Hospitals Corporation (the "Corporation") and the City of New York in regard to the transfer of the ambulance and pre-hospital emergency medical service functions performed by the Emergency Medical Service ("EMS") to the Fire Department of New York (the "FDNY"), the Corporation collects medicaid funds for each medicaid fee-for-service patient that is admitted to one of its facilities as an add-on on the patient's bill to cover the cost of EMS services.

The Corporation calculates the value of the add-ons by multiplying it with the number of patients admitted. A payment is then issued to the FDNY on a quarterly basis. At the last quarter of the fiscal year, the Corporation does a reconciliation exercise and if there is a positive variance, the amount of HHC's fourth payment to the FDNY will be increased by the variance. In the event that the opposite occurs, the fourth payment to the FDNY will be reduced by the difference.
RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a Customer Installation Commitment ("CIC") between the New York City Department of Citywide Administrative Services ("DCAS"), and the New York Power Authority ("NYPA") for an amount not-to-exceed $34,349,705 for the planning, pre-construction, design, construction, procurement, construction management and project management services necessary for the Comprehensive Energy Efficiency upgrade project (the "Project") at Metropolitan Hospital Center (the "Facility").

WHEREAS, in March 2005, the Corporation, the City University of New York, the New York City Board of Education, and the City of New York, through the Department of Citywide Administrative Services (collectively, the "Customers"), entered into an Energy Efficiency-Clean Energy Technology Program Agreement ("ENCORE Agreement") with NYPA; and

WHEREAS, in 2007 the City mandated a 30% reduction in greenhouse gas emissions in City-owned properties by 2017, managed by Division of Energy Management within DCAS; and

WHEREAS, in December 2009, as part of PlanNYC 2030, the City passed major legislation known as the "Greener, Greater Buildings Plan" that includes more stringent code requirements; requires installation of lighting upgrades and tenant meters in non-residential spaces; and requires all buildings over 50,000 square feet to undertake benchmarking and audit; and implement retro-commissioning measures. Local Law 87 mandates Comprehensive Energy Audits be completed within a 10 year time frame (2013 – 2023); and

WHEREAS, under the City mandate of 30% reduction in greenhouse gas emissions, DCAS approved NYPA to perform a Comprehensive Energy Efficiency Audit of the Facility's campus; and

WHEREAS, a component of the Project will make the Corporation complaint with fuel combustion standards through elimination of No. 6 fuel oil; and

WHEREAS, the Corporation has determined that it is necessary to address the proposed energy conservation measures at the Facility by undertaking the project at a not-to-exceed cost of $34,349,705 (see Exhibit A – Executive Project Summary), to enhance the reliability of its systems, as well as increase the comfort and safety of building occupants; and

WHEREAS, PlanNYC will provide $6,502,184, and the City of New York will provide $5,000,000 for the Project at the Facility (see Exhibit B – NYC Office of Management and Budget Approval); and

WHEREAS, NYPA has estimated that the Project will produce total annual savings of $1,464,184; and

WHEREAS, the overall management of the construction contract will be under the direction of the Facility's Executive Director and Assistant Vice President - Facilities Development.

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 execute a Customer Installation Commitment (“CIC”) between the New York City Department of Citywide Administrative Services (“DCAS”) and the New York Power Authority (“NYPA”) for an amount not-to-exceed $34,349,705 for the planning, pre-construction, design, construction, procurement, construction management and project management services necessary for the Comprehensive Energy Efficiency upgrade project (the “Project”) at Metropolitan Hospital Center (the “Facility”).
EXECUTIVE SUMMARY

METROPOLITAN HOSPITAL CENTER
NEW YORK POWER AUTHORITY (NYP A) - COMPREHENSIVE ENERGY EFFICIENCY UPGRADE

OVERVIEW: The Corporation is seeking to undertake an energy efficiency project, which addresses mandated energy reduction use while complying with elimination in the combustion of No. 6 fuel oil, which will no longer be used in most New York City buildings by 2015.

In addition, to comply with environmental combustion standards relating to No. 6 fuel oil, this project will incorporate a significant number of energy efficiency recommendations that arose from a comprehensive energy audit funded by the Department of Citywide Administrative Services (DCAS). A number of measures were approved for design, and after approximately 60% design completion, a value engineering study was conducted in collaboration between the Office of Management and Budget (OMB), the Corporation, NYP A, DCAS, and the energy design firm of Parsons Brinckerhoff. The project has been fully designed, estimated, and completely bid. With a 20% contingency, the project cost is not-to-exceed $34,349,705.

PlaNYC will provide $6,502,184, with an additional $5,000,000 provided through City of New York. The Corporation will fund the balance of the project through NYP A financing.

There is funding available to undertake a design study associated with hazard mitigation. At the present time, project contingency is considered sufficient to address construction modifications that may be required to implement such hazard mitigation recommendations.

NEED: During the NYP A's Comprehensive Energy Efficiency Audit of the Facility's campus it was determined that several energy conservation measures (ECMs) be implemented. ECMs such as lighting upgrades, building control management systems, complete boiler replacement (including fuel tank replacement), and other energy consumption measures be implemented to enhance the reliability of the facility systems, as well as increase the comfort of our patients and safety of building. A major element of the project is the facility's existing boiler plant, currently consisting of three high-pressure steam water tube boilers installed in 1952, and one high-pressure boiler installed in 1964. These boilers are inefficient and operate on No. 6 residual fuel that will no longer be permitted for use by 2015. If the boilers are not replaced or upgraded before 2015, they can no longer operate. Moreover, a full replacement of the boiler plant will result in numerous benefits that will enable the facility to meet its demands more efficiently and responsibly.

SCOPE: The scope of work includes the following:
- Replacement of all T-12 lamps with high performance T-8 lamps
- Replacement of boiler plant with three high efficiency dual fuel (natural gas and oil) boilers
- Removal and remediation of four underground #6 fuel oil tanks and three diesel tanks; install two new tanks for #2 fuel oil and four tanks for diesel fuel
- Replacement of all exposed expansion joints and anchors with customized removable insulation
- Installation of a new building management system
- Replacement of all existing 3-way control valves with new high performance 2-way digital control valves.
Page Two – Executive Summary
Customer Installation Commitment – Metropolitan Hospital

- Replacement of existing motors with premium efficiency motors
- Installation of dehumidification heat pipes at several units at the facility
- Replacement of existing Air Handling Unit (AHU) in the Emergency Department
- Installation of lighting switch based sensors and photo sensors on outdoor lights

TERMS:  NYPA has competitively bid this project and has submitted a final total project cost to the Corporation.

COSTS:  $34,349,705

SAVINGS:  
- Electrical:
  - Electrical Energy Consumption: 2.5 kilowatts
  - Monthly Demand Decrease: 92 kilowatts
  - Annual Electrical Energy Savings: $202,765

- Fuel:
  - Gas / Oil Savings: 809,206 therms
  - Gas / Oil Energy Savings: $1,261,418
  - CO2 Reductions: 9,898.1 tons

  Total Annual Estimated Savings: $1,464,183.66

- Simple Payback: 15.60 years

SCHEDULE:  HHC expects NYPA to complete this project by June 2015.

FINANCING:  PlaNYC - $6,502,184 (no cost); General Obligations Bonds - $5,000,000 and NYPA Financing of $22,847,521. The Corporation expects to approve the initial financing with NYPA upon the approval of this resolution by executing the Customer Installation Commitment ("CIC") (see Exhibit C).

FINANCING SCHEDULE:  The Corporation expects to approve the initial financing with NYPA upon the approval of a resolution presented to the Finance Committee, by executing the Customer Installation Commitment ("CIC") (see exhibit C – Initial CIC Report). After the completion of the Project, and final audit, the Corporation expects to finalize the amount, term, and structure of the financing in August 2015, by executing a Final CIC.

FINANCING STRUCTURE:  

(i)  Variable Rate:
  Currently, NYPA only issues variable rate tax-exempt and/or taxable commercial paper (CP) financing for all expenditures from initial audit through the completion of the project
(see Exhibit D – NYPA Financing of Energy Efficiency Projects). NYPA has issued tax-exempt commercial paper since 1995, where tax-exempt interest rate ranges from 0.51% (2011) to 4.15% (2001). The 2013 tax-exempt interest rate is at 0.86% (see exhibit E – Financing of Energy Efficiency Projects – Annual Variable Rate).

The annual rate NYPA used in the repayment of all costs for a completed project, is calculated in January of each year and is based on the weighted average outstanding commercial paper for the previous 12 months. The interest rate is applicable for the succeeding 12 months repayment period January through December (i.e. interest rate will reset every January of each calendar year).

In addition, NYPA also enters into interest rate cap agreement with banks periodically in order to provide a “limit/cap” to manage its interest rate risk exposure on its tax-exempt CP program, which in turn protects its clients.

(ii) **Fixed Rate:**
NYPA is currently evaluating the option of providing fixed rate financing to its clients. If this option becomes available prior to the execution of the final CIC in 2015, the Senior Vice President of Finance will evaluate the cost and benefit of the two financing options and report back to the Finance Committee and the Board of Directors, as to which financing option (s)he recommends.

**FINANCING TERM:**
The term of the NYPA financing will not exceed 20 years, which is less than Metropolitan Project estimated weighted average useful life of 28.8 years.

Monthly debt service payment is estimated at $138,451.48 (annual debt service at $1,661,417.76) based on 4% estimated interest rate and 20 year term.
### Metropolitan Hospital Center
#### D&I Audit Program
#### Table E2: Total Project Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Material:</th>
<th>Labor:</th>
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<tbody>
<tr>
<td>Construction Costs</td>
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<td>Asbestos Abatement</td>
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<td>Woodard &amp; Curran Consulting Costs</td>
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<td>Controlled Inspections</td>
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<td><strong>Totals</strong></td>
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<td>Total Material &amp; Labor</td>
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<td>Construction Contingency</td>
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<td>Payment and Performance Bond</td>
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<td>Abatement Design &amp; Monitoring</td>
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<td>Hazardous Waste Disposal Cost</td>
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<td>Resiliency Study</td>
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<td>1) Audit, Design &amp; Construction Mgt</td>
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<td>2) NYPA Project Mgt &amp; Administrative</td>
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<td>3) NYPA Lighting Material Handling Fees</td>
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<td>Reduced Scope Fee</td>
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<td><strong>Total Fees</strong></td>
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<td>5) Interest During Construction (IDC)</td>
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#### Estimated Energy Savings

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<td>Total Demand (monthly)</td>
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<td>Electrical Energy Savings</td>
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<tr>
<td>Fuel: Gas/Oil Savings</td>
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<tr>
<td>CO2 Reductions</td>
<td>9,898.1 t</td>
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**Total Estimated Amount Saved:** $1,464,183.66
**Total Emissions Reduction (%):** 42.55%

#### Payback

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<td>Current Project: Metropolitan Hospital Center</td>
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<td>$1,464,183.66</td>
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<td>Previous Project #1: N/A</td>
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<td>Previous Project #2: N/A</td>
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<td>4) Agency/Customer Contribution: DCAS and HHHC</td>
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<tr>
<td><strong>Cumulative Total Project Cost:</strong></td>
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<td><strong>Cumulative Estimated Annual Savings:</strong></td>
<td>$1,464,183.66</td>
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**Simple Payback:** 15.60

#### Project Financing

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<th>Amount</th>
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<td>Total Amount Financed</td>
<td>$22,847,520.53</td>
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<td>Variable Interest Rate Currently at</td>
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<td>Years Financed</td>
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<td>Number of Payments</td>
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<td>Annual Debt Service to NYPA</td>
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<tr>
<td>Monthly Debt Service to NYPA</td>
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<tr>
<td>Total Project Cost after Financing</td>
<td>$33,228,355.23</td>
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(1) A fee of 15% of equipment and installation labor costs is applicable; a 14% fee of the asbestos abatement is applicable.

(2) A fee of 10% of event and labor costs is applicable. This fee includes, but is not limited to, the costs associated with securing contractors, or NYPA personnel as the case may be, to perform the services of construction management, quality assurance, waste disposal permitting, etc., and to obtain payment bonds, as required. Includes estimated Labor rate.

(3) A fee of 1.5% of equipment is applicable.

(4) All indicated previous projects were completed within two years prior to the initiation of the current project, in accordance with OMB guidelines.

Direct Agency contributions are deducted directly from the Total Project Cost.

(5) The estimated Interest During Construction (IDC) is calculated over the anticipated construction period at 4%.
Record: 102604
Certificate: 57055
Capital Projects: PU-0025

DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES
HEALTH AND HOSPITALS CORPORATION

Hon. Edna Wells Handy, Commissioner, Department of Citywide Administrative Services
Hon. Thomas A. Farley, Commissioner, Department of Health & Mental Hygiene
Hon. Scott Stringer, President, Borough of Manhattan
Hon. John C. Liu, Comptroller

Section 219 of the New York City Charter and directives of the Mayor authorized thereunder require that prior to the initiation of design or advancement of any Capital Project, a scope defining services to be incorporated in contracts for the services of architects, engineers, landscape architects, etc., or for departmental employees and amounts for structures, works, furnishings and equipment, program of requirements and scope or range of operations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. Initially, preliminary scope approval and subsequently final scope approval incorporating preliminary plans and cost limitations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. In addition, the final design incorporating final contract documents must also be submitted for approval of the Director of Management and Budget or his duly authorized representative. Your request for approval pursuant to the above is approved as follows:

DESCRIPTION OF APPROVAL HEREBY GRANTED

Attached for your review and approval is a Certificate to Proceed in the amount of $11,502,184 for a comprehensive energy efficiency upgrade to HHCS Metropolitan Hospital (1901 First Avenue, Manhattan).

This project will be charged to Budget Lines PU-0025 and HO-0214, Project ID 856 E11-0011, Budget Codes E856, GQ09, and J376, and is included in the FY13 Capital Commitment Plan.

Approved,

[Signature]
Jennie Nagle
Assistant Director
NYC & NYPA ENCORE II: INITIAL CIC REPORT
CIC APPROVAL

Date: 04-Apr-13
Project No.: ES-GSN-0543
Project: NYC HHC Metropolitan Hospital

CUSTOMER REPAYMENT OBLIGATION
Total Installed Cost of Project $34,349,704.53
NYPA Incentive Payment $0.00
Energy Grant $0.00
CUSTOMER Repayment Obligation $34,349,704.53

METHOD OF PAYMENT
Progress Payments, payable upon receipt of
AUTHORITY invoices after completion of each milestone
Outstanding Balance financed by Authority $22,847,520.53
Authority Cost of Money 4.00%
Number of Monthly Payments 240
Monthly Bill Surcharge $138,451.48
Annual Bill Surcharge $1,661,417.76

ESTIMATED ANNUAL COST REDUCTION
Annual Energy Cost Savings $1,464,183.66
Annual Other Cost Savings $0.00
Total Annual Cost Savings $1,464,183.66

AUTHORIZATIONS
Signatures in the spaces below signify that the parties have reviewed and agree to the
CIC Design and specifications presented to them by the AUTHORITY.

Authorized HHC Representative:
Agency NYC Health & Hospitals Corp.
Signature
Name Alan D. Aviles
Title President
Date

Authorized CITY Representative:
Agency Dept. of Citywide Admin. Services
Signature
Name Richard Badillo
Title Chief - DMO
Date

Authorized AUTHORITY Representative:
Agency NYPA - Energy Services Division
Signature
Name Gil Quiniones
Title President & Chief Executive Officer
Date
New York Power Authority - Financing of Energy Efficiency Projects

The steps for implementing an Energy Efficiency project include the Authority and customer identifying a potential project, the Authority performing an engineering audit and defining the scope of work. The Authority issues commercial paper financing for all expenditures from initial audit through the completion of the project.

In 1994, the Board of Trustees authorized the use of commercial paper to finance the expenditures associated with the various energy services programs. Commercial paper is a short-term money market instrument issued by large banks, corporations, municipalities and non-profit entities. The Authority is authorized to issue tax-exempt and taxable commercial paper, although most energy services projects have qualified for tax-exempt financing. Financing charges are determined by the actual interest rate associated with the commercial paper issued to support the Authority programs. Monthly interest during construction rates are based on the weighted average cost of money associated with all outstanding commercial paper issuances for that month.

The annual interest rate used in the repayment of all costs for a completed project is calculated in January of each year and is based on the weighted average outstanding commercial paper for the previous twelve months. The interest rate is applicable for the succeeding twelve month repayment period January through December.

The interest during construction rate and annual rate include any fees and surcharges to issue the commercial paper, for the revolving credit agreement, and for an interest rate cap on the program. All fees and surcharges applied to the interest rate reflect actual costs incurred by the Authority to cover the costs associated with issuing and maintaining the commercial paper debt.

Program participants typically repay outstanding loan amounts based on an amortization schedule set at completion of the project but also have the option of repaying the full outstanding principal at any time without penalty.

Commercial Paper to support the Energy Efficiency program is presently being issued on an as needed basis. This alleviates the need to invest proceeds that may be subject to interest rate risk, potential loss of principal and/or arbitrage and rebate calculations. Following this philosophy, earnings on proceeds are reduced to a level that is considered de minimis.
### Financing of Energy Efficiency Projects - Annual Variable Rate

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<th>Year</th>
<th>Tax-Exempt CP</th>
<th>Taxable CP</th>
<th>Operating Funds</th>
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RESOLUTION
Authorizing the President of the New York City Health and Hospitals Corporation (the “Corporation”) to execute a Customer Installation Commitment (“CIC”) with the New York City Department of Citywide Administrative Services (“DCAS”) and the New York Power Authority (“NYPa”) for an amount not-to-exceed $28,462,001 for the planning, pre-construction, design, construction, procurement, construction management and project management services necessary for the Comprehensive Energy Efficiency upgrade project (the “Project”) at Elmhurst Hospital Center (the “Facility”).

WHEREAS, in March 2005, the Corporation, the City University of New York, the New York City Board of Education, and the City of New York, through the Department of Citywide Administrative Services (collectively, the “Customers”), entered into an Energy Efficiency-Clean Energy Technology Program Agreement (“ENCORE Agreement”) with NYPa; and

WHEREAS, in 2007 the City mandated a 30% reduction in greenhouse gas emissions in City-owned properties by 2017, managed by Division of Energy Management within DCAS; and

WHEREAS, in December 2009, as part of PlaNYC 2030, the City passed major legislation known as the “Greener, Greater Buildings Plan” that includes more stringent code requirements, requires installation of lighting upgrades and tenant meters in non-residential spaces; and requires all buildings over 50,000 square feet to undertake benchmarking and audit; and implement retro-commissioning measures. Local Law 87 mandates Comprehensive Energy Audits be completed within a 10 year time frame (2013 – 2023); and

WHEREAS, under the City mandate of 30% reduction in greenhouse gas emissions, DCAS approved NYPa to perform a Comprehensive Energy Efficiency Audit of the Facility’s campus; and

WHEREAS, a component of the Project will make the Corporation complaint with fuel combustion standards through elimination of No. 6 fuel oil; and

WHEREAS, the Corporation has determined that it is necessary to address the proposed energy conservation measures at the Facility by undertaking the project at a not-to-exceed cost of $28,462,001 (see Exhibit A – Executive Project Summary), to enhance the reliability of its systems, as well as increase the comfort and safety of building occupants; and

WHEREAS, PlaNYC capital will provide $4,093,608, and PlaNYC American Recovery and Reinvestment Act of 2009 (ARRA) expense will provide $1,307,194 (see Exhibit B(i) – NYC Office of Management and Budget Approval and Exhibit B(ii) NYC DCAS Payment); and

WHEREAS, NYPa has estimated that the Project will produce total annual cost savings of $1,572,685; and

WHEREAS, the overall management of the construction contract will be under the direction of the Facility’s Executive Director and Assistant Vice President - Facilities Development.

NOW THEREFORE, be it
RESOLVED, the President of the New York City Health and Hospitals Corporation (the “Corporation”) to execute a Customer Installation Commitment (“CIC”) with the New York City Department of Citywide Administrative Services (“DCAS”) and the New York Power Authority (“NYPA”) for an amount not-to-exceed $28,462,001 for the planning, pre-construction, design, construction, procurement, construction management and project management services necessary for the Comprehensive Energy Efficiency upgrade project (the “Project”) at Elmhurst Hospital Center (the “Facility”).
EXECUTIVE SUMMARY

ELMHURST HOSPITAL CENTER
NEW YORK POWER AUTHORITY (NYPA) - COMPREHENSIVE ENERGY EFFICIENCY UPGRADE

OVERVIEW: The Corporation is seeking to undertake an energy efficiency project, which addresses mandated energy reduction use while complying with elimination in the combustion of No. 6 (six) fuel oil, which will no longer be used in most New York City buildings by 2015.

In addition, to comply with environmental combustion standards relating to No. 6 fuel oil, this project will incorporate a significant number of energy efficiency recommendations that arose from a comprehensive energy audit funded by the Department of Citywide Administrative Services (DCAS). A number of measures were approved for design, and after approximately 60% design completion, a value engineering study was conducted as a collaboration between the Office of Management and Budget (OMB), the Corporation, NYPA, DCAS, and the energy design firm of Parsons Brinckerhoff. The project is fully design, estimated, and completely bid. With a 20% contingency, the project cost is not-to-exceed $28,462,001.

PlaNYC (capital funding) will provide $4,093,608, with an additional $1,307,194 provided through PlaNYC American Reinvestment and Recovery Act (ARRA) (expense), both at no cost to the Corporation for a total of $5,400,802. The Corporation will fund the balance of the project through NYPA financing.

There is funding available to undertake a design study associated with hazard mitigation. At the present time, project contingency is considered sufficient to address construction modifications that may be required to implement such hazard mitigation recommendations.

NEED: During the NYPA's Comprehensive Energy Efficiency Audit of the facility's campus it was recommended that several energy conservation measures (ECMs) be implemented. ECMs such as lighting upgrades, building control management systems, complete boiler replacement (including fuel tank replacement), and other energy consumption measures be implemented to enhance the reliability of the facility systems, as well as increase the comfort and safety of building occupants. A major element of the project is the facility's existing boiler plant, currently consisting of four high-pressure, dual fired water tube boilers that are original to the building and installed in 1952. These boilers are inefficient and operate on No. 6 residual fuel that will no longer be permitted for use by 2015. If the boilers are not replaced or upgraded before 2015 they can no longer operate. Moreover, a full replacement of the boiler plant will result in numerous benefits that will enable the Facility to meet its demands more efficiently and responsibly.

SCOPE: The scope of work will include the following:

- Replacement of all T-12 lamps with high performance T-8 lamps
- Occupancy sensors in 312 areas that will control lighting
- Replacement of 51 motors with premium efficiency motors
- Replacement of existing non-functioning sand filtration that will improve chiller performance
- Installation of new plate and frame heat exchanger in chiller plant to improve its performance
Page Two – Executive Summary
Customer Installation Commitment – Elmhurst Hospital

- Installation and commissioning of electric meters for four chillers, four condenser and chilled water pumps and four cooling tower fan motors to increase performance
- Replacement of control valves on approximately 750 steam radiators with new thermostatic valves, and replace all traps on steam radiators with new traps
- Reprogram existing building management system to eliminate energy waste in spaces that are not in constant operation
- Replacement of Boiler plant with four new boilers, including controls and auxiliary devices
- Installation of dehumidification heat pipes on the facility’s main roof and penthouse to capture partial heat load for reuse

TERMS: NYPA has competitively bid this project and has submitted a final total project cost to the Corporation.

COSTS: $28,462,001

SAVINGS:

   Electrical:
   Electrical Energy Consumption: 8.3 kilowatts
   Monthly Demand Decrease: 639 kilowatts
   Annual Electrical Energy Savings: $520,896

   Fuel:
   Gas / Oil Savings: 730,719 therms
   Gas / Oil Energy Savings: $1,461,756
   CO2 Reductions: 10,546.3 tons

   Total Annual Estimated Savings: $1,655,223.05

   Simple Payback: 14.28 years

SCHEDULE: HHC expects NYPA to complete this project by June 2015.

FINANCING: PlaNYC Capital - $4,093,608 (no cost); PlaNYC ARRA expense - $1,307,194 (no cost) and NYPA Financing of $23,061,199. The Corporation expects to approve the initial financing with NYPA upon the approval of this resolution by executing the Customer Installation Commitment ("CIC") (see Exhibit C).

FINANCING SCHEDULE: The Corporation expects to approve the initial financing with NYPA upon the approval of a resolution presented to the Finance Committee, by executing the Customer Installation Commitment ("CIC") (see exhibit C – Initial CIC Report). After the completion of the Project, and final audit, the Corporation expects to finalize the amount, term, and structure of the financing in August 2015, by executing a Final CIC.
FINANCING STRUCTURE:

(i) **Variable Rate:**
Currently, NYPA only issues variable rate tax-exempt and/or taxable commercial paper (CP) financing for all expenditures from initial audit through the completion of the project (see Exhibit D – NYPA Financing of Energy Efficiency Projects). NYPA has issued tax-exempt commercial paper since 1995, where tax-exempt interest rate ranges from 0.51% (2011) to 4.15% (2001). The 2013 tax-exempt interest rate is at 0.86% (see exhibit E – Financing of Energy Efficiency Projects – Annual Variable Rate).

The annual rate NYPA used in the repayment of all costs for a completed project, is calculated in January of each year and is based on the weighted average outstanding commercial paper for the previous 12 months. The interest rate is applicable for the succeeding 12 months repayment period January through December (i.e. interest rate will reset every January of each calendar year).

In addition, NYPA also enters into interest rate cap agreement with banks periodically in order to provide a "limit/cap" to manage its interest rate risk exposure on its tax-exempt CP program, which in turn protects its clients.

(ii) **Fixed Rate:**
NYPA is currently evaluating the option of providing fixed rate financing to its clients. If this option becomes available prior to the execution of the final CIC in 2015, the Senior Vice President of Finance will evaluate the cost and benefit of the two financing options and report back to the Finance Committee and the Board of Directors, as to which financing option (s)he recommends.

FINANCING TERM:
The term of the NYPA financing will not exceed 20 years, which is less than Elmhurst Project estimated weighted average useful life of 28.1 years.

Monthly debt service payment is estimated at $139,746.33 (annual debt service at $1,676,955.94) based on 4% estimated interest rate and 20 year term.
### Executive Summary

**Parsons Brinckerhoff**

**Elmhurst Hospital Center**

**D&I Audit Program**

**Total Project Summary**

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<th>CIC</th>
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<tr>
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<tr>
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<td>Controlled Impediments</td>
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<td>$8,985,458.02</td>
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- **Total Material & Labor:** $17,765,240.31
- **Construction Contingency:** $3,553,048.06
- **Subtotal:** $21,318,288.37

- **Payment and Performance Bond:** $163,918.00
- **Abatement Design & Monitoring:** $149,345.00
- **Hazardous Waste Disposal Cost:** $37,688.91
- **Resiliency Study:** $85,000.00

1) **Audit, Design & Construction Mgt.:** $3,184,159.26
2) **NYPA Project Mgt & Administrative:** $2,131,828.84
3) **NYPA Lighting Material Handling Fees:** $16,231.23

- **Reduced Scope Fee:** $163,225.19
- **Total Fees:** $5,495,444.52
- **Subtotal:** $27,249,684.80

- **Interest During Construction (IDC):** $1,212,316.00

#### Estimated Energy Savings

**Electrical:**
- Energy Savings: 8,302,782.00 kWh
- Total Demand (monthly): 629.00 KW
- Electrical Energy Savings: $520,896.00

**Fuel:**
- Gas / Oil Savings: 730,719 therm
- Gas / Oil Energy Savings: $1,051,789.00
- CO2 Reductions: 7,612.0 tons

**Total Estimated Amount Saved:** $1,572,685.00

**Total Emissions Reduction (%):** 3.20%

#### Payback

**Current Project:** Elmhurst Hospital Center

**Previous Project #1:** N/A

4) **Agency/Customer Contribution:** PANYC ARRA

4) **Agency/Customer Contribution:** DCAS

**Cumulative Total Project Cost:** $23,061,198.80

**Cumulative Estimated Annual Savings:** $1,572,685.00

**Simple Payback:** 14.66

#### Project Financing

**TOTAL AMOUNT FINANCED:** $23,061,198.80

- **Variable Interest Rate Currently at:** 4.00%
- **Years Financed:** 20
- **Number of Payments:** 240

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**Total Project Cost after Financing:** $33,539,118.82

1. A fee of 15% of equipment and installation labor costs is applicable; a 14% fee of the asbestos abatement is applicable.
2. A fee of 10% of equipment and labor costs is applicable. This fee includes, but is not limited to, the costs associated with hiring contractors, or NYPF personnel as the case may be, to perform the services of construction management, quality assurance, waste disposal permitting, etc., and to obtain payment bonds, as required.
3. A fee of 1.5% of equipment is applicable.
4. All indicated previous projects were completed within two years prior to the initiation of the current project, in accordance with CMB guidelines.
5. Direct Agency contributions are deducted directly from the Total Project Cost.
6. The estimated Interest During Construction (IDC) is calculated over the anticipated construction period at 4%.
DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES  
HEALTH AND HOSPITALS CORPORATION

Hon. Edna Wells Handy, Commissioner, Department of Citywide Administrative Services  
Hon. Thomas A. Farley, Commissioner, Department of Health & Mental Hygiene  
Hon. Helen M. Marshall, President, Borough of Queens  
Hon. John C. Liu, Comptroller

Section 219 of the New York City Charter and directives of the Mayor authorized thereunder require that prior to the initiation of design or advancement of any Capital Project, a scope defining services to be incorporated in contracts for the services of architects, engineers, landscape architects, etc., or for departmental employees and amounts for structures, works, furnishings and equipment, program of requirements and scope or range of operations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. Initially, preliminary scope approval and subsequently final scope approval incorporating preliminary plans and cost limitations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. In addition, the final design incorporating final contract documents must also be submitted for approval of the Director of Management and Budget or his duly authorized representative. Your request for approval pursuant to the above is approved as follows:

DESCRIPTION OF APPROVAL HEREBY GRANTED

Attached for your review and approval is a Certificate to Proceed in the amount of $4,093,608 for a comprehensive energy efficiency upgrade to HHC's Elmhurst Hospital (79-01 Broadway, Queens).

This project will be charged to Budget Line PU-0025, Project ID 856 E12-0048, Budget Codes E248 and GQ07, and is included in the FY13 Capital Commitment Plan.

Approved,

Jennie Nagle  
Assistant Director
**ENGINEERING AUDIT OFFICE**  
**DEDUCTION REPORT**

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**Auditor's Name**  
Jiji Abraham

**REName**  
Chris James

**RE/Tel**  
7932

**Contractor Telephone #**  
(914) 287-3892

**Contractor Fax #**  
(914) 661-6809

**Name of Contractor**  
Energy Services and Technology - New York Power Authority

**Address of Contractor**  
123 Main St. Mail Stop WPO-8F  
White Plains, NY  10601

**Location and Description Of Work**  
ELMHURST HOSPITAL

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**Adjustment Report**  
No adjustments.

**Auditor's Signature**  
[Signature]

**Director's Signature**  
[Signature]  
7/5/12

**Thursday, July 05, 2012**  
Page 1 of 1
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Phone: 900 999-0710
Fax: 900 999-0710

Vendor Customer: 0000794250
Legal Name: NEW YORK POWER AUTHORITY
Alias/DBA:
Address Code: 1
Address Line 1: 123 MAIN STREET
City: WHITE PLAINS
State: NY
Zip: 10601
Country: US
County:
NYC & NYPD ENCORE II: INITIAL CIC REPORT
CIC APPROVAL

Date: 04-Apr-13
Project No.: ES-GSN-0544
Project: NYC HHC Elmhurst Hospital Center

CUSTOMER REPAYMENT OBLIGATION
Total Installed Cost of Project $28,462,000.80
NYPD Incentive Payment $0.00
Energy Grant $0.00
CUSTOMER Repayment Obligation $28,462,000.80

METHOD OF PAYMENT
Progress Payments, payable upon receipt of $5,400,802.00
AUTHORITY invoices after completion of each milestone

Outstanding Balance financed by Authority $23,061,198.80
Authority Cost of Money 4.00%
Number of Monthly Payments 240

Monthly Bill Surcharge $139,746.33
Annual Bill Surcharge $1,676,955.94

ESTIMATED ANNUAL COST REDUCTION
Annual Energy Cost Savings $1,572,685.00
Annual Other Cost Savings $0.00
Total Annual Cost Savings $1,572,685.00

AUTHORIZED SIGNATURES
Signatures in the spaces below signify that the parties have reviewed and agree to the
CIC Design and specifications presented to them by the AUTHORITY.

Authorized HHC Representative:
Agency NYC Health & Hospitals Corp.
Signature
Name Alan D. Aviles
Title President
Date

Agency NYC Health & Hospitals Corp.
Signature
Name Marlene Zurack
Title Senior V.P. of Finance/CFO
Date

Agency Queens Health Care Network
Signature
Name Dr. Ann M. Sullivan
Title Network Senior V.P.
Date

Authorized CITY Representative:
Agency Dept. of Citywide Admin. Services
Signature
Name Richard Baullilo
Title Chief - DFMO
Date

Agency Dept. of Citywide Admin. Services
Signature
Name Kristen Barbato
Title Deputy Commissioner - DEM
Date

Authorized AUTHORITY Representative:
Agency NYPD - Energy Services Division
Signature
Name Gil Quiniones
Title President & Chief Executive Officer
Date
New York Power Authority - Financing of Energy Efficiency Projects

The steps for implementing an Energy Efficiency project include the Authority and customer identifying a potential project, the Authority performing an engineering audit and defining the scope of work. The Authority issues commercial paper financing for all expenditures from initial audit through the completion of the project.

In 1994, the Board of Trustees authorized the use of commercial paper to finance the expenditures associated with the various energy services programs. Commercial paper is a short-term money market instrument issued by large banks, corporations, municipalities and non-profit entities. The Authority is authorized to issue tax-exempt and taxable commercial paper, although most energy services projects have qualified for tax-exempt financing. Financing charges are determined by the actual interest rate associated with the commercial paper issued to support the Authority programs. Monthly interest during construction rates are based on the weighted average cost of money associated with all outstanding commercial paper issuances for that month.

The annual interest rate used in the repayment of all costs for a completed project is calculated in January of each year and is based on the weighted average outstanding commercial paper for the previous twelve months. The interest rate is applicable for the succeeding twelve month repayment period January through December.

The interest during construction rates and annual rate include any fees and surcharges to issue the commercial paper, for the revolving credit agreement, and for an interest rate cap on the program. All fees and surcharges applied to the interest rate reflect actual costs incurred by the Authority to cover the costs associated with issuing and maintaining the commercial paper debt.

Program participants typically repay outstanding loan amounts based on an amortization schedule set at completion of the project but also have the option of repaying the full outstanding principal at any time without penalty.

Commercial Paper to support the Energy Efficiency program is presently being issued on an as needed basis. This alleviates the need to invest proceeds that may be subject to interest rate risk, potential loss of principal and/or arbitrage and rebate calculations. Following this philosophy, earnings on proceeds are reduced to a level that is considered de minimis.
### Financing of Energy Efficiency Projects - Annual Variable Rate

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RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a tax-exempt financing with the New York Power Authority ("NYPA") for a principal amount not-to-exceed $22,847,521 to finance the Comprehensive Energy Efficiency upgrade project at Metropolitan Hospital Center (the "Metropolitan Project").

WHEREAS, the Corporation, the City University of New York, the New York City Board of Education, and the City of New York (collectively, the "Customers") entered into an Energy Efficiency-Clean Energy Technology Program Agreement dated March 18, 2005 ("ENCORE Agreement") with NYPA; and

WHEREAS, the Corporation has determined that it is necessary and desirable to authorize the incurrence of Alternative Indebtedness with NYPA to finance the Metropolitan Project (see Exhibit A - Executive Summary for the Metropolitan Project); and

WHEREAS, the City of New York ("NYC") in 2009 passed major legislation known as the "Greener, Greater Buildings Plan", which requires NYC to improve the energy efficiency of existing buildings. The citywide initiative is named PlaNYC 2030 with the goal to reduce citywide greenhouse gas emission by 30% by 2030; and

WHEREAS, PlaNYC will provide $6,502,184 and the City of New York will provide $5,000,000 for a total of $11,502,184 (see Exhibit B – NYC Office of Management and Budget Approval) towards the Metropolitan Project costing approximately $34,349,705; and

WHEREAS, the overall management of the NYPA financing will be under the direction of the Senior Vice President of Finance/Chief Financial Officer and Assistant Vice President, Debt Finance/Corporate Reimbursement Services.

NOW THEREFORE, be It

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and is hereby authorized to negotiate and execute a tax-exempt financing with the New York Power Authority for a principal amount not-to-exceed $22,847,521 to finance the Comprehensive Energy Efficiency upgrade project at Metropolitan Hospital Center.
EXECUTIVE SUMMARY

NYPA financing for the Metropolitan Project

Purpose:

The NYPA financing will provide tax-exempt financing of not-to-exceed $22,847,521 for the Metropolitan Project (see Exhibit A – Executive Summary for the Metropolitan Project) upon completion of the project by June 2015. The $22,847,521 includes an estimated $1,463,098 for interest cost during construction (calculated based on estimated project cost of $34,349,705 and 4% estimated interest rate).

Financing Schedule:

The Corporation expects to approve the initial financing with NYPA upon the approval of this resolution, by executing the Customer Installation Commitment ("CIC") (see Exhibit C – Initial CIC Report). After the completion of the Project and final audit, the Corporation expects to finalize the amount, term, and structure of the financing in August 2015, by executing a Final CIC.

Financing Structure:

(i) Variable rate:
Currently, NYPA only issues variable rate tax-exempt and/or taxable commercial paper (CP) financing for all expenditures from initial audit through the completion of the project (see Exhibit D – NYPA Financing of Energy Efficiency Projects). NYPA has issued tax-exempt commercial paper since 1995, where the tax-exempt interest rate ranges from 0.51% (2011) to 4.15% (2001). The 2013 tax-exempt interest rate is at 0.86% (see Exhibit E – Financing of Energy Efficiency Projects - Annual Variable Rate).

The annual interest rate NYPA used in the repayment of all costs for a completed project, is calculated in January of each year and is based on the weighted average outstanding commercial paper for the previous 12 months. The interest rate is applicable for the succeeding 12 months repayment period January through December (i.e. interest rate will reset every January of each calendar year).

In addition, NYPA also enters into interest rate cap agreement with banks periodically in order to provide a “limit/cap’’ to manage its interest rate risk exposure on its tax-exempt CP program, which in turn protects its clients.

(ii) Fixed rate:
NYPA is currently evaluating the option of providing fixed rate financing to its clients. If this option becomes available prior to the execution of the Final CIC in 2015, the Senior Vice President of Finance will evaluate the cost and benefit of the two financing options and report back to the Finance Committee and the Board of Directors, as to which financing option she recommends.

Financing Term:

The term of the NYPA financing will not exceed 20 years, which is less than the Metropolitan Project estimated weighted average useful life of 28.8 years.

Monthly debt service payment is estimated at $138,451.48 (annual debt service at $1,661,417.76) based on 4% estimated interest rate and 20-year term.
### Metropolitan Boiler Replacement

**Total Project Cost**  
$ 34,349,705

**Sources of Funding**
- PlaNYC Grant  
  $ 6,502,184
- City GO Capital  
  $ 5,000,000
- NYPA Financing  
  $ 22,847,521

**Annual Debt Service Cost**  
$ 1,792,423

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
<th>Years</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>NYPA (at Average Historical Variable Rate)</td>
<td>2.55%</td>
<td>20</td>
<td>$ 1,459,665</td>
</tr>
<tr>
<td>City Capital (at Recent Fixed Rate Deal)</td>
<td>3.00%</td>
<td>20</td>
<td>$ 332,759</td>
</tr>
</tbody>
</table>

**Estimated Annual Energy Savings**  
$ 1,464,184

**Net Annual Cost (Savings) at Average Historical NYPA Rate**  
$ 328,240

**Net Annual Cost (Savings) at 0.86% NYPA 2013 Rate**  
$ 112,419

**Net Annual Cost (Savings) at 6.00% NYPA Maximum Cap Rate**  
$ 832,816
## Executive Summary

### Parsons Brinckerhoff

#### Metropolitan Hospital Center

**D&I Audit Program**

**Table E3: Total Project Summary**

<table>
<thead>
<tr>
<th>Project Cost</th>
<th>Material:</th>
<th>Labor:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Costs:</td>
<td>$8,111,765.90</td>
<td>$12,392,396.62</td>
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<tr>
<td>Asbestos Abatement:</td>
<td>$214,000.00</td>
<td>$636,600.00</td>
</tr>
<tr>
<td>Woodard &amp; Curran Consulting Costs:</td>
<td>$0.00</td>
<td>$33,800.00</td>
</tr>
<tr>
<td>Controlled Inspections:</td>
<td>$0.00</td>
<td>$94,000.00</td>
</tr>
<tr>
<td><strong>Subtotal:</strong></td>
<td><strong>$8,325,765.90</strong></td>
<td><strong>$13,156,796.62</strong></td>
</tr>
</tbody>
</table>

| **Total Material & Labor:** | $21,482,562.52 |
| **Construction Contingency:** | $4,296,512.50 |
| **Subtotal:** | $25,779,075.02 |

| Payment and Performance Bond: | $252,775.00 |
| Abatement Design & Monitoring: | $127,630.70 |
| Hazardous Waste Disposal Cost: | $13,263.25 |
| Real Estate Study: | $85,000.00 |

1) Audit, Design & Construction Mgmt: $3,856,654.05
2) NYPA Project Mgmt & Administrative: $2,577,907.50
3) NYPA Lighting Material Handling Fees: $5,151.45
4) Reduced Scope Fees: $189,149.55

| **Total Fees:** | **$6,628,862.55** |
| **Subtotal:** | **$32,886,606.53** |

5) **Interest During Construction (IDC):** $1,463,098.00

### Estimated Energy Savings

**Electrical:**

- Energy Savings: 2,524,067.00 kWh
- Total Demand (monthly): 92.00 kW
- Electrical Energy Savings: $202,765.00

**Fuel:**

- Gas / Oil Savings: 809,206 therms
- CO2 Reductions: 9,898.1 tons

**Total Estimated Amount Saved:** $1,464,183.66

**Total Emissions Reduction (%):** 42.55%

### Payback

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Total Project Cost</th>
<th>Annual Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Project:</strong> Metropolitan Hospital Center</td>
<td>$34,349,704.53</td>
<td>$1,464,183.66</td>
</tr>
<tr>
<td>Previous Project #1: N/A</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Previous Project #2: N/A</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>4) Agency/Customer Contribution: DCAS and HHC</td>
<td>$11,502,184.00</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Cumulative Total Project Cost:** $22,847,520.53

**Cumulative Estimated Annual Savings:** $1,464,183.66

**Simple Payback:** 15.69

### Project Financing

**TOTAL AMOUNT FINANCED:** $22,847,520.53

- Variable Interest Rate Currently at: 4.00%
- Years Financed: 20
- Number of Payments: 240
- Annual Debt Service to NYPA: $1,881,417.78
- Monthly Debt Service to NYPA: $134,461.48

**Total Project Cost after Financing:** $33,228,385.33

(1) A fee of 15% of equipment and installation labor costs is applicable; a 14% fee of the asbestos abatement is applicable.

(2) A fee of 10% of equipment and labor costs is applicable. This fee includes, but is not limited to, the costs associated with securing contractors, or NYPA personnel as the case may be, to perform the services of construction management, quality assurance, waste disposal permitting, etc., and to obtain payment bonds, as required. Includes estimated labor rate.

(3) A fee of 1.5% of equipment is applicable.

(4) All indicated previous projects were completed within two years prior to the initiation of the current project, in accordance with GMB guidelines. Direct Agency contributions are deducted directly from the Total Project Cost.

(5) The estimated interest during construction (IDC) is calculated over the anticipated construction period at 4%.
The City of New York
Office of Management and Budget
75 Park Place • New York, NY 10007

Record: 102604
Certificate: 57055
Capital Projects: PU-0025

DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES
HEALTH AND HOSPITALS CORPORATION

Hon. Edna Wells Handy, Commissioner, Department of Citywide Administrative Services
Hon. Thomas A. Farley, Commissioner, Department of Health & Mental Hygiene
Hon. Scott Stringer, President, Borough of Manhattan
Hon. John C. Liu, Comptroller

Section 219 of the New York City Charter and directives of the Mayor authorized thereunder require that prior to the initiation of design or advancement of any Capital Project, a scope defining services to be incorporated in contracts for the services of architects, engineers, landscape architects, etc., or for departmental employees and amounts for structures, works, furnishings and equipment, program of requirements and scope or range of operations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. Initially, preliminary scope approval and subsequently final scope approval incorporating preliminary plans and cost limitations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. In addition, the final design incorporating final contract documents must also be submitted for approval of the Director of Management and Budget or his duly authorized representative. Your request for approval pursuant to the above is approved as follows:

DESCRIPTION OF APPROVAL HEREBY GRANTED

Attached for your review and approval is a Certificate to Proceed in the amount of $11,502,184 for a comprehensive energy efficiency upgrade to HHC’s Metropolitan Hospital (1901 First Avenue, Manhattan).

This project will be charged to Budget Lines PU-0025 and HO-0214, Project ID 856 E11-0011, Budget Codes E856, GQ09, and J376, and is included in the FY13 Capital Commitment Plan.

Approved,

[Signature]

Jennie Nagle
Assistant Director
NYC & NYPA ENCORE II: INITIAL CIC REPORT
CIC APPROVAL

Date: 04-Apr-13
Project No.: ES-GSN-0543
Project: NYC HHC Metropolitan Hospital

CUSTOMER REPAYMENT OBLIGATION
Total Installed Cost of Project $34,349,704.53
NYPA Incentive Payment $0.00
Energy Grant $0.00
CUSTOMER Repayment Obligation $34,349,704.53

METHOD OF PAYMENT
Progress Payments, payable upon receipt of
AUTHORITY invoices after completion of each milestone $11,502,184.00

Outstanding Balance financed by Authority $22,847,520.53
Authority Cost of Money 4.00%
Number of Monthly Payments 240

Monthly Bill Surcharge $138,451.48
Annual Bill Surcharge $1,661,417.76

ESTIMATED ANNUAL COST REDUCTION
Annual Energy Cost Savings $1,464,183.66
Annual Other Cost Savings $0.00
Total Annual Cost Savings $1,464,183.66

AUTHORIZATIONS
Signatures in the spaces below signify that the parties have reviewed and agree to the
CIC Design and specifications presented to them by the AUTHORITY.

Authorized HHC Representative:
Agency NYC Health & Hospitals Corp.
Signature
Name Alan D. Aviles
Title President
Date

Authorized CITY Representative:
Agency Dept. of Citywide Admin. Services
Signature
Name Richard Badillo
Title Chief - DFMO
Date

Authorized AUTHORITY Representative:
Agency NYPA - Energy Services Division
Signature
Name Gill Quintones
Title President & Chief Executive Officer
Date

Authorized NYC Health & Hospitals Corp.:
Agency NYC Health & Hospitals Corp.
Signature
Name Marlene Zurack
Title Senior V.P. of Finance/CFO
Date

Authorized So. Manhattan Health Care Network:
Agency So. Manhattan Health Care Network
Signature
Name Lynda D. Curtis
Title Network Senior V.P.
Date

Authorized Dept. of Citywide Admin. Services:
Agency Dept. of Citywide Admin. Services
Signature
Name Kristen Barbato
Title Deputy Commissioner - DEM
Date

Authorized NYPA - Energy Services Division:
Agency NYPA - Energy Services Division
Signature
Name
Title
Date
New York Power Authority - Financing of Energy Efficiency Projects

The steps for implementing an Energy Efficiency project include the Authority and customer identifying a potential project, the Authority performing an engineering audit and defining the scope of work. The Authority issues commercial paper financing for all expenditures from initial audit through the completion of the project.

In 1994, the Board of Trustees authorized the use of commercial paper to finance the expenditures associated with the various energy services programs. Commercial paper is a short-term money market instrument issued by large banks, corporations, municipalities and non-profit entities. The Authority is authorized to issue tax-exempt and taxable commercial paper, although most energy services projects have qualified for tax-exempt financing. Financing charges are determined by the actual interest rate associated with the commercial paper issued to support the Authority programs. Monthly interest during construction rates are based on the weighted average cost of money associated with all outstanding commercial paper issuances for that month.

The annual interest rate used in the repayment of all costs for a completed projected is calculated in January of each year and is based on the weighted average outstanding commercial paper for the previous twelve months. The interest rate is applicable for the succeeding twelve month repayment period January through December.

The interest during construction rate and annual rate include any fees and surcharges to issue the commercial paper, for the revolving credit agreement, and for an interest rate cap on the program. All fees and surcharges applied to the interest rate reflect actual costs incurred by the Authority to cover the costs associated with issuing and maintaining the commercial paper debt.

Program participants typically repay outstanding loan amounts based on an amortization schedule set at completion of the project but also have the option of repaying the full outstanding principal at any time without penalty.

Commercial Paper to support the Energy Efficiency program is presently being issued on an as needed basis. This alleviates the need to invest proceeds that may be subject to interest rate risk, potential loss of principal and/or arbitrage and rebate calculations. Following this philosophy, earnings on proceeds are reduced to a level that is considered de minimis.
### Financing of Energy Efficiency Projects - Annual Variable Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax-Exempt CP</th>
<th>Taxable CP</th>
<th>Operating Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>3.85%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>3.73%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>3.82%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>3.85%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>3.65%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>3.43%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>4.15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>2.68%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>1.56%</td>
<td>1.56%</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>1.22%</td>
<td>1.29%</td>
<td>2.18%</td>
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<tr>
<td>2005</td>
<td>1.43%</td>
<td>1.77%</td>
<td>2.79%</td>
</tr>
<tr>
<td>2006</td>
<td>2.75%</td>
<td>3.66%</td>
<td>4.10%</td>
</tr>
<tr>
<td>2007</td>
<td>3.71%</td>
<td>5.10%</td>
<td>5.01%</td>
</tr>
<tr>
<td>2008</td>
<td>3.76%</td>
<td>5.16%</td>
<td>4.73%</td>
</tr>
<tr>
<td>2009</td>
<td>1.92%</td>
<td>3.10%</td>
<td>3.01%</td>
</tr>
<tr>
<td>2010</td>
<td>0.73%</td>
<td>0.93%</td>
<td>1.47%</td>
</tr>
<tr>
<td>2011</td>
<td>0.51%</td>
<td>0.46%</td>
<td>1.09%</td>
</tr>
<tr>
<td>2012</td>
<td>0.88%</td>
<td>0.84%</td>
<td>0.81%</td>
</tr>
<tr>
<td>2013</td>
<td>0.86%</td>
<td>0.82%</td>
<td>0.47%</td>
</tr>
</tbody>
</table>
RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a tax-exempt financing with the New York Power Authority ("NYPA") for a principal amount not-to-exceed $23,061,199 to finance the Comprehensive Energy Efficiency upgrade project at Elmhurst Hospital Center (the "Elmhurst Project").

WHEREAS, the Corporation, the City University of New York, the New York City Board of Education, and the City of New York (collectively, the "Customers") entered into an Energy Efficiency-Clean Energy Technology Program Agreement dated March 18, 2005 ("ENCORE Agreement") with NYPA; and

WHEREAS, the Corporation has determined that it is necessary and desirable to authorize the incurrence of Alternative Indebtedness with NYPA to finance the Elmhurst Project (see Exhibit A - Executive Summary for the Elmhurst Project); and

WHEREAS, the City of New York ("NYC") in 2009 passed major legislation known as the "Greener, Greater Buildings Plan", which requires NYC to improve the energy efficiency of existing buildings. The citywide initiative is named PlaNYC 2030 with the goal to reduce citywide greenhouse gas emission by 30% by 2030; and

WHEREAS, PlaNYC will provide $4,093,608 and the PlaNYC ARRA expense will provide $1,307,194 (see Exhibit B(i) - NYC Office of Management and Budget Approval and Exhibit B(ii) - NYC Citywide Administrative Service Payment) towards the Elmhurst Project costing approximately $28,462,001; and

WHEREAS, the overall management of the NYPA financing will be under the direction of the Senior Vice President of Finance/Chief Financial Officer and Assistant Vice President, Debt Finance/Corporate Reimbursement Services.

NOW THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and is hereby authorized to negotiate and execute a tax-exempt financing with the New York Power Authority for a principal amount not-to-exceed $23,061,199 to finance the Comprehensive Energy Efficiency upgrade project at Elmhurst Hospital Center.
EXECUTIVE SUMMARY

NYPA financing for the Elmhurst Project

Purpose:

The NYPA financing will provide tax-exempt financing of not-to-exceed $23,061,199 for the Elmhurst Project (see Exhibit A – Executive Summary for the Elmhurst Project) upon completion of the project by June 2015. The $23,061,199 includes an estimated $1,212,316 for interest cost during construction (calculated based on estimated project cost of $28,462,001 and estimated 4% interest rate).

Financing Schedule:

The Corporation expects to approve the initial financing with NYPA upon the approval of this resolution, by executing the Customer Installation Commitment ("CIC") (see Exhibit C – Initial CIC Report). After the completion of the Project and final audit, the Corporation expects to finalize the amount, term, and structure of the financing in August 2015, by executing a Final CIC.

Financing Structure:

(i) Variable rate:

Currently, NYPA only issues variable rate tax-exempt and/or taxable commercial paper (CP) financing for all expenditures from initial audit through the completion of the project (see Exhibit D – NYPA Financing of Energy Efficiency Projects). NYPA has issued tax-exempt commercial paper since 1995, where the tax-exempt interest rate ranges from 0.51% (2011) to 4.15% (2001). The 2013 tax-exempt interest rate is at 0.86% (see Exhibit E – Financing of Energy Efficiency Projects - Annual Variable Rate).

The annual interest rate NYPA used in the repayment of all costs for a completed project, is calculated in January of each year and is based on the weighted average outstanding commercial paper for the previous 12 months. The interest rate is applicable for the succeeding 12 months repayment period January through December (i.e. interest rate will reset every January of each calendar year).

In addition, NYPA also enters into interest rate cap agreement with banks periodically in order to provide a "limit/cap" to manage its interest rate risk exposure on its tax-exempt CP program, which in turn protects its clients.

(ii) Fixed rate:

NYPA is currently evaluating the option of providing fixed rate financing to its clients. If this option becomes available prior to the execution of the Final CIC in 2015, the Senior Vice President of Finance will evaluate the cost and benefit of the two financing options and report back to the Finance Committee and the Board of Directors, as to which financing option she recommends.

Financing Term and Debt Service:

The term of the NYPA financing will not exceed 20 years, which is less than the Elmhurst Project estimated weighted average useful life of 28.1 years.

Monthly debt service payment is estimated at $139,746.33 (annual debt service at $1,676,955.94) based on 4% estimated interest rate and 20-year term.
<table>
<thead>
<tr>
<th>Elmhurst Boiler Replacement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
</tr>
<tr>
<td>Sources of Funding</td>
</tr>
<tr>
<td>PlaNYC Grant</td>
</tr>
<tr>
<td>PlaNYC ARRA Grant</td>
</tr>
<tr>
<td>NYPA Financing</td>
</tr>
<tr>
<td>Annual Debt Service Cost</td>
</tr>
<tr>
<td>NYPA (at Average Historical Variable Rate)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Estimated Annual Energy Savings</td>
</tr>
<tr>
<td>Net Annual Cost (Savings) at Average Historical NYPA Rate</td>
</tr>
<tr>
<td>Net Annual Cost (Savings) at 0.86% NYPA 2013 Rate</td>
</tr>
<tr>
<td>Net Annual Cost (Savings) at 6.00% NYPA Maximum Cap Rate</td>
</tr>
</tbody>
</table>

Maximum annual NYPA interest rate to break even = 3.27%

Prepared by Debt Finance
### Executive Summary

#### Parsons Brinckerhoff

**Elmhurst Hospital Center**  
**D&I Audit Program**  
**Total Project Summary**

<table>
<thead>
<tr>
<th>Project Cost</th>
<th>Material:</th>
<th>Labor:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Costs:</td>
<td>$8,529,782.29</td>
<td>$7,967,596.02</td>
</tr>
<tr>
<td>Asbestos Abatement:</td>
<td>$220,000.00</td>
<td>$882,000.00</td>
</tr>
<tr>
<td>Environmental Engineering Solutions:</td>
<td>$0.00</td>
<td>$42,062.00</td>
</tr>
<tr>
<td>Controlled Inspections:</td>
<td>$0.00</td>
<td>$94,000.00</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td><strong>$8,779,782.29</strong></td>
<td><strong>$8,985,488.02</strong></td>
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<tr>
<td>Total Material &amp; Labor:</td>
<td><strong>$17,765,240.31</strong></td>
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<tr>
<td>Construction Contingency:</td>
<td><strong>$3,553,048.06</strong></td>
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<tr>
<td><strong>Subtotal:</strong></td>
<td><strong>$21,318,288.37</strong></td>
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</tr>
<tr>
<td>Payment and Performance Bond:</td>
<td>$163,918.00</td>
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<td>Abatement Design &amp; Monitoring:</td>
<td>$149,345.00</td>
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<td>Hazardous Waste Disposal Cost:</td>
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<tr>
<td>Resiliency Study:</td>
<td>$85,000.00</td>
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</tr>
<tr>
<td>1) Audit, Design &amp; Construction Mgt:</td>
<td>$3,184,159.26</td>
<td></td>
</tr>
<tr>
<td>2) NYPA Project Mgt &amp; Administrative:</td>
<td>$2,131,828.84</td>
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</tr>
<tr>
<td>3) NYPA Lighting Material Handling Fees:</td>
<td>$156,231.23</td>
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<tr>
<td>Reduced Scope Fee:</td>
<td>$163,225.19</td>
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<tr>
<td><strong>Total Fees:</strong></td>
<td><strong>$5,495,444.52</strong></td>
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</tr>
<tr>
<td><strong>Subtotal:</strong></td>
<td><strong>$27,249,684.80</strong></td>
<td></td>
</tr>
<tr>
<td>5) Interest During Construction (IDC):</td>
<td><strong>$1,212,316.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

#### Estimated Energy Savings

<table>
<thead>
<tr>
<th>Electrical:</th>
<th>Gas / Oil Savings:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Savings:</td>
<td>8,302,782.00 kWh</td>
</tr>
<tr>
<td>Total Demand (monthly):</td>
<td>639.0 kW</td>
</tr>
<tr>
<td>Electrical Energy Savings:</td>
<td>$320,856.00</td>
</tr>
</tbody>
</table>

Total Estimated Amount Saved: **$1,572,685.00**  
Total Emissions Reduction (%): **33.30%**

### Payback

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Total Project Cost</th>
<th>Annual Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Project: Elmhurst Hospital Center</td>
<td><strong>$23,061,198.80</strong></td>
<td><strong>$1,572,685.00</strong></td>
</tr>
<tr>
<td>Previous Project #1:</td>
<td>N/A</td>
<td>$0.00</td>
</tr>
<tr>
<td>4) Agency/Customer Contribution: PLAN NYC ARRA</td>
<td>$1,307,194.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>4) Agency/Customer Contribution: DCAB</td>
<td>$4,093,608.00</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Cumulative Total Project Cost: **$23,061,198.80**  
Cumulative Estimated Annual Savings: **$1,572,685.00**  
Simple Payback: **14.46**

### Project Financing

| TOTAL AMOUNT FINANCED: | **$23,061,198.80** |
| Variable Interest Rate Currently at: | 4.00% |
| Years Financed: | **20** |
| Number of Payments: | **240** |
| Annual Debt Service to NYPA: | **$1,078,856.64** |
| Monthly Debt Service to NYPA: | **$81,573.03** |

Total Project Cost after Financing: **$33,839,118.82**

---

1. A fee of 10% of equipment and labor costs is applicable; a 14% fee of the asbestos abatement is applicable.  
2. A fee of 10% of equipment and labor costs is applicable. This fee includes, but is not limited to, the costs associated with securing contractors and NYPA personnel as the case may be, to perform the services of construction management, quality assurance, waste disposal permitting, etc., and to obtain payment bonds, as required.  
3. A fee of 1.0% of equipment is applicable.  
4. All indicated previous projects were completed within two years prior to the initiation of the current project, in accordance with OMB guidelines.  
5. Direct Agency contributions are deducted directly against the Total Project Cost.  
6. The estimated Interest During Construction (IDC) is calculated over the anticipated construction period at 4%.
DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICES
HEALTH AND HOSPITALS CORPORATION

Hon. Edna Wells Handy, Commissioner, Department of Citywide Administrative Services
Hon. Thomas A. Farley, Commissioner, Department of Health & Mental Hygiene
Hon. Helen M. Marshall, President, Borough of Queens
Hon. John C. Liu, Comptroller

Section 219 of the New York City Charter and directives of the Mayor authorized thereunder require that prior to the initiation of design or advancement of any Capital Project, a scope defining services to be incorporated in contracts for the services of architects, engineers, landscape architects, etc., or for departmental employees and amounts for structures, works, furnishings and equipment, program of requirements and scope or range of operations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. Initially, preliminary scope approval and subsequently final scope approval incorporating preliminary plans and cost limitations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. In addition, the final design incorporating final contract documents must also be submitted for approval of the Director of Management and Budget or his duly authorized representative. Your request for approval pursuant to the above is approved as follows:

DESCRIPTION OF APPROVAL HEREBY GRANTED

Attached for your review and approval is a Certificate to Proceed in the amount of $4,093,608 for a comprehensive energy efficiency upgrade to HHC's Elmhurst Hospital (79-01 Broadway, Queens).

This project will be charged to Budget Line PU-0025, Project ID 856 E12-0048, Budget Codes E248 and GQ07, and is included in the FY13 Capital Commitment Plan.

Approved,

[Signature]

Jennie Nagle
Assistant Director
**ENGINEERING AUDIT OFFICE**

**DEDUCTION REPORT**

<table>
<thead>
<tr>
<th>Registration</th>
<th>Payment Num</th>
<th>Payment Category</th>
<th>Task/WO/INV #</th>
<th>Pay Start</th>
<th>Pay End</th>
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<td>PARTIAL</td>
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<td>6/1/2012</td>
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**Auditor's Name**

JIJI Abraham

**REName**

Chris James

**RE/Tel**

x 7932

**Contractor Telephone #**

(914) 287-3882

**Contractor Fax #**

(914) 661-4813

**ID:**

18016

**Name of Contractor**

Energy Services and Technology - New York Power Authority

**Address of Contractor**

123 Main St. Mail Stop WPO-6F
White Plains, NY 10601

**Location and Description Of Work**

ELMHURST HOSPITAL

<table>
<thead>
<tr>
<th>Payment Requisition</th>
<th>$1,307,194.34</th>
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<tr>
<td>EAO Adjustments</td>
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<tr>
<td>EAO Recommended Amount</td>
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</table>

**Adjustment Report**

No adjustments.

**Auditor's Signature**

[Signature]

**Director's Signature**

[Signature]

Thursday, July 05, 2013
NYC & NYPAG ENCORE II: INITIAL CIC REPORT
CIC APPROVAL

Date:  04-Apr-13
Project No.: ES-GSN-0544
Project: NYC HHC Elmhurst Hospital Center

CUSTOMER REPAYMENT OBLIGATION
Total Installed Cost of Project $28,462,000.80
NYPAG Incentive Payment $0.00
Energy Grant $0.00
CUSTOMER Repayment Obligation $28,462,000.80

METHOD OF PAYMENT
Progress Payments, payable upon receipt of
AUTHORITY invoices after completion of each milestone
$5,400,802.00

Outstanding Balance financed by Authority $23,061,198.80
Authority Cost of Money 4.00%
Number of Monthly Payments 240

Monthly Bill Surcharge $139,746.33
Annual Bill Surcharge $1,676,955.94

ESTIMATED ANNUAL COST REDUCTION
Annual Energy Cost Savings $1,572,685.00
Annual Other Cost Savings $0.00
Total Annual Cost Savings $1,572,685.00

AUTHORIZEDS
Signatures in the spaces below signify that the parties have reviewed and agree to the
CIC Design and specifications presented to them by the AUTHORITY.

Authorized HHC Representative:
Agency  NYC Health & Hospitals Corp.
Signature
Name Alan D. Aviles
Title President
Date

Agency  NYC Health & Hospitals Corp.
Signature
Name Marlene Zurack
Title Senior V.P. of Finance/CFO

Agency  Queens Health Care Network
Signature
Name Dr. Ann M. Sullivan
Title Network Senior V.P.

Authorized CITY Representative:
Agency  Dept. of Citywide Admin. Services
Signature
Name Richard Badillo
Title Chief - DFMO
Date

Agency  Dept. of Citywide Admin. Services
Signature
Name Kristen Barbato
Title Deputy Commissioner - DEM

Authorized AUTHORITY Representative:
Agency  NYPAG - Energy Services Division
Signature
Name Gil Quiñones
Title President & Chief Executive Officer
Date

Authorized

Authorized

Authorized

Authorized
New York Power Authority - Financing of Energy Efficiency Projects

The steps for implementing an Energy Efficiency project include the Authority and customer identifying a potential project, the Authority performing an engineering audit and defining the scope of work. The Authority issues commercial paper financing for all expenditures from initial audit through the completion of the project.

In 1994, the Board of Trustees authorized the use of commercial paper to finance the expenditures associated with the various energy services programs. Commercial paper is a short-term money market instrument issued by large banks, corporations, municipalities and non-profit entities. The Authority is authorized to issue tax-exempt and taxable commercial paper, although most energy services projects have qualified for tax-exempt financing. Financing charges are determined by the actual interest rate associated with the commercial paper issued to support the Authority programs. Monthly interest during construction rates are based on the weighted average cost of money associated with all outstanding commercial paper issuances for that month.

The annual interest rate used in the repayment of all costs for a completed project is calculated in January of each year and is based on the weighted average outstanding commercial paper for the previous twelve months. The interest rate is applicable for the succeeding twelve month repayment period January through December.

The interest during construction rate and annual rate include any fees and surcharges to issue the commercial paper, for the revolving credit agreement, and for an interest rate cap on the program. All fees and surcharges applied to the interest rate reflect actual costs incurred by the Authority to cover the costs associated with issuing and maintaining the commercial paper debt.

Program participants typically repay outstanding loan amounts based on an amortization schedule set at completion of the project but also have the option of repaying the full outstanding principal at any time without penalty.

Commercial Paper to support the Energy Efficiency program is presently being issued on an as needed basis. This alleviates the need to invest proceeds that may be subject to interest rate risk, potential loss of principal and/or arbitrage and rebate calculations. Following this philosophy, earnings on proceeds are reduced to a level that is considered de minimis.
## Financing of Energy Efficiency Projects - Annual Variable Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax-Exempt CP</th>
<th>Taxable CP</th>
<th>Operating Funds</th>
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</tr>
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<td>2012</td>
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<tr>
<td>2013</td>
<td>0.88%</td>
<td>0.82%</td>
<td>0.47%</td>
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