

CAPITAL COMMITTEE
MEETING AGENDA

February 11, 2016

11:00 AM

125 Worth Street, Room 532
5th Floor Board Room

CALL TO ORDER

Emily A. Youssouf

- ADOPTION OF MINUTES January 14, 2016

Emily A. Youssouf

- SENIOR ASSISTANT VICE PRESIDENT'S REPORT

Roslyn Weinstein

ACTION ITEMS

- Resolution

John Jurenko / Jeremy Berman

Authorizing the President of the New York City Health and Hospitals Corporation ("NYC Health + Hospitals") to execute an amendment of the December 24, 2014 sublease with Draper Homes Housing Development Fund as nominee for Draper Hall Apartments LLC ("Tenant I") to provide for the return to NYC Health + Hospitals of approximately 15,150 square feet included in such lease (the "Draper II Site") on the campus of Metropolitan Hospital Center and to simultaneously execute a sublease with Draper Family Housing Development Fund Corporation or such other housing development fund company as shall be approved by both NYC Health + Hospitals and the New York City Department of Housing Preservation and Development ("HPD") (the "HDFC") as nominee for Gilbert on First LLC (in such capacities being referred to together with the HDFC as "Tenant II") of the Draper II Site for a term of 99 years, inclusive of Tenant II options for the development of a 14 story structure on the Draper II Site with approximately 131 apartments for low and moderate income individuals and families at a rent payable to NYC Health + Hospitals of not less than \$75,000 per year.

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT

CAPITAL COMMITTEE MEETING MINUTES

January 14, 2016

MINUTES

Capital Committee

Meeting Date: January 14, 2016

Time: 11:00 A.M.

Location: Board Room

Board of Directors:

Members of the Capital Committee

Lilliam Barrios-Paoli, Chairman of the Board

Emily A. Youssouf, Chair

Josephine Bolus, RN, NP, BC

Mark Page

Ramanathan Raju, MD, President

HHC Staff:

Jeremy Berman – Deputy General Counsel, Office of Legal Affairs

LaRay Brown – Senior Vice President, Corporation Planning and Community Outreach

Lennox DeBarros – Senior Associate Director, East New York Diagnostic and Treatment Center

Martin Everette – Affirmative Action/Equal Employment Opportunity

Steven Fass – Assistant Vice President, Corporate Planning

Daniel Gadioma – Associate Director, Kings County Hospital Center

Lucinda Glover – Senior Director, Medical and Professional Affairs

Jonathan Goldstein – Senior Consultant, Corporate Planning

Elizabeth Guzman – Office of the Corporate Comptroller

Colicia Hercules – Chief of Staff, Office of the Chairman

David Hoffman – Chief Compliance Officer, PAGNY

Louis Iglhaut – Assistant Vice President, Office of Facilities Development

Mahendranath Indar – Senior Director, Office of Facilities Development

Patricia Lockhart – Secretary to the Corporation, Office of the Chairman

Denise Lyman – Director, Office of Facilities Development

Antonio Martin – Executive Vice President

Sheldon McLeod – Chief Operating Officer, Kings County Hospital Center

Dean Moskos – Director, Office of Facilities Development

Cyril Toussaint – Director, Office of Facilities Development

L. Rickie Tulloch – Director, Office of Facilities Development

Roslyn Weinstein – Senior Assistant Vice President, President's Office

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

Elizabeth Youngbar – Assistant Director, Office of Facilities Development

Roger Zhu – Senior Associate Director, Metropolitan Hospital Center

Other Attendees:

Edgardo Caban – New York Power Authority (NYPA)

Rosa Gil – President & Chief Executive Officer, Comunilife, Inc.

Joanne Hsen – New York City Department of Housing, Preservation & Development (HPD)

Ellen Kackmann – Comunilife Inc.

Emily Lehman - New York City Department of Housing, Preservation & Development (HPD)

Michael O'Donnel – Executive Vice President & Chief Operating Officer, Comunilife, Inc.
Shaylee Wheeler – New York City Office of Management and Budget (OMB)

CALL TO ORDER

The meeting was called to order by Emily A. Youssouf, Chair, Capital Committee, at 11:05 A.M.

On motion, the Committee voted to adopt the minutes of the December 1, 2015, Capital Committee meeting.

SENIOR ASSISTANT VICE PRESIDENT'S REPORT

Roslyn Weinstein, Senior Assistant Vice President, Operations, provided an overview of the meeting agenda. She advised that there would be two action items seeking authorization to enter into Job Order Contracts (JOCs) for mechanical and electrical services to be used system-wide, and those contracts would be the same as those previously presented as Indefinite Quantity Construction Contracts (IQCCs). She explained that JOC was a more commonly used acronym, City wide, and a more recognizable terminology with contractors, and therefore the term JOCs would be used from this point forward. Ms. Weinstein noted that a resolution for a sublease with Comunilife was on the agenda, for which a public hearing had taken place on January 7, 2016. She explained that the final two items to be presented would be related to an energy project at NYC Health + Hospitals / Kings County Hospital Center, and leased space for the Assertive Care Treatment (ACT) Team operated by NYC Health + Hospitals / East New York Diagnostic & Treatment Center.

In conclusion, Ms. Weinstein advised that she would provide an update on a lease at 875 Manhattan Avenue, at the February Capital Committee meeting.

That concluded Ms. Weinstein's report.

Ms. Youssouf advised that the action items would begin with the last item on the agenda, the resolution seeking authorization to execute a sublease agreement with Comunilife, Inc.

ACTION ITEMS

- **Authorizing the President of the New York City Health and Hospitals Corporation ("NYC Health + Hospitals") to execute a 99 year sublease (including tenant renewal options) with Comunilife, Inc. or an affiliate formed for the transaction (the "Tenant"), of a parcel of approximately 13,000 square feet within the parking lot of Woodhull Medical and Mental Health Center (the "Facility") to be used for the development of a six story building with 89 studio apartments including 36 for low income individuals and 53 for low income individuals living with mental illness who are appropriate for independent living in the community at an annual rent of \$75,000.**

LaRay Brown, Senior Vice President, Corporate Planning and Community Outreach, read the resolution into the record. Ms. Brown was joined by Rosa Gil, President and Chief Executive Officer, Comunilife, Inc., and Emily Lehman, Director, New York City Department of Housing Preservation and Development (HPD).

Ms. Brown noted that the 53 apartments for low income individuals would be for patients from NYC Health + Hospitals / Woodhull Medical and Mental Health Center.

Ms. Youssef asked for an overview of the project. Ms. Brown explained that Community engagement surrounding this project had been thorough, with numerous meetings having taken place with the Community Board, their land-use and community services groups, and local individuals. There was extensive outreach to local public housing developments, as Health + Hospitals wanted to be sure they understood the project and had a chance to discuss their concerns. She said she and colleagues had also met with local school representatives. She concluded that every effort was made to make everybody comfortable and fully informed. She then asked Ms. Gil to provide more detail on the project itself.

Ms. Gil expressed excitement in moving forward, and explained that the changing healthcare environment in the City, throughout the State and across the Country, made these projects very important. This project, she said, will have 88 units, 53 for psychiatry inpatients from Woodhull. The individuals will be deemed prepared for discharge and capable of living independently, through assessments completed by Department of Psychology staff at NYC Health + Hospitals / Woodhull and by Comunilife staff. The patients will continue to receive services at NYC Health + Hospitals / Woodhull. She noted that continuous care was very important for these individuals and it was expected that this living arrangement would help manage and monitor that. A host of services would be available, including, case management, 24 hour security, and vocational rehabilitation. A laundry facility, community space, bicycles, landscaping and an outdoor/patio space were also part of the project.

Ms. Brown asked Ms. Lehman to review the project cost and funding.

Ms. Lehman thanked Health + Hospitals for their continued partnership and support. She explained that funding for the project included a Capital Subsidy loan from HPD for approximately \$7.8 million, Federal Low Income Tax Credits applied for by New York State Homes and Community Renewal (HCR), a \$3 million Capital loan from the State through its Medicaid Redesign Team (MRT) program and an approximately \$3.2 million commercial bank loan through a private lender. The project would also secure social service funding for the supportive housing units in the building.

Ms. Youssef noted that funding was not entirely in place at present and asked what would happen if the resolution were approved but funding did not line up as planned. Are we protected, she asked.

Mr. Berman explained that authorization from the Capital Committee and subsequently the full Board of Directors would allow for proceeding with the transaction but did not require it. The transaction would culminate at a closing and a closing would only occur were the financing and loans in place. The contract and lease would not close and the project would not move forward if said funding were not in place. He stated that the resolution would have to come back before the Committee and full Board were it not as proposed and approved. Ms. Lehman added that HPD was prepared to issue tax credits through their next cycle if they did not come through the State. Ms. Youssef asked if it were the same for the vouchers. Ms. Lehman said yes.

Ms. Youssef asked if the development project would be effected as a result of recent fair housing legal disagreements. Ms. Lehman said that she was unsure of any recent developments but HPD was continuing to operate with their current policies in place.

Mark Page, asked how the \$75,000 annual lease payment was determined. Ms. Lehman said that it was determined based on financing for the project and how much of a payment the project could support and still have a positive cash flow through year 30, which was when the bank loan would mature.

Josephine Bolus, RN, asked whether the housing was permanent. Ms. Gil said yes, the tenants sign a lease and remain as long as they can be maintained within the apartment, receiving services.

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 New York City Health and Hospitals Corporation ("NYC Health + Hospitals") to execute a five-year lease extension agreement with Charrua Realty LLC (the "Landlord") for approximately 2,240 square feet of ground floor space at 2619 Atlantic Avenue, Borough of Brooklyn to house the Assertive Care Treatment Team ("ACT") program operated by NYC Health + Hospitals/East New York with Gotham Health FQHC, Inc. (the "Facility") at a rate of \$18.75 per square foot, or \$42,000 per year to be escalated by 3% per year for a total rental amount over the five year term of \$222,983.64.**

Sheldon McLeod, Chief Operating Officer, NYC Health + Hospitals / Kings County Hospital Center, read the resolution into the record. Mr. McLeod was joined by Lennox DeBarros, Senior Associate Director, NYC Health + Hospitals / East New York Diagnostic & Treatment Center.

Ms. Youssouf asked for a description of the program. Mr. DeBarros explained that the program, designed by the Office of Mental Health and the Department of Health, was established to address the needs of the seriously mentally ill. These are clients that do not access care in the traditional manner, meaning going to appointments. They frequent emergency rooms and don't participate as needed in programs. This program takes care to the clients, visiting them in their homes.

Ms. Youssouf asked about utilization. Mr. DeBarros advised that there were two versions of this program. One for 48 individuals, and one that has a capacity for 68. This program, he noted, services 68 patients.

Lilliam Barrios-Paioli, Chair, explained that this program was extremely beneficial as it seeks to stabilize individuals that could otherwise be a danger to themselves or within the community. This program services individuals who may otherwise fall through the cracks. Mr. DeBarros added that the patients can be chronically ill, violently mentally ill, or self-destructive.

Mr. Page asked how patients become part of the program. Mr. DeBarros explained that there was one point of access that received applications, and if approved the individual was assigned to a team. He noted that there were approximately 12 ACT teams within Health + Hospitals.

Mr. Page asked if patients visited the site. Mr. DeBarros said yes, group sessions were held on site, approximately 10-12 individuals visit the site weekly. He added that the program had recently received additional funding to expand group services.

Mr. Page asked if the off-site space was needed to hold those meetings. Mr. McLeod said yes but the program also provides care locally, by visiting patients. Mr. DeBarros explained that the Office of Health and Mental Hygiene had approved space so that there was appropriate room for meetings, administrative work, etc. He advised that staff met daily to review each of the 68 patients' status.

Ms. Barrios-Paoli explained that individuals were assigned to sites based on geographic location. Mr. DeBarros advised that was not necessarily the case at present, as the program had reached such high demand that it had become necessary to assign patients to any available program.

Ms. Youssouf said it sounded as though services could be provided on site at NYC Health + Hospitals / Kings County Hospital Center and asked why that was not being done. Mr. McLeod said that was a possibility but at present there was not a space that was ready to accommodate it. Ms. Youssouf said she understood but would like the idea to be discussed further to see if it could be done. She also asked that it be determined where else within the organization space was being leased for these ACT teams.

Mr. Page agreed, saying there was \$200,000 being spent on the space but if there were space available elsewhere that would be beneficial.

Mr. Berman said it would be investigated. He said authority to execute the lease would be requested, with the understanding that the Committee would be advised as to whether there was space identified within Health + Hospitals facilities. Ms. Youssouf asked that the Committee be informed as to where other ACT programs are located. Ms. Weinstein and Mr. Berman said they believed that all other programs were located in facilities. Ms. Youssouf asked for confirmation.

Mrs. Bolus asked when the lease expired. Mr. Berman said it expired at the end of February, but that date would not provide a problem. He said the landlord has agreed to give Health + Hospitals time to determine how they would move forward.

Mr. Page stated that less acute hospital care was important but public space in communities was of value and should be vetted for best use. He asked that thought be kept in mind.

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

Mrs. Bolus asked for clarification on what was being voted on. Mr. Berman said the suggestion was to approve the lease, as proposed, with the promise that before a lease was signed all other options would be investigated. Mr. Page added that authorization would allow for the full parameters of the timing and compensation proposed, but the Committee was asking that it be investigated as to whether other, less costly options are available.

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

- **Authorizing the President of NYC Health + Hospitals 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 \$14,905,587 for the planning, pre-construction, design, construction, procurement, construction management and project management services necessary for the Energy**

Conservation Measures upgrade project (the "Project") at NYC Health + Hospitals / Kings County (the "Facility").

Sheldon McLeod, Chief Operating Officer, NYC Health + Hospitals / Kings County Hospital Center, read the resolution into the record. Mr. McLeod was joined by Cyril Toussaint, Director, Office of Facilities Development.

Mr. Toussaint explained that when the 2012 Comprehensive Energy Audit was performed it identified a number of energy conservation measures that could be implemented at the facility. The proposed project was fully designed and completely bid under the New York Power Authority (NYPA). The total project cost was \$14.9 million. \$10 million was funded by a grant through the (ACE) program and the remaining, approximately \$4.9 million, was General Obligation Bonds. The estimated annual savings was \$1.6 million, amounting to an under 10 year payback.

Mr. Toussaint explained that the CO2 emission reduction would amount to nearly 6,800 tons or the removal of 1,300 cars from the streets. The project was expected to be complete by the end of next fiscal year.

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 NYC Health + Hospitals (the "Health Care System") to execute Job Order Contracts (JOC) with two (2) firms: MSR Electric; and, Arcadia Electrical Company; (the "Contractors"), that were pre-qualified through the Health Care System's public bid process, to provide construction services on an as-needed basis at various facilities throughout the Health Care System. Each individual contract shall be for a term of two (2) years, for an amount not to exceed \$6,000,000. The total authorized value of these contracts is \$12 Million.**
- **Authorizing the President of NYC Health + Hospitals (the "Health Care System") to execute Job Order Contracts (JOC) with two (2) firms: Startec Mechanical, LLC.; and Volmar Construction, Inc.; (the "Contractors"), that were pre-qualified through the Health care system's public bid process, to provide construction services on an as-needed basis at various facilities throughout the Health Care System. Each individual contract shall be for a term of two (2) years, for an amount not to exceed \$6,000,000. The total authorized value of these contracts is \$12 Million.**

Denise Lyman, Director, Office of Facilities Development, read the resolutions into the record.

Ms. Youssouf asked if the contractors had worked with Health + Hospitals previously. Ms. Lyman said one contractor, Volmar Construction, had experience with Health + Hospitals.

Mrs. Bolus asked if the firms were Minority and/or Women owned businesses.

Mr. Iglhaut advised that all firms had received Equal Employment Opportunity (EEO) approval and the letters were included in the package.

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 resolutions for the full Board's consideration.

INFORMATION ITEMS

No information items were on the agenda.

There being no further business, the meeting was adjourned at 11:49 A.M.

SUBLEASE AMENDMENT

DRAPER HOMES HOUSING DEVELOPMENT FUND

DRAPER HALL APARTMENTS, LLC

NYC HEALTH + HOSPITALS

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation ("NYC Health + Hospitals") to execute an amendment of the December 24, 2014 sublease with Draper Homes Housing Development Fund as nominee for Draper Hall Apartments LLC ("Tenant I") to provide for the return to NYC Health + Hospitals of approximately 15,150 square feet included in such lease (the "Draper II Site") on the campus of Metropolitan Hospital Center and to simultaneously execute a sublease with Draper Family Housing Development Fund Corporation or such other housing development fund company as shall be approved by both NYC Health + Hospitals and the New York City Department of Housing Preservation and Development ("HPD") (the "HDFC") as nominee for Gilbert on First LLC (in such capacities being referred to together with the HDFC as "Tenant II") of the Draper II Site for a term of 99 years, inclusive of Tenant II options for the development of a 14 story structure on the Draper II Site with approximately 131 apartments for low and moderate income individuals and families at a rent payable to NYC Health + Hospitals of not less than \$75,000 per year.

WHEREAS, there is an acute shortage of housing for low income residents in the City of New York; and

WHEREAS, pursuant to NYC Health + Hospitals' Board of Directors resolution adopted September 25, 2014 and subsequently approved by the New York City Council, NYC Health + Hospitals entered into a sublease dated December 24, 2014 with Tenant I to develop the existing Draper Hall and its surrounding grounds on the Facility's campus as housing for low income elderly and/or disabled individuals, with the review and approval of HPD; and

WHEREAS, the alterations of Draper Hall will be completed in 2017; and

WHEREAS, the Draper II Site is adjacent to Draper Hall, is currently undeveloped vacant land and will accommodate an additional structure but the terms of the December 24, 2014 lease do not permit such additional construction; and

WHEREAS, Tenant I wishes to release to NYC Health + Hospitals the Draper II Site; and

WHEREAS, Tenant II wishes to lease the Draper II Site from NYC Health + Hospitals to construct thereupon an additional structure consisting of approximately 15,150 square feet to hold approximately 131 apartments for low and moderate income individuals and families also under the review and approval of HPD; and

WHEREAS, the Corporation leases its real estate properties from the City of New York under the 1970 Operating Agreement between the Corporation and the City of New York thereby technically making any further lease of such properties by the Corporation to a third party a sublease; and

WHEREAS, a Public Hearing was held January 5, 2016, in accordance with the requirements of the Corporation's Enabling Act, and prior to execution, the sublease will be subject to approval of the City Council and the Office of the Mayor.

**Page Two – Resolution
Sublease – Draper II**

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (“NYC Health + Hospitals”) is authorized to execute an amendment of the December 24, 2014 sublease with Draper Homes Housing Development Fund as nominee for Draper Hall Apartments LLC (“Tenant I”) to provide for the return to NYC Health + Hospitals of approximately 15,150 square feet included in such lease (the “Draper II Site”) on the campus of Metropolitan Hospital and to simultaneously execute a sublease with Draper Family Housing Development Fund Corporation or such other housing development fund company as shall be approved by both NYC Health + Hospitals and the New York City Department of Housing Preservation and Development (the “HDFC”) as nominee for Gilbert on First LLC (in such capacities being referred to together with the HDFC as “Tenant II”) of the Draper II Site for a term of 99 years, inclusive of Tenant II options for the development of a 14 story structure on the Draper II Site with approximately 131 apartments for low and moderate income individuals and families at a rent payable to NYC Health + Hospitals of not less than \$75,000 per year.

EXECUTIVE SUMMARY
SUBLEASE AGREEMENT
METROPOLITAN HOSPITAL CENTER
DRAPER FAMILY HOUSING DEVELOPMENT FUND CORPORATION
FOR THE BENEFIT OF
GILBERT ON FIRST LLC

OVERVIEW:

The President seeks authorization from the Board of Directors to amend the December 24, 2014 sublease with Draper Homes Housing Development Fund Corporation for the benefit of Draper Hall Apartments LLC ("Tenant I") for the development on the campus of Metropolitan Hospital Center of housing for low income elderly and/or disabled individuals. The project involved the renovation of Metropolitan Hospital's Draper Hall which will be completed during 2017. The lease covered Draper Hall itself and some land around the building. It is possible to erect on the remaining land leased to Tenant I another structure that could be connected to Draper Hall, however, the original lease did not permit such additional construction. It is proposed that NYC Health + Hospitals amend the December 24, 2014 lease whereby Tenant I will release to NYC Health + Hospitals approximately 15,150 square feet (the "Draper II Site"). Simultaneously NYC Health + Hospitals will enter into a new sublease with Draper Family Housing Development Fund Corporation or such other housing development fund company as shall be approved by both NYC Health + Hospitals and the New York City Department of Housing Preservation and Development ("HPD") (the "HDFC") as nominee for Gilbert on First LLC (in such capacities being referred to together with the HDFC as "Tenant II"). For reasons of financing, it is necessary that a new structure be formed and used for the Draper II Site but Tenant I and Tenant II are related and the two buildings will be under common management.

**NEED/
PROGRAM:**

It is a priority of the City of New York to address the acute shortage of housing for low income individuals and families. The construction of the project will directly address the need for such housing. Draper II will be a 14 story structure with approximately 131 apartments for low and moderate income individuals and families. The project will be financed, in part, through the "Mix and Match Program" which is a joint financing program for the creation of mixed income housing of New York State Housing Development Corporation and HPD. In keeping with Mix and Match requirements 50% of the units in the new project will be affordable to households that qualify the project to receive Federal Low Income Housing Tax Credits. In Draper II, 25% of the units will be set aside for families earning less than 50% of Area Median Income and another 25% of the units will be set aside for families earning between 50% and 60% of AMI. Mix and Match requires that the remaining 50% of the units be set aside for moderate and middle income families with maximum rents set to be affordable to households earning 130% of AMI. As a result, in Draper II, 10% of the units will have rents affordable by families earning 80% of AMI, 20% by families earning 100% of AMI and 20% by families earning 130% of AMI.

Page Two – Executive Summary
Sublease – Draper II

TENANT:

The principals of the managing member of the LLC are principals of SKA Marin. SKA Marin is an experienced developer of low income housing for seniors and disabled tenants. SKA is the principal in the development of Draper Hall. SKA was also the principal in Metro East 99th Street, a 176 unit building expecting TCO this month, across from Metropolitan Hospital Center. Metro East 99th is the first Medicaid Redesign Project in New York State and serves elderly and non-elderly tenants who can live independently but have previously been patients in NYC Health + Hospitals long-term care or who are under care at NYC Health + Hospitals facilities for chronic conditions. SKA Marin has also been a principal in the successful development of Kings County Senior Residence on the Kings County Hospital Center campus pursuant to a sublease with the Corporation approximately ten years ago

The Draper II project will be financed with low income tax credits, a loan made by the Housing Development Corporation in conjunction with additional funding by the New York City Department of Housing Preservation and Development (“NYCHPD”) NYS HCR State tax credits and the City Council. Section 8 vouchers will NOT be issued for this project.

Because of the HPD loan requirements, the lease will be made in the name of the HDFC but the LLC will have all of the rights of the Tenant to enforce the lease terms, to perform the Tenant’s obligations and to be recognized as the “beneficial tenant.” The LLC will be responsible for the performance of the Tenant’s obligations.

TERMS:

NYC Health + Hospitals will enter into a sublease with Tenant II with a term of ninety-nine years, inclusive of Tenant II options. The term of the sublease shall commence upon sublease execution.

Tenant II will be responsible for all costs associated with the development and operation of its housing program. Upon sublease execution construction shall commence. All plans and specifications of the project shall be subject to the prior approval of HPD and NYC Health + Hospitals which approval shall not be unreasonably withheld.

Any further subletting by Tenant II of space within the new building will be subject to the consent of NYC Health + Hospitals.

The cost for all utilities provided to the project will be the responsibility of the Tenant provided Tenant may pass the cost of utilities to the building residents. Tenant II will also be responsible for all structural and nonstructural interior and exterior, maintenance of, and repairs to, the property.

Tenant II will indemnify NYC Health + Hospitals and the City of New York and will provide adequate insurance against all liability arising from its use and occupancy of the property, naming the Corporation and the City of New York as additional insured parties.

Draper Hall Phase II (HDC 25-25-10-20-20 with 2016 Rents)	1/16/2016
1918 First Avenue	
Manhattan, NY	Units: 132
SOURCES AND USES	

CONSTRUCTION SOURCES		% of total	per DU
Bond First Mortgage	23,000,000	43.39%	174,242
HDC Second Mortgage	8,028,372	15.14%	60,821
HPD Third Mortgage	8,028,372	15.14%	60,821
HPD Third Mortgage Accrued Interest	188,165	0.35%	1,425
Reso A	3,000,000	5.66%	
Developer Equity	500,000	0.94%	3,788
LIHTC Equity	2,296,186	4.33%	17,395
State Tax Credit	1,287,000	2.43%	
Deferred Operating and Replacement Reserve	932,000	1.76%	7,061
Deferred Developer's Fee	5,750,000	10.85%	43,561
TOTAL CONSTRUCTION SOURCES	\$ 53,010,095	100.00%	\$ 369,114
(GAP)/SURPLUS	\$ -		\$0

PERMANENT SOURCES			
Bond First Mortgage	13,380,000	25.24%	101,364
HDC Second Mortgage	8,028,372	15.14%	60,821
HPD Third Mortgage	8,028,372	15.14%	60,821
HPD Third Mortgage Accrued Interest	188,165	0.35%	1,425
Reso A	3,000,000	5.66%	
Developer Equity	500,000	0.94%	3,788
LIHTC Equity	11,675,824	22.03%	88,453
State Tax Credit	4,290,000	8.09%	
Deferred Operating and Replacement Reserve	-	0.00%	-
Deferred Developer's Fee	3,919,362	7.39%	29,692
TOTAL PERMANENT SOURCES	\$ 53,010,095	100.00%	\$ 346,364
FINANCING (GAP)/SURPLUS	\$ -		\$0

USES			
Acquisition Cost	-	0.00%	-
Contractor Price and Contingency	37,028,355	69.85%	280,518
Third Party Costs	2,890,854	5.45%	21,900
Financing Costs	5,489,851	10.36%	41,590
Reserves and SC Contingency	1,351,035	2.55%	10,235
Developer's Fee	6,250,000	11.79%	47,348
TOTAL USES	\$ 53,010,095	100.00%	\$ 401,592

Paid Developer Fee **2,330,638**

Draper Hall Phase II (HDC 25-25-10-20-20 with 2016 Rents)

1/16/2016

1918 First Avenue

Manhattan, NY

Units: 132

PROJECT SUMMARY

PROJECT SIZE

	GSF	% of Total
Residential SF	135,635	100.0%
Commercial SF	-	0.0%
Community SF	-	0.0%
Parking SF	-	0.0%
Total	135,635	100.0%

UNIT MIX

	47% AMI	57% AMI	80% AMI	100% AMI	130% AMI	Super	TOTAL	% OF TOTAL
Studio	7	7	3	6	4	0	27	20.5%
1 Bedroom	12	12	5	9	10	0	48	36.4%
2 Bedroom	9	9	3	7	7	1	36	27.3%
3 Bedroom	5	5	2	4	5	0	21	15.9%
Total	33	33	13	26	26	1	132	100.0%
% OF TOTAL	25.0%	25.0%	9.8%	19.7%	19.7%	0.8%	100.0%	

Draper Hall Phase II (HDC 25-25-10-20-20 with 2016 Rents)	1/16/2016
1918 First Avenue	
Manhattan, NY	Units: 132
DEVELOPMENT BUDGET	

Description			Cost
Acquisition Cost			
Ground Lease (during Construction)	\$0	/year	-
Buildings	\$0	/du	-
Total: Acquisition Costs			\$ -
Construction Cost			
Contractor Price			
Residential (incl. parking)	\$260	/gsf	35,265,100
Commercial	\$0	/gsf	-
Subtotal: Construction Cost			35,265,100
Contingency	5%		1,763,255
Total: Hard Cost	\$273.00	/gsf	\$ 37,028,355
Soft Cost			
Borrower's Legal			350,000
Borrower's Engineer/Architect Fees	\$11	/gsf	1,491,985
Accounting & Cost Certification			40,000
Bank's Engineer			60,000
Bank Legal			105,000
Permits and expediting			50,000
Controlled Inspections			350,000
Environmental Investigation			90,000
Green Buildings			70,000
Survey			15,000
Appraisal			15,000
Fixings, Furnishings & Equipment			-
Title Insurance	0.65%	of 1st, 2nd, 3rd	253,869
Subtotal: Third Party Costs			\$ 2,890,854
Financing Fees			
Bank Origination + Application Fees	0.75%	of LOC	173,938
Annual Bank L/C Fee	1.25%	of LOC	797,214
HDC Commitment Fee	1.00%	of Bond Amt	230,000
Costs of Issuance	1.50%	of Bond Amt	345,000
State Bond Fee	0.84%	of Bond Amt	193,200
SONYMA MIP	0.50%	of Perm	66,900
SONYMA Application Fee	0.10%	of Perm	13,380
LIHTC Application Fee			3,000
LIHTC Allocation Fee	5.00%	of annual alloc.	51,673
Subtotal: Financing Fees			\$ 1,874,304
Carrying Costs			
Bond Construction Interest			1,524,285
Subsidy Construction Interest			363,786
Negative Arbitrage			802,000
Transfer Tax			-
Insurance	1.50%	of HC	528,977
Owner's Rep			150,000
Marketing	1,500	/du	196,500
Syndicator Legal			50,000
Subtotal: Carrying Costs			\$ 3,615,547
Reserves and Contingency			
Capitalized Operating Reserve			800,000
Capitalized Replacement Reserve	1,000	/du	132,000
Soft Cost Contingency	5.00%		419,035
Subtotal: Reserves and Contingency			\$ 1,351,035
Total Soft Costs			\$ 9,731,740
Developer's Fee	13.4%		\$ 6,250,000
Total Development Cost:			\$ 53,010,095

Draper Hall Phase II (HDC 25-25-10-20-20 with 2016 Rents)
1918 First Avenue
Manhattan, NY

1/16/2016

Units: 132

INCOME CALCULATION

Non-Residential Income			
	# Spaces	\$/Month	Annual
Parking	0	\$0	\$0
Commercial	SF	\$0	\$0
Community	-	\$0	\$0
	# units	\$/Year	
Laundry & Vending	132	\$120	\$15,840
Subtotal Non-Residential			\$15,840

0.70% of total income

	25.00%						25.00%			9.85%			19.70%			19.70%			Total Consolidated			
	Project:		47% AMI		57% AMI		Project:		80% AMI		Project:		100% AMI		Project:		130% AMI					
	# Units	Rooms	Monthly Rent	# Units	Rooms	Monthly Rent	# Units	Rooms	Monthly Rent	# Units	Rooms	Monthly Rent	# Units	Rooms	Monthly Rent	# Units	Rooms	Monthly Rent	# Units	Rooms	Monthly Rent	Annual Rent
Studio	7	2	\$704	7	2	\$863	3	2	\$1,046	6	2	\$1,318	4	2	\$1,725	27	54	\$1,071				\$346,980
One	12	3	\$757	12	3	\$926	5	3	\$1,317	9	3	\$1,656	10	3	\$2,165	48	144	\$1,319				\$760,020
Two	9	4	\$915	9	4	\$1,119	3	4	\$1,587	7	4	\$1,994	7	4	\$2,605	35	140	\$1,579				\$663,120
Three	5	5	\$1,051	5	5	\$1,286	2	5	\$1,827	4	5	\$2,298	5	5	\$3,004	21	105	\$1,883				\$474,612
Rental Units	33			33			13			26			26			131	443					\$2,244,732
Super's Units																1	4					
Total Units																132	447					--

*Rents based on estimated HDC 2016 Rent and Income Limits

Total Annual Income \$2,260,572

M&O Expenses*	Total			
Legal		19,800	150	per unit
Accounting/Bookkeeping		14,000	14,000	proj.
Management Fee		106,625	5.0%	ERI
Fire & Liability Insurance		112,200	850	per unit
Heating		134,100	300	per room
Electricity		73,308	164	per room
Water & Sewer		122,031	273	per room
Supplies/Cleaning/Exterminating		44,700	100	per room
Repairs/Replacement		85,800	650	per unit
Security		-	-	per unit
Super & Maintenance Salaries		173,000	1,311	per unit
	1.00	69,000		assistant super
	2.00	104,000		porter
Elevator Maint. & Repairs	2.00	13,200	6,600	elev.
Tax Credit Monitoring		2,475	0.75%	TC rent
Building Reserve		33,000	250	per unit
Ground Lease		50,000	379	per unit
M & O Before Taxes and DS		984,239	7,456	per unit
			2,202	per room
Real Estate Tax		-	-	per unit
Total Operating + Taxes		984,239	7,456	per unit
			2,202	per room

*Client's suggestion

Union
 Union

*Expenses based on HDC 2015 Maintenance and Operating Standards with a 2% increase.

Draper Hall Phase II (HDC 25-25-10-20-20 with 2016 Rents)
1918 First Avenue
Manhattan, NY

1/16/2016

Units:

132

LOAN SIZING

Income			
Residential Income			\$2,244,732
Less Residential Vacancies	5%		(\$112,237)
<i>Net Residential Income</i>			\$2,132,495
Ancillary/Laundry			\$15,840
Less Ancillary/Laundry Vac	0%		\$0
<i>Net Comm & Ancillary Income</i>			\$15,840
Parking			\$0
Less Parking Vacancies	10%		\$0
<i>Net Parking Income</i>			\$0
Commercial			\$0
Less Commercial Vacancies	10%		\$0
<i>Net Commercial Income</i>			\$0
Community			\$0
Less Community Vacancies	10%		\$0
<i>Net Community Income</i>			\$0
Net Income			\$2,148,335
Expenses			
Maintenance/Operating			\$934,239
Real Estate Taxes			\$0
Ground Lease			\$50,000
Total Expenses			\$984,239
Net Operating Income			\$1,164,096

Debt Service Calculation			
Debt Service at	1.15		\$1,012,258
		<i>Inc to Exp</i>	1.08
Income to Expense	1.05		\$1,061,795

Underwriting Rate	
Base Rate	5.00%
Servicing	0.20%
MIP	0.50%
Total Rate	5.70%

Loan Sizing					
Lender	HDC Mortgage	HDC Subsidy	HPD Subsidy	Reso A	Total
	1st Loan	Loan	Loan	Loan	
	\$13,380,000	\$ 8,028,372	\$ 8,028,372	\$3,000,000	\$29,436,744
Pay Rate	5.70%	1.0%	0.0%	0.0%	
Accrual Rate		2.61%	1.00%	1.00%	
Term	30	35	35	35	
Amortization	30	35	35	35	
Amt Amort	\$13,380,000	\$0	(\$3,362,770)	(\$1,256,582)	
Debt Service	\$931,891	\$80,284	\$0		\$1,012,175
Balloon	(\$0)	\$10,328,425	\$11,391,142	\$4,256,582	
Balloon %	0%	129%	0%	0%	
Supportable Payment	\$931,974	\$80,284	\$0	\$0	
<i>Overall DSCR</i>	1.25	1.15	1.15	1.15	1.15
Amount Per Unit	\$101,364	\$ 60,821	\$ 60,821	\$ 22,727	

\$ 60,821	\$ 60,821	n/a
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Maximum Allowable Subsidy per unit

Draper Hall Phase II (HDC 25-25-10-20-20 with 2016 Rents) 1/16/2016
1918 First Avenue
Manhattan, NY Units: 132
CASH FLOW PROJECTIONS

Stabilized

EFFECTIVE INCOMES		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Residential Income	2.00%	2,132,495	2,175,145	2,218,648	2,263,021	2,308,282	2,354,447	2,401,536	2,449,567	2,498,558	2,548,529	2,599,500	2,651,490	2,704,520	2,758,610	2,813,782
Parking Income	2.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial Income	2.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community Space Income	2.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ancillary Income	2.00%	15,840	16,157	16,480	16,810	17,146	17,489	17,838	18,195	18,559	18,930	19,309	19,695	20,089	20,491	20,901
Total Income		2,148,335	2,191,302	2,235,128	2,279,831	2,325,427	2,371,936	2,419,375	2,467,762	2,517,117	2,567,460	2,618,809	2,671,185	2,724,609	2,779,101	2,834,683

EXPENSES

M&O Expenses	3.00%	465,175	479,130	493,504	508,309	523,559	539,266	555,443	572,107	589,270	606,948	625,157	643,911	663,229	683,125	703,619
Mgmt Fee	2.00%	106,625	108,757	110,932	113,151	115,414	117,722	120,077	122,478	124,928	127,426	129,975	132,574	135,226	137,931	140,689
Utilities	3.00%	329,439	339,322	349,502	359,987	370,786	381,910	393,367	405,168	417,323	429,843	442,738	456,021	469,701	483,792	498,306
Building Reserve		33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Shelter Rent RE Taxes		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ground Lease		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Expenses		984,239	1,010,210	1,036,939	1,064,447	1,092,759	1,121,898	1,151,888	1,182,754	1,214,521	1,247,218	1,280,870	1,315,506	1,351,156	1,387,848	1,425,614
Net Operating Income		1,164,096	1,181,092	1,198,190	1,215,383	1,232,668	1,250,038	1,267,487	1,285,009	1,302,596	1,320,242	1,337,939	1,355,679	1,373,453	1,391,253	1,409,069
First Mortgage Debt Service		931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891
Second Mtg. Debt Service		80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284
Third Mtg. Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>DSCR</i>		<i>1.15</i>	<i>1.17</i>	<i>1.18</i>	<i>1.20</i>	<i>1.22</i>	<i>1.24</i>	<i>1.25</i>	<i>1.27</i>	<i>1.29</i>	<i>1.30</i>	<i>1.32</i>	<i>1.34</i>	<i>1.36</i>	<i>1.37</i>	<i>1.39</i>

CASH FLOW

Asset Management Fee	3.0%	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563
Available Cash Flow		146,922	163,768	180,710	197,745	214,866	232,067	249,342	266,685	284,087	301,543	319,045	336,583	354,149	371,735	389,331
15 Year Net Cash Flow		4,008,578														

Return on Developer Equity

Accrued Return on Dev. Equity	6.0%	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Paydown of Return on Dev. Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Available Cash Flow (Post Yr 15)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0



Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
2,870,058	2,927,459	2,986,008	3,045,729	3,106,643	3,168,776	3,232,152	3,296,795	3,362,730	3,429,985	3,498,585	3,568,556	3,639,928	3,712,726	3,786,981
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21,319	21,745	22,180	22,623	23,076	23,537	24,008	24,488	24,978	25,478	25,987	26,507	27,037	27,578	28,129
2,891,377	2,949,204	3,008,188	3,068,352	3,129,719	3,192,313	3,256,160	3,321,283	3,387,709	3,455,463	3,524,572	3,595,063	3,666,965	3,740,304	3,815,110

724,728	746,470	768,864	791,930	815,687	840,158	865,363	891,324	918,063	945,605	973,974	1,003,193	1,033,289	1,064,287	1,096,216
143,503	146,373	149,300	152,286	155,332	158,439	161,608	164,840	168,137	171,499	174,929	178,428	181,996	185,636	189,349
513,255	528,653	544,512	560,848	577,673	595,003	612,854	631,239	650,176	669,682	689,772	710,465	731,779	753,733	776,345
33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
1,464,486	1,504,495	1,545,677	1,588,064	1,631,693	1,676,600	1,722,824	1,770,403	1,819,376	1,869,786	1,921,675	1,975,086	2,030,064	2,086,656	2,144,909
1,426,891	1,444,709	1,462,512	1,480,288	1,498,026	1,515,713	1,533,336	1,550,880	1,568,332	1,585,676	1,602,897	1,619,978	1,636,901	1,653,648	1,670,201
931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891	931,891
80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284	80,284
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1.41	1.43	1.44	1.46	1.48	1.50	1.51	1.53	1.55	1.57	1.58	1.60	1.62	1.63	1.65

7,790	8,024	8,264	8,512	8,768	9,031	9,301	9,581	9,868	10,164	10,469	10,783	11,106	11,440	11,783
406,926	424,510	442,073	459,601	477,084	494,508	511,860	529,125	546,290	563,338	580,254	597,020	613,619	630,034	646,243

30,000	25,400	0	0	0	0	0	0	0	0	0	0	0	0	0
158,400	166,782	174,818	-	-	-	-	-	-	-	-	-	-	-	-
248,526	257,728	267,255	459,601	477,084	494,508	511,860	529,125	546,290	563,338	580,254	597,020	613,619	630,034	646,243

New York City
Health + Hospitals
Board of Directors

Draper Hall Apartments Phase II

January 5, 2016



East Harlem Context



About SKA Marin

- SKA Marin approaches affordable development with a passion for getting the job done well and the knowledge and experience to do it.
- In 2015, SKA Marin was ranked #30 out of the nation's top 50 affordable housing developers by the Affordable Housing Finance magazine and has been involved in the development and construction management of over 6500 units.
- In 1996, the Landmark on Main Street project won the New York State Historic Preservation award for Community Revitalization and Historic Rehabilitation.
- In 2015, Metro East 99th Street, the first Medicaid Redesign Project to close in New York State, was named 2015 Best Supportive Housing in the nation by Affordable Housing Finance Readers' Choice.



NYC Health + Hospitals Partnership with SKA Marin

Draper Hall Phase II is the fourth collaboration between SKA Marin and the New York City Health + Hospitals including:

- The Kings County Senior Residence – 172+1 one bedroom apartments
- Metro East 99th Street– 175+1 apartments exclusively for chronically ill and physically challenged adults from H+H long term and acute care facilities
- Draper Hall Phase I- 202+1 units of affordable senior housing

The NYC H+H/SKA Marin collaboration is an example of how, working together, health and housing providers can create healthy and inclusive communities within larger neighborhoods like East Harlem. By providing much needed affordable and supportive housing for individuals and families, we can facilitate good health and preventive care.



Community Outreach

- SKA Marin has historically worked with East Harlem community organizations on housing culminating in such projects as Carlos Rios, Mt. Pleasant, Lucille Clark and Casita Park.
- On Draper Hall Senior Housing, as the Council has recommended, SKA Marin will be leading an outreach effort to East Harlem seniors to apply for the housing.
- On Draper 2, we are continuing to meet with local elected officials and the Metropolitan Community Advisory Board and Community Board 11.

Draper Hall Phase II Project Features

- 131+1 units of affordable, mixed income family housing
- 27 studios, 48 one bedrooms, 35 two bedrooms and 21 three bedrooms
- Outdoor planted rooftop
- Beautiful views of the East River
- Tall, slender buildings which fit into the neighborhood context
- Nurse practitioner/doctor's services on-site (in discussion with NYC H+H)
- Easy access to medical care at Metropolitan Hospital

Rents at Varying Income Levels

Draper Hall Phase II will provide affordable units to families at varying levels of income.

131 units	47% AMI 33 units	57% AMI 33 units	80% AMI 13 units	100% AMI 26 units	130% AMI 26 units
Studio	\$670	\$821	\$996	\$1,255	\$1,643
1-bedroom	\$720	\$881	\$1,254	\$1,577	\$2,063
2- bedroom	\$871	\$1,065	\$1,511	\$1,900	\$2,482
3-bedroom	\$1,000	\$1,224	\$1,740	\$2,189	\$2,862

*Subject to change based on the 2016 New York City Area Median Income

Draper Hall Financing Model and Project Schedule

Projected Construction Financing:

- New York City Housing Development Corporation
- Federal Tax Credit and Developer Equity
- New York State Tax Credits
- New York City Department of Housing Preservation and Development
- City Council Funds

Project Schedule:

- Construction Closing: December, 2016
- Construction Completion: December, 2018
- Rent-up Completion: June 2019

Draper Hall Bird's Eye View

