AGENDA

FINANCE COMMITTEE

MEETING DATE: JULY 14, 2015
TIME: 9:00 A.M.
LOCATION: 125 WORTH STREET
BOARD ROOM

BOARD OF DIRECTORS

CALL TO ORDER — **BERNARD ROSEN**

ADOPTION OF THE JUNE 9, 2015 MINUTES

SENIOR VICE PRESIDENT'S REPORTS

KEY INDICATORS/CASH RECEIPTS & DISBURSEMENTS REPORTS — **KRISTA OLSON/FRED COVINO**

ACTION ITEM — **LINDA DEHART**

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to approve and appoint Citigroup, JP Morgan and Morgan Stanley & Co. to provide investment banking services and serve as senior managing underwriters, and to approve and appoint BNY Mellon Capital Markets, Blaylock Beal Van LLC, Drexel Hamilton LLC, Fidelity Capital Markets, FTN Capital Markets, First Southwest, Janney Montgomery Scott, Jefferies LLC, Loop Capital Markets LLC, Mischler Financial Group, Ramirez & Company, RBC Capital Markets, Rockfleet Financial Services, Roosevelt & Cross Inc., Stern Brothers, TD Securities and Wells Fargo Securities to serve as co-managing underwriters for the Corporation's debt issuances from August 2015 through July 2020 to support its capital finance program. Such authorization in respect to the entities mentioned above shall extend to the successors of any such entities which assume the business of such entities through merger, reorganization, consolidation or acquisition.

Further authorizing the President to negotiate and execute a contract with one of the three senior underwriters in the event of a Board authorized issuance.

INFORMATION ITEM

ESSENTIAL PLAN - THE BASIC HEALTH PROGRAM IN NY — **LISA SBRANA**

OLD BUSINESS
NEW BUSINESS
ADJOURNMENT — **BERNARD ROSEN**

MINUTES

MEETING DATE: JUNE 9, 2015

FINANCE COMMITTEE

BOARD OF DIRECTORS

The meeting of the Finance Committee of the Board of Directors was held on June 9, 2015 in the 5th floor Board Room with Bernard Rosen presiding as Chairperson.

ATTENDEES

COMMITTEE MEMBERS

Bernard Rosen
Gordon Campbell, Chairman, Acting
Ramanathan Raju, MD
Josephine Bolus, RN
Emily Youssouf
Mark Page

OTHER ATTENDEES

J. Cassidy, Analyst, NYC OMB
T. DeRubio, Analyst, OMB
J. DeGeorge, Analyst, State Comptroller's Office
M. Dolan, Senior Assistant Director, DC 37
M. Dolan, Chief Financial Officer, Surgical Solutions
M. Hecht, Analyst, NYC
E. Kelly, Health Analyst, IBO
E. Martone, Senior Vice President, NYC EDC
R. McIntyre, Account Executive, Cerner
G. Pritchard, CEO, Surgical Solutions
K. Raffaele, Analyst, OMB
E. Stinson, President, Surgical Solutions
L. Vanderperre, Ramirez & Company
J. Wessler

HHC STAFF

P. Albertson, Senior Assistant Vice President, Corporate Procurement/Supply Chain
S. Alexander, Executive Director, Bellevue Hospital Center

M. Brito, CFO, Coler/Hank Carter Specialty Hospital & Skilled Nursing Facility
D. Cates, Chief of Staff, Board Affairs
C. Constantino, Senior Vice President, Queens Health Network
D. Collington, Associate Executive Director, Coney Island Hospital
E. Cosme, CFO, Gouverneur Specialty Care Facility
F. Covino, Corporate Budget Director, Corporate Budget
J. Cuda, CFO, MetroPlus Health Plan, Inc.
V. Fleming, Director, Corporate Office of Medical Affairs
L. Free, Assistant Vice President, Corporate Managed Care
G. Guilford, Assistant Vice President, Office of the Senior Vice President/Finance/Managed Care
K. Garramone, CFO, North Bronx Health Care Network
T. Green, CFO, Metropolitan Hospital Center
J. John, Corporate Comptroller, Corporate Comptroller's Office
M. Katz, Senior Assistant Vice President, Corporate Revenue Management
K. Kolodziejski, Assistant Director, Workforce Development
D. Larish, Director, Corporate Contracting Services
C. Larroza, Nursing Director, Perioperative Services, Bellevue Hospital
P. Lockhart, Secretary to the Corporation, Office of the Chairman
P. Lok, Director, Corporate Reimbursement Services/Debt Financing
N. Mar, Director, Corporate Reimbursement Services/Debt Financing
A. Marengo, Senior Vice President, Corporate Marketing/Communications
R. Mark, Chief of Staff, Office of the President
A. Martin, Executive Vice President/COO, Office of the President
W. McDonagh, Associate Executive Director, Nursing, Elmhurst Hospital
A. Moran, CFO, Elmhurst Hospital Center
K. Olson, Assistant Vice President, Corporate Budget
P. Pandolfini, CFO, Staten Island /Southern Brooklyn Network
C. Parjohn, Director, Office of Internal Audits
K. Park, Associate Executive Director, Queens Health Network
S. Russo, Senior Vice President/General Counsel, Office of Legal Affairs
L. Sainbert, Assistant Director, Office of the Chairman
C. Samms, CFO, Generations Plus/Northern Manhattan Network
W. Saunders, Assistant Vice President, Intergovernmental Relations
B. Stacey, Chief Financial Officer, Queens Health Network
K. Toale, Senior Management Consultant, Bellevue Hospital Center
R. Walker, CFO, North Brooklyn Health Network
J. Weinman, CFO, South Manhattan Network
R. Weinstein, Senior Assistant Vice President, Corporate Operations
R. Wilson, Senior Vice President/Chief Medical Officer, Office of Medical & Professional Affairs
M. Zurack, Senior Vice President/CFO, Corporate Finance

Minutes of the June 9, 2015 Finance Committee Meeting

CALL TO ORDER **BERNARD ROSEN**

The meeting of the Finance Committee was called to order at 9:05 a.m. The minutes of the May 12, 2015 were approved as submitted.

CHAIR'S REPORT **BERNARD ROSEN**

Mr. Rosen introduced and welcomed Gordon Campbell, Vice Chair &, Acting Chair of the Board to the Committee.

SENIOR VICE PRESIDENT'S REPORT **MARLENE ZURACK**

Ms. Zurack informed the Committee that her report would include an update on HHC cash flow and the impact of the UPL payments on the year end cash balance. HHC is very dependent on supplemental Medicaid as opposed to regular Medicaid and as such the flow of those funds has been sporadic as oppose to a consistent flow of payments that has not been in line with HHC's expenses. As of June 5, 2015, HHC's cash on hand (COH) was at 7.5 days; however with the receipt of two years of UPL payments totaling $318 million, on June 8, 2015, the COH increased to 27 days. HHC expects to receive its first DSRIP and MetroPlus installment payments within the next few days. There are some outstanding UPL payments that are expected in FY 16. Based on discussions with the City, HHC will move payments for FY 14 for malpractice, stabilization funds, Medicare Part B and debt service to July 2015. Those payments for or FY 15 will be moved farther into FY 16 and with that movement HHC is expected to end the FY 15 with 33 days of COH.

Mr. Rosen asked how many payrolls would be covered by that level of COH. Ms. Zurack replied that there are two payrolls, a weekly and biweekly, $6 million and $200 million respectively that would be covered.

Ms. Youssouf asked if the purpose of moving those payments for one month was to allow HHC to make payroll.

Ms. Zurack stated that it was not for that reason in that there are other payments that will come through from the State. It solves the cash flow problem; however, there is a budget problem that was discussed in detail last month at this Committee relative to the GAP analysis. Corporate finance is preparing a presentation for the City and Dr. Raju has had various discussions with key stakeholders regarding HHC structural deficit in the budget. Therefore, it is important for HHC to achieve its below the line action items as outlined in the financial plan. A payroll crisis was adverted by getting everyone involved to assist HHC in its efforts for getting those payments approved by CMS that represents two and half years of retroactive payments with additional outstanding payments.

Dr. Raju thanked Ms. Zurack and the team for their efforts in getting those payments released and processed.

Mr. Campbell added that as discussed and Ms. Zurack has agreed to work on developing a plan to address this issue so that in the future HHC is not in a situation of not being able to meet its payroll which would be extremely problematic.

Ms. Zurack stated that Corporate Finance is working on two proposals, one is whether there could be seasonal borrowing from the City or from the bank each comes with a cost or some complications.

Ms. Youssouf asked what that would entail to which Ms. Zurack stated that it would involve a line of credit on the bank side and on the City side it would be a loan from the City to HHC. The reporting was concluded.

KEY INDICATORS/CASH RECEIPTS & DISBURSEMENTS REPORTS KRISTA OLSON/FRED COVINO

Mr. Rosen informed the Committee that the Key Indicators and Cash Receipts and Disbursements Reports would be submitted for the record to allow sufficient time for the action items and the information item.

ACTION ITEM ANTONIO MARTIN

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a management contract with Stericycle, Inc. ("Stericycle"). Stericycle will manage the carting and disposal of the Corporation's seven waste streams for each facility. The contract will be for an initial term of two years for the period from July 1, 2015 through June 30, 2017 with options to renew the agreement for two additional two-year periods at the sole discretion of the Corporation in an amount not to exceed $38,990,448 over the potential six-year term of the contract.

Mr. Martin stated that as part of the contract scope of services Stericycle will provide a regulatory compliant, environmentally friendly and cost effective solution to manage 100% of HHC's waste streams that include municipal solid waste; confidential document destruction; hazardous pharmaceutical waste; hazardous chemical waste and chemotherapeutic waste; universal waste and electronic waste; and recycling. Some of the key service indicators include to enhance the patients expérience ; quality and satisfaction; identification and mitigation of potential occupational and patient safety risk areas; provide potential safety risk reports, inspections in the areas of regulatory compliance and devises action plans for mitigating any risks to each facility; process excellence; inspections of equipment and subcontractor facilities and performance; constant assessment to improve operational efficiencies and reduce costs; operational efficiencies. As HHC current contractor, Stericycle provided procedure for inspections and criteria for replacement of all proposed waste handling equipment and reusable containers; provided quarterly, annually and on an ad-hoc basis; training programs and education specific to the following topic: worker safety education, waste prevention and segregation awareness, recycling awareness education, food service waste education, environmental initiatives, operational risk mitigation, waste stream related regulations and advancements. In terms of flexibility align service schedules to the needs of the facility, Stericycle will provide a continuous review of operation which includes waste diversion and increasing the overall sustainability of HHC. The projected savings from this contract is $2.5 million.

Ms. Youssouf asked who in HHC is responsible for monitoring Stericycle in terms of inspections of HHC equipment and whether HHC has to report to any external sources on its hazardous waste removal.

Mr. Martin stated that Stericyclye is required to report locally and centrally to Joe Quinones, Senior Assistant Vice President, and Operations/Contracting. In terms of the external reporting, medical waste is highly securitized and HHC is surveyed on how it treats its waste and disposes of it and whether it is being done appropriately.

Ms. Youssouf asked if HHC has ever had any issues regarding its handling and disposal of waste to which Mr. Martin replied that HHC has not had any.

Mr. Page asked what municipal solid waste is and whether the City is obligated to pick up waste for HHC. Mr. Quinones responded that it is the same solid waste that would be in a household and the City does not have an obligation to HHC to pick up its waste.

Mr. Rosen asked if HHC knew why the City does not pick up at the City hospitals. Ms. Zurack stated that it is commercial. Mr. Martin added that the City is responsible for residential as oppose to commercial.

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

ACTION ITEM **ANTONIO MARTIN**

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to negotiate and execute a contract amendment with Surgical Solutions, LLC (the "Vendor") to provide laparoscopic/endoscopic video equipment, associated instruments, disposable supplies and preoperative, postoperative support services to Bellevue Hospital Center, Coney Island Hospital, Elmhurst Hospital Center, Harlem Hospital Center, Kings County Hospital Center, Lincoln Medical and Mental Health Center, Metropolitan Hospital Center, and Queens Hospital Center for a term of 6 years in an amount not to exceed $65,000,000 inclusive of a 3% contingency of $1,925,486 while extending the term of the existing agreement with the Vendor that previously covered only Bellevue Hospital Center, Elmhurst Hospital Center and Kings County Hospital Center.

Mr. Martin in summarizing key contract scope of services stated that Surgical Solutions provides to facilities as part of the capital equipment for endoscopic and laparoscopic procedures the surgeon's preference of surgical towers, video processors, scopes, light sources, cables, and workstations facilitating doctors preferences and assuring the doctors have the equipment that best serves the needs of the patient; provides disposable supplies for laparoscopic procedures and all other supplies necessary for the procedure thereby allowing nurses to focus on patient care rather than looking for supplies; provides technical support to the doctors and nurses are able to complete patient procedures as equipment failures are resolved during the procedure; equipment maintenance and repair management so that doctors and nurse are assured of having the equipment needed as Surgical Solutions technicians repair malfunctioning equipment to manufacturer's specifications and provide loaner instrumentation if required to assure procedures are performed on schedule; provides support

for off-site and bedside procedures to doctors and nurses and are provided equipment support for endoscopy procedures in the ICU, OR, ER and other patient units as requested by the medical staff to conduct procedures.

Mr. Martin stated that Surgical Solutions have a track record with HHC in that three of HHC facilities have been using these services as a pilot to measure the performance of the contractor before expanding those services to other HHC facilities. Bellevue Hospital has received the stated services from Surgical Solutions since July 2008. The Nursing Department has been very satisfied with Surgical Solutions performance as it has increased the amount of time spent with patient and increased the amount of procedures the facility is able to perform as indicated in the statement made by the physician at Bellevue. "Bellevue has doubled its bariatric volume over the last 3-4 years and Surgical Solutions has been instrumental in providing infrastructure support including equipment." – Dr. Manish Parikh, Bellevue Hospital. Elmhurst Hospital and Kings County Hospital were selected by the New York City Health and Hospitals Corporation Board of Directors to implement the Surgical Solutions' program as a pilot program on July 25, 2013. Surgical Solutions commenced the program at Elmhurst Hospital on September 23, 2013. Other comments from the staff at those facilities include: "Surgical Solutions takes care of the equipment and supplies and the staff now spend 100% of our time and energy on patient care." – William McDonagh, Elmhurst Hospital, AED Nursing. Surgical Solutions commenced the program at Kings Hospital on January 20, 2014. "The overall impression by the clinicians is that there is improved work flow and more focus is on patient care." - Dr. Michael H. Mendeszoon, Kings County Hospital.

Mr. Martin stated that some of the key contract services include: enhance patient experience quality and satisfaction that gives Nursing the ability to focus on patient care and patient safety; clinical and process excellence – doctors are given their preferences of equipment; assures completion of the procedure; Bellevue Hospital, Elmhurst Hospital and Kings County Hospital experienced 100% readiness of Operating Room start time and on schedule Operating Room turnover. Operational efficiencies and workflow are improved by achieving an overall increase in patient procedures. The program has not impacted HHC union labor as no union member has been attrite or laid off. The Central Sterile Department at Bellevue Hospital has yielded an increase of 3 FTEs since the program was implemented. The flexibility within the program has allowed the Corporation to preserve capital dollars for other needs by having vendor pay for capital equipment cost. Equipment is maintained by Surgical Solutions consistent with the manufacturer's preventative maintenance standards. In terms of access Bellevue Hospital laparoscopy scope procedures increased 75% from 2100 to 3684 procedures (1584) in Fiscal Year '14 – '15 (April 13, 2014 – April 12, 2015) from the baseline of Fiscal Year 2008; Bellevue Hospital endoscopy scope procedures increased 39% from 4250 to 5924 procedures (1674) in Fiscal Year '14 – '15 (April 13, 2014 – April 12, 2015) from the baseline of Fiscal Year 2008. Elmhurst Hospital's laparoscopy scope procedures has increased 38% from 1621 to 2237 procedures (616) in Fiscal Year '14 – '15 (April 13, 2014 – April 12, 2015) from the baseline of Fiscal Year 2013. Elmhurst Hospital's endoscopy scope procedures increased 30% from 2657 to 3464 procedures (807) in Fiscal Year '14 – '15 (April 13, 2014 – April 12, 2015) from the baseline of Fiscal Year 2013. Kings County Hospital's laparoscopy procedures has increased 2% from 1100 to 1125 procedures (25) in Fiscal Year '14 -'15 (April 13, 2014 – April 12, 2015) from the baseline of Fiscal Year 2013. Kings County Hospital's

endoscopy procedures has increased 13% from 4500 to 5094 procedures (594) in Fiscal Year '14 -'15 (April 13, 2014 – April 12, 2015) from the baseline of Fiscal Year 2013.

Mr. Martin in summarizing stated that over the last year Surgical Solutions has proven to be effective and therefore HHC is now asking the Board to approve the expansion of these services to the other HHC facilities.

Mrs. Bolus stated that the skills that will be lost as a result of this contract and the replacement of staff with fewer skills are of concern.

Mr. Martin stated that HHC has taken the necessary steps to ensure that those concerns are addressed and the discussions with the staff were held to further ensure that those skills are not lost by the nursing staff. While there is support of Surgical Solutions in the operating room, it is important for HHC to ensure that the nurses remain competent in terms of working in that critical area.

Mrs. Bolus stated that it was not clear how that would be achieved given that as the nursing staff retires those skills will be lost and not immediately replaced. Mr. Martin stated that Bellevue has been operating for the past two years under the contract and has been able to ensure that the level of competence of the staff in the operating room has not been compromised.

Mrs. Bolus asked what the ratio of old to new staff is and whether that might be the problem.

Mr. Steve Alexander, Executive Director, Bellevue Hospital Center stated that the skill sets provided by Surgical Solutions are technical skills and there will always be turnover in that staff. The skills are ever evolving and as such there are skills that are computerized or new technology is introduced with new skills in addition to surgical techniques that are constantly evolving. As such the nursing staff is growing and developing new competences on an ongoing basis so this service has not had this type of negative change or impact.

Mrs. Bolus stated that while those changes are understandable if all of the work is being computerized and the medical staff is entering all of the work in the computer and there's a computer outage, the staff might not know what to do given that the staff may not have written a chart and therefore would not know what to do. Hence those skills would be lost.

Mr. Alexander stated that what Surgical Solutions provides is not considered a replacement of the nursing duties but rather the technical duties.

Mrs. Bolus pointed out that it was stated in the presentation that it would free up the nurses to do more bedside functions. Therefore, the nurses are performing functions that are being replaced and it is not clear who or whether the nursing staff will be required to continue to perform those functions.

Mr. Page stated that based on his understanding this type of operating mode is comparatively new and certainly increasing in volume at HHC as noted in the presentation. This type of use of very technical equipment is not unique to HHC in terms of surgical procedures. It would appear that a nurse who has

done a very professional job for number of years in his or her career and what HHC is contracting for are services not just the deployment or organization of the equipment in the operating room but actually purchasing a source of and functionality and the evolution in this equipment. The contractor will provide HHC with the operating machinery and computer capacity and keep it up to date. The capital component of replacing the equipment and changing the nature of the equipment that is improving daily, weekly and monthly, there is a needed source that will keep HHC up to date as oppose to HHC having to fund those needs within the limited resources that are available.

Ms. Youssouf agreeing with Mr. Page added that the issue is that what is being left behind is the staff due to HHC's contracting outside for the newest equipment and if the staff is not being trained internally those staff are being left behind and as that trained staff leaves the remaining staff will not be trained on the newest equipment. This has been an ongoing discussion and the question of the number of additional clients Surgical Solutions have contracted with excluding HHC is of importance.

Mr. Martin stated that HHC is 32% of their business. Mr. Quinones added that HHC is the largest of their current client base but Surgical Solutions is in the process of adding a system larger than HHC.

Mr. Chris Constantino, Senior Vice President, Queens Health Network stated that it was important to note that it is not the nurses who are handling those functions. The scopes are sent down to central sterile that sterilizes the equipment in a special machine, and package and return them to the operating room. The nurses open the equipment in preparation of the OR in the past but now Surgical Solutions is now doing that function. It is not a lost skill given that the equipment is being sterilized in the central sterile department and if HHC had to assume those functions, it can be done without any problems. The nurses are not losing any skill sets given that the major function of the nurses was to prep the OR for the surgery.

Mrs. Bolus asked who currently preps the OR. Mr. Constantino stated that Surgical Solutions does for the laparoscopic equipment only; the other functions are done by the skilled medical staff.

Mrs. Bolus stated that the point is that the nurses in the OR are performing a function that is now being replaced and as noted on the slide presentation, the function performed by Surgical Solutions frees up the nursing to do more care. If this is not the case then it should not be stated as such.

Mr. Martin stated that what had been said is that it allows the nursing staff to do their functions more efficiently. It improves the way HHC delivers its services more efficiently. It has been demonstrated at those facilities that using the services that having that support the staff at the hospitals have been able to do more procedures, notwithstanding, increasing access for HHC patient population.

Ms. Corazon Larroza, Nursing Director for Perioperative Services, Bellevue Hospital Center, stated that based on previous experience with these type of services prior to coming to work at HHC with a different contractor, the program was very successful. The skills of the nurses in the OR will not be lost. Nurses in the OR regardless of the instrumentation or equipment needs are required to know the functions of the equipment used in the OR. The nurses alongside the technicians are able to determine if a scope is missing or not working. As a result of Surgical Solutions, the nurses no longer have to look

for missing equipment but rather the surgical technician does that function while the nurses stay with the patients. Therefore, it is clear to see that the nursing skills are not being compromised. The skills Mrs. Bolus is concerned about are the skills of the staff that does the instrumentation in the hospitals. At Bellevue the staff is trained also on how to do those types of functions; however, a dedicated person is the person to ensure that all of the instrumentation and equipment are working properly. Therefore those services are greatly needed and as a nurse there is less stress in the OR and more time to focus on the patients. The concern of whether there will always be working equipment and instrumentation in the same confidence as the physician will be extremely helpful to the nursing staff. As a nurse the approval of these contractual services would be extremely beneficial to the overall support and function of the nursing staff on a daily basis.

Ms. Youssouf stated while Ms. Larroza's comments are much appreciated, the Committee's concerns are much broader than that. What is of concern is that HHC is seeking the Board's approval to hire an outside service to do what is believed to be done by most hospitals in NYC and not contracted out and that is the point the Committee was trying to make.

Dr. Raju stated that it has helped HHC in multiple ways. One is the technologies which are rapidly changing and HHC must keep up with those changes in order to better meet the needs of its patients. However, in order to do that HHC must purchase the latest equipment through its capital program which would be a major problem given the limited resources available to HHC. The advantage of contracting these services is that it allows HHC to keep up to date on the changes in technology in this area without compromising the overall performance of the functions of the OR in those areas in addressing the needs of the patients without depriving them of the latest and best technology has to offer given that HHC cannot fund those types of equipment upgrades within its capital program. The second issue is whether HHC with contracting these services will be creating a workforce that is not up to date with the required skills to meet the needs of the patients. It is incumbent upon HHC to ensure that those skills are not compromised or lost as Mrs. Bolus has expresses. HHC will continue to monitor those functions and there is a simulation centers that can monitor those areas. Periodically, there is testing of the new procedures that is documented and there will be ongoing testing of those issues. There were a number of concerns raised by the Committee and the Board that as President of this Corporation in conjunction with Mr. Martin view as very serious and would therefore suggest that HHC reports back to the Board after a year of performance by Surgical Solutions of those services and financing nature of the contractor relative to newer contracts with other clients given that the concern is that HHC is the only major system supporting Surgical Solutions and that the overall success of a company is the expansion of its services that are also supported by other larger systems. An update on the productivity and the issues discussed will be provided to this Committee.

Mr. Martin added that he would report back to the Committee after a year.

The resolution was approved for the full Board's consideration with one abstention.

INFORMATION ITEM **ROSLYN WEINSTEIN**
HHC FEMA 428 Design and Construction Management – Program Financial Controls

Mr. Rosen stated that the FEMA program as it relates to the funding HHC received as part of the capital funds needed for the restoration of the facilities affected by the storm and how those funds would be managed would be the focus of the presentation for ensuring that the projects remain with the allocated funding.

Ms. Weinstein, Senior Assistant Vice President, Capital stated that the presentation would provide the Committee with an overview of how HHC is planning to utilize the funds received from FEMA and Community Development Block Grant (CDBG) funds or Housing and Urban Development (HUD). Ms. Weinstein brought to the attention of the Committee that the presentation had been updated and the newer version was distributed to the Committee and reflected on the screen. The lessons learned from previous large construction projects have been the primary focus of the planning and use of these funds. HHC in the past has been successful in the completion of some major construction projects and in other instances not as successful as planned. There have been many discussions at the Capital Committee regarding the pros and the cons of those outcomes. One is that attention must be paid to the budget, attention to being on time and most importantly, staying on target with the scope given that any slippage in that area will create the need for additional funding not planned or budgeted. HHC's relationship with New York City Economic Development Corporation (EDC) in the Hank J. Carter project has resulted in the development of a methodology to ensure that the $1.7 billion from FEMA for very large projects are under HHC's control and watch. Within the FEMA funding of $1.72 billion there is a 10% matching fund. Therefore, in actuality HHC is receiving $1.55 billion through FEMA that goes to the NYS Division of Homeland Security and Emergency Services (NYSDHSES) which then goes to the City's Office of Management and Budget (OMB) and to EDC. The matching funds which are coming from HUD with its own set of regulations and requirements to the NYC and onto EDC. There are two ways HHC will be controlling the spending of these funds, top down and bottom up. There is an overall Steering Committee comprised of Dr. Raju, Patsy Yang, Marlene Zurack, representatives from the Mayor's Office and OMB. The Committee will be reviewing the scope and the use of the funds and will also work on ensuring that the funds are forthcoming and address any issues relative to the release of those funds to HHC. Additionally HHC Finance and Office of Facilities Development (OFD) meet on a biweekly basis with OMB, EDC and other key individuals/consultant, Base Tactical (BT) to ensure the appropriate use of the funding. BT is HHC's expert FEMA consultant that advises HHC on the appropriate use of those funds in terms of whether certain things are FEMA approved and there have been instances whereby HHC was advised to consult with FEMA before undertaking a project. The program management (PM) firm will be hired by EDC to track all of HHC contracts to ensure that HHC meets its milestones and bring the communications of where HHC is in term of the dollars spent that will be monitored by the various construction managers when the actual construction begins. That is the top down version which is a very cohesive level for remaining on track. There is also communication on how HHC will be spending the funds.

Ms. Youssouf confirmed that Ms. Weinstein would also present the management structure of the FEMA funding to the Capital Committee and asked if the construction management (CM) contracts would be a program management firm that will oversee the CM contract.

Ms. Weinstein stated that it will be an additional resource to watch all of the contracts and the process would be discussed in more depth at the Capital Committee. The project management consultant firm

was used by EDC on the Hank J. Carter project and for the FEMA projects will include a complete construction time line to ensure that HHC's milestones are being achieved or not achieved. As part of the next step, the scope has been defined and on the Coney Island project HHC has worked with OMB on a value engineering project to ensure that the scope for that project is on target. However, things do happen in the field and when that occurs, HHC must decide how to address those issues. Part of the decision might entail whether to change the scope which would involve adding more money or not. As part of the role of the contract manager there will be instances where there might be a need to make a change in construction or the design may not be working as planned and the facility wants to change it. This type of action would require a review by the consultant from EDC, the facility on whether that change order will be FEMA approved. Therefore, all changes will be reviewed with BT before moving forward on the project and if it is approved by BT it would go to the project manager of EDC. If it is not material to the actual scope EDC will go through the approval process. EDC is responsible for ensuring that the project remains on budget. If it changes the original scope that was initially approved by the Steering Committee a higher review would be required and would flow back to OFD and corporate finance and a decision would be made as to whether it should go back to the Steering Committee. The impact of the budget is always first and foremost.

Ms. Youssouf asked if there is a threshold amount. Ms. Weinstein stated that as of now there is no dollar amount but that can be decided by the group. As of now any change must be reviewed.

Mr. Covino added that given that there is a fixed cap on this the tolerance will be very low.

Mr. Page commented that the discussions have been focused on how to accommodate the changes; however the ultimate choice would be not to and just reject the change order. Ms. Weinstein agreed.

Ms. Youssouf stated that in the past that was a major issue for HHC that resulted in major changes in the cost.

Ms. Zurack stated that all projects are micro-managed as part of the FEMA process.

Ms. Weinstein stated that as part of the process, HHC has the appropriate level of communication on what is going on out in the field to properly manage the project efficiently that allows HHC to make quick decisions that would be appropriate for the facility's budget and program.

Mr. Rosen asked if there is a timeline on when HHC might receive funding from FEMA. Mr. Covino stated that as far as the $1.7 billion, HHC has received over $61 million as it relates to Bellevue. The balance of the funds will come as projects are completed or as HHC draws down through the City.

Mr. Rosen stated that there is an approved scope of service and there were two approved contractors based on that when can HHC expect to see some substantial dollars.

Mr. Covino stated that the obligation of the project worksheets that were signed by Ms. Zurack and OMB has begun and are under federal review. When that review in addition to the environmental

review is completed, HHC can move forward with the construction. HHC is working with EDC who is hiring the contract managers so that HHC can begin later in the fall.

Mr. Campbell stated that there was an article in the ***NY Times*** that was critical of the MTA relative to FEMA spending. Therefore, it is important for HHC to be aware and move with the appropriate due diligence.

Ms. Youssouf stated that is important that OFD has involved the appropriate staff, consultants and created a Steering Committee as an oversight for the use of those funds.

Ms. Zurack stated that HHC has learned through the value engineering process that there are a number of construction projects underway throughout NYC and that there is an inflation factor that HHC has to be mindful of that can also impact the amount of funding available. Ms. Youssouf stated that while that is true it has been an issue for many years.

Ms. Weinstein stated that one of the reasons EDC was selected by HHC was based primarily on their track records in terms of their expertise in budgeting and cost control and the deliverables have been defined. Until the money come in HHC cannot move forward until the project worksheets are obligated that allows HHC to do the funding. The next step is for FEMA to approve those worksheets and after that approval it will go through the process previously described. While HHC awaits the approval from FEMA, Requests for Proposals (RFP) are being issued for architectural and engineering firms, program management, so that when those project worksheets are approved HHC can move forward quickly.

Mr. Page added that while all of those things are needed in terms of the approvals and controls, it is important for HHC to note that the longer the project stretches out due to the inability to get through that process the more it will cost.

Ms. Weinstein stated that OFD is working with OMB on a weekly basis to get it done as fast as possible and if the Committee would like to have quarterly updates it can be done as it will be done at the Capital Committee.

Mr. Rosen commented that if there was some type of timeline on when Coney Island could expect to see construction begin would be a major achievement. Mr. Covino stated that the RFP for the architectural and design for the Coney Island project was release and will take at least eighteen months to complete.

Ms. Zurack added that the drawings and designs are not yet complete and the construction cannot begin without those two things being in place and HHC's internal controls are not the reason the construction has not yet begun at Coney Island but due primarily to the City, OMB and the State process that is not within HHC's control. The reporting was concluded.

ADJOURNMENT **BERNARD ROSEN**

There being no further business to discuss the meeting was adjourned at 10:05 a.m.

KEY INDICATORS/CASH RECEIPTS & DISBURSEMENTS REPORTS

KEY INDICATORS
FISCAL YEAR 2015 UTILIZATION

Year to Date
May 2015

NETWORKS	UTILIZATION						AVERAGE LENGTH OF STAY		ALL PAYOR CASE MIX INDEX	
	VISITS			DISCHARGES/DAYS						
	FY 15	FY 14	VAR %	FY 15	FY 14	VAR %	ACTUAL	EXPECTED	FY 15	FY 14
North Bronx										
Jacobi	373,636	391,862	-4.7%	17,053	17,985	-5.2%	5.9	6.2	1.0225	1.0080
North Central Bronx	184,784	184,308	0.3%	4,946	3,963	24.8%	5.1	5.1	0.7823	0.8944
Generations +										
Harlem	282,597	299,696	-5.7%	10,259	10,070	1.9%	5.5	5.9	0.9697	0.9450
Lincoln	488,313	503,955	-3.1%	21,411	21,992	-2.6%	5.1	5.5	0.8515	0.8405
Belvis DTC	49,685	49,062	1.3%							
Morrisania DTC	74,655	75,422	-1.0%							
Renaissance	40,496	44,500	-9.0%							
South Manhattan										
Bellevue	520,398	533,871	-2.5%	21,522	21,090	2.0%	6.4	6.3	1.1187	1.1139
Metropolitan	357,429	361,221	-1.0%	8,982	10,095	-11.0%	5.0	5.4	0.8268	0.7822
Coler				246,120	252,937	-2.7%				
Goldwater/H.J. Carter				105,073	105,083	0.0%				
Gouverneur - NF				67,078	47,599	40.9%				
Gouverneur - DTC	229,288	246,120	-6.8%							
North Central Brooklyn										
Kings County	619,949	629,486	-1.5%	20,173	20,601	-2.1%	6.4	6.2	1.0258	0.9961
Woodhull	429,718	449,977	-4.5%	10,449	11,754	-11.1%	5.2	5.2	0.8499	0.7965
McKinney				103,524	104,588	-1.0%				
Cumberland DTC	72,720	77,766	-6.5%							
East New York	72,651	67,602	7.5%							
Southern Brooklyn / S I										
Coney Island	295,246	314,397	-6.1%	13,784	12,958	6.4%	6.8	6.2	1.0054	1.0320
Seaview				98,702	97,530	1.2%				
Queens										
Elmhurst	562,820	568,922	-1.1%	18,593	19,419	-4.3%	5.9	5.5	0.9431	0.9004
Queens	371,236	374,432	-0.9%	11,282	11,055	2.1%	5.3	5.2	0.8545	0.8559
Discharges/CMI-- All Acutes				158,454	160,982	-1.6%			0.9558	0.9386
Visits-- All D&TCs & Acutes	5,025,621	5,172,599	-2.8%							
Days-- All SNFs				620,497	607,737	2.1%				

Notes:

Utilization

Acute: discharges exclude psych and rehab; reimbursable visits include clinics, emergency department and ambulatory surgery

D&TC: reimbursable visits

LTC: SNF and Acute days

All Payor CMI

Acute discharges are grouped using the 2013 New York State APR-DRGs for FY 14 and FY 15.

Average Length of Stay

Actual: discharges divided by days; excludes one day stays

Expected: weighted average of DRG specific corporate average length of stay using APR-DRGs

FY 14 utilization at Coney Island reflects a gradual reopening of services following the temporary closure due to Hurricane Sandy in October 2012. All services were fully restored as of April 10, 2014.

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KEY INDICATORS

FISCAL YEAR 2015 BUDGET PERFORMANCE ($s in 000s)

Year to Date
May 2015

NETWORKS	FTE's VS 6/14/14	RECEIPTS actual	RECEIPTS better / (worse)	DISBURSEMENTS actual	DISBURSEMENTS better / (worse)	BUDGET VARIANCE better / (worse)	
North Bronx							
Jacobi	(42.5)	$ 510,393	$ (1,861)	$ 525,173	$ (23,918)	$ (25,779)	-2.5%
North Central Bronx	(10.5)	166,416	407	167,351	4,713	5,119	1.5%
	(53.0)	$ 676,809	$ (1,454)	$ 692,524	$ (19,205)	$ (20,660)	-1.5%
Generations +							
Harlem	63.5	$ 326,183	$ 11,186	$ 348,693	$ (29,589)	$ (18,402)	-2.9%
Lincoln	122.5	506,504	16,639	468,579	14,835	31,474	3.2%
Belvis DTC	2.0	13,888	663	14,072	2,338	3,001	10.1%
Morrisania DTC	9.5	20,830	2,216	24,459	1,210	3,426	7.7%
Renaissance	1.0	14,572	4,011	18,708	682	4,693	15.7%
	198.5	$ 881,977	$ 34,715	$ 874,511	$ (10,523)	$ 24,192	1.4%
South Manhattan							
Bellevue	81.0	$ 658,279	$ 1,520	$ 721,152	$ (36,465)	$ (34,945)	-2.6%
Metropolitan	46.0	265,544	(24,001)	294,646	1,418	(22,583)	-3.9%
Coler	(42.0)	74,952	(3,494)	130,349	(12,913)	(16,407)	-8.4%
Goldwater/H.J. Carter	(27.0)	71,708	(27,758)	109,141	(12,193)	(39,951)	-20.3%
Gouverneur	48.0	73,115	(3,025)	92,400	2,856	(169)	-0.1%
	106.0	$ 1,143,599	$ (56,757)	$ 1,347,688	$ (57,298)	$ (114,056)	-4.6%
North Central Brooklyn							
Kings County	(46.0)	$ 671,455	$ 2,408	$ 650,937	$ 13,376	$ 15,784	1.2%
Woodhull	68.5	365,350	7,491	382,461	(16,814)	(9,323)	-1.3%
McKinney	5.5	46,074	4,064	41,891	2,024	6,087	7.1%
Cumberland DTC	(14.0)	22,099	769	24,839	2,243	3,011	6.2%
East New York	8.5	21,854	3,049	23,128	(260)	2,790	6.7%
	22.5	$ 1,126,832	$ 17,781	$ 1,123,256	$ 569	$ 18,349	0.8%
Southern Brooklyn/SI							
Coney Island	3.5	$ 288,580	$ (45,764)	$ 365,790	$ (11,651)	$ (57,416)	-8.3%
Seaview	0.0	43,022	(1,787)	50,210	1,697	(91)	-0.1%
	3.5	$ 331,602	$ (47,552)	$ 416,000	$ (9,955)	$ (57,506)	-7.3%
Queens							
Elmhurst	46.0	$ 509,975	$ 13,217	$ 523,919	$ (13,668)	$ (451)	0.0%
Queens	67.5	338,597	451	343,664	(7,703)	(7,252)	-1.1%
	113.5	$ 848,572	$ 13,668	$ 867,583	$ (21,371)	$ (7,703)	-0.5%
NETWORKS TOTAL	**391.0**	**$ 5,009,391**	**$ (39,599)**	**$ 5,321,563**	**$ (117,784)**	**$ (157,383)**	**-1.5%**
Central Office	(8.0)	324,646	8,596	270,314	(3,281)	5,315	0.9%
HHC Health & Home Care	(2.0)	13,664	(15,782)	36,483	(6,154)	(21,936)	-36.7%
Enterprise IT	55.0	13,341	(590)	178,247	16,505	15,914	7.6%
GRAND TOTAL	**436.0**	**$ 5,361,041**	**$ (47,376)**	**$ 5,806,606**	**$ (110,714)**	**$ (158,090)**	**-1.4%**

Notes:

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New York City Health & Hospitals Corporation
Cash Receipts and Disbursements (CRD)
Fiscal Year 2015 vs Fiscal Year 2014 (in 000's)
TOTAL CORPORATION

	Month of May 2015			Fiscal Year To Date May 2015		
	actual 2015	actual 2014	better / (worse)	actual 2015	actual 2014	better / (worse)
Cash Receipts						
Inpatient						
Medicaid Fee for Service	$ 62,009	$ 89,489	$ (27,480)	$ 771,357	$ 783,082	$ (11,725)
Medicaid Managed Care	50,520	52,369	(1,849)	600,904	585,441	15,463
Medicare	42,003	43,059	(1,055)	525,127	500,686	24,441
Medicare Managed Care	19,424	30,263	(10,838)	291,682	293,989	(2,307)
Other	19,196	20,332	(1,136)	208,427	212,831	(4,404)
Total Inpatient	$ 193,152	$ 235,511	$ (42,359)	$ 2,397,498	$ 2,376,029	$ 21,469
Outpatient						
Medicaid Fee for Service	$ 14,041	$ 15,908	$ (1,866)	$ 196,347	$ 167,955	$ 28,392
Medicaid Managed Care	79,856	31,894	47,962	558,407	493,492	64,914
Medicare	5,450	5,805	(355)	57,613	48,777	8,836
Medicare Managed Care	7,859	8,429	(569)	88,155	90,004	(1,849)
Other	18,326	11,555	6,770	158,065	154,833	3,232
Total Outpatient	$ 125,533	$ 73,591	$ 51,942	$ 1,058,587	$ 955,061	$ 103,526
All Other						
Pools	$ (2,114)	$ 5,243	$ (7,358)	$ 344,686	$ 428,095	$ (83,408)
DSH / UPL	-	-	0	1,296,946	902,550	394,396
Grants, Intracity, Tax Levy	11,699	14,983	(3,284)	191,844	211,551	(19,707)
Appeals & Settlements	(5,182)	7,505	(12,688)	13,945	52,920	(38,975)
Misc / Capital Reimb	10,384	4,411	5,973	57,536	56,206	1,329
Total All Other	$ 14,786	$ 32,142	$ (17,356)	$ 1,904,956	$ 1,651,321	$ 253,636
Total Cash Receipts	**$ 333,471**	**$ 341,244**	**$ (7,774)**	**$ 5,361,041**	**$ 4,982,411**	**$ 378,630**
Cash Disbursements						
PS	$ 217,298	$ 192,433	$ (24,865)	$ 2,454,136	$ 2,243,569	$ (210,567)
Fringe Benefits	55,517	56,939	1,422	992,049	955,725	(36,324)
OTPS	145,281	144,577	(704)	1,365,422	1,262,794	(102,628)
City Payments	-	-	0	35,100	19,403	(15,697)
Affiliation	79,835	88,694	8,859	886,310	864,130	(22,180)
HHC Bonds Debt	7,049	6,867	(182)	73,589	70,296	(3,293)
Total Cash Disbursements	**$ 504,981**	**$ 489,510**	**$ (15,471)**	**$ 5,806,606**	**$ 5,415,917**	**$ (390,690)**
Receipts over/(under) Disbursements	**$ (171,511)**	**$ (148,266)**	**$ (23,244)**	**$ (445,565)**	**$ (433,506)**	**$ (12,060)**

Notes:

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New York City Health & Hospitals Corporation
Actual vs. Budget Report
Fiscal Year 2015 (in 000's)
TOTAL CORPORATION

	Month of May 2015			Fiscal Year To Date May 2015		
	actual 2015	budget 2015	better / (worse)	actual 2015	budget 2015	better / (worse)
Cash Receipts						
Inpatient						
Medicaid Fee for Service	$ 62,009	$ 68,195	$ (6,186)	$ 771,357	$ 813,948	$ (42,592)
Medicaid Managed Care	50,520	55,753	(5,233)	600,904	605,639	(4,735)
Medicare	42,003	43,803	(1,800)	525,127	537,492	(12,365)
Medicare Managed Care	19,424	28,682	(9,257)	291,682	311,216	(19,534)
Other	19,196	16,821	2,375	208,427	214,823	(6,395)
Total Inpatient	$ 193,152	$ 213,253	$ (20,101)	$ 2,397,498	$ 2,483,118	$ (85,621)
Outpatient						
Medicaid Fee for Service	$ 14,041	$ 11,881	$ 2,160	$ 196,347	$ 192,827	$ 3,520
Medicaid Managed Care	79,856	85,865	(6,009)	558,407	523,131	35,276
Medicare	5,450	4,495	955	57,613	53,857	3,756
Medicare Managed Care	7,859	7,537	322	88,155	84,535	3,620
Other	18,326	18,954	(628)	158,065	156,311	1,754
Total Outpatient	$ 125,533	$ 128,733	$ (3,200)	$ 1,058,587	$ 1,010,661	$ 47,926
All Other						
Pools	$ (2,114)	$ (1,591)	$ (523)	$ 344,686	$ 353,289	$ (8,603)
DSH / UPL	-	-	0	1,296,946	1,296,946	(0)
Grants, Intracity, Tax Levy	11,699	12,882	(1,183)	191,844	189,449	2,395
Appeals & Settlements	(5,182)	(9,749)	4,567	13,945	13,378	567
Misc / Capital Reimb	10,384	5,306	5,079	57,536	61,576	(4,040)
Total All Other	$ 14,786	$ 6,847	$ 7,939	$ 1,904,956	$ 1,914,638	$ (9,681)
Total Cash Receipts	**$ 333,471**	**$ 348,833**	**$ (15,362)**	**$ 5,361,041**	**$ 5,408,417**	**$ (47,376)**
Cash Disbursements						
PS	$ 217,298	$ 216,860	$ (438)	$ 2,454,136	$ 2,450,947	$ (3,189)
Fringe Benefits	55,517	55,515	(2)	992,049	993,213	1,164
OTPS	145,281	112,673	(32,608)	1,365,422	1,260,050	(105,372)
City Payments	-	-	0	35,100	35,100	0
Affiliation	79,835	77,203	(2,632)	886,310	881,876	(4,434)
HHC Bonds Debt	7,049	6,882	(167)	73,589	74,706	1,117
Total Cash Disbursements	**$ 504,981**	**$ 469,134**	**$ (35,847)**	**$ 5,806,606**	**$ 5,695,892**	**$ (110,714)**
Receipts over/(under) Disbursements	**$ (171,511)**	**$ (120,301)**	**$ (51,209)**	**$ (445,565)**	**$ (287,476)**	**$ (158,090)**

Notes:

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ACTION ITEM

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to approve and appoint Citigroup, JP Morgan and Morgan Stanley & Co. to provide investment banking services and serve as senior managing underwriters, and to approve and appoint BNY Mellon Capital Markets, Blaylock Beal Van LLC, Drexel Hamilton LLC, Fidelity Capital Markets, FTN Capital Markets, First Southwest, Janney Montgomery Scott, Jefferies LLC, Loop Capital Markets LLC, Mischler Financial Group, Ramirez & Company, RBC Capital Markets, Rockfleet Financial Services, Roosevelt & Cross Inc., Stern Brothers, TD Securities and Wells Fargo Securities to serve as co-managing underwriters for the Corporation's debt issuances from August 2015 through July 2020 to support its capital finance program. Such authorization in respect to the entities mentioned above shall extend to the successors of any such entities which assume the business of such entities through merger, reorganization, consolidation or acquisition.

Further authorizing the President to negotiate and execute a contract with one of the three senior underwriters in the event of a Board authorized issuance.

WHEREAS, the Corporation currently finances major capital projects, ongoing capital improvements and major movable equipment through funds received from the proceeds of tax-exempt bonds and leases issued by the Corporation or by other issuers on behalf of the Corporation; and

WHEREAS, the Selection Committee, consisting of representatives from the Corporation, the New York City Office of Management and Budget, and the New York City Office of the Comptroller, has reviewed and determined from proposals submitted in response to a Request for Proposals ("RFP") that the 20 responding firms are qualified to provide the investment banking services that are required for the restructuring, marketing, and underwriting of the Corporation's debt issuances; and

WHEREAS, the Corporation wishes to maintain a team of three firms to act as senior managing underwriter for maximum flexibility, in the event that one or more of the three senior managing firms indicated above is no longer a separate entity or no longer provides municipal underwriting services, the Corporation reserves the right to appoint one or more of the selected co-managing underwriter firms to act as senior manager based on the Selection Committee rankings, and

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

NOW THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and hereby is authorized to approve and appoint **Citigroup, JP Morgan and Morgan Stanley & Co. to provide investment banking services and serve as senior managing underwriters, and to approve and appoint BNY Mellon Capital Markets, Blaylock Beal Van LLC, Drexel Hamilton LLC, Fidelity Capital Markets, FTN Capital Markets, First Southwest, Janney Montgomery Scott, Jefferies LLC, Loop Capital Markets LLC, Mischler Financial Group, Ramirez & Company, RBC Capital Markets, Rockfleet Financial Services, Roosevelt & Cross Inc., Stern Brothers, TD Securities and Wells Fargo Securities** to serve as co-managing underwriters for the Corporation's debt issuances from August 2015 through July 2020 to support its capital finance program. Such authorization in respect to the entities mentioned above shall extend to the successors of any such entities which assume the business of such entities through merger, reorganization, consolidation or acquisition. Further authorizing the President to negotiate and execute a contract with one of the three senior underwriters in the event of a Board authorized issuance.

EXECUTIVE SUMMARY

Underwriting Services

The Corporation funds the majority of its major capital expenditures with the proceeds of bonds, notes, leases, or other publicly traded securities issued either by the Corporation, the City of New York, or by a third-party (such as Dormitory Authority of the State of New York) on the Corporation's behalf. This activity has become increasingly diverse, encompassing HHC revenue fixed and variable rate bonds, New York City General Obligation Bonds and NYC Transitional Finance Authority Bonds issued on behalf of the Corporation, equipment leases, and lease-leaseback financings. The knowledge, expertise and capital base necessary to structure, price, market, distribute, and underwrite debt can only be provided by investment banking firms whose services the Corporation has procured since 1992.

Major responsibilities for the senior managers include, but are not limited to:

- Identifying financing vehicles that are the most effective and receive the greatest market acceptability;
- Determining financing alternatives that would not restrict the Corporation's ability to implement other programs;
- Reviewing outstanding debt to identify and recommend refunding opportunities for debt service savings;
- Assisting with credit rating agency presentations;
- Initiating discussions with credit enhancement organizations;
- Making available all resources to accommodate the Corporation's inquiries and needs
- Structuring financing plans for the Corporation's capital and cash flow funding requirements; and
- Determining the optimum marketing strategy for debt issuances that have been mutually agreed upon.

The firms listed below were qualified through a Request for Proposal process and the review of proposals by a Selection Committee comprised of representatives from the New York City Office of Management and Budget, the New York City Office of the Comptroller, Bellevue Hospital and the Corporation's Offices of Facilities Development and Finance.

Senior Manager

1. Citigroup
2. J.P. Morgan
3. Morgan Stanley

Co-Manager

4. BNY Capital Markets
5. Blaylock Beal Van LLC
6. Drexel Hamilton LLC
7. Fidelity Capital Markets
8. FTN Capital Markets
9. First Southwest
10. Janney Montgomery Scott
11. Jefferies LLC
12. Loop Capital Markets LLC
13. Mischler Financial Group
14. Ramirez & Co.
15. RBC Capital Markets
16. Rockfleet Financial Services
17. Roosevelt & Cross
18. Stern Brothers
19. TD Securities
20. Wells Fargo Securities

Qualification criteria included: overall quality of written proposals and oral presentations; financing and marketing strategies and recommendations, capital strength and breadth of technical, marketing and distribution capabilities.

The Corporation has not yet entered into a contract with the underwriting team. The Bond Purchase Agreement and other bond related documents will be presented to the Board before a bond issuance date - after general terms, bond size and structure have been negotiated and mutually agreed upon.

CONTRACT FACT SHEET
New York City Health and Hospitals Corporation

Contract Title: Underwriting Services

Project Title & Number: not applicable

Project Location: not applicable

Successful Respondents: 20 firms (see Attachment A)

Contract Amount: To be determined (based on size and structure of bonds)

Contract Term: Five (5) years, commencing August 2015

Requesting Dept.: Debt Finance/Corporate Reimbursement Services

Number of Respondents: 20 firms
(If sole source, explain in background section)

Range of Proposals: not applicable

Minority Business Enterprise Invited: ☒ Yes If no, please explain: ____________

Funding Source: ☐ General Care ☐ Capital
☐ Grant: explain ____________
☒ Other: explain Bond proceeds

Method of Payment: ☐ Lump Sum ☐ Per Diem ☐ Time and Rate
☒ Other: explain Cost of issuance to be paid by bond proceeds

EEO Analysis: Waived (see attached memo dated 2/25/2015)
In accordance to Article 15A of New York State Law, contractors engaged in corporate finance are exempt from compliance with the EEO requirement.

Compliance with HHC's McBride Principles? ☒ Yes ☐ No

Vendex Clearance ☐ Yes ☐ No ☒ N/A
In accordance with New York City's policy whereby underwriters are not required to complete Vendex, HHC has waived this practice.

(required for contracts In the amount of $50,000 or more awarded pursuant to an RFP or as a sole source, or $100,000 or more if awarded pursuant to an RFB.)

CONTRACT FACT SHEET(continued)

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

The Corporation funds its capital projects through the issuance of HHC tax-exempt revenue bonds, notes, and/or leases. In addition, based on discussions with the City of New York, certain major reconstruction projects are funded by tax-exempt bonds issued by the Dormitory Authority of the State of New York ("DASNY") and/or are financed by bonds issued by the City of New York (General Obligation bonds as well as Transitional Finance Authority bonds).

Major responsibilities for the firms chosen as senior managers will be to:

- Identify financing vehicles that are the most cost effective and receive the greatest market acceptability;
- Assist in preparing credit rating agency presentations;
- Initiate discussions with credit enhancement organizations;
- Review outstanding debt to identify and recommend refunding opportunities for debt service savings;
- Make available all resources to accommodate the Corporation's inquiries and needs;
- Structure a plan of finance for the Corporation's capital needs and cash flow funding requirements;
- Determine the optimum marketing strategy for debt issuances that have been agreed upon; and
- Assist in the preparation of the offering statement and all other bond documents as necessary.

The investment banking firms selected as senior managers will work closely with HHC's financial advisor, Public Financial Management, Inc., in assessing the Corporation's overall capital finance programs and appropriate funding mechanisms.

The major responsibility of the co-managers will be to provide distribution networks for the Corporation's debt issuances and primary and secondary market support of the Corporation's bonds.

CONTRACT FACT SHEET(**continued**)

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

No. HHC's Operating procedure 40-58 indicates that bond underwriting services contracts are exempt from the CRC process.

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

Not applicable

Selection Process *(attach list of selection committee members, list of firms responding to RFP, list of firms considered, describe here the process used to select the proposed contractor, the selection criteria, and the justification for the selection):*

The Request for Proposal for Underwriting Services (the "RFP") was released to the public on March 16, 2015 to firms interested in serving as senior and/or co-managing underwriters. The RFP was emailed to all the major underwriting firms with offices in New York City and advertised in the *City Record* (3/16/15 - 4/12/15).

Proposals were due on April 13, 2015. A total of 20 firms responded: 9 firms applied for the senior manager role and 11 firms applied for the co-manager role.

The Selection Committee consisted of representatives from the Corporation, the New York City Office of Management and Budget, and the New York City Office of the Comptroller. Based on the quality of the written proposals, the Selection Committee discussed and agreed to interview the strongest investment bank candidates seeking to serve as senior manager to HHC.

The top six candidates made oral presentations to the Selection Committee on June 4, 2015. Each firm was given a total of 30 minutes to explain their financing recommendations based on current market conditions and their interest/willingness to lend to HHC under the new subordinate security structure. An additional 15 minutes was allotted for the Selection Committee members' questions and concerns.

The Selection Committee members numerically ranked all the proposals based on the following criteria:

1. Proposed approach and methodology
2. Appropriateness and quality of the firm's experience
3. Qualifications of proposed staff/team assigned to HHC
4. Quantitative Capabilities (applies to only to senior manager candidates)
5. Oral Presentation and Interviews (applies to only to senior manager candidates)

Selection Process *(continue)*

Based on the above described evaluation criteria, the Selection Committee chose Citigroup, JP Morgan and Morgan Stanley as the senior managing underwriters.

The firms chosen as co-managing underwriters to assist in the marketing and distribution of the Corporation's debt are as follows:

1. BNY Capital Markets
2. Blaylock Beal Van LLC
3. Drexel Hamilton LLC
4. Fidelity Capital Markets
5. FTN Capital Markets
6. First Southwest
7. Janney Montgomery Scott
8. Jefferies LLC
9. Loop Capital Markets LLC
10. Mischler Financial Group
11. Ramirez & Co.
12. RBC Capital Markets
13. Rockfleet Financial Services
14. Roosevelt & Cross
15. Stern Brothers
16. TD Securities
17. Wells Fargo Securities

Scope of work and timetable:

Upon approval and appointment of the investment banking underwriting team, the Corporation, the financial advisor and the senior managers will structure and implement the capital finance programs. These financings will include long-term debt issuances for major capital construction projects, ongoing capital renovations, and equipment and information system needs.

Upon the identification of the timing of the plan of finance and the structure of the specific debt issuance, the senior managers will:

- Participate in the development of necessary documentation and provide all financial analysis;
- Prepare the Corporation for presentations to the rating agencies, as necessary;
- Educate prospective investors through information meetings and pre-marketing materials regarding the Corporation's capital finance programs;
- Keep the Corporation abreast of current market conditions, and provide preliminary and final pricing of the Corporation's debt issuances; and
- Provide the Corporation with ongoing information regarding secondary market sales and trading of outstanding Corporation bonds.

Timetable:

- Finance Committee Meeting/Approval July 14, 2015
- Board of Directors Meeting/Approval July 30, 2015

CONTRACT FACT SHEET (continued)

Costs/Benefits:

The costs incurred for the structuring and underwriting of the Corporation's financings will be negotiated with the senior managing firm during the pricing of each financing. The transaction costs of each financing, including fees and expenses of the underwriters are funded from bond proceeds.

Why can't the work be performed by Corporation staff?

The required knowledge, expertise and capital base necessary to structure, market, distribute and underwrite debt can only be provided by professionals in investment banking firms that provide such financial services.

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

Not applicable.

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

Marlene Zurack, Senior Vice President and CFO, Finance and Managed Care
Linda DeHart, Assistant Vice President, Debt Finance/Corporate Reimbursement Services

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

Received By E.E.O. ______________________________
Date

*Analysis Completed By E.E.O.*_______________ ______________________________
Date *Name*

Attachment A
(List of Successful Respondents)

Senior Managers

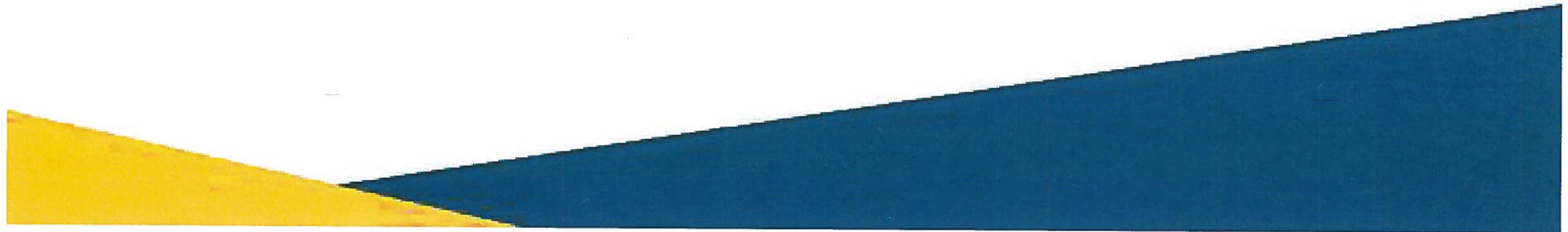
1. Citigroup
2. J.P. Morgan
3. Morgan Stanley

Co-Managers

4. BNY Capital Markets
5. Blaylock Beal Van LLC
6. Drexel Hamilton LLC
7. Fidelity Capital Markets
8. FTN Capital Markets
9. First Southwest
10. Janney Montgomery Scott
11. Jefferies LLC
12. Loop Capital Markets LLC
13. Mischler Financial Group
14. Ramirez & Co.
15. RBC Capital Markets
16. Rockfleet Financial Services
17. Roosevelt & Cross
18. Stern Brothers
19. TD Securities
20. Wells Fargo Securities

INFORMATION ITEM

Essential Plan – the Basic Health Program in NY



Basic Health Program Overview

- ACA gives states the option to establish a Basic Health Program for:
  - *Individuals with incomes between 138-200% FPL who are ineligible for Medicaid or CHIP, and do not have access to affordable employer coverage.*
  - *Individuals with incomes below 138% of FPL who are ineligible for Medicaid due to immigration status.*
- Federal government gives states 95% of what would have been spent on APTC and CSR in the marketplace.
- Health plans must include essential health benefits.
- Monthly premiums and cost sharing cannot exceed the amount the individual would have paid for coverage in the marketplace.

Who is Eligible for Essential Plan?

- To be eligible for coverage under the Essential Plan, individuals must meet the following requirements:
  - *Below age 65 at the beginning of the plan year;*
  - *Resident of the State;*
  - *Not eligible for Medicaid or CHIP;*
  - *Not eligible for affordable minimum essential coverage;*
  - *Income between 138% FPL – 200% FPL or <138% and ineligible for Medicaid due to immigration status; and*
  - *Individuals eligible for Essential Plan are ineligible for Marketplace coverage.*

Aliessa Immigrants

- Adults funded under Medicaid with State-only dollars who are eligible for Essential Plan will be enrolled in Essential Plan with two exceptions. The following groups will remain in Medicaid:
  - Adults in receipt of long-term care (LTC) services or who become long-term care eligible.
  - Adults ineligible for Essential Plan due to affordable Minimum Essential Coverage.
- Medicaid services outside the Essential Plan package, not including LTC services, will be wrapped.
  - Services wrapped include non-emergency transportation, non-prescription drugs, adult dental, orthotic devices, orthopedic footwear, and vision care.
  - Health plans will be asked to provide a premium for the Aliessa population in Essential Plan that reflects the wrapped benefits.

nystateofhealth
The Official Health Plan Marketplace

Enrollment and Continuity of Coverage

- Continuous enrollment: Applicants can enroll all year long.
- Prospective coverage: Coverage is effective on the 1st of the following month with a 15th of the month cut off for applications (as it is in the Marketplace).
- Continuous eligibility possible in 2017 (if permitted by CMS and funded within Essential Plan allocations).
- Renewals will be twelve months from the initial determination.
- Verification: 90 days temporary eligibility to submit documentation (if required).
- Appeals: 1) Eligibility through Marketplace; 2) Services through plans/external review process.

Premiums

- No premium for individuals with income below 150% of FPL and $20 per month for individuals with income between 150% and 200% of FPL.
- 30 day grace period for non-payment of premiums similar to Child Health Plus.

Benefits: Standard & Non-Standard Plans

- All plans will include the standard essential health benefits package.
- Issuers may also offer non-standard plans which will include the essential health benefits plus dental and vision.
- Non-standard plan premiums will be $0 + dental/vision and $20 + dental/vision depending on the enrollee's income level.

Cost-Sharing

Cost Sharing Chart

TYPE OF SERVICE	Essential Plan1 150 - 200% FPL	Essential Plan 2 139 - 150% FPL	Essential Plan 3 100-138% FPL	Essential Plan 4 Below 100% FPL
DEDUCTIBLE (single)	$0	$0	$0	$0
MAXIMUM OUT OF POCKET LIMIT (single) Includes the deductible	$2,000	$200	$200	$200
COST SHARING - MEDICAL SERVICES				
Inpatient Facility/SNF/Hospice	$150 per admission	$0 per admission	$0 per admission	$0 per admission
Outpatient Facility-Surgery, including freestanding surgicenters	$50	$0	$0	$0
Surgeon - Inpatient facility, outpatient facility, including freestanding surgicenters	$50	$0	$0	$0
	One such copay per surgery and applies only to surgery performed in a hospital inpatient or hospital outpatient			
PCP	$15	$0	$0	$0
Specialist	$25	$0	$0	$0
PT/OT/ST - rehabilitative & habilitative therapies	$15	$0	$0	$0
ER	$75	$0	$0	$0
Ambulance	$75	$0	$0	$0
Urgent Care	$25	$0	$0	$0
DME/Medical supplies	5% cost sharing	$0	$0	$0
Hearing aids	5% cost sharing	$0	$0	$0
Non-emergency transportation	N/A	N/A	$0	$0
Non-prescription drugs	N/A	N/A	$1	$0
Adult dental (Preventive Dental Care; Routine Dental Care and Major Dental Care)	$15	$0	$0	$0
Vision care - Exams	$15	$0	$0	$0
Vision care - Lenses and Frames	10% Coinsurance	$0	$0	$0
Vision care - Contact Lenses	10% Coinsurance	$0	$0	$0

Cost-Sharing

Service	Cost-Sharing
INPATIENT HOSPITAL SERVICES	
Observation stay/observation care unit	ER copay per case, copay is waived if direct transfer from outpatient surgery setting to an observation care unit
Hospital services - non-maternity	Inpatient Facility copay per admission#
Maternity care stay (covers mother and well newborn combined)	Inpatient Facility copay per admission#
Mental health/Behavorial health care	Inpatient Facility copay per admission#
Detoxification	Inpatient Facility copay per admission#
Substance abuse disorder services	Inpatient Facility copay per admission#
Skilled nursing facility	Indicated copay per admission is waived if direct transfer from hospital inpatient setting to skilled nursing facility
Hospice (inpatient)	Indicated copay per admission is waived if direct transfer from hospital inpatient setting or skilled nursing facility to hospice facility
EMERGENCY MEDICAL SERVICES	
Facility charge - Emergency Room	ER copay per case - copay is waived if patient is admitted as an inpatient (including as an oberservation care unit) directly from the emergency room
Physician charge - Emergency Room visit	$0 copay per visit
Facility charge - Freestanding urgent care center	Urgent care copay per visit
Physician charge - Free standing urgent care center visit	$0 copay per visit
Prehospital emergency services/ transportation, includes air ambulance	Ambulance copay per case

Cost-Sharing

TYPE OF SERVICE	BHP Cost-Sharing 1 150 - 200% FPL	BHP Cost-Sharing 2 139 - 150% FPL	BHP Cost-Sharing 3 100-138% FPL	BHP Cost-Sharing 4 Below 100% FPL
OUTPATIENT HOSPITAL/FACILITY SERVICES				
Outpatient facility surgery - hospital facility charge, including freestanding surgicenters	Outpatient Facility-Surgery copay per case			
Pre-admission/pre-operative testing	$0 copay			
Diagnostic and routine laboratory and pathology	Specialist copay per visit			
Diagnostic and routine imaging services including Xray; excluding CAT/PET scans, MRI	Specialist copay per visit			
Imaging: CAT/PET scans, MRI	Specialist copay			
Chemotherapy	PCP copay per visit			
Radiation therapy	PCP copay per visit			
Hemodialysis/Renal dialysis	PCP copay per visit			
Mental health/Behavorial health care	PCP copay per visit			
Substance abuse disorder services	PCP copay per visit			
Covered therapies (PT, OT, ST) - rehabilitative & habilitative	PT/OT/ST copay per visit			
Home care	PCP copay per visit			
Hospice	PCP copay per visit			
PREVENTIVE & PRIMARY CARE SERVICES				
Bone density testing	NOTE: For preventive case visits/servics as defined in section 2713 of ACA no deductible or cost sharing applies. Otherwise the cost sharing indicated below applies to all services			
Cervical cytology Colonoscopy screening Gynecological exams Immunizations Mammography Prenatal maternity care Prostate cancer screening Routine exams Women's preventive health services	PCP/Specialist copay per visit (based on type of physician performing the service)			

Cost-Sharing

PHYSICIAN/PROFESSIONAL SERVICES	
Inpatient hospital surgery - surgeon	Surgeon copay per case
Outpatient hospital and freestanding surgicenter - surgeon	Surgeon copay per case
Office surgery	PCP/Specialist copay per visit (based on type of physician performing the service)
Anesthesia (any setting)	Covered in full, no deductible and no cost sharing applies
Covered therapies (PT, OT, ST) - rehabilitative & habilitative	PT/OT/ST copay per visit
Additional surgical opinion	Specialist copay per visit
Second medical opinion for cancer	Specialist copay per visit
Maternity delivery and post natal care - physician or midwife	Surgeon copay per case for delivery and post natal care services combined (only one such copay per pregnancy)
In-hospital physician visits	$0 copay per visit
Diagnostic office visits	PCP/Specialist copay per visit (based on type of physician performing the service)
Diagnostic and routine laboratory and pathology	PCP/Specialist copay per visit
Diagnostic and routine imaging services including Xray; excluding CAT/PET scans, MRI	PCP/Specialist copay per visit
Imaging: CAT/PET scans, MRI	Specialist copay per visit
Allergy testing	PCP/Specialist copay per visit
Allergy shots	PCP/Specialist copay per visit
Office/outpatient consultations	PCP/Specialist copay per visit (based on type of physician performing the service)
Mental health/Behavorial health care	PCP copay per visit
Substance abuse disorder services	PCP copay per visit
Chemotherapy	PCP copay per visit
Radiation therapy	PCP copay per visit
Hemodialysis/Renal dialysis	PCP copay per visit
Chiropractic care	Specialist copay per visit

Cost-Sharing

TYPE OF SERVICE	BHP Cost-Sharing 1 150 - 200% FPL	BHP Cost-Sharing 2 139 - 150% FPL	BHP Cost-Sharing 3 100-138% FPL	BHP Cost-Sharing 4 Below 100% FPL
ADDITIONAL BENEFITS/SERVICES				
ABA treatment for Autism Specturm Disorder	PCP copay per visit			
Assistive Communiciation Devices for Autism Spectrum Disorder	PCP copay per visit			
Durable medical equipment and medical supplies	DME/Medical supplies coinsurance cost sharing applies			
Hearing evaluations/testing	Specialist copay per visit			
Hearing aids	Hearing aid coinsurance cost sharing applies			
Diabetic drugs and supplies	PCP Copay per 30 days supply			
Diabetic education and self-management	PCP copay per visit			
Home care	PCP copay per visit			
Exercise facility reimbursements	Deductible does not apply. $200/$100 reimbursement every six months for member. Partial reimbursement for facility fees every six months if member attains at least 50			
PRESCRIPTION DRUGS				
Generic or Tier 1	$6	$1	$1	$0
Formulary Brand or Tier 2	$15	$3	$3	$0
Non-Formulary Brand or Tier 3	$30	$3	$3	$0
Above are retail copay amounts; mail order copays are 2.5 times retail for a 90 day supply				

Cost-Sharing

Additional Instructions:

*Benefits identified in italics are available to individuals who purchase a Standard EP Plus Vision/Dental and to individuals at or below 138% of FPL not eligible to Medicaid due to immigration status.

*For an inpatient admission the only copay that applies during an inpatient stay is the inpatient facility per admission copay, and if surgery is performed a surgeon copay, and if a maternity delivery is performed a maternity delivery which is the same as the surgeon copy if this copay has not already been collected as part of another maternity related claim.

*There are no additional copays for diagnostic tests, medical supplies, in-hospital physician visits, anesthesia, assistant surgeon, other staff doctors, etc.

*For a maternity stay the inpatient per admission copay covers charges for the mother and a well newborn.

*The inpatient facility copay per admission is waived for a re-admission within 90 days of a previous discharge for the same or a related condition.

*If the copay payable is more than the allowed amount (or remainder of the allowed amount), the copay payable is reduced to the allowed amount (or to the remainder of the allowed amount).

*The maximum out of pocket limit is an aggregate over all covered services (medical and prescription drugs).

*No cost sharing applies to the preventive care visits/services defined in section 2713 of ACA.

Rate Setting Overview

- The 2015-16 State Budget provides the Department of Health with Essential Plan rate setting authority.
- Phase 1 – Effective 4/1/15, approximately 250K Aliessa enrollees transitioned in place into the Essential Plan
  - Excludes children, pregnant women and long term care services
  - Adjustments will be made for HCRA surcharges and Covered Lives Assessment
- Phase 2 – Effective 1/1/16, approximately 213K QHP enrollees will transition into Essential Plan
- A Global Cap net benefit will result from shifting State-only funded Aliessa individuals into the Essential Plan (offset by the cost of QHP subsidy vs. premium as well as the administrative cost of the program)