



March 19, 2014

Jordan Lohre, Senior Contract Manager  
Office of Business Operations and Procurement, S112  
State University of New York  
State University Plaza  
Albany, New York 12246

Dear Mr. Lohre:

We are pleased to submit our proposal for the redevelopment of Long Island College Hospital (LICH). As you will see, our proposal includes the creation of a world-class health care system for the LICH community by two of the nation's best health care providers, NYU Langone Medical Center and Lutheran HealthCare. In addition to providing comprehensive health care services that will meet the needs of the LICH community, we also propose working closely with SUNY and the New York State Department of Health to avoid gaps in the provision of health care services and to provide for the defeasance amount (estimated by SUNY to be \$118,000,000) if required by the Dormitory Authority of the State of New York (as explained in the attached proposal).

We acknowledge that we understand the instructions of SUNY's revised RFP and have addressed all points and questions in the RFP.

The non-contingent purchase price for the LICH property is \$240,000,000.

The proposal provides detail on our proposed health care services in the following sections and page numbers:

- **Overview of the proposed health care services:** Section 1.d. beginning on page 17 and Section 1.e on page 21
- **In-patient services and beds:** Section 1.e. beginning on page 22
- **Medical specialties:** Section 1.d. beginning on page 17 and Section 1.e. beginning on page 24
- **How the proposed health care services meet the needs of the community:** Section 1.e. beginning on page 24

The following representatives of the Offeror attended the mandatory community health care presentation:

**Fortis Property Group**

- Joel Kestenbaum, President
- Terrence Storey, Chief Financial Officer
- Yonatan Binman, Financial Analyst



**NYU Langone Medical Center**

- Dr. Andrew W. Brotman, Senior Vice President and Vice Dean for Clinical Affairs and Strategy, Chief Clinical Officer
- Dr. Gary Kalkut, Senior Vice President of Network Integration and Associate Chief Clinical Officer and the Department of Population Health

**Lutheran HealthCare**

- Larry McReynolds, President and Chief Executive Officer, Lutheran Family Health Centers

The following representatives of the Offeror attended the mandatory site visit:

**Fortis**

- Joel Kestenbaum, President
- Jonathan Landau, Chief Executive Officer
- Terrence Storey, Chief Financial Officer
- Yonatan Binman, Financial Analyst

**KF Brock**

- Akiva Kobre, President

**NYU Langone**

- Beau Everett, Senior Director, Real Estate & Housing Department of Real Estate and Strategic Capital Initiatives (RED+F Administration)

All other required information is included in this proposal.

Sincerely,

Fortis Property Group, LLC

By: 

Name: Joel Kestenbaum

Its: President

CC: Dr. Andrew Brotman, NYU Langone Medical Center  
 Dr. Gary Kalkut, NYU Langone Medical Center  
 Larry McReynolds, Lutheran Family Health Centers  
 Ron Moelis, L+M Development Partners Inc.  
 Carlton Brown, Full Spectrum of NY  
 Akiva Kobre, KR Brock LLC

Enclosures

## TABLE OF CONTENTS

1. DESCRIPTION OF ORGANIZATION TO BE INVOLVED IN PROPOSAL.....	1
2. DESCRIPTION OF PROPOSAL .....	33
3. TERM SHEET .....	38
4. TRANSACTION STRUCTURE.....	38
5. FINANCIAL CAPACITY AND RESOURCES .....	40
6. PROPOSAL TIMELINE .....	41
7. OTHER CONSIDERATIONS .....	42

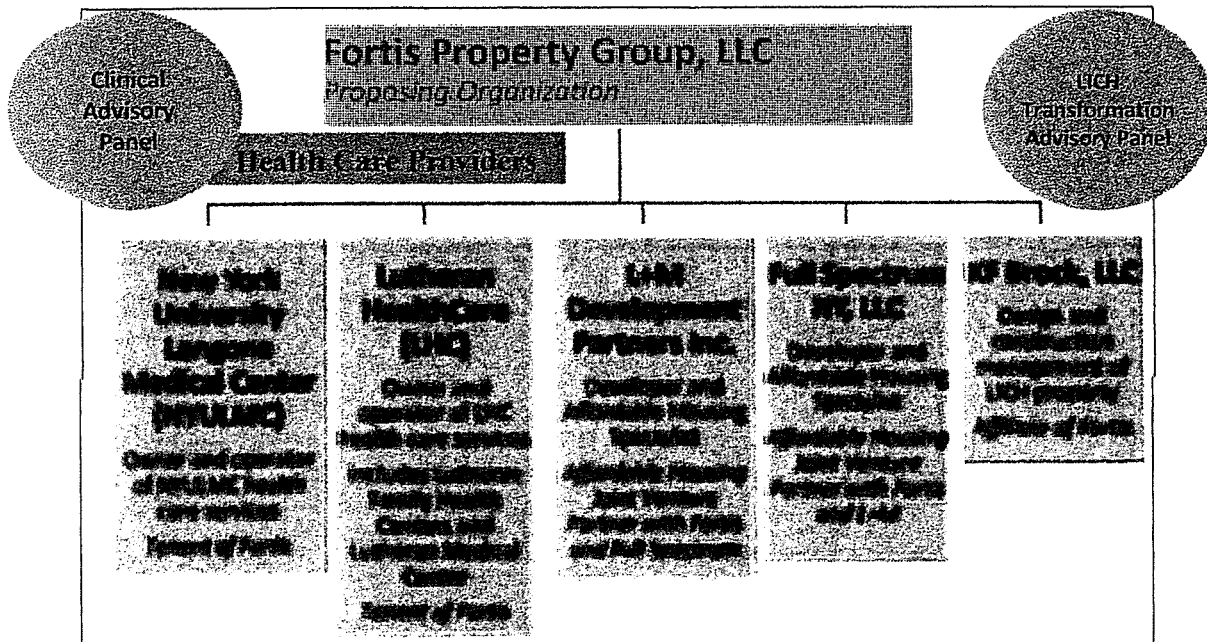
# PROPOSAL NARRATIVE

## 1. DESCRIPTION OF ORGANIZATION TO BE INVOLVED IN PROPOSAL

a) Provide a detailed description of the Offeror, including the proposing organization and each subcontractor, partner, tenant, and collaborator who will be involved in effectuating the Proposal, including corporate structure and nature of relationships between such entities.

The Offeror and proposing organization is **Fortis Property Group, LLC** (Fortis), a private real estate investment, operating, management, and development company headquartered in Brooklyn, New York. For this project, Fortis will be collaborating with the following: **NYU Langone Medical Center**,<sup>1</sup> a world-class academic medical center that will provide health care services on the former Long Island College Hospital (LICH) campus and **Lutheran HealthCare**, an academic community health care and social support system that includes *Lutheran Medical Center* and *Lutheran Family Health Centers*. Lutheran Family Health Centers is a comprehensive federally qualified health center that will offer additional health care services on the LICH campus. In addition, Fortis will be collaborating with **L+M Development Partners Inc. (L+M)**, a real estate developer and affordable housing specialist; **Full Spectrum NY, LLC**, a developer and affordable housing specialist; and **KF Brock, LLC**, a construction development firm. Figure 1 illustrates the Offeror structure and relationships among entities, which are also described in greater detail below.

Figure1. Offeror Organizational Chart



<sup>1</sup> As stated in a later section, NYU Langone Medical Center is not a legal entity. It comprises NYU Hospitals Center and NYU School of Medicine, which are collectively known as NYU Langone Medical Center.

**Fortis Property Group, LLC (Fortis)** will be the proposing organization. If awarded, the actual purchaser and contract counter-party in the Asset Purchase Agreement will be a subsidiary of Fortis formed to acquire the properties to be used for the health care and market rate housing components of the project and associated property, plant, and equipment. Additionally, a subsidiary of the joint venture between Fortis and L+M will be formed to acquire the affordable housing component of this project and the associated property, plant, and equipment (see stipulations regarding affordable housing in a later section). As with all of Fortis' acquisitions, lenders will require the acquiring entities to be "special purpose entities" (SPEs) created for the sole purpose of owning, operating, redeveloping, etc. the properties.

Fortis is a private real estate investment, operating, management, and development company headquartered in Brooklyn, New York. Since 2005, Fortis has acquired and/or developed in excess of \$3 billion of commercial real estate—over 8 million square feet—throughout the United States. Fortis currently manages more than five million square feet of commercial and residential property in various U.S. locations, including New York, New Jersey, Massachusetts, Connecticut, and Texas, as well as industrial properties that are located in several states. Fortis' development projects and gut rehabilitations are concentrated in Manhattan and Brooklyn and primarily consist of ground-up residential multi-family and condominium projects. Fortis currently has four development or redevelopment projects in Brooklyn.

As a vertically integrated owner/operator/developer, Fortis employs professionals from wide-ranging real estate disciplines, including acquisitions and dispositions, property and asset management, development and construction, capital markets, legal, and accounting. The company's principals and senior management team have invested and operated in varied markets through all phases of the real estate cycle and have extensive and longstanding relationships with every type of stakeholder in the real estate community. The experience and insights of Fortis' professionals enable the company to undertake and successfully execute the most complex acquisition and development projects.

Fortis' Chairman, Louis Kestenbaum, is also the Chair of the Board of Directors for ODA Primary Health Care Center, a federally qualified health center serving a diverse population in Williamsburg, Brooklyn. This role has given him a unique understanding of the health care needs of low-income populations.

*Fortis Address: 45 Main Street # 800, Brooklyn, NY 11201*

**NYU Langone Medical Center (NYULMC)** will provide health care services at the LICH campus as a tenant of the SPE that will be a subsidiary of Fortis. NYULMC will operate its health care facilities. NYULMC has signed a Letter of Intent for a long-term lease, which will help ensure the ongoing presence of health care services on the LICH campus. (See attached lease Letter of Intent.) NYULMC also will work with KF Brock to design the health care space, bringing NYULMC's extensive experience in designing efficient health care facilities with advanced technology and data integration that enable providers to operate as a patient-centered medical home.

NYULMC is a world-class, integrated academic medical center and one of the nation's premier providers of health care, biomedical research, and medical education. NYULMC provides care through an integrated network that provides a seamless experience of care for patients and supports the highest quality care. NYULMC consistently ranks as one of the best health care providers in the country, including being ranked as #2 in New York State and #2 in the New York metro area for being a high-performing hospital.

*NYULMC primary address: 550 1st Ave, New York, NY 10016. Brooklyn locations indicated in a later section.*

**Lutheran HealthCare (LHC)** is an academic, community health care and social support system that includes Lutheran Medical Center; Lutheran Family Health Centers, Lutheran Augustana Center for Extended Care and Rehabilitation, subsidized senior housing, a licensed home care agency, and community services. LHC has been helping to build and strengthen the health care delivery system in Brooklyn since 1883. As the principle provider of health care and social support services in Brooklyn, Lutheran serves a richly diverse area that includes, among others, families of Arabic, Chinese, Hispanic/Latino, Orthodox Jewish, and Russian descent, among others. Lutheran is a nationally recognized leader in providing high-quality and culturally competent care.

As part of the LHC, **Lutheran Family Health Centers<sup>2</sup> (LFHC)** will provide health care services at the LICH campus as a tenant of the SPE that will be a subsidiary of Fortis. LFHC will operate its health care facility on the LICH property. LFHC has signed a Letter of Intent for a long-term lease. (See attached lease Letter of Intent.) Lutheran Family Health Centers (LFHC) is the second largest Federally Qualified Health Center in the country serving over 119,000 patients with over 780,000 patient visits in 2013. LFHC is recognized as a Level 3 Patient Centered Medical Home by the National Committee for Quality Assurance and a 45-year history of providing health care and social support services to the ethnically diverse and underserved communities of Brooklyn.

**Lutheran Medical Center**, a full service 450-bed academic teaching hospital that serves as the hub of LHC will provide inpatient care and other corresponding services, including a New York State-designated Stroke Center, The May Ellen and Gerald Ritter Cardiology Center, an award winning orthopedic program, neurosurgery, the Bariatric Center of Excellence, a comprehensive therapeutic rehabilitation program, a vascular surgery center, neuro-interventional radiology, and Level I Trauma Center. Lutheran Medical Center is less than 10 minutes from the LICH campus.

*Lutheran Family Health Centers and Lutheran Medical Center primary address: 150 55th St, Brooklyn, NY 11220. Other Brooklyn locations indicated in a later section.*

**L+M Development Partners Inc. (L+M)** will be a partner with Fortis in a joint venture, which will create an SPE subsidiary to purchase the affordable housing component of this project (as described below) and the associated property, plant, and equipment. L+M is an established full-service real estate development firm that develops, constructs, and manages affordable housing projects throughout New York City. L+M and Fortis have a history of working together. L+M was founded on the belief that high-quality affordable housing strengthens the fabric of our

<sup>2</sup> Sunset Park Health Council dba Lutheran Family Health Centers.

society. Since 1984, L+M has been a real estate leader and innovator, responsible for more than \$2 billion of development and construction. Working with community, government, and investment partners, the company has built more than 15,000 units of high-quality housing for a range of income levels in Brooklyn, Manhattan, other parts of the tri-state area, New Orleans, and California. In addition, L+M has built over 650,000 square feet of commercial and community space.

L+M is highly regarded in the real estate development and affordable housing industries and is known for its collaborative and innovative practices. Government housing agencies repeatedly select L+M as developer/general contractor in demonstration programs, such as New York State Homes for Working Families, the New York City Housing Authority (NYCHA) Mixed-Income Housing Initiative, and Housing Development Corporation's innovative 50-30-20 rental housing program. To accomplish these deals, L+M has successfully used a wide variety of state and public financing sources. L+M has packaged and completed projects using tax-exempt bond financing, market rate bank financing, New York City capital funds, the New York State Housing Trust Fund, the New York City Housing Partnership, Historic Tax Credits, the federal Low Income Housing Tax Credit (LIHTC) program, and New Market Tax Credits (NMTC).

*L+M address: 419 Park Avenue South, Floor 18, New York, NY 10016*

**Full Spectrum NY, LLC (Full Spectrum)** is the national market leader in the development of mixed use and mixed income green buildings in emerging urban markets. This leadership has been established through work on its award-winning flagship project 1400 on 5th in Harlem, the Kalahari Condominium in Harlem, and its consulting work on the award-winning Solaire at Battery Park City. Full Spectrum's green development strategy provides triple bottom line returns while creating sustainable urban communities.

Full Spectrum is a Minority-Owned Business that develops real estate in a sustainable manner that encompasses the economic, environmental, social and cultural aspects of life. As a developer or a construction manager, Full Spectrum has been responsible for the production of more than one million square feet of residential, institutional and commercial real estate, with some two million square feet currently in its pipeline.

*Full Spectrum address: 104 West 124th Street, New York, NY 10027*

**KF Brock, LLC (KF Brock)** will lead the design and construction/rehabilitation of the LICH campus properties. KF Brock has provided a Letter of Intent to Fortis to serve as the general contractor for the project. KF Brock is a construction development firm and an affiliate of Fortis. It provides an extensive array of construction services across nearly all market segments and most sectors of the construction industry. KF Brock performs design and construction services from site selection and site development through final finished occupancy and commissioning. KF Brock executives have a broad range of development experience, including clinical facilities for women's health care, family medicine, internal medicine, pediatrics, gynecology, sports medicine, pediatric and adult immunization, laboratory testing and collection, care of musculoskeletal injuries, physical therapy, occupational therapy, and health and wellness. In New York, in addition to a Medical School and its associated clinics, KF Brock executives prior projects include the Touro College School of Health Sciences, and in Brooklyn, the School of

Nursing and Graduate School and Graduate Center for Speech Pathology and its associated clinic. KF Brock personnel are highly experienced in the design and construction implementation of advanced specialized medical and health laboratories. KF Brock personnel also have extensive experience in the acquisition and development of very large and significant institutional property assemblages. KF Brock also has experience with the design and construction management of historically designated facilities in Brooklyn and elsewhere and is an expert in addressing the distinctive challenges historic sites present.

*KF Brock address: 45 Main Street # 800, Brooklyn, NY 11201*

b) *Provide a disclosure of all Offeror consultants and counsel involved in preparing the Proposal or who will be involved in the consummation of the transaction including whether any such consultant has contingent financial relationships with Offeror.*

**Health Management Associates, Inc. (HMA)** assisted in developing and writing the proposal. HMA is an independent, national consulting firm specializing in the fields of health system restructuring, health care policy and program development, and health economics and finance. HMA is widely regarded as a leader in providing technical and analytical services to health care providers, purchasers, and payers, with a special concentration on those who address the needs of the medically underserved. HMA works with clients across the country, including major safety net health systems; hospitals; federally qualified health centers; primary care, hospital, behavioral health, and dental associations; private sector providers; academic medical centers; national and local health plans; and local, state, and federal governments. The firm has extensive experience and expertise in the design and implementation of health programs, particularly with respect to primary care, health system development, policy and program research, managed care, long-term care, and behavioral health care. HMA has no contingent financial relationships with the Offeror or any proposal partners.

**Nixon Peabody LLP**, a New York limited liability partnership, provided consultation during the development of the proposal. Nixon Peabody has more than 600 attorneys collaborating across major practice areas in cities across the US, including New York City. Its Health Services Practice Group consists of 29 attorneys who advise integrated delivery systems, hospitals, nursing homes, federally qualified health centers, community clinics, physician groups, and other providers in Brooklyn and around the county on corporate alignments, regulatory matters, license applications, reimbursement and related matters. Nixon Peabody also has one of the largest affordable housing legal practices in the country. Nixon Peabody is a recognized industry leader, ranked by *U.S. News & World Report/Best Lawyer's* "Best Law Firms," nationally and regionally, in Albany, New York City, Boston, and Rhode Island. Additionally, the group and several of its members are recognized by *Chambers USA* and *Legal 500* as leaders in the field of health care. Nixon Peabody has no contingent financial relationship with the Offeror or any proposal partners.

**Brown and Weinraub, PLLC**, a New York-based government relations and full-service law firm, provided consultation and strategic planning services during the development of the proposal. Brown & Weinraub represent clients concerning legislative, regulatory, and administrative matters before the State Legislature; Executive Branch, including the Attorney

General's and State Comptroller's Offices; and local governments throughout New York State. As former senior government legal and policy advisors with decades of experience, Brown and Weinraub provides assistance in navigating legislative, policy, administrative, and procurement issues. Brown and Weinraub's health care practice provides targeted strategic advice and counsel related to specific transactional matters such as shepherding expansion or construction projects and licensure applications through state agencies. Brown and Weinraub works with a broad spectrum of health care stakeholders, including but not limited to hospitals; diagnostic and treatment centers, including federally qualified health centers; health care systems, nursing homes, certified home health agencies and other long term care providers, payers (commercial, government programs and special populations managed care plans), behavioral health providers, providers of services for the developmentally disabled, associations, a major health systems planning agency, pharmaceutical companies, and a medical malpractice insurance company. Brown and Weinraub has no contingent financial relationships with the Offeror or any proposal partners.

*c) Provide an overview of health care services provided by the Offeror, including the organizational structure, facilities operated, service area, clinical service strengths, and any other relevant information. Describe all of the governance models in the system with respect to any owned, sponsored or otherwise affiliated Article 28 hospitals and other facilities.*

NYU Langone Medical Center and Lutheran Family Health Centers will provide health care services out of a state-of-the art facility at the LICH campus. Lutheran HealthCare also will provide inpatient care and other complementary services at Lutheran Medical Center and other community-based locations in Brooklyn.

As the map below shows, NYU Langone Medical Center and Lutheran HealthCare currently provide services out of 58 locations throughout Brooklyn, including in the LICH community.

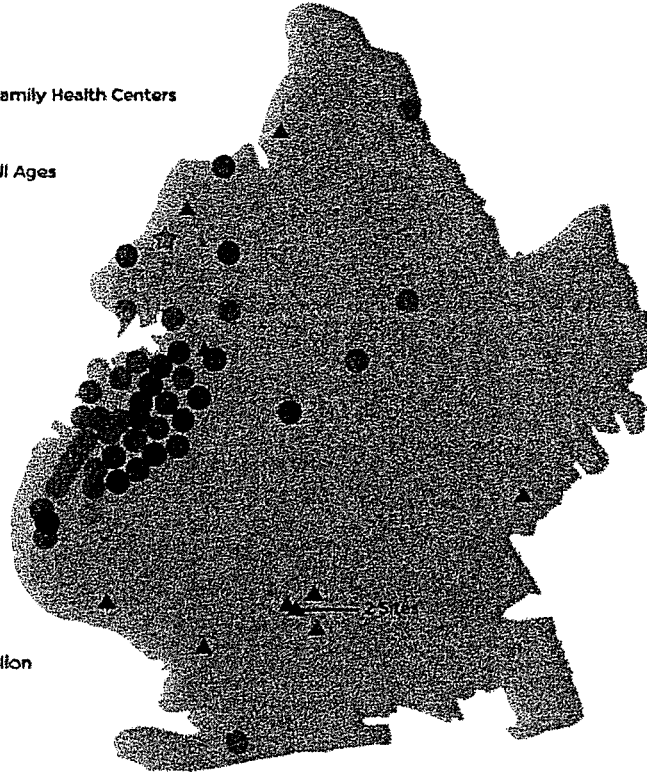
## NYU Langone Medical Center and Lutheran HealthCare Brooklyn Locations

### ★ LICH Campus: NYU Langone-Lutheran Family Health Centers Integrated Care Facility.

- 24-7 ED and Urgent Care Center
- Preventive and Primary Care for All Ages
- Women's Health Services
- Behavioral Health Care
- Dental Care
- Multiple Specialties
- Comprehensive Cancer Center
- Ambulatory Surgery Center
- Office-Based Procedures
- Diagnostic Imaging

### ▲ NYU Langone Practices

- Lutheran Family Health Centers
- Lutheran Medical Center
- Lutheran Augustana Center for  
Extended Care and Rehabilitation
- School-Based Dental Clinics
- School-Based Health Centers
- Community Medicine Programs
- Lutheran HealthCare Medical Arts Pavilion
- 58th Street Administration Offices
- Senior Housing
- Lutheran Rehabilitation



## NYU Langone Medical Center (NYULMC)

### NYULMC: Organizational Structure

NYULMC comprises the NYU Hospitals Center and the NYU School of Medicine—collectively referred to as NYULMC in this proposal. Dr. Robert Grossman leads both the NYU Hospitals Center and the NYU School of Medicine, and the entities have overlapping Boards. This unified leadership enables a NYULMC to operate as an integrated system of care, research, and education.

### NYULMC: Facilities Operated

NYULMC is an integrated academic medical center and one of the nation's premier centers of excellence in health care, biomedical research, and medical education. NYULMC comprises:

- **Tisch Hospital**, its flagship acute care facility
- **The Hassenfeld Pediatric Center**, a comprehensive pediatric hospital supporting a full array of children's health services
- **The Hospital for Joint Diseases**, one of only five hospitals in the nation dedicated to orthopedics and rheumatology
- **The Rusk Institute of Rehabilitation Medicine**, the world's first university-affiliated facility devoted entirely to rehabilitation medicine

- **The Center for Musculoskeletal Care**, the largest outpatient musculoskeletal facility in the nation
- **The Laura and Isaac Perlmutter Cancer Center**, a National Cancer Institute-designated Cancer Center that provides patients with access to state-of-the-art cancer therapies and clinical trials as well as psychosocial support and integrative medicine services to manage any emotional and physical symptoms that arise during treatment.
- **The NYU School of Medicine**, which was established in 1841 and has trained thousands of physicians and scientists who have helped shape the course of medical history. It is also the largest academic affiliate for the New York City's Health and Hospitals Corporation.

NYULMC's ambulatory care network is known for providing superior care and brings services directly to where its patients live and work throughout New York City. NYULMC's Faculty Group Practice (FGP) is a network of more than 1,200 physicians in more than 100 sites owned and operated as part of the NY NYU Hospitals Center and the NYU School of Medicine. The FGP has multiple community-based locations, including the following sites in Brooklyn:

- **NYU Langone Brooklyn Endoscopy and Ambulatory Surgery Center:**
  - 1630 East 14th Street, Brooklyn, NY 11229
- **NYU Langone Brooklyn Gastroenterology Associates:**
  - 1630 East 14th Street, Brooklyn, NY 11229
- **NYU Langone Brooklyn Heights Medical:**
  - 175 Remsen Street, Suite 1101, Brooklyn, New York, NY 11201
- **NYU Langone Cardiology Associates – Brooklyn:**
  - 372 Avenue U, Suite 1B, Brooklyn, NY 11223
  - 2350 Ocean Avenue, Brooklyn, NY 11229
- **NYU Langone Levit Medical:**
  - 1220 Avenue P, Brooklyn, NY 11229
  - 1902 86th Street, Brooklyn, NY 11214
  - 9708 Seaview Avenue, Brooklyn, NY 11236
- **NYU Langone Radiology – Premier Imaging:**
  - 348 13th Street, Suite 101, Brooklyn, NY 11215
- **NYU Langone at Williamsburg:**
  - 101 Broadway, Suite 301, Brooklyn, NY 11249
  - 2044 Ocean Avenue, Suite A8, Flatbush, NY 11230

NYULMC medical students, residents, and faculty also provide all of the patient care at:

- **Bellevue Hospital Center**, the oldest public hospital in the United States, providing both acute and long-term care services
- **Gouverneur Healthcare Services**, the largest freestanding ambulatory care clinic in the New York City Health and Hospitals Corporation system, serving mostly Chinese and Hispanic immigrants

- **New York Harbor Veterans Affairs Medical Center**, a healthcare system for New York City's veteran population with campuses in Brooklyn, Queens, and Manhattan.
- **Woodhull Hospital Medical Center**, serving residents of North Brooklyn, including Bushwick, Williamsburg, Greenpoint, Bedford-Stuyvesant, and Fort Greene, provides primary, specialty, and acute-care services with an emphasis on disease prevention and health promotion.
- **Cumberland Diagnostic and Treatment Center**, which serves Fort Greene and the surrounding communities

NYULMC's commitment to community health is supported by its Department of Population Health within its School of Medicine. The Department works in partnership with communities throughout New York City to advance the dissemination of health-related interventions to improve the health of the City's diverse populations.

#### **NYULMC: Service Area**

In 2013 NYULMC's Faculty Group Practice provided care through nearly 1.5 million visits. NYULMC's primary service area includes zip codes in Manhattan, Brooklyn, and Queens. NYULMC's secondary service area extends into Staten Island, Long Island, Westchester, and New Jersey. NYULMC already is providing care throughout Brooklyn at several community-based sites.

#### **NYULMC: Clinical Strengths**

##### ***Quality***

A key component of NYULMC's continuous quality improvement program is the "Dean's Dashboard." The online dashboard tool is available to all department leaders and provides real-time clinical process and outcomes data. With the dashboard tool, leaders can access data in real time and create customized, drill-down reports to drive quality improvement. The Dean's Dashboard integrates key data points and metrics that tie to all three mission areas of patient care, education, and research.

NYULMC has a demonstrated excellence in patient care and safety. NYULMC scored number #1 for overall patient safety and quality among leading academic medical centers that participated in the University HealthSystem Consortium (UHC) 2013 Quality and Accountability Study. NYULMC received the UHC Quality Leadership Award for demonstrated excellence in the delivery of high-quality care; achieved five stars for its overall performance; and ranked number one in the domains of safety, effectiveness, and equity.

NYULMC ranked #14 in the *U.S. News & World Report's* 2013 – 2014 "Best Hospitals Honor Roll." The Honor Roll highlights just 18 hospitals, out of nearly 5,000 nationwide, for their rare breadth and depth of clinical excellence. NYULMC once again ranked #2 in New York State and #2 in the New York metro area for being a high-performing hospital. In addition, NYULMC has 12 nationally ranked specialty areas: Orthopedics, Rheumatology; Rehabilitation; Neurology and Neurosurgery; Geriatrics; Cardiology and Heart; Surgery; Urology; Diabetes and Endocrinology; Ear, Nose, and Throat; Gastroenterology; and Pulmonology. NYULMC is the only hospital in New York to receive top 10 rankings for all three musculoskeletal specialty

areas of orthopedics (ranked #5), rheumatology (ranked #7) and rehabilitation (ranked #8). Neurology and Neurosurgery and Geriatrics also were in ranked in the top 10.

NYULMC was also one of two medical centers in Manhattan to be awarded with an "A" Hospital Safety Score by The Leapfrog Group for the past two years for excellence in patient safety. NYULMC had the *lowest* average mortality rates in the US by *Modern Healthcare* in 2013.

Centers for Medicare and Medicaid Services data show that NYULMC scored between 96-100% on all measures related to patients getting recommended treatments for certain medical conditions or surgical procedures. NYULMC's performance was at or above national averages on all measures.

NYULMC also received the Gold Seal of Approval by The Joint Commission, a national nonprofit organization responsible for certifying that U.S. health care institutions are following the very best practices in terms of patient care and safety. Accreditation by The Joint Commission verified that NYULMC is meeting the commission's exacting standards in such key areas as patient rights, quality of treatment, medication safety, and infection control.

#### ***Care Management***

NYULMC has a robust care management infrastructure that supports patients in managing their conditions, coordinates care across settings, and improves the care delivery and patient experience. For example, the Department of Nursing has a Care Management Department that facilitates and promotes an integrative, high quality, efficient, and educational approach to service delivery. They lead the development of high-performing, integrated teams of nurse care managers and social workers, supported by a core of administrative support staff. They work to put in place advanced care models that support a Triple Aim-oriented care that improve care and outcomes and lowers unnecessary costs.

NYULMC has also developed care coordination teams that work in the community to implement personalized care plans for high-risk patients. Care coordination staff include Registered Nurses, pharmacists, and health coaches. Most patients enrolled in care coordination have had a recent hospitalization or chronic illness like diabetes, congestive heart failure, or chronic kidney failure. Care coordinators work with physicians and use health information technology tools developed at NYULMC to help patients when they transition into other levels of care, support patient self-management, and connect patient to needed services.

#### ***Geriatrics and Palliative Care***

NYULMC's has a premier Division of Geriatric Medicine and Palliative Care. NYULMC's geriatrics specialty was ranked in the top 10 in the *U.S. News & World Report's Best Hospitals, 2013 – 2014*. Providers within the Division provide primary care of the older adults, inpatient geriatric consultation, home- and community-based care, and sub-acute and long-term care in nursing homes. The division has long-standing and close relationships with NYULMC's Neurosciences and Alzheimer's Programs, Geriatric Psychiatry, Geriatric Nursing, and the Department of Population Health.

### ***Health Information Technology and Use of Performance Data***

NYULMC uses Epic, an electronic health record (EHR), across its entire enterprise. The EHR enables NYULMC to operate as an integrated system of care, including sharing patient information across NYULMC sites, reduces medical errors, speeds referrals, supports population and disease management, and eases access to essential patient information.

NYULMC also offers patients access to MyChart, a secure, online patient portal that is a component of Epic, NYULMC's electronic health record. The portal allows patients to schedule appointments, refill prescriptions, review test results, and take other actions that enable them to easily access care and better manage their health.

NYULMC's Health Information Exchange, NYULMC Community Connect, enables NYULMC to collaborate and integrate care with other providers, communicate across care settings, and support advanced care coordination. All NYULMC providers are connected to the HIE, and NYULMC communicates with post-acute partners to share clinical information and track patient progress across the continuum. Additionally, NYULMC has a contract with the Visiting Nurse Service of New York, which has access to the patient's virtual health record and can communicate with NYULMC providers through the HIE.

### **NYULMC: Other Relevant Information**

#### ***Language Access***

In addition to hiring bi- and multi-lingual and cultural health care providers and staff, NYULMC provides free access to medical interpreters who help patients and their families during all phases of care. They provide face-to-face interpreters as well as telephonic and video remote interpreting. NYULMC has translated key medical forms and patient health education materials into several languages. For patients and family members who communicate using a sign language, NYULMC has a Deaf and Hard of Hearing Program that can provide a certified sign language interpreter free of charge as well as other aids and services that are available to deaf and hard of hearing individuals.

#### ***Partnerships***

NYULMC offers comprehensive, integrated services. NYULMC contracts with other providers for the services that it does not provide, including with the Visiting Nurse Service of New York for home care services and with Columbia University Medical Center for heart transplant services.

NYULMC will implement the same successful partnership and integrated approach in the LICH service area and thereby ensure the full scope of services will be available across the LICH communities.

### **Governance models with respect to any owned, sponsored, or otherwise affiliated Article 28 hospitals and other facilities**

NYU Hospitals Center is a general hospital established and licensed under an Article 28 of the New York Public Health Law.

**Lutheran HealthCare (LHC)****LHC: Organizational Structure**

Lutheran HealthCare (LHC) is an academic community health care and social support system that includes:

- Lutheran Family Health Centers
- Lutheran Medical Center
- Lutheran Augustana Center for Extended Care and Rehabilitation
- Subsidized senior housing
- Community Care Organization, a licensed home care agency

*Lutheran Family Health Centers (LFHC)* serves as the ambulatory care arm of LHC and is the largest Federally Qualified Health Center (FQHC) network in New York and the second largest in the nation, serving more than 119,000 patients with over 780,000 patient visits in 2013. LFHC has an independent governing board, the Lutheran Family Health Centers' Board of Trustees, which more than 50% of members who are users of the health centers as well as active members of LFHC's communities. It includes 9 primary care sites, 37 school-based health centers and dental clinics, 3 day care centers, New York State's largest outpatient behavioral health program, and the nation's largest dental residency program. Additionally, there are 16 community medicine sites providing care to homeless New Yorkers, HIV services, chemical dependency programs, and a family support center offering educational, vocational, and other social support programs. LFHC has been recognized as a Level 3 Patient Centered Medical Home (PCMH), which means that it has demonstrated that it has exceptional systems of care that help patients achieve the best health outcomes.

LFHC has successfully expanded its service area and services when care has been jeopardized by institutions closing or eliminating services. When dental services and dental residency training were at risk in 2010, LFHC stepped in at the community's request to operate and maintain dental services in north Brooklyn at the LICH site. In 2009, when the City needed someone to run and operate its school-based dental health centers, LFHC stepped in to keep those facilities open. When St. Vincent's closed, LFHC stepped in to maintain and operate 16 community medicine sites serving Brooklyn's shelter population that would have closed, including four sites serving Park Slope to Greenpoint. And when Brooklyn Hospital declared bankruptcy and had to sell Caledonian Hospital, LFHC absorbed the patients in a Caribbean American Health Center.

*Lutheran Medical Center*, founded in 1883, is a full service 450-bed academic teaching hospital that serves as the hub of Lutheran HealthCare. Offering a complete range of tertiary hospital services including a New York State-designated Stroke Center, The May Ellen and Gerald Ritter Cardiology Center, award winning orthopedic program, neurosurgery, Bariatric Center of Excellence, a comprehensive therapeutic rehabilitation program, a vascular surgery center, neuro-interventional radiology (bi-plane technology), an emergency department, and Level I Trauma Center. Lutheran Medical Center is one of only five Brooklyn hospitals that provide Cardiac Catheterization - Percutaneous Coronary Intervention, which opens blocked blood vessels that cause heart attacks.

***Lutheran Augustana Center for Extended Care and Rehabilitation*** is a 240-bed extended care and rehabilitation facility providing 24-hours-a-day skilled nursing, medical and support services for those requiring both short-term restorative rehabilitation and/or long-term care. Augustana is recognized for its intensive short-term restorative rehabilitation program for the post-hospital treatment of disabilities caused by complex orthopedic, neurological and other acute or chronic medical conditions. Other clinical services include individualized nutritional care, social services, hospice and pastoral care. Augustana operates a long-term home health care program to coordinate comprehensive medical, nursing and support services in the comfort of one's own home.

***Harbor Hill, Shore Hill and Sunset Gardens Subsidized Senior Housing developments*** provides seniors with more than 725 federally subsidized, independent apartments as well as, access to medical care, social activities, meals for those in need, health education, wellness activities and support services.

***Community Care Organization, Inc.***, is a licensed, not-for-profit home care program accredited by the Joint Commission. Community Care provides high quality in-home personal care by state-certified home health aides and support services to individuals who are frail elderly, disabled, and convalescing.

#### **LHC: Facilities Operated**

Within LHC, there are a total of 57 health care facilities, 4 rehabilitation facilities, and 3 subsidized senior housing developments, including the following health care facilities in Brooklyn:

- **Lutheran Medical Center:** 150 55th St, Brooklyn, NY 11220
- **Lutheran Family Health Centers – all Article 28 facilities:**
  - 9 community health centers that provide primary and specialty care and are located in four New York City community districts:
    - **LFHC Brooklyn-Chinese:** 5008 Seventh Avenue, Brooklyn, NY 11220
    - **LFHC Caribbean-American:** 3414 Church Avenue, Brooklyn, NY 11203
    - **LFHC Family Physician:** 5616 6th Avenue, Brooklyn, NY 11220
    - **LFHC Park Ridge:** 6317 4th Avenue, Brooklyn, NY 11220
    - **LFHC Park Slope:** 220 13th Street, Brooklyn, NY 11215
    - **LFHC Shore Road:** 9000 Shore Road, Brooklyn, NY 11209
    - **LFHC Sunset Park – Main Site:** 150 55th Street, Brooklyn, NY 11220
    - **LFHC Sunset Park – Health Center for Women and Children:** 5610 Second Avenue, Brooklyn, NY 11220
    - **LFHC Sunset Terrace:** 514 49th Street, Brooklyn, NY 11220
  - 15 School-Based Health Centers providing medical, behavioral health, and dental services

- 22 School-Based Dental Clinics providing dental services
- 3 rehabilitation outpatient sites
- 16 community medicine sites
- **Lutheran Augustana Center for Extended Care and Rehabilitation: 5434 2<sup>nd</sup> Avenue, Brooklyn, New York 11220**

### **LHC: Service Area**

LHC's service area consists of approximately 1.1 million people living in 15 zip codes in Brooklyn<sup>3</sup> and the neighborhoods of Bay Ridge, Bensonhurst, Borough Park, Coney Island, Dyker Heights, Fort Hamilton, Park Slope, Red Hook, Sheepshead Bay, and Sunset Park. In 2013, 82% of all the 27,794 inpatient discharges and 90% of the 593 trauma cases from these zip codes were at Lutheran Medical Center.

### **LHC: Clinical Strengths**

#### *Quality*

*LFHC* has been recognized as a Level 3 Patient-Centered Medical Home (PCMH) by the National Committee for Quality Assurance. To receive this recognition, a provider must demonstrate that it has exceptional systems of care that help patients achieve the best health outcomes. *LFHC*'s commitment to achieving the best clinical outcomes is demonstrated in its 2012 Uniform Data System (UDS) performance measures:

- 64.3% of patients with high blood pressure have their condition under control, which is better than the New York State (63.6%) and national (63.6%) benchmarks.
- 67.3% of female patients between aged 24 to 64 years have been screened for cervical cancer, which is better than the New York State (61.4%) and national (57.25%) benchmarks.
- Nearly 81% of prenatal care patients received their first prenatal visit during their first trimester, which is better than the New York State (77%) and national (70%) benchmarks.
- Only 5.6% of babies delivered were of a low birth weight, which is better than the New York State (6.7%) and national (7.1%) benchmarks.

In 2013, *LFHC*'s Sunset Park received Safety Certification in Outpatient Practice Excellence (SCOPE) by the American Congress of Obstetricians and Gynecologists (ACOG) as one of the first women's health focused certification programs.

**Lutheran Medical Center** consistently demonstrates its high quality care and outcomes across all aspects of care. For example, LHC's CMS scores on Composite Core Measure Quality Indicators show extremely high performance:

- Heart Attack Core Measure Score: 99%
- Heart Failure Core Measure Score: 99%
- Pneumonia Core Measure Score: 98%
- Surgical Infection Core Measure Score: 99%

<sup>3</sup> 11220, 11232, 11209, 11214, 11228, 11204, 11218, 11224, 11223, 11235, 11229, 11230, 11226, 11215

- Stroke Core Measure Score: 98%
- Surgical Antibiotic Administration: 98%
- Surgical VTE Prophylaxis 99%

### ***Health Information Technology***

LFHC's operation as a PCMH and integrated care network is supported by eClinical Works, their systemwide electronic health record. LFHC also has a secure, online access to a patient portal, which gives the ability to view medical information at any time or place with through a secure website. Patients can also view appointments, request prescription refills, view and print educational materials, receive reminders for routine annual visits, tests, and immunizations; and view lab and test results. LFHC's EHR system links with Lutheran Medical Center's EHR to provide systemwide access to patient health records.

### **LHC: Other Relevant Information**

#### ***Enabling Services***

As the principle provider of health care and social support services in Brooklyn, Lutheran serves a richly diverse area that includes families of Arabic, Chinese, Hispanic/Latino, Orthodox Jewish, and Russian descent, among others. Lutheran is a nationally recognized leader in providing high-quality and culturally appropriate care.

LHC also offers a wide scope of services that assist community residents in overcoming financial and other barriers, including financial counseling and assistance in applying for public health insurance and other programs; a sliding fee scale for the uninsured; transportation services; patient advocacy and assistance; and, language interpreter services. LHC serves patients who speak approximately 50 languages. More than 70% of its staff speak multiple languages. LFHC leads the nation in providing culturally appropriate services tailored to the cultural and linguistic needs of its patients.

LFHC's Department of Community-Based Programs operates three community day care centers, three community centers for older adults, and WIC nutrition programs. They also offer a range of support, training, and education programs, including Project Reach Youth, Reach Out and Read, Even Start Family Literacy, Jet to Success, and other workforce development programs, Adult Basic Education, and case management.

LFHC led the Brooklyn Alliance to Strengthen the Safety Net, a federally funded Community Access Program (CAP) Coalition of more than 100 health care providers, faith based, and community based organizations working together to eliminate health disparities in Brooklyn

LFHC was New York City's first accredited family practice residency program and runs the nation's largest dental residency program with more than 200 residents located in over 100 community health centers in 22 states and the Caribbean. LCHC is the nation's largest post-doctoral dental residency program with over 200 residents located in over 100 Community Health Centers in 22 states and the Caribbean. LFHC also is a community-based teaching location for students from the A.T. Still University's School of Osteopathic Medicine.

### ***Medical Education and Teaching Program***

LHC has a long history of sponsoring medical education programs. LHC's Graduate Medical Education program educates and prepares residents for board eligibility in a variety of medical disciplines through a curriculum that provides a balance of patient care, education, and research.

LHC's GME programs meet the Institutional and Program Specific Requirements of the Accreditation Council for Graduate Medical Education, the American Osteopathic Association, the American Dental Association, and the Council on Podiatric Medical Education. LHC is the sponsoring institution for an osteopathic surgical residency program, a dually accredited family medicine residency, osteopathic surgical critical care fellowship, as well as accredited podiatric programs and residencies in internal medicine and obstetrics / gynecology and the Nation's largest accredited community health center-based postdoctoral dental residency program.

LFHC has been a teaching health center for 41 years, launching the first family medicine residency program in New York City in 1973. More recently, LFHC became one of only six community health centers around the country participating in the first-ever multi-state medical residency program. The new program is a partnership between A.T. Still University of Health Sciences' School of Osteopathic Medicine in Arizona and The Wright Center for Graduate Medical Education. The program focuses on the much-needed primary care specialty of family medicine and will place up to 29 medical school graduates per year over three years (87 graduates) at community health centers in at-risk communities around the country. LFHC received ACGME accreditation for internal medicine in July 2013.

LFHC operates the nation's largest postdoctoral Dental Residency Program. Utilizing advanced distance learning and video teleconferencing technology, the ADA-CODA accredited program has expanded to enroll over 300 residents. The program is located in 150 clinical sites and 100 community health centers in over 20 states and the Caribbean. Designed to expand health care workforce education and training for practitioners in critically underserved health professions shortage areas, residents receive training in comprehensive care for HIV patients and other special needs populations as a staple of the curriculum. LFHC is the only federally funded community health center to sponsor multiple accredited postdoctoral residency training programs, with programs in Advanced Education in General Dentistry, General Practice Residency, Pediatric Dentistry, Endodontics, Dental Anesthesiology, Orthodontics, Orafacial Pain, and Periodontology.

LFHC serves as the Brooklyn campus of A.T. Still School of Osteopathic Medicine based in Arizona. Planned and developed in 2007, the school partners with the National Association of Community Health Centers (NACHC). The goals of A.T. Still are to increase total number of well-trained primary care physicians and to create a stream of PCPs to serve within community health centers. This program provides physicians with early exposure to the unique challenges of medically underserved, minority, and low-income patient populations.

### **Governance models with respect to any owned, sponsored, or otherwise affiliated Article 28 hospitals and other facilities**

LFHC facilities and Lutheran Medical Center are licensed under an Article 28 of the New York Public Health Law.

d) Provide a detailed description of the health care services proposed to be provided at or near the LICH campus. Include specific services to be provided and hours of operation and the anticipated locations to the extent practicable. Describe the governance and ownership model for the proposal, especially with respect to any owned, sponsored or otherwise affiliated Article 28 hospitals and other facilities.

Described in more detail in this section, Fortis, NYULMC, and LFHC propose the following:

- NYULMC and LFHC will work with Fortis and KF Brock to transform approximately 90,000 square feet of space on the LICH campus into a state-of-the-art health care facility with an array of health care services. This will include approximately:
  - 65,000 square feet of space for NYULMC services
  - 10,000 square feet of space for LFHC services.
  - 5,000 square feet of space for other health care, social, or related services that meet additional community need that will be identified by advisory panels and other stakeholder input.
  - 10,000 square feet reserved for existing or expanded health care services to be determined in conjunction with NYULMC, LFHC, the advisory panels, and other stakeholder input.

#### **Governance models with respect to any owned, sponsored, or otherwise affiliated Article 28 hospitals and other facilities**

As stated, NYU Hospitals Center is a general hospital established and licensed under an Article 28 of the New York Public Health Law. LFHC facilities and Lutheran Medical Center are licensed under an Article 28 of the New York Public Health Law.

#### **Proposed Health Care Services**

Based on community needs assessments and stakeholder feedback, the proposal includes comprehensive health care services for patients of all ages on the LICH campus. As detailed below, NYULMC will provide emergency and urgent care services, comprehensive preventive and primary care services for all ages, a broad array of specialty care services, office-based surgery, sleep medicine, rehabilitation and physical therapy, and cancer services. NYULMC will provide the following services:

- 24-7 Freestanding Emergency Department (ED) with Urgent Care Center, including:
  - Four observation beds
  - The ability to receive ambulance services (Basic Life Support<sup>4</sup>)
  - Committed to working with SUNY and the State to avoid any gaps in the provision of health care services, including providing ED and urgent care services in LICH's existing ED after SUNY closes its clinical services, pending State approval

<sup>4</sup> Per New York State regulations, freestanding EDs can only receive Basic Life Support (BLS) transports. Basic life support is transportation by ground ambulance vehicle and the provision of medically necessary supplies and services, including BLS ambulance services as defined by the State.

- Primary and preventive care for all ages:
  - Internal Medicine
  - Ob-Gyn
  - Geriatrics
- Comprehensive women's services, including gynecology and perinatal care at the LICH campus and deliveries at Lutheran Medical Center
- Multispecialty ambulatory practice, including:
  - Cardiology
  - Gastroenterology
  - Pulmonary
  - Rheumatology
  - Neurology
  - Urology
  - Orthopedics
  - Rehabilitation Medicine
- Comprehensive Cancer Center, a full service satellite of the NYU Langone Cancer Center, a National Cancer Institute-designated Cancer Center; includes radiation oncology services and advanced imaging
- Ambulatory Surgery Center, including:
  - Orthopedics
  - Ear, Nose, and Throat (ENT)
  - Ophthalmology
  - Urology
  - Plastics
  - and General Surgery
- Office-Based Surgical Procedures, including:
  - GI Endoscopy
  - Bronchoscopy
  - Dermatology
- Diagnostic Imaging

LFHC will provide the following services:

- Dental
- Behavioral Health
- Pediatrics

• Lutheran Medical Center will provide the following services in community-based locations:

- Inpatient care

- Access to all of LHC's services

#### **Additional Services**

NYU will enter into clinical partnerships and contractual relationships with other organizations to ensure that community residents have access to the full range of care.

- *Inpatient care* will be provided through transfer agreements with Lutheran Medical Center and other Brooklyn hospitals. Patients who need inpatient care will be transferred to the hospital that can best treat their condition. NYULMC is committed to ensuring that patients who are treated in Brooklyn can stay in Brooklyn for inpatient and other services.
- *Dialysis* will be provided through an existing contract NYULMC has with the Atlantic Dialysis Management Services, LLC, which has an affiliate location, Central Brooklyn Dialysis Center, LLC at 818 Sterling Place, Brooklyn, which is in the LICH service area. Atlantic now provides inpatient and outpatient dialysis services for the New York City Health and Hospitals Corporation (HHC). NYULMC also will explore other options for contracts in the service area to ensure patient access.
- *Home care services* will be provided by the Visiting Nurse Service of New York (VNSNY) through an existing contract with NYULMC. VNSNY already has access to patients' virtual health record and can coordinate care and communicate with NYULMC providers through NYULMC's HIE.

Other services will be provided through arrangements with local providers.

**Cobble Hill Health Center:** NYULMC and LFHC also are eager to work closely with Cobble Hill Health Center to ensure that the long-term care residents of the skilled nursing facility have easy access to all of the services at the LICH campus. Cobble Hill Health Center also offers a wide range of services to help patients recover and transition back to independent living as well as enhance the comfort and the quality individuals' lives during the last phase of life. The health center includes a subacute care unit, a rehabilitation institute, cardiac rehabilitation, a dialysis center, palliative care, a 364-bed skilled nursing facility and other long-term care services, and an Alzheimer's Special Care Unit. The health center is located just less than four blocks from the LICH campus. The services offers by the Cobble Hill Health Center are natural complement to the continuum of services that NYULMC and LHC will be offering to the community, including NYULMC's premier geriatric and palliative care service and Comprehensive Cancer Center and LHC's rehabilitative care services.

#### **Hours of Operation**

NYULMC's freestanding Emergency Department and Urgent Care Center will be open 24-7. NYULMC's other services will be available Monday through Friday 8:00 am to 7:00 pm except for Rehabilitation and Physical Therapy, which will be open until 5:00 pm, and the Ambulatory Surgery Center, which will be open 7:00 am to 5:00 pm. LFHC services will be open from at least 9:00 am to 7:00 pm. Both NYULMC and LFHC will offer weekend hours that will be tailored to meet community need. The purpose of the evening and weekend hours is to improve access to services for residents. This is especially important for low-income patients who may have less flexibility to take time off of work.

### **Providers and Staff**

NYULMC will employ approximately 75 physicians, nurses, and other clinicians to provide care as well as 400 non-clinical employees to support patient care and operations. Of those non-clinical employees, it is expected that half will be SEIU 1199 positions. NYULMC anticipates hiring staff that will include clerical, building service, and ancillary service technician staff positions. For these non-clinical positions, NYULMC has committed to interviewing of qualified 1199 members who are displaced by the LICH closing before considering other applicants.

LFHC anticipates employing 26 non-physician employees—all of whom will be SEIU 1199 or New York State Nurses Association (NYSNA) members. Lutheran Medical Center has also committed to interviewing qualified LICH employees before considering other applicants for 24 months.

In addition to employing SEIU 1199 and NYSNA staff and providers, NYULMC and LFHC will independently contract with NYSNA nurses through an intermediate entity or staffing company. This will help maximize the number of NYSNA nurses continuing to work at LICH and thereby help preserve the legacy of excellent care provided at LICH.

### **Location of Services**

On a temporary basis, during the transition phase, the Freestanding ED and Urgent Care Center will be located at Polak Pavilion. To make services available as rapidly as possible, Offeror also will explore providing primary and specialty care services on a temporary basis at 349 Henry. After the transition phase, the health care services of both NYULMC and LFHC will be located on the LICH campus in a single building or adjacent buildings, on the primary sites (e.g., Fuller, Othmer, etc.). Centralizing services in a single location will help community members to more easily access services for themselves and their families. The proposal recognizes that many patients often have to schedule back-to-back appointments for themselves and their family members in order to reduce time taken off from work. Centralizing services also will enable NYULMC and LFHC to integrate and coordinate care for patients.

### **School-Based Health Centers**

School-Based Health Centers (SBHCs) are a critical part of the State's health care system. SBHCs reduce barriers to health care access and meet a broad range of the medical, dental, and mental health care needs of underserved students. They have been shown to improve health outcomes and reduce health care costs. Beyond the sphere of health care, they have been shown to improve graduation rates and reduce absenteeism, tardiness, and suspension and expulsion rates.

Fortis, NYULMC, and LFHC are aware that four SBHCs were operated by LICH and that sponsorship of those centers was transferred to SUNY Research Foundation in 2011. SBHCs must be sponsored by an Article 28 facility in New York. Given the critical nature of SBHCs to the community, LFHC is willing to negotiate sponsorship with SUNY to ensure that the centers continue to operate and serve the needs of children in the community.

Since 1983, LFHC has operated a highly successful SBHC program that currently consisting of 15 full-service SBHCs and 22 dental-only SBHCs serving numerous Brooklyn neighborhoods,

including Sunset Park; Red Hook; DUMBO; Park Slope; East Flatbush; and, soon, Bedford-Stuyvesant. Recognized by the U.S. Health Resources and Services Administration as a *Model That Works*, LFHC's SBHC services include physical examinations, immunizations, asthma and other chronic disease management, dental services, mental health counseling, health education, and other services. The program, one of the first to be funded in New York State and one of the largest in the State, serves as a keystone in the delivery of primary care to South and Central Brooklyn youth, providing onsite primary care, mental health and dental care to more than 14,000 children. Recently, LFHC began a partnership with the United Federation of Teachers and PS 188 in Coney Island, Brooklyn, to open a SBHC that will include optometry services as part of a Community Learning School model.

#### **Access and Affordability of Services**

NYULMC and LFHC recognize the unique nature of the patient community in Brooklyn. More than 30% of the population in North and Central Brooklyn lives in poverty. Therefore, both providers will provide care to all patients, regardless of their ability pay. Both NYULMC and LFHC offer sliding scale fee discounts up to 100% based on federal poverty guidelines. NYULMC and LFHC contract with numerous Medicaid health plans and have extensive experience serving Medicaid populations. NYULMC and LFHC offer assistance in enrolling in health care coverage, including the new options available through the State's Health Exchange. Both also offer payment plans to ease the financial burden on families.

#### **Governance and Ownership Model with Respect to Any Owned, Sponsored, or Otherwise Affiliated Article 28 Hospitals and Other Facilities**

NYULMC's Emergency Department, ambulatory surgery, radiology, and cancer services are offered through NYU Hospitals Center under Article 28 of New York Public Health Law. LFHC is also an Article 28 facility and will operate services under that authority. Other services will be provided through contractual or referral relationships with other providers. Both NYULMC and LFHC will operate the health care services at the LICH campus through a tenant-landlord relationship with Fortis.

*e) To be considered, the proposal must specify the medical services anticipated in Offeror's medical-services plan, including (i) for proposed in-patient services, the expected number of beds; (ii) the medical specialties (e.g., obstetrics, oncology) to be included in the medical-services plan; and (iii) how the medical-services plan will meet the needs of the community.*

The proposed services are built on a strong foundation of primary and preventive care, which was called for in numerous community assessments and include the specific specialty care identified in the assessments. The care will be integrated and coordinated between NYULMC and LFHC, which will improve patient health outcomes and ensure a seamless system of care. All services will be accessible to all patients, regardless of ability to pay, reflecting a commitment to care for all members of the LICH community.

NYULMC and LFHC will expand the services they already offer in Brooklyn to include a state-of-the-art facility on the LICH campus. This facility will offer comprehensive one-stop health care that will enable Brooklyn patients to stay in Brooklyn for world-class health care.

Described in more detail in this section, Table 1 provides a summary of the services included in this proposal.

**Table 1. Proposed Health Care Services Summary**

SERVICE	LOCATION	PROVIDER
<b>Freestanding Emergency Department</b>	LICH	NYULMC
<b>Urgent Care</b>	LICH	NYULMC
<b>Primary Care and Preventive Care</b>		
Internal Medicine	LICH	NYULMC
Pediatrics	LICH	LFHC
Ob-Gyn	LICH	NYULMC
Geriatrics	LICH	NYULMC
Dental	LICH	LFHC
<b>Specialty Care</b>		
Cardiology	LICH	NYULMC
Gastroenterology	LICH	NYULMC
Orthopedics	LICH	NYULMC
Physiatry	LICH	NYULMC
Pulmonary	LICH	NYULMC
Urology	LICH	NYULMC
<b>Behavioral Health</b>	LICH	LFHC
<b>Cancer Center</b>	LICH	NYULMC
<b>Diagnostic Imaging</b>	LICH	NYULMC
<b>Office-Based Surgical Procedures</b>	LICH	NYULMC
<b>Rehabilitation and Physical Therapy</b>	LICH	NYULMC
<b>Ambulatory Surgery Center</b>	LICH	NYULMC
<b>Radiation Oncology</b>	LICH	NYULMC
<b>Inpatient Care</b>	Community-based locations	Lutheran Medical Center, other Brooklyn hospitals
<b>Home Care</b>	Community-based locations	Visiting Nurse Service of New York and other home care agencies
<b>Dialysis</b>	Community-based locations	Central Brooklyn Dialysis Center

### Proposed Inpatient Services

The majority of care that patients need can be provided through the comprehensive array of services at the LICH campus or in LHC's community-based locations. However, for those patients who do need inpatient care, this proposal includes access to inpatient services through

transfer agreements with Lutheran Medical Center, which has 450 beds, and other Brooklyn hospitals.

NYULMC will provide a full-service, freestanding Emergency Department (ED) and Urgent Care open 24 hours per day, 7 days per week at the LICH campus. The ED will have four observation beds and the ability to receive Basic Life Support ambulances. NYULMC is committed to working with SUNY and the State to avoid any disruptions in the provision of health care services during the transition. With New York State Department of Health approval, NYULMC plans to provide ED services in the existing LICH ED after SUNY closes clinical services. NYULMC expects that the State will provide an accelerated approval pathway and has initiated its Certificate of Need (CON) process to help facilitate a seamless transition. NYULMC also will open an Urgent Care Center as soon as feasible. It does not require Article 28 approval.

The ED will be staffed by Board-certified emergency medicine physicians as well as emergency medicine-trained nurses and staff. Patients who need inpatient care will be taken to a hospital immediately by an ambulance if emergency medical personnel assess that they need immediate hospital care. If patients are in the ED, they will be transferred by ambulance to the hospital that offers the specific services needed to address the patients' condition. To eliminate transfer delays, there will be an ambulance at the ED at all times to transfer patients.

For example, if patients come to the ED with chest pain or discomfort, NYULMC will follow evidence-based national protocols that ensure that appropriate care is delivered within the specific timeframes indicated in the guidelines. Any full-service hospital facility must follow the identical protocols, which means that there will be no delay in care for patients. As indicated in the guidelines, patients with chest pain or discomfort will immediately be examined by a Triage Nurse in the ED. Within minutes of arriving, the patient will have vital signs taken, an EKG, and be given aspirin (unless they cannot take aspirin because of allergies or other reasons). A board-certified physician will read the EKG immediately. If the EKG shows evidence of an acute myocardial infarction, the patient will be examined by the attending physician, the patient's blood will be drawn for cardiac enzymes, and the patient will be transferred to a hospital. They will be transferred to one of five Brooklyn hospitals that provide Cardiac Catheterization - Percutaneous Coronary Intervention, which opens blocked blood vessels that cause heart attacks. Lutheran Medical Center is one of those five hospitals and is 10 minutes away. The EKG, chart documentation, and lab results also will be sent to the receiving hospital to ensure that the patient will immediately get the care they need.

Providers at the freestanding ED will be able to evaluate, treat, stabilize, and/or manage many conditions, including the following:

- Chest pain/discomfort
- Asthma/COPD/ shortness of breath
- Pediatric emergency care, including wheezing/difficulty breathing
- Acute abdominal pain
- Minor burns and lacerations
- Minor trauma, including sprains, broken bones, post-fall evaluation
- Sepsis

- Allergic reactions
- Gastroenteritis
- Upper respiratory infections
- Headaches
- All ambulatory care sensitive conditions (e.g., diabetes)
- Seizures
- Women's health complaints, including bleeding and vaginal discharge
- Dehydration
- Syncope
- Incision and drainage of abscesses

### **Medical Specialties**

As stated, NYULMC and LFHC will provide a wide array of primary care and specialty care services. At the LICH campus, these services will include:

- Primary Care
  - Internal Medicine
  - Pediatrics
  - Ob-Gyn
  - Geriatrics
  - Dental
- Behavioral Health
- Specialty Care
  - Cardiology
  - Gastroenterology
  - Orthopedics
  - Physiatry
  - Pulmonary
  - Urology
- Cancer Care

In addition, NYULMC will provide Diagnostic Imaging, Office-Based Surgical Procedures, Sleep Medicine, Rehabilitation and Physical Therapy, Ambulatory Surgery Center, and Radiation Oncology (as part of the Cancer Center) at the LICH campus. Visiting Nurse Service of New York will provide home care services and Central Brooklyn Dialysis Center will provide dialysis services, both through existing contracts with NYULMC.

### **Meeting Community Need through the Proposed Health Care Services**

There is no shortage of data to indicate the problems and unmet health needs that pervade Northwest Brooklyn's health care system and the broader Brooklyn system. Too little preventive and primary care is available and utilized, which means that too much care takes place in hospital settings and in Emergency Departments (EDs). Poor community health measures reflect these deficiencies.

Prevention Quality Indicators (PQIs) can be a strong signal for how well an area's health system is functioning—or not functioning. PQIs measure hospital admission rates for conditions for which effective outpatient care may prevent the need for hospitalization or for which early intervention may prevent complications or worsening of a disease. Northwest Brooklyn is among the five Brooklyn neighborhoods with the highest rates of PQI inpatient discharges as a percentage of medical-surgical admissions in 2009. Indeed, 15.5% to 16.2% of adult medical-surgical hospitalizations in that year were PQI hospitalizations.<sup>5</sup>

Another methodology<sup>6</sup> showed high inappropriate use of the ED. In 2012, between 41.4% to 43.4% of ED outpatient visits in the Northwest Brooklyn area were non-emergency or primary care treatable conditions. A report by the United Hospital Fund found that ED visits not resulting in an admission in Brooklyn Heights amounted to 80% of the visits. In 2008, there were 30 ED visits per 100 residents and 25% had 3 or more visits.<sup>7</sup>

PQIs also reveal critical racial and ethnic health disparities in Northwest Brooklyn.<sup>8</sup> For example, diabetes is a serious and potentially life-threatening condition, but it can generally be managed in a primary care setting. High PQI rates for uncontrolled diabetes, therefore, likely mean that the condition is not being well managed in a primary care setting. The percentage of the PQI admissions for uncontrolled diabetes expected for African Americans as a percentage of what is "expected"<sup>9</sup> was a staggering 612%. For Hispanics it was 398% and for Asians it was 151%. This is particularly shocking when compared to the 58% rate for Whites. Similar significant disparities exist in Northwest Brooklyn for several PQIs.

Health disparities also occur in lesbian, gay, bisexual, and transgender (LGBT) communities. While less data is available about the health of LGBT communities, Healthy People 2020 describes strong need for culturally and clinically competent health services, including services for LGBT youth, who are two to three times more likely than their heterosexual counterparts to attempt suicide and at higher risk for homelessness.

A wide range of solutions is required to begin to address these problems. One essential solution is to increase the availability of and access to culturally competent, linguistically accessible primary and preventive care for community members while preserving some emergency and urgent care capacity. Evidence clearly demonstrates that primary care is lacking in Brooklyn. According to the Medicaid Redesign Team's (MRT) Brooklyn Work Group report, almost one

<sup>5</sup> "At the Brink of Transformation: Restructuring the Healthcare Delivery System in Brooklyn," a report of the Brooklyn Health Systems Redesign Work Group of the Medicaid Redesign Team, November 2011.

<sup>6</sup> Based on the algorithm developed by John Billings at New York University.

<sup>7</sup> "Emergency Department Use in Brooklyn by Neighborhood," a report of the United Hospital Fund for the Brooklyn Redesign Work Group of the MRT, September 2011.

<sup>8</sup> Using the UHF neighborhood zip codes for Northwest Brooklyn: 11201, 11205, 11215, 11217, 11231. Ages 18 and older, average of 2008 and 2009. Source:

[https://apps.health.ny.gov/statistics/prevention/quality\\_indicators/mapaction.map](https://apps.health.ny.gov/statistics/prevention/quality_indicators/mapaction.map). Accessed September 9, 2013.

<sup>9</sup> Admissions as % Expected is the ratio of the observed number of admissions to the number of "expected" admissions. The number of "expected" admissions is the number of admissions that would be observed if the rate for each age-sex group in the area were the same as it is for the state as a whole.

quarter (23%) of Brooklyn residents indicate that they lack a primary care provider.<sup>10</sup> As noted above, preventable inpatient admissions, a measure that speaks to effectiveness of a community's primary and preventive care system, are very high in Brooklyn and higher in Central and Northwest Brooklyn.<sup>11</sup> Even where primary care services exist, they are often not adequate to meet the needs of the community. Only 16% of primary care practices have extended hours on the weekend or after 5:30pm.<sup>12</sup> In response to this need, a central aspect of our proposed health care services at LICH will be primary care for all ages, including extended hours for primary care services as well as population health initiatives that address the health disparities indicated above.

All of these data and findings point to the need for a fundamental shift in the way that care is being delivered in the LICH area. As the MRT work group and other assessments have affirmed and as underlies the proposed approach, there is a need to eliminate the inappropriate use of the ED and preventable hospitalizations by enhancing access to high-quality primary and preventive care and developing a true integrated system of care. There is also a need to provide care that is tailored to the needs of the diverse communities of Brooklyn and that responds to the health disparities faced by people of color and LGBT residents, which is what NYULMC and LHC have the expertise to do.

Our proposed model places primary care at the foundation of an integrated system, with emergency and urgent care as an important complement. Its approach is consistent with the broader transformation of the health delivery system articulated by Governor Cuomo's MRT and trends that are taking place across the nation and across New York.

It is also consistent with Mayor de Blasio's call in his inaugural speech for expanding community health centers into neighborhoods in need. This proposal does exactly that by establishing a new federally qualified health center (FQHC) site in the LICH service area. The LICH service area includes five zip codes that are part of the neighborhoods<sup>13</sup> identified as being the highest priority for FQHC expansion in "A Plan for Expanding Sustainable Community Health Centers in New York," a report by the Community Health Care Association of New York State released in April 2013. The CHCANYS report identifies 16 neighborhoods as being the highest priority for expanding FQHCs. Five of those neighborhoods are in Brooklyn and include 16 zip codes—5 of which are in the LICH service area. This analysis was one of the factors that drove the decision to include Lutheran Family Health Centers as a core health care provider.

NYULMC and LFHC reviewed community health data to help determine the most needed clinical services to provide at the existing LICH campus. There is increased demand for primary care for the elderly population, which grew by 19% from 2000 to 2010 in Northern and Central

<sup>10</sup> "At the Brink of Transformation: Restructuring the Healthcare Delivery System in Brooklyn," a report of the Brooklyn Health Systems Redesign Work Group of the Medicaid Redesign Team, November 2011.

<sup>11</sup> "At the Brink of Transformation: Restructuring the Healthcare Delivery System in Brooklyn," a report of the Brooklyn Health Systems Redesign Work Group of the Medicaid Redesign Team, November 2011.

<sup>12</sup> "Making the Connection to Care in Northern and Central Brooklyn," a Final Report of the Brooklyn Healthcare Improvement Project (B-HIP), August 2012.

<sup>13</sup> Using United Hospital Fund neighborhood definitions

Brooklyn.<sup>14</sup> As a result, one of NYULMC's primary care subspecialties at the LICH campus will be geriatrics.

Available data highlights a need for certain specialties in the LICH community as well. The vast majority of individuals (89%) surveyed in North and Central Brooklyn prefer to seek care near where they live but the most common reason for seeking care outside of their community is the lack of a specialist.<sup>15</sup> The proposal includes a wide range of medical specialties on the LICH campus. In addition to general doctors, two of the four most often cited medical specialties seen outside of the neighborhood are OB/GYN providers and cardiologists, both of which will be provided by NYULMC on the LICH campus. The most difficult providers to access according to a survey of North and Central Brooklyn residents are dentists, doctors for basic health care, providers of pre-natal care, and pediatricians.<sup>16</sup> In response, LFHC will provide dental services and pediatrics—as well as behavioral health care—and NYULMC will provide OB/GYN, pre-natal care, and cardiology services at the LICH campus.

Both NYULMC and LFHC have extensive experience with managing chronic illnesses and high-need patients. The most often reported illnesses or health conditions among survey respondents in North and Central Brooklyn are high blood pressure/hypertension (24.8%), asthma (19.9%), and diabetes (15.7%).<sup>17</sup> NYULMC and LFHC have experience with addressing each of these high-prevalence conditions, including using evidence-based guidelines, using their EHRs to support comprehensive population management, and coordinating care to close gaps in care and improve patient outcomes.

#### **Consultation with Stakeholders**

Fortis, NYULMC, and LFHC recognize that existing assessments and data can only reveal so much about community need and, therefore, have actively sought input from local elected officials, union representatives, and other members of the community. All of the parties involved in the submission process are especially mindful of the need to craft a proposal that is responsive to the sensitivities of the immediate community and addresses the larger context of health care and affordable housing in Brooklyn.

Fortis, NYULMC, and LHC implemented a plan to meet directly with various stakeholders and instructed Fortis' government relations team to reach out directly to other interested parties to solicit input on community health care needs and the plan for health care services on the LICH campus. Specifically, as part of this outreach plan, there have been meetings and/or discussions with numerous critical stakeholders, including the Office of Mayor Bill de Blasio; Brooklyn Borough President Eric Adams; Kevin Finnegan, Political Director of SEIU 1199; Leadership from the New York State Nurses Association; New York Congressman Hakeem Jeffries; New

---

<sup>14</sup> "Making the Connection to Care in Northern and Central Brooklyn," a Final Report of the Brooklyn Healthcare Improvement Project (B-HIP), August 2012.

<sup>15</sup> "The Need for Caring in Northern and Central Brooklyn," a community health needs assessment by Brooklyn Perinatal Network, the Commission on the Public Health System and New York Lawyers for the Public Interest, January 2013.

<sup>16</sup> Ibid

<sup>17</sup> "The Need for Caring in Northern and Central Brooklyn," a community health needs assessment by Brooklyn Perinatal Network, the Commission on the Public Health System and New York Lawyers for the Public Interest, January 2013.

York State Senators Martin Golden, Kemp Hannon, Brad Hoylman, Velmanette Montgomery, Kevin Parker, Diane Savino, and Daniel Squadron; New York Assembly Members Peter Abbate, Jim Brennan, Karim Camara, Steven Cymbrowitz, Maritza Davila, Brian Kavanagh, Joan Millman, Walter Mosley, Felix Ortiz, and Nick Perry; City Council Members Robert Cornegy, Jr., Laurie Cumbo, Rafael Espinal, Brad Lander, Stephen Levin, Mark Treyger, and Jumaane Williams; the Brooklyn Chamber of Commerce; Erin Drinkwater, Executive Director, the Brooklyn Community Pride Center; John Heyer, Pastoral Associate, Sacred Hearts-St. Stephen Church; Rabbi Seth Wax, Congregation Mount Sinai-Brooklyn Heights; Mark Shames, President, Independent Neighborhood Democrats; and, as the letters of support below indicate, clergy, public housing, and other community members throughout the LICH service area.

Outreach has also been done to Public Advocate Letitia James; New York Congresswoman Nydia Valezquez; New York Assembly Member Annette Robinson; the Brooklyn NAACP; and the National Action Network, Brooklyn chapter.

Fortis, NYULMC, and LHC participated in a meeting with the Boerum Hill Association, the Brooklyn Heights Association, the Carroll Gardens Neighborhood Association, the Cobble Hill Association, the Riverside Tenants' Association, the Wyckoff Gardens Association, Inc., and other community members hosted by Cobble Hill Health Center to discuss the LICH health care proposals. Fortis, NYULMC, and LHC also participated in a luncheon with clergy hosted by Reverend Dr. John A. Credle at the Calvary Baptist to discuss the restructuring of LICH.

Fortis has made significant revisions and refinements to the proposal to incorporate the feedback obtained from those meetings and discussions. These revisions include, among other things, specific commitments to 1) working with NYULMC, a preeminent teaching hospital, which could operate a freestanding ED and employ 200 union workers on site; 2) working with LFHC, a large FQHC network, to offer additional services at LICH, employ 26 unions workers, and negotiate sponsorship of SUNY's school-based health centers; and 3) expanding the proposal to include a significant affordable housing component (provided the necessary density and programming is made available by the City and State). Through these meetings, Fortis also established a framework for future discussions and further community outreach, pending the final outcome of the SUNY process. Fortis, NYULMC, and LFHC will continue to work with these and other stakeholders to ensure that both the process and the final package of health care services remain responsive to community need.

A March 2014 poll conducted by the Parkside Group showed that residents from the LICH community<sup>18</sup> who were interviewed viewed NYULMC three times more favorably than other provider organizations that have submitted proposals. When respondents were asked to pick an operator for LICH, respondents picked NYULMC by a large margin. In addition, to date, more than 740 LICH community members have signed a petition supporting our proposal and another more than 200 LICH community members have signed a petition asking for the return of dental services at LICH.<sup>19</sup> (Petitions are available upon request.)

<sup>18</sup> The poll consisted of 400 interviews of resident voters in zip codes 11201, 11205, 11217 and 11231.

<sup>19</sup> In 2010, Lutheran Family Health Centers agreed to operate the dental department on the LICH campus to preserve access to these vital services. However, the State terminated the lease of the dental clinic in anticipation of the closure of LICH.

### *Letters of Support*

Fortis has also received letters of support (see attached) from the following community leaders:

1. Martin Malave Dilan, New York State Senator
2. Diane Savino, New York State Senator
3. Alec Brook-Krasny, New York State Assembly Member
4. Joseph R. Lentol, New York State Assembly Member
5. Nicole Malliotakis, New York State Assembly Member
6. Robert Cornegy, Jr., New York City Council Member
7. Rafael L. Espinal, New York City Council Member
8. Walter T. Mosley, New York State Assembly Member
9. Arthur Webb, member of the Medicaid Redesign Team, Brooklyn Work Group
10. Minister Arthur L. Smith, Lovely Hill Baptist Church
11. Reverend Shirley Barkley, Pastor, God's Divine Prayer Tabernacle
12. Robert V. Butler, Jr., Senior Pastor, Glory Tabernacle
13. Reverend Dr. John Credle, Senior Pastor, Calvary Baptist Church
14. Bishop Eric R. Figueroa, Presiding Prelate, New Life Covenant Fellowship
15. Reverend Eddie Karim, Jr., Pastor, United Baptist Church
16. Reverend Byron Anderson, Pastor, Red Hook Gospel Tabernacle
17. Minister Efrain Lopez, Iglesia En Cristo Somos Uno, Inc.
18. Reverend Dr. Alicia Wenter, Immanuel First Spanish Church
19. Reverend A. R. Jamal, Pastor, New Brown Memorial Baptist Church
20. Reverend Ricardo Varela, Pastor, Pentecostal Assembly
21. Evangelist Migdalia Colon, Pentecostal Church of Jericho
22. Elder Wilbur T. Burns, Pentecostal Holiness Church of Red Hook
23. Reverend Bernard Uche, Christ United Methodist Church
24. Mattie Griffin, President, Marcus Garvey Houses
25. Leonard Jones, President, Fenimore-Lefferts Resident Association
26. John Prince, President, Rutland Towers Resident Association
27. Naomi M. Johnson, President Howard Houses Resident Association
28. Carlo A. Scissura, President and CEO, Brooklyn Chamber of Commerce
29. Dorothy Shields, Resident Association Leader, Red Hook House East (a New York City Housing Authority development)
30. Harriett Hughes, Resident Association Leader, Warren Street Houses (a New York City Housing Authority development)
31. Reginald H. Bowman, President of the New York City Housing Authority Residents Council, CCOP, Inc.
32. Randolph Peers, Executive Director, Opportunities for a Better Tomorrow
33. Erin Drinkwater, Executive Director, the Brooklyn Community Pride Center

### **Ongoing Community Engagement**

Fortis, NYULMC, and LFHC recognize the critical importance of community input and involvement in the implementation of this new enterprise in Brooklyn. The parties have already been engaging stakeholders in the proposal development process and will continue to solicit meaningful community involvement and input in the implementation of the clinical component of the proposal and in the context of the overall redevelopment.

### ***Clinical Advisory Panel***

Fortis, NYULMC, and LFHC will create a Clinical Advisory Panel that will provide guidance to NYULMC and LFHC as they establish and expand services. The panel members also will work together to develop a true integrated system of care in the community, including how the providers will communicate and coordinate care across care settings, better manage patients with chronic conditions, and improve community health. The panel also will monitor health data and information to identify and prioritize opportunities for improvements. This will include data on “hot spots” that reveal high health care utilization that is associated with poor health outcomes and excess costs, Prevention Quality Indicators that can guide the expansion of primary care services and efforts to eliminate racial and ethnic disparities, community needs assessments that can provide more “on-the-ground” information about community need and preferences, and other key data. The advisory panel will include local providers, NYULMC and LFHC providers, representatives from clinical partners (e.g., Lutheran Medical Center, the Visiting New Service of New York), representatives from provider associations, and public health experts. NYULMC can also draw upon the tremendous expertise in its Department of Population Health to assist in identifying the best strategies to improve community health.

### ***LICH Transformation Advisory Panel***

In addition, Fortis, NYULMC, and LFHC will establish a LICH Transformation Advisory Panel that will comprise a wide range of community stakeholders. This panel will meet during the transformation phase and provide guidance to ensure that the new health care services, other health-related services, and affordable housing development are responsive to community needs and that the new enterprise supports the broader goals of delivery system transformation in Brooklyn. Members will include representatives from the Mayor’s office, the Speaker of the City Council’s office, the Borough President’s office, the Public Advocate’s office, neighborhood associations, the New York State Department of Health, community-based organizations, hospital and community health center organizations, and other key stakeholders.

The Clinical Advisory Panel and the LICH Transformation Advisory Panel also can serve as venues for pursuing larger-scale transformation. For example, Governor Cuomo has indicated that as much as \$1 billion of the State’s \$8 billion of 1115 Medicaid Waiver funds will be directed toward the Brooklyn health system. NYULMC, LHC, and Fortis believe that those funds would be best spent on creating a high-quality, accessible health care system in Brooklyn—one that would be the envy of any community. This is in contrast to previous “bail-out” dollars that have, in many cases, merely delayed a series of crises rather than supported long-term, viable solutions. NYULMC, LHC, and Fortis have committed their own funds to develop an integrated system of care for the LICH community and are committed to working with any and all providers in

Brooklyn to develop the right system of care. The advisory panels are important platforms for pursuing that goal.

### ***Community Ombudsperson***

Fortis, NYULMC, and LHC will also appoint a “Community Ombudsperson” who will act as their community representative and help ensure that the services are meeting community needs. The Ombudsperson will give stakeholders and community members a direct contact with someone who reports directly to NYULMC, LHC, and Fortis leadership throughout the entire process. This will help make sure that any issues and concerns are addressed quickly. The selection of the Ombudsperson will be made with stakeholder input.

### ***Community Outreach and Education***

Since the transformation of the LICH campus is a major change for community members, Fortis, NYULMC, and LHC will work with community leaders, neighborhood associations, elected officials, and other stakeholders to educate the public about the new services that will be available to them and how to get the care they need. The public outreach campaign also will focus on helping people get connected to a primary care home that is culturally, clinically, and linguistically appropriate and get other support they need to prevent Emergency Department visits and hospitalizations. NYULMC and LFHC envision care coordination and community outreach staff as part of the clinical service continuum provided at the LICH campus. Both clinical partners have significant experience with deploying health care workers beyond the traditional boundaries of the health care delivery system. Both also will collaborate with community-based organizations to improve access to services and promote patient self-management and shared decision-making. For example, LFHC trains and deploys Patient Centered Medical Home Advocates as a part of patient care teams. They assist the team to plan, manage, track, and coordinate patient care; support patient self-management; and assist patients in navigating the health care and social services.

### ***Community Foundation***

Because there are many current and emerging community needs, an integral feature of this proposal is the establishment of a tax-exempt, non-profit Community Foundation upon closing on the acquisition of properties. The foundation’s purpose would be to support identifying and responding to community needs in the LICH service area, including needs related to health care and affordable housing.

Similar to foundations that have been developed as a result of the conversion of non-profit hospitals, health plans, and health organizations to for-profit entities, this foundation would have an independent Board of Directors and would exist to serve the public good in the area through grant making and investments related to community health, social services, and other needs. Optimally, the Board would have designated seats for community representatives (e.g., community leaders, community civic associations), health care representatives, and a representative from the “special purpose entities” (SPEs) that would purchase the LICH property and contribute to the foundation.

Fortis proposes making a \$5 million contribution to the Foundation to address community needs. The goal is to provide resources to support meaningful improvements in the lives of residents

and their community. Fortis' contribution also will be used to attract other investments that can be put into the Foundation to further meet community need.

*f) Describe any proposed relationships with any other hospitals, systems or healthcare providers, if applicable.*

As stated, NYULMC already has a contract with Visiting New Service of New York, which will be the proposed provider of home care services. NYULMC will ensure access to dialysis services through a contract with Atlantic Dialysis Management Services' affiliate location, Central Brooklyn Dialysis Center, LLC.

NYULMC will establish agreements with Lutheran Medical Center, other local hospitals, and emergency medical services to facilitate transfers to inpatient care. Lutheran Medical Center will have an agreement with TransCare to have an ambulance stationed at the LICH campus at all times. This will help ensure that patients can be immediately transferred if they need inpatient care.

NYULMC and LFHC also will work closely with other providers to manage and coordinate the care of patients. In addition to the clinical relationships described explicitly above, NYULMC and LFHC also will develop affiliation, referral, or contractual relationships with other providers to meet additional needs of the community. Where possible, health information will be shared among providers using NYU's Health Information Exchange to help facilitate a coordinated system of care.

*g) Provide compliance history for the proposed health care operator and all affiliates, including parent, subsidiaries, and sibling affiliates, if applicable.*

NYULMC has not been the subject of any corporate integrity agreements or other enforcement actions, apart from routine billing audits, and is not the subject of any pending Office of Medicaid Inspector General (OMIG) audits.

Except as described below, LFHC has not been the subject of any corporate integrity agreements or other enforcement actions.

On September 6, 2006, Lutheran Medical Center (LMC) entered into a settlement agreement ("Settlement Agreement") with the Attorney General of the State of New York in regard to an investigation and audit by the Attorney General's Medicaid Fraud Control Unit ("MCFU Investigation"). This settlement includes LFHC. The MCFU Investigation examined LMC's compliance with Medicaid rules relating to the operation of LMC's 22 off-site, part-time clinics during the period 1996 through 2003. Under the Settlement Agreement, LMC indicated that it had operated the part-time clinics in excess of the 60-hour per month limit set forth in the applicable Medicaid regulations, but it did not admit to directly engaging in any other conduct that did not comply with applicable regulations. The Settlement Agreement provided for a payment of \$9 million, payable over a nine-year period, in respect of moneys overpaid to LMC by the Medicaid program. In addition, the Settlement Agreement required LMC to undertake a number of actions, including institution of a compliance program to ensure the accuracy of

claims and the performance of quality assurance auditing, staff compliance education and training and records control. Under the Settlement Agreement, LMC was required to retain an independent consultant whose responsibility included monitoring LMC's adherence to its compliance program. The independent consultant was to serve until three months after the termination of the provision of services by LMC's part-time clinic, and thereafter issue a final report to the Attorney General regarding LMC's compliance with the Settlement Agreement terms.

The final report of the independent monitor was issued in August 29, 2007, and found that LMC had substantially complied with its compliance program and the other terms of the Settlement Agreement that the independent monitor was charged with reviewing. The only remaining obligation under the Settlement Agreement is the continuing obligation to pay the balance of the \$9 million dollar settlement amount.

*h) Litigation/Judgments — Provide a detailed description of any pending or threatened litigation in which the Offeror, including the proposing organization or any collaborator is involved and any judgments, orders or integrity or compliance agreements that are applicable to the Offeror, including the proposing organization or any collaborator that may affect the ability to execute the proposed project for the Property successfully.*

Neither Fortis, L+M, NYULMC, or LHC has any litigation, judgments, orders, or integrity or compliance agreements that would affect their ability to execute the proposed project.

## **2. DESCRIPTION OF PROPOSAL**

*a) Define the overall nature of the proposal and how it relates to each of the objectives as described in PART 2.A, above. Provide detail on each component of the proposal and describe the relationship between components. A business plan is desirable.*

As stated, the proposed services are built on a strong foundation of primary and preventive care, which was called for in numerous community assessments and include the specific specialty care identified in the assessments. The proposed services also include a freestanding ED and urgent care center and a broad range of specialty care services, including those specifically called for in community assessments and NYULMC's Cancer Care Center. The care will be integrated and coordinated between NYULMC and LFHC, which will improve patient health outcomes and ensure a seamless system of care. All services will be accessible to all patients, regardless of ability to pay, reflecting a commitment to culturally and clinically competent and linguistically accessible care for all members of the LICH community.

NYULMC and LFHC will expand the services they already offer in Brooklyn to include a state-of-the-art facility on the LICH campus. This facility will offer comprehensive one-stop health care will enable Brooklyn patients to stay in Brooklyn for world-class health care. Specific to the objectives indicated in 2.A

### **1. Method for Continuing Health Care Operations after SUNY Exists**

NYULMC and LHC will work with SUNY to ensure the appropriate transition with the goal of eliminating or limiting interruption of services. To try to ensure that there is not a gap in the

provision of critical health care services for the LICH community, NYULMC will work with SUNY to begin operating the freestanding ED (subject to State approval) and Urgent Care Center prior to Fortis' closing on the acquisition of the properties (i.e., during the interim period between SUNY's withdrawal and implementation of our ultimate health care plan). NYULMC plans to provide ED services in the existing ED at the Polak Pavilion. ED services will be transitioned to the new ED space once renovation has been completed. In order to help ensure no gaps in the provision of health care services, NYU has already started the Certificate of Need (CON) process for the freestanding ED with the New York State Department of Health. This transfer of services will be at no cost to SUNY. NYULMC also will open the Urgent Care Center on the LICH campus with extended hours as soon as feasible after SUNY ceases clinical operations and can operate. The Urgent Care Center does not require Article 28 approval.

If the Dormitory Authority of the State of New York (DASNY) determines that such transition method would require defeasance of the applicable Personal Income Tax bonds (SUNY's estimated defeasance amount is \$118 million), Fortis has secured an interim debt facility (the "Interim Debt Facility") to fund the defeasance amount (see term sheet attached hereto). The lender of the Interim Debt Facility would receive a first priority mortgage and security interest in and to all of the real and personal property at LICH. Any amount so funded under the Interim Debt Facility shall (a) satisfy any and all deposit requirements of Fortis under a purchase and sale agreement for the properties (and, if Fortis funds a deposit prior to the placement of the Interim Debt Facility, SUNY shall return the original deposit to Fortis); (b) upon closing on the acquisition of the properties, be either assumed by Fortis and credited against the purchase price or repaid by SUNY from the proceeds of its sale of the properties to Fortis; and (c) if the purchase and sale of the properties does not close within the time period set forth in the purchase and sale agreement, become immediately due and payable by SUNY to lender.

With the other services, the goal is to have them available as soon as possible. Construction work will be performed concurrently while health care services are being provided. The work will therefore will be carefully phased in overtime in a way that ensures that providers and patients remain safe and secure from the impact of construction activity. Space undergoing renovation in the construction sequence will be "Safed Off" and isolated, and a significant portion of the work will occur during the night and off hours.

**2.a-b. Full-Service Emergency Department (ED), Intensive Care Unit, and Inpatient Beds**

NYULMC will provide a full-service freestanding Emergency Department (ED) and Urgent Care open 24 hours per day, 7 days per week at the LICH campus. The ED and Urgent Care Center will have four observation beds and the ability to receive ambulances for Basic Life Support. The ED will be staffed by physicians Board-certified in emergency medicine as well as emergency medicine-trained nurses and staff. Lutheran Medical Center also will have an agreement with TransCare to have an ambulance stationed at the LICH campus at all times. This will help ensure that patients can be immediately transferred if they need inpatient care.

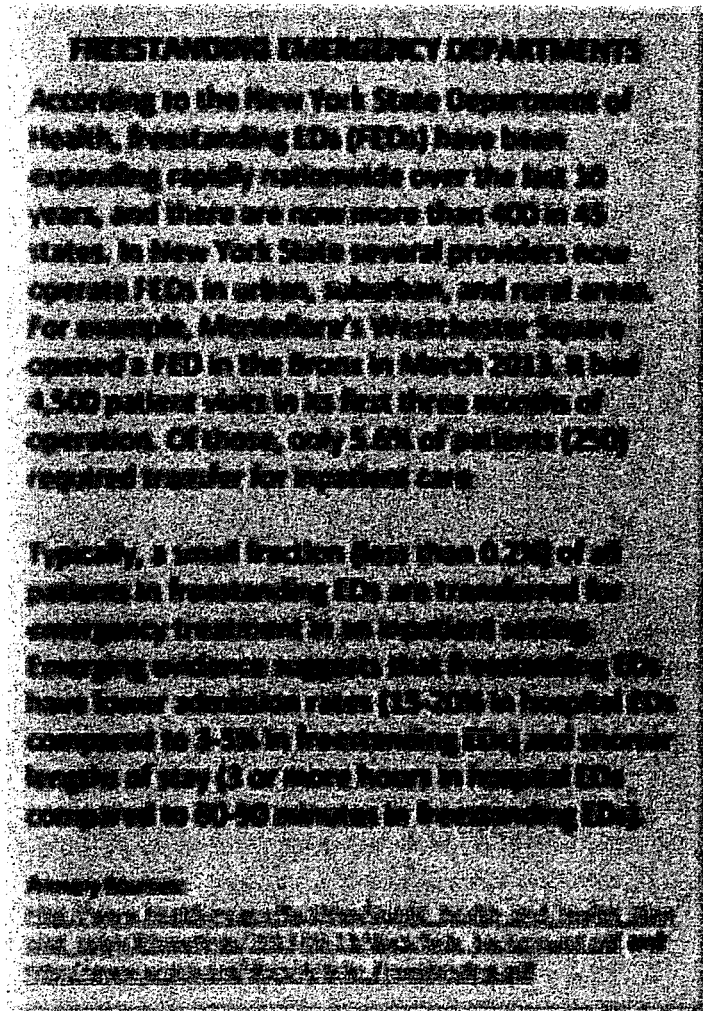
NYULMC is committed to working with SUNY and the State to avoid any disruptions in the provision of health care services during the transition. With New York State Department of Health approval, NYULMC plans to provide ED services in the existing LICH ED after SUNY closes clinical services. NYULMC expects that the State will provide an accelerated approval

pathway and has initiated its Certificate of Need (CON) process to help facilitate a seamless transition. NYULMC also will open an Urgent Care Center as soon as feasible. It does not require Article 28 approval.

In their permanent locations, the ED and Urgent Care Center will occupy approximately 15,000 square feet at the LICH campus. The ED will have four observation beds. The observation beds will be for patients who are not well enough to be immediately discharged but are not sick

enough to be admitted to a hospital.

This may include patients with chest pain, fainting, fluid and electrolyte disorders, and abdominal pain. They also will be used for patients who need to be stabilized before being transferred to a hospital. The providers use defined evaluation and treatment protocols that are specific to the conditions that the patients have so that the patients receive all the care they need before they are discharged or transferred. Most of the patients who will use the observation beds will stay from 17 to 24 hours but no more than 48 hours. Research has shown that the use of observation beds can decrease inpatient admissions and shorten patient stays. A recent study found that patients cared for in an observation unit had a 23% to 38% shorter lengths of stay and a 17% to 44% lower probability of having future inpatient admissions. Other studies have found that patients cared for in observation units have better clinical outcomes and higher satisfaction as well.



The ED and Urgent Care Center will have enough space and personnel to provide care for the volume of adult and pediatric emergency patients that will present to the LICH campus. The NYULMC Emergency Department is efficient; patients have short "dwell times" in the ED through innovations in workflow including, nursing, lab, imaging, and consult services. Approximately 35% of patients who will present at the ED also will be triaged to the Urgent Care Center, creating additional ED capacity.

The vast majority of care that patients need can be provided through the comprehensive array of services at the LICH campus or in LHC's community-based locations. However, for those patients who do need inpatient care, this proposal includes access to inpatient services through

transfer agreements with Lutheran Medical Center, which has 450 beds, and other Brooklyn hospitals. This proposal does not include inpatient beds at the LICH campus. Patients who need inpatient care, including an intensive care unit, will be taken to a hospital immediately by an ambulance if emergency medical personnel assess that they need immediate hospital care. If patients are in the ED, they will be transferred by ambulance to the hospital that offers the specific services needed to address the patients' condition. To eliminate transfer delays, there will be an ambulance present at the ED at all times to transfer patients.

NYULMC plan to have 12-15 bays in the ED; however the ED and Urgent Care Center space will be designed so that urgent care space could become ED bays if there is increase in patients (e.g., for flu season). This flexible design coupled with more efficient processes is now standard in modern health care facilities and NYULMC plans to bring that state-of-the-art care to LICH. NYULMC also will include a community assessment in determining the final number of bays.

### **2.c. Teaching Hospital or Affiliation**

#### ***NYULMC***

Founded in 1837, the NYU School of Medicine is one of the foremost medical schools in the United States. With 1,360 full-time faculty and 2,175 part-time faculty, NYU School of Medicine has trained thousands of physicians and scientists who have helped to shape the course of medical history and enrich the lives of countless people. An integral part of NYULMC, the School of Medicine at its core is committed to improving the human condition through medical education, scientific research, and direct patient care. The School also maintains academic affiliations with area hospitals, including Woodhull Hospital Medical Center in Brooklyn and Bellevue Hospital in Manhattan.

NYU and SUNY have long-standing relationships with the VA and share an affiliation with the VA Medical Center. This includes the VA New York Harbor Healthcare System in Brooklyn. Under this affiliation, the institutions interact on a daily basis and will discuss a similar arrangement at LICH.

#### ***LFHC***

LFHC has been a teaching health center for 41 years. It is one of only six community health centers in the country participating in a multi-state medical residency program. LFHC also operates the nation's largest postdoctoral Dental Residency Program. Utilizing advanced distance learning and video teleconferencing technology, the ADA-CODA accredited program has expanded to enroll over 300 residents. The program is located in 150 clinical sites and 100 community health centers in over 20 states and the Caribbean. Designed to expand health care workforce education and training for practitioners in critically underserved health professions shortage areas, residents receive training in comprehensive care for HIV patients and other special needs populations as a staple of the curriculum. LFHC is the only federally funded community health center to sponsor multiple accredited postdoctoral residency training programs, with programs in Advanced Education in General Dentistry, General Practice Residency, Pediatric Dentistry, Endodontics, Dental Anesthesiology, Orthodontics, Orofacial Pain, and Periodontology. LFHC also serves as the Brooklyn campus of A.T. Still School of Osteopathic Medicine based in Arizona to increase the total number of well-trained primary care physicians and to create a stream of PCPs to serve within community health centers. This program provides

physicians with early exposure to the unique challenges of medically underserved, minority, and low-income patient populations. LFHC would also welcome being a teaching site for SUNY.

#### **2.d. Proposed Health Care Services Consistent with the New York City Regional Economic Development Plan**

This proposal is intended to revitalize an underused campus and transform an economically struggling institution into a clinical hub that will support job creation while improving the community. The New York City Regional Economic Development Council's Strategic Plan (NYCREDC Strategic Plan) is entirely consistent with the spirit of this proposal. It states:

*The state cannot afford to continue to subsidize a system that has far too many inpatient beds and emergency room visits. In fact, the transition to primary and preventative care can be a source of new and improved jobs and of economic development opportunities, as old hospital campuses are redeveloped for a new delivery system and other uses.*

*NYCREDC Strategic Plan, page 12*

The Council's Strategic Plan also recognizes the importance of the health care industry as an employer and suggests the importance of transitional planning and worker retraining as health care delivery systems evolve into more efficient and more effective models. Support for worker retraining—including training for displaced union workers—has been identified by a number of stakeholders as an appropriate use of funding of the Community Foundation to be established by Fortis.

*b) Describe the type of Health Care Entity(ies) proposed.*

The two primary types of proposed health care entities are:

- **NYU Langone Medical Center** is an Article 28 academic medical center serving all five New York City boroughs, Westchester, and New Jersey.
- **Lutheran HealthCare** is an academic, community health care and social support system that includes Lutheran Medical Center; Lutheran Family Health Centers; Lutheran Augustana Center for Extended Care and Rehabilitation; subsidized senior housing, Community Care Organization, a licensed home care agency; and community development.
  - **Lutheran Family Health Centers** (*Sunset Park Health Council dba Lutheran Family Health Centers*) is an Article 28 federally qualified health center (FQHC) in Brooklyn. FQHCs are designated by the federal government under section 330 of the Public Health Service Act. FQHCs must serve underserved areas and/or populations, offer a sliding fee scale, provide comprehensive services, have an ongoing quality assurance program, and have a governing board of directors. At least 50% of the governing board's members are users of their health services.
  - **Lutheran Medical Center** is a New York not-for-profit corporation and has operating certificate for 806-bed general hospital under Article 28 of the New York Public Health Law.

Those health care services NYULMC and LFHC do not provide will be rendered through affiliation, referral, or contractual relationships with other health care providers that are described elsewhere in this response. They include:

- **Visiting Nurse Service of New York Home Care** is a New York not-for-profit corporation and a certified home health agency under Article 36 of the New York Public Health Law.
- **Atlantic Dialysis Management Services, LLC.** Its affiliate location included in this proposal is Central Brooklyn Dialysis Center, LLC.

### 3. TERM SHEET

- a) *Complete the Term Sheet attached as Exhibit C. All sections must be completed regardless of the description included in Offeror's Proposal.*
- b) *NOTE THAT THE TERM SHEET MUST PROVIDE THAT FOR ANY PARCEL(S) OF REAL ESTATE USED FOR THE DELIVERY OF THE MEDICAL-SERVICES PLAN BY THE SUCCESSFUL OFFEROR, DEED RESTRICTIONS WILL BE PLACED ON THOSE PARCEL(S) TO ASSURE THE USE OF THE PROPERTY FOR COMMUNITY HEALTH SERVICES FOR NOT LESS THAN 20 YEARS.*

Please see attached Term Sheet, which includes deed restriction to assure the use of the LICH property for community health services for at least 20 years.

### 4. TRANSACTION STRUCTURE

- a) *Describe the legal structure of the proposed transaction (i.e., affiliation, joint venture, asset purchase, acquisition, etc.)*

Fortis Property Group, LLC will create a wholly owned SPE subsidiary that will acquire the health care component and market rate housing component of the project and associated property, plant and equipment. If applicable, Fortis and L+M will be partners in a joint venture, an SPE subsidiary of which will purchase the affordable housing component of this project and the associated property, plant, and equipment. NYULMC and LFHC will provide and manage the health care services at the LICH campus and have tenant-landlord relationships with the Fortis SPE. The health care services that NYULMC and LFHC do not provide will be rendered through affiliation, referral, or contractual relationships with other health care providers that are described elsewhere in this response.

- b) *Articulate the reasoning for the structural preference.*

This structure was chosen so that each party will be able to focus on its particular expertise and strengths in executing the proposed project. Both NYULMC and LFHC have a proven track record in providing the necessary health care services and have relationships with other providers in the community for those services it cannot provide directly. The creation of a SPE is standard with all of Fortis' acquisitions and required by lenders.

- c) *Describe which governmental, regulatory or third party approvals are regarded as necessary or important to a proposed transaction.*

NYULMC will file a certificate of need application for approval to build and operate the freestanding ED and LFHC will file a certificate of need application for approval to build and operate the FQHC. The required level of DOH review of these applications will be determined.

- d) *Identify and discuss key factors related to this proposal.*

Fortis, NYULMC, and LFHC are all committed to meeting community needs in the LICH service area. To that end, Fortis proposes supporting the establishment of a tax-exempt, non-profit Community Foundation upon closing on the acquisition of properties. This foundation would have an independent Board of Directors and would exist to serve the public good in the area through grant making and investments related to community health, social services, affordable housing, and other needs. Fortis proposes making a \$5 million contribution to the Foundation to address community needs.

This proposal provides collaborative, realistic, and rapid methods for SUNY to reduce its operating losses and fully exit operations at LICH. The Offeror has ample financial capacity to complete the transaction, can close the transaction within 60 days, and the offer includes no contingencies. The Offeror also will continue to work with community stakeholders to help ensure an expeditious and responsive transition.

Additionally, Fortis acknowledges the tremendous operating losses that SUNY has already experienced and will experience after the sale of the property. Therefore, Fortis will permit deposit funds to be released from escrow prior to closing to cover Holding Company (hospital) operating losses arising after contract of sale execution so long as Fortis receives adequate security/collateral for such deposit releases.

- e) *Identify potential problem areas with any proposed transaction involving the LICH campus.*

Although there is no financial risk associated with the proposed transaction and SUNY has reached a legal settlement with the plaintiffs, the issues and volatility surrounding closing Brooklyn hospitals generally and LICH specifically certainly could continue to impact the transaction. Fortis, NYULMC, and LFHC are all committed to working with SUNY, local elected officials, community groups, unions, and other stakeholders to come to the best possible resolution of the issues and ensure that the transition enhances the stability of the Brooklyn health system and LICH service area and serves community needs. In particular, the LICH Transformation Advisory Panel will be a forum for dialogue and mutual problem-solving and planning.

Since the transformation of the LICH campus is a major change for community members, Fortis, L+M, NYULMC, and LFHC will work with community leaders, neighborhood associations, elected officials, and other stakeholders to education the public about the new services that will be available to them and how to get the care. The public outreach campaign also will focus on helping people get connected to a primary care home and get the support they need to decrease

inappropriate ED visits and preventable hospitalizations. Care management and coordination staff from NYULMC and LFHC will be available to support this community work.

Fortis, L+M, NYULMC, and LFHC will also appoint a "Community Ombudsperson" who will act as their community representative and help ensure that the services are meeting community needs. The Ombudsperson will give stakeholders and community members a direct contact with someone who reports directly to NYULMC, and LFHC, Fortis, L+M, and Full Spectrum leadership throughout the entire process. This will help make sure that any issues and concerns are addressed quickly. The selection of the Ombudsperson will be made with stakeholder input.

The establishment of a Community Foundation with \$5 million in funds from Fortis will also directly support the transformation of the health system and residential environment.

## 5. FINANCIAL CAPACITY AND RESOURCES

*a) Provide the financial plan for implementation of such proposal (i.e., capital needs, working capital needs, and source(s) of expected funding).*

Offeror's obligation to close on the acquisition of the properties will *not* be contingent on any debt or equity financing. As described in the attached Term Sheet, Offeror's down payment will be a non-refundable ("hard") deposit.

All capital needs (including working capital and reserves) required for (a) the acquisition of the properties (including the purchase price and related closing costs), (b) the full renovation of the properties in which healthcare services will be provided, and (c) pre-development work for the other (non-healthcare) properties, will be funded (or otherwise provided for in debt facilities established) at the closing on the acquisition contemplated hereunder. Offeror anticipates that, of the overall capital required, 65% to 75% will be funded as debt financing (although lenders have expressed a willingness to fund up to 80%) from an institutional lender and the remainder as equity from Fortis and its equity investors. Please see attached Projected Acquisition Sources and Uses.

*b) Specify the financial sources available to capitalize the proposed transaction and provide details, including proposing organization's financial statements and commitment letters or letters of intent, if applicable.*

Please see response to 5.a. above and the attached letter of intent from NorthStar Realty Finance with respect to the debt financing referenced in 5.a. above. Also please see attached letter of intent from Arbor Realty Trust, Inc. with respect to its willingness to fund 90% of the required equity for this transaction. Fortis has strong relationships with both NorthStar Realty Finance and Arbor Realty Trust, Inc. and has completed recent projects with them. Fortis will provide its balance sheet separately, on a confidential basis.

## 6. PROPOSAL TIMELINE

- a) Provide a timeline showing the necessary approvals, and any regulatory filings and approvals, required for the implementation of the proposal(s).

Provided below is a timeline showing the necessary approvals and any regulatory filings and approvals required for the implementation of the proposal. Should the nature of the proposal change as a result of negotiations with SUNY, the Offeror will identify and secure any necessary additional approvals.

The Offeror will need to seek and receive multiple approvals, including but not limited to those from the New York State Department of Health; the federal Health Resources and Services Administration; the New York City Department of Transportation; the New York City Department of Environmental Protection; the New York City Department of Buildings the Fire Department, City of New York (FDNY); and the New York City Department of City Planning.

Note that NYULMC and LFHC will seek an administrative extension of their current Article 28 operating certifications. NYULMC's freestanding ED will require additional regulatory approval; however, given that NYULMC is a hospital in very good standing, approval is expected.

### **Timeline for Regulatory Approvals**

#### ***New York State Certificate of Need (CON) Approval for Freestanding ED, Ambulatory Surgery Center, and LFHC FQHC Site:***

- 4 months for application process with the potential for expedited approval from the New York State Department of Health (DOH)
  - Note that the CON process for the ED has already been started to help ensure no downtime in ED services at LICH.
- 2 months satisfy contingencies, including approval of detailed architectural plans, and for the DOH preopening survey and approval to begin operations

*Note that no CON approval will be needed for the Urgent Care Center since that will operate as part of NYULMC's Faculty Group Practice.*

#### ***Federal Approval of LFHC's FQHC Site:***

- 1-2 months for approval of a Change in Scope from the Health Resources and Services Administration (HRSA).

#### ***New York City***

- New York City regulatory filings for the health care space will be submitted at end of design process and expect approvals within 3 months after construction is completed.

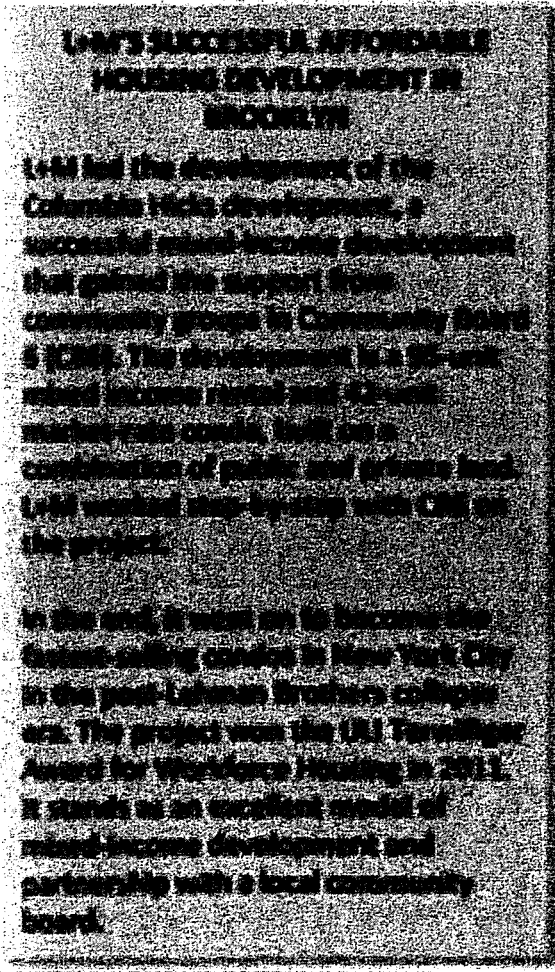
### 7. OTHER CONSIDERATIONS

a) Provide information on other factors deemed appropriate for consideration as part of the proposal.

#### Other Community Benefits

##### Residential Housing

Fortis proposes to redevelop the remainder of the existing LICH campus into residential housing and other uses permitted by the currently applicable zoning for the LICH campus. The specific elements of the redevelopment include rehabilitated and converted rental units, condominium units, and town homes; newly constructed rental and condominium units; and parking. Fortis does not require any variances, special permits, or rezoning for its redevelopment and is basing and conditioning its offer on the currently in-place zoning.



Fortis, L+M, Full Spectrum, and KF Brock have invested in the creation of schematic development/redevelopment plans for the LICH campus. Although the details are too lengthy for this proposal, Fortis L+M, Full Spectrum, and KF Brock will share the plans during the contract negotiation process. As indicated throughout this proposal, Fortis, NYULMC, and LFHC will work with SUNY to be flexible and accommodating to the identified needs of the community.

##### Affordable Housing

Offeror has focused its efforts in this Proposal on satisfying the stated key objectives of the RFP; namely (1) to maximize and deliver the most comprehensive set of health care services on site at LICH to meet the community need, and (2) to meet or exceed the required purchase price. Nevertheless, our team (L+M and Full Spectrum) has a long and deep commitment to developing affordable housing throughout New York City and, specifically, in the LICH neighborhood. We are committed to working with the City, the community and their stakeholders to establish financially viable parameters under which a 25% affordable housing program (low-income and workforce housing) could be developed on the LICH Campus. Data indicates that little inclusionary housing has been developed in new buildings within Community District 6 where

LICH is located. The development of affordable housing is a critical part of the City's broad effort to make the benefits of home ownership available to residents in lower income brackets.

Fortis and L+M and Full Spectrum will work closely with all relevant agencies to identify the correct proportion, square footage, and other features of the affordable housing components.

L+M's process always includes seeking out community partners to create developments that are sustainable community assets. L+M has worked with faith-based organizations, housing advocates, and local community groups to create housing that meets community specific needs and becomes an integral part of the community.

### **Development Considerations**

Fortis' perspective with respect to the redevelopment of the LICH property is to view each building, not as a stand-alone property or development, but as an element in a seamless and cohesive fabric that includes the immediately local streets and environment, as well as the neighborhood as a whole.

Attention will be focused on meticulous general site planning of six square blocks that include most of the involved buildings and weaving them together with the fabric of the neighborhood. This fabric consists of the buildings, streets, sidewalks, parks and other open spaces, traffic, and landscaping.

Fortis has selected a superior team that consists of urban site planners, architects, and engineers that specialize in socially engaging, contextually appropriate, and environmentally conscious design and who have the depth and experience to listen to and learn from the community. Contextual neighborhood development begins with understanding the residents and their interests and aspirations for their environment.

The design process will commence with our team communicating with the Community Board 6, other relevant input sources and City Agencies that will include The Department of City Planning and the Department of Housing Preservation and Development.

### ***Streetscapes***

Within that process, detailed attention will be paid to the streetscapes both bounding and within the development area. Pacific Street, closed to vehicular traffic today, will continue to remain closed other than to limited drop-off and controlled necessary pass-through traffic. It will undergo significant improvement with a change to a pedestrian-friendly, warm and inviting park-like design: cobblestone roadway, enlarged north stone sidewalk, well-lit warm streetlamps and seating areas.

### ***Open Space***

The three parks on Henry Street will undergo substantial upgrades, fully restoring and improving them significantly to provide more active recreational open space for small children and additional passive recreation space for seniors. Other open spaces, now wind-swept and neglected, will be modified to warm and friendly useful park-like spaces. All developed streetscape and park areas will be welcomed by all neighborhood residents.

### ***Green Building***

In accord with City agency policies for green building initiatives, the architecture and engineering team selected by Fortis has not only the expertise, but also the particular interest to focus on improved sustainable design providing buildings that have deeper affordability through lowered utility bills and healthier living environments. That design will address requirements for

advanced heating, ventilation and air conditioning systems, advanced kitchen and bathroom design, and building envelopes that will consider the thermal properties of the building, windows and roofs.

Fortis' vision of the completed post-development is one that forms a cohesive, well-blended neighborhood integrity of warm and comfortable living, which will be a welcome contrast to the colder, more institutional environment of the past.

#### ***Redevelopment as Part of the Offer***

Fortis recognizes that a redevelopment of the LICH property that contains substantial residential uses has faced some community opposition. However, a number of assessments indicated in the RFP and this response recommends that certain health care uses on the LICH campus can and should be downscaled to more appropriately meet community needs and that the system of care should be transformed to provide access to more primary care while still ensuring access to emergency and urgent care services. This proposal prioritizes the provision of health care services that will serve the needs of the community, and Fortis, NYULMC, and LFHC are committed to working with the community to ensure that those needs are met. The inclusion of affordable housing also addresses the need for housing for low- and moderate-income residents.

The financial elements of this proposal also necessitate a redevelopment that can support the investment necessary to satisfy health care requirements and meet community need. Fortis, L+M, Full Spectrum, and KF Brock have experience with projects of this size and scope and have sufficient financing that is adequate to purchase the property.

Overall, the two components of the proposal together provide a solution for SUNY-Downstate that meets its objectives at LICH and a clinical infrastructure that can support the transformation and stabilization of the health care delivery system in Northwest Brooklyn.

#### **Other Requirements**

***Vendor Responsibility Questionnaire.*** As required, parties included as the Offeror have completed the Vendor Responsibility Questionnaire.

***Minority and Women-owned Business Entities (MWBE) SUNY Form 107.*** Full Spectrum NY, LLC will be a partner with Fortis and L+M on the aforementioned redevelopment. Full Spectrum is a minority-owned business that is highly respected throughout New York City for its excellence in real estate development and its commitment to working with other MWBEs. Through their commitment to contractor, subcontractor, and supplier diversity, Fortis, NYULMC, LFHC, L+M, Full Spectrum, and KF Brock all have a demonstrated history of successfully contracting with certified minority-owned business (MBE) and women-owned business enterprises (WBE). At this stage of project development, subcontractors have not been identified and/or engaged to work on the project. Should the project be awarded, L+M Development Partners (as the affordable housing development firm), KF Brock (as the development and construction firm), and NYULMC and LFHC (as the health care delivery providers) are confident that their policies will enable them to continue to identify and contract with both primary and second-tier subcontractor suppliers from minority and women owned businesses in meeting participation goals.

***Minority and Women-owned Business Entities (MWBE) SUNY Form 104.*** Fortis, NYULMC, LFHC, L+M, and Full Spectrum completed Form 104: Equal Employment Opportunity Program Policy Statement. KF Brock, as an affiliate of Fortis, is included under and adheres to the Fortis policy.

Letter of Intent for Lease between  
Fortis Property Group, LLC  
and KF Brock, LLC

KF BROCK, LLC

March 12, 2014

Joel Kestenbaum  
 President  
 Fortis Property Group, LLC  
 45 Main Street – Suite 800  
 Brooklyn, NY 11211

**Re: Letter of Intent regarding KF Brock, LLC's role in the development of the Long Island College Hospital ("LICH") redevelopment for Fortis Property Group, LLC, or its affiliates, if (and at such time that) Fortis Property Group, LLC acquires the LICH property assemblage.**

Dear Mr. Kestenbaum,

KF Brock, LLC agrees to lead the design and construction/rehabilitation of the LICH campus properties. In doing so, KF Brock will:

- A. Assume full responsibility for the oversight of all architectural and engineering design.
- B. Assume full responsibility for Construction Management from concept inception through all final approvals, certifications and commissions. This scope shall include the renovation of existing properties, new construction, and site development including parks, streets and pedestrian areas.
- C. Coordinate closely with Owner and all other parties of the proposal (NYU Langone Medical Center, Lutheran, L&M Development Partners Inc., Carleton Brown, etc.) in the development of each portion of the project.
- D. Meet at Owner's request with all City and State agencies, elected officials, Community Board, local interest groups, medical providers, and any other entities requested by Owner.

This Letter of Intent shall represent our understanding of KF Brock's intention for this project and shall be binding upon execution of a mutually agreeable Contract between KF Brock and Fortis Property Group.

Very truly yours,

**KF BROCK, LLC**

By: 

Name: Akiva Kobre

Title: President

Date: 3/12/14

Letter of Intent for Debt Financing from  
NorthStar Realty Finance



March 19, 2014

Terrence Storey, CFO  
Fortis Property Group, LLC  
45 Main Street, Suite 800  
Brooklyn, New York 11201


Re: Financing Secured by the LICH Portfolio, Brooklyn, New York.

Dear Mr. Storey:

We understand that Fortis Property Group LLC (the "Sponsor") in a joint venture with New York University Langone Medical Center ("NYU") and Lutheran Healthcare ("Lutheran") is currently seeking to acquire an existing 1,113,568 square foot portfolio of assets known as the LICH Portfolio (detailed in Appendix A) located in Brooklyn Heights and Cobble Hill, New York (collectively the "Property"). The Sponsor intends to redevelop the Property into healthcare and residential uses. A large portion of the healthcare space at the Property will be leased to and operated by NYU. In connection with the foregoing and the transition of the emergency room operations at the Property from The State University of New York ("SUNY") to NYU, certain Personal Income Tax bonds regulated by the Dormitory Authority of the State of New York must be defeased for an approximate amount of \$118,000,000 (the "SUNY Bonds"). The attached term sheet outlines the terms under which NorthStar Realty Finance Corp. ("NorthStar") is willing to provide financing (the "Loan") to retire the SUNY Bonds and take a first priority lien on the Property.

NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).

Sincerely,

  
\_\_\_\_\_  
Jason Bordenick  
Director  
NorthStar Realty Finance Corp.

cc: D. Gilbert (NorthStar)  
A. Tylis (NorthStar)  
S. Patel (NorthStar)  
R. Gatenio (NorthStar)

## SUMMARY OF PRINCIPAL TERMS

LICH Portfolio

March 19, 2014

- Property:** The LICH Portfolio (detailed in Appendix A) located in Brooklyn Heights and Cobble Hill, New York (collectively the "Property"). The Sponsor intends to redevelop the Property into healthcare and residential uses. A large portion of the healthcare space at the Property will be leased to and operated by NYU and Lutheran.
- Loan Amount:** The lesser of (i) \$118,000,000 (ii) the final amount need to retire the Bonds and (iii) 65.5% of the net purchase price in the executed purchase and sale agreement (the "PSA") between the Sponsor and SUNY. The Loan shall close simultaneously with the execution of the PSA and subject to the Sponsor satisfying all Conditions Precedent (defined below).
- At Lender's option, the loan may be structured into two separate component loans (e.g., as a Senior Loan and a Mezz Loan). The allocation of proceeds between the Senior Loan and the Mezz Loan are subject to final determination by Lender in its sole discretion prior to closing although any change shall not impact the total Loan proceeds and the Interest Rate (defined below).
- Lender:** NorthStar Realty Finance Corp., or an affiliate, its successors, transferors and assigns ("NorthStar").
- Borrower:** To-be determined subject to Lender's review of SUNY organizational structure. Borrower should be a a single purpose, bankruptcy remote entity, organized under United States law, controlled directly or indirectly by the Sponsor or affiliates (the "Borrower") and owned by the Sponsor or other persons reasonably acceptable to Lender.
- Sponsor:** Fortis Property Group, LLC (the "Sponsor").
- Security:** Security for the Loan will include, but not be limited to, (i) a perfected first priority mortgage lien on the Property, (ii) a first priority security interest in all contracts, agreements, leases, reserve accounts, rents, deposits, letters of credit, goods, equipment, furniture and fixtures, inventory, revenue, licenses, permits, operating agreements, and all other tangible and intangible property of the Property.
- Index:** The greater of (i) 30-day LIBOR and (ii) 0.25%.
- Interest Spread:** 850
- Interest Rate:** The Interest Spread plus the Index, calculated in arrears on an actual/360 basis.
- Term:** Six months (the "Initial Term").

*NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing as determined by NorthStar, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).*

## SUMMARY OF PRINCIPAL TERMS

LICH Portfolio

March 19, 2014

- Extension Options:** Two, six month extension options subject to (i) a 1.00% extension fee for the first extension option and a 1.50% extension fee for the second extension option; (ii) 45 days prior written notice; (iii) replenishment of the Interest and Operating Reserve (defined below) by an amount calculated by Lender in its sole discretion to cover debt service and operating shortfalls through the next maturity date; (iv) with respect to the second extension option, evidence of, in NorthStar's sole discretion, a signed term sheet for take-out financing with a lender with no less than \$2 billion of AUM; and (v) no event of default.
- Minimum Interest:** Lender must earn a minimum multiple of 1.10x on the Loan Amount (the "**Minimum Interest**") over the Term of the Loan; provided, however, that no Minimum Interest shall be due if Lender elects, at its sole discretion, to fund an acquisition or construction financing to Sponsor in connection with its acquisition and/or redevelopment of the Property for an amount greater than or equal to the Loan Amount. Minimum Interest shall be due on any portion of the Loan Amount that is paid off or paid down as a result of any sale or refinance. Any unpaid Minimum Interest will be due upon the final repayment or maturity of the Loan. Upon repayment or prepayment, Lender shall only release its lien if Lender has received a minimum multiple of 1.10x times its Loan Amount. For purposes of this calculation, all interest paid shall count toward this minimum multiple calculation. Any reimbursement of costs, origination fees, exit fees and extension fees, shall not be included in this calculation.
- Amortization:** None.
- Up-Front Discount:** 1.00% of the Loan Amount payable at closing.
- Exit Fee:** 1.00% of the Loan Amount payable at expiration.
- Recourse:** Non-recourse except for i) Replenishment Events (defined below), and ii) standard carveouts for loans of this type, including but not limited to, environmental liabilities, voluntary bankruptcy, wrongful interference with Lender's ability to enforce remedies, fraud, material physical waste, and misappropriation of funds.
- Net Worth:** To be determined.
- Interest and Operating Shortfall Reserve:** At closing, a to-be-determined amount will be deposited into a Lender controlled reserve account to fund interest and operating shortfalls (including operating expenses, real estate taxes and insurance) on the Loan (the "**Interest and Operating Shortfall Reserve**"). In the event that the Interest and Operating Shortfall Reserve declines below \$150,000 at any time, the Sponsor shall be required to replenish the Interest and Operating Shortfall Reserve by an amount equal to the remaining shortfall(s) on the Loan through the next maturity date as calculated by Lender in its sole discretion (a "**Replenishment Event**").
- Medical Space/FED Leasing Reserve:** To be determined.

*NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing as determined by NorthStar, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).*

## SUMMARY OF PRINCIPAL TERMS

LICH Portfolio

March 19, 2014

- Property Management:** The Property will be managed by a property manager acceptable to Lender. Total management fees (including asset management fees) shall not exceed 3% of total revenue. If there is an event of default under the Loan, the payment of any management fee will be subordinate to the payment of debt service and Lender will have the right to remove the property manager after applicable cure periods have expired.
- Fees and Expenses:** Lender will be entitled to: (i) an initial expense deposit of \$250,000 (the "Initial Deposit"), (ii) the Up-front Discount, (iii) a non-refundable underwriting fee of \$30,000 and (iii) reimbursement of any other out-of-pocket expenses, including reasonable fees and expenses of counsel, incurred in connection with this transaction whether or not it actually closes. Only (i) and (iii) shall be due upon execution of the Summary of Principal Terms.
- Third Party Reports:** Lender will require environmental report(s), engineering report(s) and MAI appraisal(s) for the Property and must confirm that they are satisfactory prior to closing. Lender may require that all Third Party Reports are in the name of the Lender, its respective successors, transferees, participants and assigns.
- Reporting Requirements:** The Borrower will provide Lender all certified financial reports generally required for a loan of this type on a timely basis. The Guarantor(s) must provide certified annual personal financial statements prior to closing as well as on an ongoing basis. In addition, various property level reporting such as operating statements, rent rolls, aged receivables, etc. will be required on a monthly and quarterly basis.
- Title & Survey:** The Borrower shall deliver to Lender at closing (and at Borrower's sole cost and expense) a title policy and a survey for the Property in form and substance acceptable to the Lender.
- Transfer of Property:** Any sale or transfer of the Property or any direct or indirect interest in the Borrower is prohibited without the prior written consent of Lender and the Loan will become fully due and payable. Any transfer approved by Lender will be subject to a 1.00% assumption fee in connection with such sale or transfer.
- Insurance:** Borrower will be required to maintain an all-risk insurance policy, business interruption and liability insurance, including flood and windstorm insurance if the Property is located in a flood or hurricane zone, as applicable.
- Negative Pledge:** The Borrower or any partner members, individually or otherwise, may not pledge, assign or otherwise encumber its interests in the Borrower or the owner of the Property or its right to receive proceeds or distributions except in connection with the Loan and the Loan will become fully due and payable upon such an event.

*NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing as determined by NorthStar, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).*

**SUMMARY OF PRINCIPAL TERMS**  
**LICH Portfolio**  
**March 19, 2014**

- Syndication and Securitization:** Lender will have its customary rights to transfer, participate and assign the Loan. Borrower shall have two independent directors (or the functional equivalent), whose responsibility will be limited solely to matters involving insolvency and bankruptcy issues and whose vote will be required to approve any election by Borrower to seek protection from creditors under any applicable bankruptcy or insolvency laws or Borrower's dissolution. In addition, a non-consolidation opinion shall be required.
- Loan Documents:** Documentation with respect to the Loan shall be prepared by Lender and shall contain, among other things, representations, warranties and covenants as are customary for the type of transaction contemplated hereby.
- Non-Binding:** This Summary of Principal Terms is non-binding except under "Fees and Expenses," "Exclusivity" (defined below), and "Confidentiality" (defined below), and shall not (in any event) be deemed to create any rights in favor of, or impose any obligations upon, either party hereto and accordingly neither party shall have any obligation or liability whatsoever with respect to the proposed transaction unless and until a definitive agreement with respect thereto, containing detailed terms, conditions and covenants satisfactory to both parties, have been executed and unconditionally delivered by both parties.
- Governing Law:** This Summary of Principal Terms shall be governed by and construed in accordance with the internal laws (and not laws pertaining to conflicts or choice of law) of the State of New York. All parties consent to the exercise of personal jurisdiction over them in New York and agree that any action arising out of or relating to this Summary of Principal Terms shall be brought exclusively in a court of competent subject matter jurisdiction located within the County of New York, State of New York.
- Exclusivity:** Following the execution of this Summary of Principal Terms, the Sponsor or an affiliate will not seek to enter into any additional agreements with third-parties to provide any Loan, preferred equity or debt subordinate to the Loan. In the event the Sponsor or an affiliate subsequently elects to not pursue the Loan with NorthStar, the Initial Deposit will be retained by NorthStar and a break-up fee of 2.00% will be paid by the Sponsor. Notwithstanding the foregoing, if the Loan fails to close for reasons beyond the Borrower's control and provided that Borrower has made good faith and diligent efforts to perform hereunder, as determined by Lender, the Initial Deposit will be refunded to the Borrower less any Loan expenses incurred in the processing of this transaction, and the break-up fee shall not be due.

*NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing as determined by NorthStar, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).*

**SUMMARY OF PRINCIPAL TERMS**  
**LICH Portfolio**  
**March 19, 2014**

**Right of First Offer  
(ROFO):**

Lender shall endeavor to and shall receive a right of first offer ("ROFO") to provide construction financing (the "Construction Loan"), senior and/or mezzanine financing, in connection with Sponsor's business plan to construct a mixed-use development throughout the Property. NorthStar's commitment to fund the Construction Loan will be subject to prevailing market conditions at that time as well as Lender's review of final permits, plans and specifications for the project. In the event that NorthStar provides a Construction Loan in its own discretion to the Sponsor, any outstanding Prepayment fees will be waived. The Construction Loan will be subject to a separate term sheet that will be provided by NorthStar at a later date.

**Confidentiality:**

Sponsor, and its affiliates, representatives and advisors shall not disclose this Summary of Principal Terms or the contents herein to any other party without prior approval from Lender.

**Expiration:**

April 11, 2014.

**Conditions Precedent:**

This Summary of Principal Terms is in no way a commitment to provide the Loan and subject to the following, all in NorthStar's sole and absolute discretion:

- (i) Satisfactory completion of due diligence on the Property and the Sponsor,
- (ii) Satisfactory completion of due diligence on the Bonds,
- (iii) Satisfactory review of the executed Purchase and Sale Agreement between SUNY and Fortis,
- (iv) Satisfactory completion and review of acceptable Loan documents,
- (v) No adverse change in the fair market value of the Property, owner or the Sponsor prior to closing,
- (vi) There being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and
- (vii) Final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).

*NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing as determined by NorthStar, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).*

**SUMMARY OF PRINCIPAL TERMS  
LICH Portfolio  
March 19, 2014**

Very truly yours,

NORTHSTAR REALTY FINANCE CORP.

By: \_\_\_\_\_  
Name:  
Title

Confirmed and Agreed:

THE STATE UNIVERSITY OF NEW YORK

By: \_\_\_\_\_  
Name:  
Title:

FORTIS PROPERTY GROUP, LLC

By: \_\_\_\_\_  
Name:  
Title:

*NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing as determined by NorthStar, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).*

**SUMMARY OF PRINCIPAL TERMS**  
**LICH Portfolio**  
**March 19, 2014**

**Appendix A**

LICH Portfolio Summary		
<u>Property</u>	<u>Address</u>	<u>Approx. Existing SF</u>
Fuller/Othmer Pavilion	339 Hicks Street	340,943
43 Columbia Place	43 Columbia Place	6,810
Polak Pavilion	363 Hicks Street/340 Henry St.	347,681
Sterling and Flatbush	184 Sterling Pl/336 Flatbush Ave	21,492
74-86 Amity	74-86 Amity	18,852
350-352 Hicks Street	350-352 Hicks Street	175,000
Cobble Hill Condominium	124-134 Atlantic Ave	52,058
112 Pacific Street	112 Pacific Street	13,021
Engineer Building	385-389 Hicks Street	7,538
113 Congress Street	113 Congress Street	5,800
88-94 Amity	88-94 Amity	42,773
Polhemus Building	348-352 Henry Street	51,600
349 Henry Street	349 Henry Street	30,000
<b>Total</b>		<b>1,113,568</b>

*NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing as determined by NorthStar, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).*



January 30, 2014

Terrence Storey, CFO  
 Fortis Property Group, LLC  
 45 Main Street, Suite 800  
 Brooklyn, New York 11201

c/o David Rosenberg  
 Deerwood Real Estate Capital  
 180 Sylvan Avenue  
 Englewood Cliffs, NJ 07632

Re: Financing Secured by the LICH Portfolio, Brooklyn, New York.

Dear Mr. Storey:

In light of the new Request for Proposal from the State University of New York, we are re-issuing to you our term sheet (the "Summary of Principal Terms") for the LICH Portfolio. We understand that Fortis Property Group LLC (the "Sponsor") is currently seeking a loan to acquire an existing 1,113,568 square foot portfolio of assets known as the LICII Portfolio (detailed in Appendix A) located in Brooklyn Heights and Cobble Hill, New York. The Sponsor is acquiring the portfolio for the purpose of the redevelopment into approximately 895,000 square feet of mixed-use assets including approximately (i) 595,000 square feet of for-sale condominium; (ii) 35,000 square feet of rental apartments; (iii) 85,000 square feet of medical and community-needs space and (iv) 175,000 square feet of a parking (collectively the "Property"). The attached term sheet outlines the terms under which NorthStar Realty Finance Corp. ("NorthStar") is willing to provide debt financing (the "Loan") to partially capitalize the Sponsor's acquisition and pre-development costs of the Property.

NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).

Sincerely,

A handwritten signature in black ink, appearing to read "J. Bordenick", written over a horizontal line.

Jason Bordenick  
 Vice President  
 NorthStar Realty Finance Corp.

cc: D. Gilbert (NorthStar)  
 A. Tylis (NorthStar)  
 S. Patel (NorthStar)  
 R. Gatenio (NorthStar)

**SUMMARY OF PRINCIPAL TERMS**  
**LICH Portfolio**  
**January 30, 2014**

- Property:** The LICH Portfolio (detailed in Appendix A) located in Brooklyn Heights and Cobble Hill, New York. The Sponsor is acquiring the portfolio for the purpose of the redevelopment into approximately 895,000 square feet of mixed-use assets including approximately (i) 595,000 square feet of for-sale condominium; (ii) 35,000 square feet of rental apartments; (iii) 85,000 square feet of medical and community-needs space and (iv) 175,000 square feet of a parking (collectively the "Property").
- Loan Amount:** Either (a) 65% loan-to-cost (estimated to be \$175,000,000) or (b) 80% loan-to-cost (estimated to be \$220,000,000), at Borrower's option. Lender approved closing costs and required reserves shall be included in the LTC calculation. At Lender's option, the loan may be structured into two separate component loans (e.g., as a Senior Loan and a Mezz Loan). The allocation of proceeds between the Senior Loan and the Mezz Loan are subject to final determination by Lender in its sole discretion prior to closing although any change shall not impact the total Loan proceeds and the Interest Rate (defined below).
- At closing, the Borrower will contribute all additional funds required to close (i.e., either 35% LTC or 20% LTC) depending on Borrower's election of the option described above) as cash equity into the transaction.
- Lender:** NorthStar Realty Finance Corp., or an affiliate, its successors, transferors and assigns ("NorthStar").
- Borrower:** A single purpose, bankruptcy remote entity, organized under United States law, controlled directly or indirectly by the Sponsor or affiliates (the "Borrower") and owned by the Sponsor or other persons reasonably acceptable to Lender.
- Sponsor:** Lezer "Louis" Kestenbaum of Fortis Property Group, LLC (the "Sponsor").
- Security:** Security for the Loan will include, but not be limited to, (i) a perfected first priority mortgage lien on the Property, (ii) a first priority security interest in all contracts, agreements, leases, reserve accounts, rents, deposits, letters of credit, goods, equipment, furniture and fixtures, inventory, revenue, licenses, permits, operating agreements, and all other tangible and intangible property of the Property.
- Index:** The greater of (i) 30-day LIBOR and (ii) 0.25%.
- Interest Spread:** 65% LTC Option- 700 basis points.  
80% LTC Option- 900 basis points
- Interest Rate:** The Interest Spread plus the Index, calculated in arrears on an actual/360 basis.
- Term:** Twelve months (the "Initial Term").

*NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing as determined by NorthStar, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).*

**SUMMARY OF PRINCIPAL TERMS**  
**LICH Portfolio**  
**January 30, 2014**

- Extension Options:** Two, six month extension options subject to (i) a 0.50% extension fee for the first extension option and a 0.50% extension fee for the second extension option; (ii) 45 days prior written notice; (iii) replenishment of the Interest Reserve (defined below) by an amount calculated by Lender in its sole discretion to cover debt service shortfalls through the next maturity date; (iv) with respect to the second extension option, evidence of, in NorthStar's sole discretion, 100% completion of the design and development drawings and a signed term sheet for take-out financing with a construction lender with no less than \$2 billion of AUM; and (v) no event of default.
- Prepayment:** Months 1-12: Yield Maintenance (defined below); thereafter: Open.  
 "Yield Maintenance" shall be defined as the greater of (i) amount of remaining interest due through the end of the Yield Maintenance period on the amount of principal being prepaid based on the current interest rate at the time of prepayment; and (ii) 1.00%.
- Amortization:** None.
- Up-Front Discount:** 1.00% of the Loan Amount payable at closing.
- Exit Fee:** 1.00% of the Loan Amount payable at expiration.
- Recourse:** Non-recourse except for i) Replenishment Events (defined below), and ii) standard carveouts for loans of this type, including but not limited to, environmental liabilities, voluntary bankruptcy, wrongful interference with Lender's ability to enforce remedies, fraud, material physical waste, and misappropriation of funds.
- Net Worth:** To be determined.
- Interest and Operating Shortfall Reserve:** To be determined.
- Soft Cost and Operating Expense Reserve:** To be determined.
- Medical Space/FED Leasing Reserve:** To be determined.
- Property Management:** The Property will be managed by a property manager acceptable to Lender. Total management fees (including asset management fees) shall not exceed 3% of total revenue. If there is an event of default under the Loan, the payment of any management fee will be subordinate to the payment of debt service and Lender will have the right to remove the property manager after applicable cure periods have expired.

*NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing as determined by NorthStar, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committee/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).*

**SUMMARY OF PRINCIPAL TERMS**  
**LICH Portfolio**  
**January 30, 2014**

- Fees and Expenses:** Lender will be entitled to: (i) an initial expense deposit of \$250,000 (the "Initial Deposit"), (ii) the Up-front Discount, (iii) a non-refundable underwriting fee of \$30,000 and (iii) reimbursement of any other out-of-pocket expenses, including reasonable fees and expenses of counsel, incurred in connection with this transaction whether or not it actually closes. Only (i) and (iii) shall be due upon execution of the Summary of Principal Terms.
- Third Party Reports:** Lender will require environmental report(s), engineering report(s) and MAI appraisal(s) for the Property and must confirm that they are satisfactory prior to closing. Lender may require that all Third Party Reports are in the name of the Lender, its respective successors, transferees, participants and assigns.
- Reporting Requirements:** The Borrower will provide Lender all certified financial reports generally required for a loan of this type on a timely basis. The Guarantor(s) must provide certified annual personal financial statements prior to closing as well as on an ongoing basis. In addition, various property level reporting such as operating statements, rent rolls, aged receivables, etc. will be required on a monthly and quarterly basis.
- Title & Survey:** The Borrower shall deliver to Lender at closing (and at Borrower's sole cost and expense) a title policy and a survey for the Property in form and substance acceptable to the Lender.
- Transfer of Property:** Any sale or transfer of the Property or any direct or indirect interest in the Borrower is prohibited without the prior written consent of Lender and the Loan will become fully due and payable. Any transfer approved by Lender will be subject to a 1.00% assumption fee in connection with such sale or transfer.
- Insurance:** Borrower will be required to maintain an all-risk insurance policy, business interruption and liability insurance, including flood and windstorm insurance if the Property is located in a flood or hurricane zone, as applicable.
- Negative Pledge:** The Borrower or any partner members, individually or otherwise, may not pledge, assign or otherwise encumber its interests in the Borrower or the owner of the Property or its right to receive proceeds or distributions except in connection with the Loan and the Loan will become fully due and payable upon such an event.
- Syndication and Securitization:** Lender will have its customary rights to transfer, participate and assign the Loan. Borrower shall have two independent directors (or the functional equivalent), whose responsibility will be limited solely to matters involving insolvency and bankruptcy issues and whose vote will be required to approve any election by Borrower to seek protection from creditors under any applicable bankruptcy or insolvency laws or Borrower's dissolution. In addition, a non-consolidation opinion shall be required.

*NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing as determined by NorthStar, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).*

## SUMMARY OF PRINCIPAL TERMS

LICH Portfolio  
January 30, 2014

- Loan Documents:** Documentation with respect to the Loan shall be prepared by Lender and shall contain, among other things, representations, warranties and covenants as are customary for the type of transaction contemplated hereby.
- Non-Binding:** This Summary of Principal Terms is non-binding except under "Fees and Expenses," "Exclusivity" (defined below), and "Confidentiality" (defined below), and shall not (in any event) be deemed to create any rights in favor of, or impose any obligations upon, either party hereto and accordingly neither party shall have any obligation or liability whatsoever with respect to the proposed transaction unless and until a definitive agreement with respect thereto, containing detailed terms, conditions and covenants satisfactory to both parties, have been executed and unconditionally delivered by both parties.
- Governing Law:** This Summary of Principal Terms shall be governed by and construed in accordance with the internal laws (and not laws pertaining to conflicts or choice of law) of the State of New York. All parties consent to the exercise of personal jurisdiction over them in New York and agree that any action arising out of or relating to this Summary of Principal Terms shall be brought exclusively in a court of competent subject matter jurisdiction located within the County of New York, State of New York.
- Exclusivity:** Following the execution of this Summary of Principal Terms, the Sponsor or an affiliate will not seek to enter into any additional agreements with third-parties to provide any Loan, preferred equity or debt subordinate to the Loan. In the event the Sponsor or an affiliate subsequently elects to not pursue the Loan with NorthStar, the Initial Deposit will be retained by NorthStar and a break-up fee of 2.00% will be paid by the Sponsor. Notwithstanding the foregoing, if the Loan fails to close for reasons beyond the Borrower's control and provided that Borrower has made good faith and diligent efforts to perform hereunder, as determined by Lender, the Initial Deposit will be refunded to the Borrower less any Loan expenses incurred in the processing of this transaction, and the break-up fee shall not be due.
- Right of First Offer (ROFO):** Lender shall endeavor to and shall receive a right of first offer ("ROFO") to provide construction financing (the "Construction Loan"), senior and/or mezzanine financing, in connection with Sponsor's business plan to construct a mixed-use development throughout the Property. NorthStar's commitment to fund the Construction Loan will be subject to prevailing market conditions at that time as well as Lender's review of final permits, plans and specifications for the project. In the event that NorthStar provides a Construction Loan in its own discretion to the Sponsor, any outstanding Prepayment fees will be waived. The Construction Loan will be subject to a separate term sheet that will be provided by NorthStar at a later date.
- Confidentiality:** Sponsor, and its affiliates, representatives and advisors shall not disclose this Summary of Principal Terms or the contents herein to any other party without prior approval from Lender.

*NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing as determined by NorthStar, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committee/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).*

**SUMMARY OF PRINCIPAL TERMS**  
**LICH Portfolio**  
**January 30, 2014**

**Expiration:** April 11, 2014.

**Conditions Precedent:** This Summary of Principal Terms is in no way a commitment to provide the Loan and subject to the following, all in NorthStar's sole and absolute discretion:

- (i) Satisfactory completion of due diligence on the Property and the Sponsor,
- (ii) Satisfactory completion and review of acceptable Loan documents,
- (iii) No adverse change in the fair market value of the Property, owner or the Sponsor prior to closing,
- (iv) There being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and
- (v) Final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).

Very truly yours,

NORTHSTAR REALTY FINANCE CORP.

By: \_\_\_\_\_  
 Name:  
 Title

Confirmed and Agreed:

FORTIS PROPERTY GROUP, LLC

By: \_\_\_\_\_  
 Name:  
 Title:

*NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing as determined by NorthStar, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committees/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).*

Fortis Property Group, LLC  
 LICH Portfolio

**SUMMARY OF PRINCIPAL TERMS**  
**LICH Portfolio**  
**January 30, 2014**

Appendix A

LICH Portfolio Summary		
<u>Property</u>	<u>Address</u>	<u>Approx. Existing SF</u>
Fuller/Othmer Pavilion	339 Hicks Street	340,943
43 Columbia Place	43 Columbia Place	6,810
Polak Pavilion	363 Hicks Street/340 Henry St.	347,681
Sterling and Flatbush	184 Sterling Pl/336 Flatbush Ave	21,492
74-86 Amity	74-86 Amity	18,852
350-352 Hicks Street	350-352 Hicks Street	175,000
Cobble Hill Condominium	124-134 Atlantic Ave	52,058
112 Pacific Street	112 Pacific Street	13,021
Engineer Building	385-389 Hicks Street	7,538
113 Congress Street	113 Congress Street	5,800
88-94 Amity	88-94 Amity	42,773
Polhemus Building	348-352 Henry Street	51,600
349 Henry Street	349 Henry Street	30,000
Total		1,113,568

*NorthStar's indication is in no way a commitment to provide the Loan and is subject but not limited to the following, all in NorthStar's sole and absolute discretion: (i) satisfactory completion of due diligence on the Property and the Sponsor, (ii) satisfactory completion and review of acceptable loan documentation, (iii) no adverse change in the fair market value of the Property, owner or the Sponsor prior to closing as determined by NorthStar, (iv) there being no other fact, event, circumstance or disclosure in connection with the Loan, including, without limitation, any disruption or adverse change in financial, banking or capital market conditions, that could cause the Loan to become delinquent or adversely affect the value or marketability of the Loan or the Property or otherwise impair the Loan in any way, and (v) final approval of the Loan by NorthStar's Investment Committee/Board of Directors, financing sources and credit rating firms (if NorthStar determines it is necessary to do so).*

Letter of Intent for Equity Investment from  
Arbor Realty Trust, Inc.



JOINT VENTURE UNDERSTANDING

THIS JOINT VENTURE UNDERSTANDING dated as of September 11, 2013 and amended and updated this 3<sup>rd</sup> day of February, 2014 and is entered into by and between Arbor Realty Trust, Inc. ("Arbor") and Fortis Property Group, LLC ("Fortis"). The following sets forth the terms and conditions of the joint venture between Arbor and Fortis for the acquisition and development of the Property (as defined below).

- Description of the Project:** The project consists of twenty (20) existing buildings containing over 1.1 million gross square feet (including 94,848 square feet of medical and community needs space) located in the southwestern corner of Brooklyn Heights and the northwestern corner of Cobble Hill in Brooklyn, New York (collectively referred to herein as the "Property").
- The Venture:** A newly formed Delaware limited liability company (the "Venture").
- Objective:** To acquire, finance and develop the Property in accordance with the Development Plans and understandings as set forth in the Marketing Materials previously delivered to Arbor Member.
- Members:** Fortis or an affiliate (the "Fortis Member") and Arbor or an affiliate (the "Arbor Member").
- Required Equity:** The required equity for the Phase I acquisition of the Property (including reserves and closing costs) is anticipated to be approximately \$92,000,000 (calculated by deducting the overall cost of the acquisition less the net proceeds of the senior financing).
- Financing:** The Venture will finance the acquisition of the Property through debt financing approved by both Members. It is contemplated that the Venture will obtain approximately \$170,000,000 of financing. While such financing shall be arranged by the Fortis Member, Arbor Member shall have a right of first refusal to provide or procure such acquisition financing and/or any construction financing.
- Initial Capital Contributions:** The Arbor Member will provide ninety percent (90%) of the required equity for the Phase I acquisition costs and the

Fortis Member will provide ten percent (10%) of the required equity for the Phase I acquisition costs. Any additional equity required in order to obtain the construction financing shall be provided solely by Fortis Member. The Fortis Member will contribute all plans, drawings, materials and tangible and intangible rights and assets related to the Property and the Project to the Venture, which amounts shall be added to the total cost of the acquisition. Fortis and the Fortis Member will make such representations and warranties as to title and other matters affecting the Property as Arbor may require, and Fortis and the Fortis Member will indemnify and hold harmless the Arbor Member and the Venture for any breach of such representations and warranties.

**Guarantees:**

The Fortis Member or its principal ("Key Principal"), shall provide any completion guarantees and non-recourse carve-out guarantees required in connection with any financing obtained by the Venture. Neither the Arbor Member nor any of its affiliates will be required to provide any guarantees.

**Distributions:**

Upon the occurrence of the sale, exchange, condemnation, casualty loss or other disposition (whether voluntary or involuntary) of the Property, but specifically excluding dispositions of personal property and equipment in the ordinary course of business, or (ii) recovery of damage awards and insurance proceeds (other than business or rental interruption insurance proceeds), or (iii) net proceeds (if any) from the placement of debt financing upon the Property (collectively a "Capital Event"); the proceeds of such Capital Event will be distributed to the Members in the following order of priority:

- (i) first, to pay the Arbor Member a cumulative priority return of 12% on its unreturned capital;
- (ii) second, to return all of the Arbor Members' unreturned capital;
- (iii) third, to pay the Fortis Member a cumulative priority return of 12% on its unreturned capital;
- (iv) fourth, to return all of the Fortis Members' unreturned capital; and

(v) fifth, 50% to the Arbor Member and 50% to the Fortis Member.

**Management:**

The Managing Member will be responsible for the day to day operations of the Venture, subject to the constraints that (i) it must act within the business plan and budgets approved by the Members, and (ii) it cannot take any action involving a Major Decision unless approved by both Members.

**Authority of Managing Member:**

"Major Decisions" shall include, without limitation, adoption of a business plan and budget, approval of any financing, approval of the plans and specs, approval of the development plan, approval of leases of retail space, and approval of related party transactions.

**Major Decisions:**

Notwithstanding anything herein to the contrary, following the occurrence of certain Removal Events (defined below), the Arbor Member will have the right, at its election, to become the Managing Member and to exercise complete and exclusive control over the management of the Venture, including the right to unilaterally approve any Major Decisions. "Removal Events" shall include, without limitation, failure of the Fortis Member to meet its material obligations to the Venture, the failure of the Venture to meet the Development Plans and understandings as set forth in the Marketing Materials previously delivered to Arbor Member, the fraud, gross negligence or willful misconduct of the Fortis Member and/or if the Arbor Member fails to receive a cumulative priority return of 8% on its unreturned capital.

**Conflict:**

In order to avoid a conflict of interest, in the event that the Venture is party to a contract or arrangement with a Member or affiliate of a Member of the Venture (the "Interested Member"), then the other Member (the "Disinterested Member") shall have the sole and exclusive right, power and authority to represent the Venture in connection with such contract or arrangement with the Interested Member or its affiliate, including the right to exercise any rights and remedies of the Venture (including any right to terminate the contract or arrangement or to enforce such agreement, and to commence and conduct any litigation or arbitration in connection therewith).

**Transfer of Interests:**

Neither Member may transfer an interest in the Venture

without the prior written consent of the other Member.

**Changes in Control:**

The Fortis Member shall not, without the prior written consent of the Arbor Member, permit any transfer of a direct or indirect interest in the Fortis Member if, as a result, the Fortis Member would cease to be directly or indirectly controlled by, or if less than 100% of the equity interests in the Fortis Member would be directly or indirectly owned by, any parties not owning and controlling the Fortis Member as of the date hereof

If there is an unauthorized change in control of a Member (the "Affected Member"), then the other Member shall have the right, by notice to the Affected Member, to assume full management control over the Venture (in which case the Affected Member's consent or approval shall no longer be required for Major Decisions and the Affected Member shall have no further power or authority to bind the Venture).

**Restrictions on Competition:**

Neither the Arbor Member nor any of its affiliates will be subject to any restrictions of any kind on their investments or financings or be required to present any investments or opportunities to the Venture and/or Fortis Member, even if involving real estate competitive with the Property or the Project.

**Tax and Accounting Matters:**

The Arbor Member will be the "Tax Matters Partner" and as such will have the authority to make all tax and accounting elections, as well as exercise other authority customary for a tax matters partner.

**Information:**

The Managing Member will cause the Venture to prepare and deliver to the Members quarterly financial statements and all required tax returns on a timely basis. Either Member can require that the Venture's annual financial statements be audited at the Venture's expense. Each Member and its representatives will at all times have access to, and the right to inspect and copy, all books and records of the Venture.

**Consultation:**

Each Member shall consult regularly with the other Member as to all matters pertaining to the Venture and the Project and shall provide such other Member and its representatives with all information reasonably requested about the Venture and the Project.

**Brokers:**

The parties hereto acknowledge that Alliance Private Capital Group, LLC ("Alliance") has served as the Broker for this transaction and will be paid a commission in an amount equal to \$1,000,000 from the closing proceeds. Each of Fortis and Arbor hereby represents and warrants to the other party that neither it nor its affiliates employed or used any other broker or finder (other than Alliance) to arrange or bring about this transaction, and that there are no, and there will be no, claims or rights for brokerage commissions or finder's fees or other compensation in connection with acquisition of the Project and formation of the Venture as the result of the employment or engagement of any broker or finder by it or any of its affiliates. If any person other than Alliance brings a claim for such a commission or finder's fee or other compensation based upon any contact, dealings, or communication with Arbor or Fortis of their affiliates in connection with the transactions contemplated by this Agreement and such claim is based on a breach of the foregoing, then Arbor or Fortis, as applicable, shall defend the other party from such claim, and shall indemnify and hold harmless the other party from any and all costs, damages, claims, liabilities, or expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by such party with respect to the claim.

**Diligence:**

After the execution of this Joint Venture Understanding, Fortis will make available to Arbor all information in its or its affiliates' possession concerning the Property and the Project, including but not limited to a full Project description, pictures, maps, business plans, proposed budgets, all engineering, environmental and other similar reports relating to the Property, projected cash flows, assumptions, sales and rent comparisons, the contract pursuant to which Fortis acquired the Property, and all correspondence and legal memoranda and filings related to the Property or the Project (including all submissions regarding zoning and rezoning of the Property).

**Expenses; Good Faith Deposit:**

Whether or not the transaction described in this Joint Venture Understanding is consummated, Fortis shall pay all of Arbor's fees and costs related to the transaction described herein and Arbor's evaluation of such transaction, including, without limitation, the reasonable fees and expenses of Arbor's outside and in-house counsel,

title report fees, appraisal fees, and all costs incurred in preparing and reviewing due diligence materials including, without limitation, preparation and review of environmental reports and zoning status, and review of all budgets, plans, specifications and other materials related to the Property and the Project. Upon execution of this Joint Venture Understanding, Fortis is paying Arbor a \$250,000 non-refundable good faith deposit (the "Good Faith Deposit") to satisfy all or a portion of the foregoing costs and fees incurred by Arbor, which amount shall be wired pursuant to the wire instructions as set forth on Exhibit A, attached hereto.

**Origination Fee:**

In addition to the payment of the aforesaid expenses, Fortis shall pay a transaction fee to Arbor Member in an amount equal to one percent (1%) of Arbor Member's contributed Equity Amount (the "Origination Fee"). The entire Origination Fee shall be paid at closing.

**Title Insurance:**

The Venture shall obtain a title insurance policy and endorsements (including, without limitation, a non-imputation endorsement), issued by a title insurance company *selected by Arbor* (in an amount and in form and substance reasonably acceptable to the Arbor Member and subject only to such exceptions as are reasonably acceptable to the Arbor Member.

**Other Conditions:**

The following matters are subject to Arbor's satisfactory completion of real estate, underwriting and legal due diligence, including: (i) review and approval of all third party reports, including an Appraisal, Phase I Environmental Site Assessment Report, a Property Condition Assessment, and a Plan and Cost review. The Fortis Member will obtain for the benefit of Arbor acceptable provisions permitting Arbor to rely upon such reports; (ii) review and approval of the Fortis Member organizational documents; and (iii) a zoning report and zoning opinion.

**Exclusivity:**

In consideration of the time and expense to be expended by Arbor in connection with undertaking due diligence, the preparation of the limited liability company agreement for the Venture and other documents and other matters, Fortis hereby agrees that until such time as Arbor has declined in writing to Fortis to enter or have one of its affiliates enter into a limited liability company agreement for the Venture

and to acquire, directly or indirectly, any interest in the Project, neither Fortis nor any of its affiliates, agents or representatives will enter into a definitive limited liability company agreement for the Venture, make or accept any offers or otherwise discuss or negotiate any terms relating to the Property or its acquisition or development or any transaction relating thereto, including, without limitation, the formation of any entity to own or acquire any interest, direct or indirect, in the Project or the Property, with any person or entity other than Arbor or its designated affiliate. Notwithstanding anything to the contrary set forth herein, should Fortis, Fortis Member, Key Principal(s) and/or any affiliate of either violate the terms of this paragraph, then Arbor will be entitled to retain the unapplied balance of the Good Faith Deposit and Fortis, Fortis Member, Key Principal(s) and/or any affiliate thereof shall pay immediately, upon demand, to Arbor a break-up fee equal to \$2,000,000, which break-up fee shall constitute liquidated damages for the time and effort expended by Arbor in connection with this Joint Venture Understanding, it being expressly acknowledged and agreed that Arbor's actual damages in such instance will be impossible to calculate.

**Confidentiality:**

Fortis and their affiliates, will maintain and will instruct and cause their respective affiliates, agents, advisors and legal counsel to maintain, this Joint Venture Understanding, and Arbor Member's proprietary or confidential data strictly confidential; provided, however, that the parties may disclose this Joint Venture Understanding to its respective affiliates, agents, advisors and legal counsel and may also disclose this Joint Venture Understanding to the extent required by law or as is required in order to qualify its submission for the acquisition of the Property. Fortis expressly acknowledges that it may not share or disclose in any manner shape or form the terms of this Joint Venture Agreement to any other prospective joint venture partner. Notwithstanding anything herein to the contrary, any party hereto (and any employee, representative, or other agent of any party hereto) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated herein and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure; provided, however, that this sentence shall not

permit any disclosure that otherwise is prohibited herein if such disclosure would result in a violation of federal or state securities laws, and provided, further, that this sentence shall not permit disclosure of any information to the extent not related to the tax aspects of the transaction.

Notwithstanding anything to the contrary contained herein, nothing herein shall be deemed to be an offer or commitment of any kind, and nothing herein shall be binding on Arbor or Arbor Member until it has received internal credit committee approval which may withheld or denied in its sole discretion.

**ARBOR REALTY TRUST, Inc.**

By: [Signature]  
Name: Daniel J. Schneewitz  
Title: Authorized Signatory

Please indicate your acceptance of the terms and conditions herein by returning an executed copy of this Joint Venture Understanding along with the required Good Faith Deposit specified herein, to Arbor, prior to April 15, 2014 at 5:00 pm EST (the "Return Date").

**FORTIS PROPERTY GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Authorized Signatory

**KEY PRINCIPAL:**

\_\_\_\_\_

Exhibit A  
(wire instructions)

Bank: Capital One  
Elmont, NY 11003

ABA: 021 407 912

Account: 7424024003

Acct Name: Arbor Realty SR Inc  
Corporate Account

# Term Sheet

**Exhibit C  
Term Sheet**

Offerors are directed to fill out all sections of the Term Sheet regardless of the project included in an Offeror's Proposal.

This Term Sheet does not create or give rise to any contractual or other legally binding or enforceable rights, obligations or liabilities of any kind on the part of SUNY, Downstate at LICH Holding Company, Inc. ("Holding Company"), or the Offeror; it being the intent of the parties that only a subsequently formalized written agreement covering the matters set forth herein, if duly authorized, executed and delivered by the respective parties, shall bind such parties and then only with respect to such covered matters. Indicate any deviations from the Term Sheet by marking deletions as ~~strike through~~ and additions as underlined. Note: that deviations may not be accepted by SUNY or Holding Company.

Offeror acknowledges that this Term Sheet does not include all terms and conditions for the proposed transactions. Moreover, Offeror acknowledges that the terms and conditions included in this Term Sheet are subject to change.

Note: "Contract of Sale," "agreement," "definitive agreement" and "contract" all refer to the formalized written agreement covering the matters set forth in this RFP

A. **Offeror** [describe Offeror as required in Part 2.J.1 above of the RFP]

The Offeror and proposing organization is **Fortis Property Group, LLC**, a private real estate investment, operating, management, and development company headquartered in Brooklyn, New York. For this project, Fortis will be collaborating with the following: **NYU Langone Medical Center**, a world-class academic medical center that will provide health care services on the former Long Island College Hospital (LICH) campus and **Lutheran HealthCare**, an academic community health care and social support system that includes **Lutheran Medical Center** and **Lutheran Family Health Centers**. Lutheran Family Health Centers is a comprehensive federally qualified health center that will offer additional health care services on the LICH campus. In addition, Fortis will be collaborating with **L+M Development Partners Inc.**, a real estate developer and affordable housing specialist; **Full Spectrum NY, LLC**, a developer and affordable housing specialist; and **KF Brock, LLC**, a construction development firm.

**Fortis Property Group, LLC (Fortis)** is the proposing organization. If awarded, the actual purchaser and contract counter-party in the Asset Purchase Agreement will be a subsidiary of Fortis formed to acquire the properties to be used for the health care and market rate housing components of the project and associated property, plant, and equipment. Additionally, a subsidiary of the joint venture between Fortis and L+M will be formed to acquire the affordable housing component of this project and the associated property, plant, and equipment (see stipulations regarding affordable housing in Proposal narrative). As with all of Fortis' acquisitions, lenders will require the acquiring entities to be "special purpose entities" (SPEs) created for the sole purpose of owning, operating, redeveloping, etc. the properties.

Fortis is a private real estate investment, operating, management, and development company headquartered in Brooklyn, New York. Since 2005, Fortis has acquired and/or developed in excess of

\$3.5 billion of commercial real estate—over 8 million square feet—throughout the United States. Fortis currently manages more than five million square feet of commercial and residential property in various U.S. locations, including New York, New Jersey, Massachusetts, Connecticut, and Texas, as well as industrial properties that are located in several states. Fortis' development projects and gut rehabilitations are concentrated in Manhattan and Brooklyn and primarily consist of ground-up residential multi-family and condominium projects. Fortis currently has three development or redevelopment projects in Brooklyn.

NYU Langone Medical Center (NYULMC) will provide health care services at the LICH campus as a tenant of the SPE that will be a subsidiary of Fortis. NYULMC will operate its health care facilities. NYULMC has signed a Letter of Intent for a long-term lease, which will help ensure the ongoing presence of health care services on the LICH campus. (See attached lease Letter of Intent.) NYULMC also will work with KF Brock to design the health care space, bringing NYULMC's extensive experience in designing efficient health care facilities with advanced technology and data integration that enable providers to operate as a patient-centered medical home.

NYULMC is a world-class, integrated academic medical center and one of the nation's premier providers of health care, biomedical research, and medical education. NYULMC provides care through an integrated network that provides a seamless experience of care for patients and supports the highest quality care. NYULMC consistently ranks as one of the best health care providers in the country, including being ranked as #2 in New York State and #2 in the New York metro area for being a high-performing hospital.

Lutheran HealthCare (LHC) is an academic, community health care and social support system that includes Lutheran Medical Center; Lutheran Family Health Centers, Lutheran Augustana Center for Extended Care and Rehabilitation, subsidized senior housing, a licensed home care agency, and community services. LHC has been helping to build and strengthen the health care delivery system in Brooklyn since 1883. As the principle provider of health care and social support services in Brooklyn, Lutheran serves a richly diverse area that includes, among others, families of Arabic, Chinese, Hispanic/Latino, Orthodox Jewish, and Russian descent, among others. Lutheran is a nationally recognized leader in providing high-quality and culturally competent care.

As part of the LHC, *Lutheran Family Health Centers (LFHC) (Sunset Park Health Council dba Lutheran Family Health Centers)* will provide health care services at the LICH campus as a tenant of the SPE that will be a subsidiary of Fortis. LFHC will operate its health care facility on the LICH property. LFHC has signed a Letter of Intent for a long-term lease. (See attached lease Letter of Intent.) Lutheran Family Health Centers (LFHC) is the second largest Federally Qualified Health Center in the country serving over 119,000 patients with over 780,000 patient visits in 2013. LFHC is recognized as a Level 3 Patient Centered Medical Home by the National Committee for Quality Assurance and a 45-year history of providing health care and social support services to the ethnically diverse and underserved communities of Brooklyn.

*Lutheran Medical Center*, a full service 450-bed academic teaching hospital that serves as the hub of LHC will provide inpatient care and other corresponding services, including a New York State-designated Stroke Center, The May Ellen and Gerald Ritter Cardiology Center, an award winning orthopedic program, neurosurgery, the Bariatric Center of Excellence, a comprehensive therapeutic rehabilitation program, a vascular surgery center, neuro-interventional radiology, and Level I Trauma Center. Lutheran Medical Center is less than 10 minutes from the LICH campus.

L+M Development Partners Inc. (L+M) will be a partner with Fortis in a joint venture, which will create an SPE subsidiary to purchase the affordable housing component of this project (as described in the Proposal narrative) and the associated property, plant, and equipment. L+M is an established full-service real estate development firm that develops, constructs, and manages affordable housing projects throughout New York City. L+M and Fortis have a history of working together. L+M was founded on the belief that high-quality affordable housing strengthens the fabric of our society. Since 1984, L+M has been a real estate leader and innovator, responsible for more than \$2 billion of development and construction. Working with community, government, and investment partners, the company has built more than 15,000 units of high-quality housing for a range of income levels in Brooklyn, Manhattan, other parts of the tri-state area, New Orleans, and California. In addition, L+M has built over 650,000 square feet of commercial and community space.

L+M is highly regarded in the real estate development and affordable housing industries and is known for its collaborative and innovative practices. Government housing agencies repeatedly select L+M as developer/general contractor in demonstration programs, such as New York State Homes for Working Families, the New York City Housing Authority (NYCHA) Mixed-Income Housing Initiative, and Housing Development Corporation's innovative 50-30-20 rental housing program. To accomplish these deals, L+M has successfully used a wide variety of state and public financing sources. L+M has packaged and completed projects using tax-exempt bond financing, market rate bank financing, New York City capital funds, the New York State Housing Trust Fund, the New York City Housing Partnership, Historic Tax Credits, the federal Low Income Housing Tax Credit (LIHTC) program, and New Market Tax Credits (NMTC).

Full Spectrum NY, LLC (Full Spectrum) is the national market leader in the development of mixed use and mixed income green buildings in emerging urban markets. This leadership has been established through work on its award-winning flagship project 1400 on 5th in Harlem, the Kalahari Condominium in Harlem, and its consulting work on the award-winning Solaire at Battery Park City. Full Spectrum's green development strategy provides triple bottom line returns while creating sustainable urban communities.

Full Spectrum is a Minority-Owned Business that develops real estate in a sustainable manner that encompasses the economic, environmental, social and cultural aspects of life. As a developer or a construction manager, Full Spectrum has been responsible for the production of more than one million square feet of residential, institutional and commercial real estate, with some two million square feet currently in its pipeline.

KF Brock, LLC (KF Brock) will lead the design and construction/rehabilitation of the LICH campus properties. KF Brock has provided a Letter of Intent to Fortis to serve as the general contractor for the project. KF Brock is a construction development firm and an affiliate of Fortis. It provides an extensive array of construction services across nearly all market segments and most sectors of the construction industry. KF Brock performs design and construction services from site selection and site development through final finished occupancy and commissioning. KF Brock executives have a broad range of development experience, including clinical facilities for women's health care, family medicine, internal medicine, pediatrics, gynecology, sports medicine, pediatric and adult immunization, laboratory testing and collection, care of musculoskeletal injuries, physical therapy, occupational therapy, and health and

wellness. In New York, in addition to a Medical School and its associated clinics, KF Brock executives prior projects include the Touro College School of Health Sciences, and in Brooklyn, the School of Nursing and Graduate School and Graduate Center for Speech Pathology and its associated clinic. KF Brock personnel are highly experienced in the design and construction implementation of advanced specialized medical and health laboratories. KF Brock personnel also have extensive experience in the acquisition and development of very large and significant institutional property assemblages. KF Brock also has experience with the design and construction management of historically designated facilities in Brooklyn and elsewhere and is an expert in addressing the distinctive challenges historic sites present.

B. Sites – Indicate which properties are included (X) in the Proposal including proposed use.

<b>LICH Real Estate Inventory</b>			
<u>X</u>	<u>Building / Sites</u>	<u>Address</u>	<u>Proposed Use (C=Core)</u>
<u>X</u>	Fuller Pavilion	339-357 Hicks, 70-76 Atlantic	<u>Medical and/or Residential</u>
<u>X</u>	Othmer Pavilion	91-95 Pacific	<u>Medical and/or Residential</u>
<u>X</u>	Henry Street Building	97 Amity, 340 Henry	<u>Medical and/or Residential</u>
<u>X</u>	Polak Pavilion	363 Hicks	<u>Medical and/or Residential</u>
<u>X</u>	Pohlemus Building	348-352 Henry	<u>Residential</u>
<u>X</u>	349 Henry Building	349 Henry, 115 Amity	<u>Medical and/or Residential</u>
<u>X</u>	Parking Garage	350-352 Hicks	<u>Medical and/or Residential</u>
<u>X</u>	Engineer Building	385-389 Hicks	<u>Residential</u>
<u>X</u>	Cobble Hill Condominium	124-134 Atlantic	<u>Residential</u>
<u>X</u>	94 Amity Residences	94 Amity	<u>Residential</u>
<u>X</u>	86 Amity	86 Amity	<u>Residential</u>
<u>X</u>	82 Amity Residence	82 Amity	<u>Residential</u>
<u>X</u>	78 Amity	78 Amity	<u>Residential</u>
<u>X</u>	76 Amity	76 Amity	<u>Residential</u>
<u>X</u>	74 Amity	74 Amity, 379-383 Hicks	<u>Residential</u>
<u>X</u>	113 Congress	113 Congress	<u>Residential</u>
<u>X</u>	43 Columbia	43 Columbia	<u>Residential</u>
<u>X</u>	336 Flatbush	336 Flatbush	<u>Residential</u>
<u>X</u>	184 Sterling	184 Sterling	<u>Residential</u>
<u>X</u>	112 Pacific Street	112 Pacific Street	<u>Residential</u>

C. Health Services – [list services to be provided at which property location]

Based on community needs assessments and stakeholder feedback, the proposal includes comprehensive health care services for patients of all ages on the LICH campus. As detailed below, NYULMC will provide emergency and urgent care services, comprehensive preventive and primary care services for all ages, a broad array of specialty care services, office-based surgery, sleep medicine, rehabilitation and physical therapy, and cancer services. NYULMC will provide the following services:

- Freestanding Emergency Department (ED) with Urgent Care Center, including:
  - Four observation beds

- The ability to receive ambulance services (Basic Life Support<sup>1</sup>)
- Can provide ED services immediately after SUNY closes its ED, pending State approval
- Primary and preventive care for all ages:
  - Internal Medicine
  - Ob-Gyn
  - Geriatrics
- Comprehensive women's services, including gynecology and perinatal care at the LICH campus and deliveries at Lutheran Medical Center
- Multispecialty ambulatory practice, including:
  - Cardiology
  - Gastroenterology
  - Pulmonary
  - Rheumatology
  - Neurology
  - Urology
  - Orthopedics
  - Rehabilitation Medicine
- Comprehensive Cancer Center, a full service satellite of the NYU Langone Cancer Center, a National Cancer Institute-designated Cancer Center; includes radiation oncology services and advanced imaging
- Ambulatory Surgery Center, including:
  - Orthopedics
  - Ear, Nose, and Throat (ENT)
  - Ophthalmology
  - Urology
  - Plastics
  - and General Surgery
- Office-Based Surgical Procedures, including:
  - GI Endoscopy
  - Bronchoscopy
  - Dermatology
- Diagnostic Imaging

LFHC will provide the following services:

- Dental
- Behavioral Health
- Pediatrics

---

<sup>1</sup> Per New York State regulations, freestanding EDs can only receive Basic Life Support (BLS) transports. Basic life support is transportation by ground ambulance vehicle and the provision of medically necessary supplies and services, including BLS ambulance services as defined by the State.

Lutheran Medical Center will provide the following services in community-based locations:

- Inpatient care
- Access to all of LHC's services

### Additional Services

NYU will enter into clinical partnerships and contractual relationships with other organizations to ensure that community residents have access to the full range of care.

- *Inpatient care* will be provided through transfer agreements with Lutheran Medical Center and other Brooklyn hospitals. Patients who need inpatient care will be transferred to the hospital that can best treat their condition. NYULMC is committed to ensuring that patients who are treated in Brooklyn can stay in Brooklyn for inpatient and other services.
- *Dialysis* will be provided through an existing contract NYULMC has with the Atlantic Dialysis Management Services, LLC, which has an affiliate location, Central Brooklyn Dialysis Center, LLC at 818 Sterling Place, Brooklyn, which is in the LICH service area. Atlantic now provides inpatient and outpatient dialysis services for the New York City Health and Hospitals Corporation (HHC). NYULMC also will explore other options for contracts in the service area to ensure patient access.
- *Home care services* will be provided by the Visiting Nurse Service of New York (VNSNY) through an existing contract with NYULMC. VNSNY already has access to patients' virtual health record and can coordinate care and communicate with NYULMC providers through NYULMC's HIE.

Other services will be provided through arrangements with local providers.

*Cobble Hill Health Center:* NYULMC and LFHC also have had conversations, and are eager to work closely, with Cobble Hill Health Center to ensure that the long-term care residents of the skilled nursing facility have easy access to all of the services at the LICH campus. Cobble Hill Health Center also offers a wide range of services to help patients recover and transition back to independent living as well as enhance the comfort and the quality individuals' lives during the last phase of life. The health center includes a subacute care unit, a rehabilitation institute, cardiac rehabilitation, a dialysis center, palliative care, a 364-bed skilled nursing facility and other long-term care services, and an Alzheimer's Special Care Unit. The health center is located just less than four blocks from the LICH campus. The services offers by the Cobble Hill Health Center are natural complement to the continuum of services that NYULMC and LHC will be offering to the community, including NYULMC's premier geriatric and palliative care service and Comprehensive Cancer Center and LHC's rehabilitative care services.

### Hours of Operation

NYULMC's freestanding Emergency Department and Urgent Care Center will be open 24-7. NYULMC's other services will be available Monday through Friday 8:00 am to 7:00 pm except for Rehabilitation and Physical Therapy, which will be open until 5:00 pm, and the Ambulatory Surgery Center, which will be open 7:00 am to 5:00 pm. LFHC services will be open from at least 9:00 am to 7:00 pm. Both NYULMC and LFHC will offer weekend hours that will be tailored to meet community need. The purpose of the evening and weekend hours is to improve access to services for residents. This is especially important for low-income patients who may have less flexibility to take time off of work.

### Location of Services

On a temporary basis, during the transition phase, the Freestanding ED and Urgent Care Center will be located at Polak Pavilion. To make services available as rapidly as possible, Offeror also will explore providing primary and specialty care services on a temporary basis at 349 Henry. If the Dormitory Authority of the State of New York determines that such transition method would require defeasance of the applicable Personal Income Tax bonds (SUNY's estimated defeasance amount is \$118 million), Fortis has secured an interim debt facility to fund the defeasance amount as explained in the Proposal narrative.

After the transition phase, the health care services of both NYULMC and LFHC will be located on the LICH campus in a single building or adjacent buildings, on the primary sites (e.g., Fuller, Othmer, etc.). Centralizing services in a single location will help community members to more easily access services for themselves and their families. The proposal recognizes that many patients often have to schedule back-to-back appointments for themselves and their family members in order to reduce time taken off from work. Centralizing services also will enable NYULMC and LFHC to integrate and coordinate care for patients.

### D. Financial Terms

1. Non-Contingent Cash Purchase price: \$240,000,000.

The cash purchase price will be due upon conveyance of the Property of the Successful Offeror.

Offeror shall fund a down payment / deposit in amount of a minimum of 10% of the total cash purchase price, with such deposit to be held in escrow by a third-party escrow agent pending closing. Notwithstanding the foregoing, Offeror will permit funds to be released from escrow prior to closing to cover Holding Company (hospital) operating losses arising after contract of sale execution, so long as Offeror receives adequate security / collateral for such releases.

As an integral feature of this offer, Fortis proposes supporting the establishment of a tax-exempt, non-profit Community Foundation upon closing on the acquisition of the properties. The foundation's purpose would be to support community needs in the LICH service area. Similar to foundations that have been developed as a result of the conversion of non-profit hospitals, health plans, and health organizations to for-profit entities, this foundation would have an independent Board of Directors and would exist to serve the public good in the area through grant making and investments related to community health, social services, and other needs such as affordable housing, community civic associations, etc.; health care representatives, and a representative from Fortis' special purpose entity that would purchase the LICH property and contribute to the foundation. Fortis proposes making a contribution of \$5,000,000 to the Foundation to address these community needs. Fortis' contribution also will be used to attract other investments that can be put into the Foundation to further meet community need.

2. Taxes

Successful Offeror shall pay ~~all transfer taxes, its mortgage recording taxes and sales taxes imposed by the City and the State of New York~~ in connection with the transaction contemplated herein ~~(except to the extent of any assignable mortgage on the property).~~

### E. Development Requirements

The Successful Offeror will be required to finance all renovations necessary for the provision of any proposed health services. Describe all necessary renovations for the provision of proposed health services.

The costs of all renovations for the provision of proposed health services will be capitalized from the debt and equity funded at the closing on the acquisition of the properties (or otherwise provided for in a debt facility established at closing on the acquisition of the properties).

The initial proposed Emergency Department and Urgent Care services will be provided at the existing Emergency Department facility located in the Polak Pavilion (while its permanent home is being prepared for use). As such, we envision only minor interior work (short timeframe) to get such services up and running quickly.

After the interim / temporary health care space is completed, the permanent home for the health care services will be built-out in a state-of-the-art facility of approximately 90,000 SF on the primary sites of the LICH campus.

**F. Closing Dates for Contract of Sale**

1. The Closing Date shall be ~~no more than six (6) months subsequent to~~ as early as 60 days after the execution and delivery of the contract of sale.
2. Holding Company shall have the right, in its sole discretion, to extend the Closing Date.
3. Upon the request of the Successful Offeror, Holding Company may grant no more than one one-month extension to the Closing Date upon receipt of \$170,000.00 in consideration of the extension.
4. Notwithstanding anything to the contrary contained herein, if the conveyance of the Property does not occur on or before the Closing Date as unequivocally established by Holding Company in a "time of the essence closing notice," Holding Company shall have the right to declare under the contract of sale and retain the down payment on behalf of itself and SUNY.

**G. Preliminary Obligations**

1. Successful Offeror is responsible for securing all necessary approvals that can be secured by a contract purchaser.
2. Upon submission of its proposal and with confirmation thirty (30) days prior to the Closing Date the Successful Offeror must transmit to Holding Company the following:
  - a) Evidence of financing and equity, in the form of executed financial commitments and statements of the availability of dedicated funds, certified by the appropriate officer of Successful Offeror, in an aggregate amount that is sufficient to satisfy the non-contingent purchase price and to renovate any of the properties in which health services will be provided, together with a revised construction budget for such spaces(s), on terms that Holding Company reasonably determines will permit the proposed development to be completed.
  - b) Letters of intent executed by potential tenants of any space(s) in which health services will be provided if by other than the Successful Offeror. Please see attached letters of intent for leases with NYULMC and LFHC.
3. If Successful Offeror fails to satisfy any of the preliminary obligations then, at Holding Company's discretion, the agreement shall terminate, upon notice to Successful Offeror from Holding Company. The Successful Offeror, SUNY, and Holding Company shall not have any further rights, duties or

obligations hereunder, and Holding Company may retain the down payment on behalf of itself and SUNY as liquidated damages for Successful Offeror's failure to close.

**H. Conditions for Closing**

1. The Board of Directors of Holding Company shall have approved the disposition of the Property to the Successful Offeror in accordance with the Contract.
2. All approvals necessary to the disposition of the Property to the Successful Offeror in accordance with the Contract shall have been obtained.
3. Successful Offeror shall have paid for or have reimbursed the appropriate party for any additional appraisal for the Property.

**I. Additional Conditions of the Sale**

1. Due Diligence. The Successful Offeror will be permitted on the Property prior to closing for only non-invasive inspections or minimum work required to develop plans and pursue financing; provided that Holding Company has sufficient security to ensure the Successful Offeror will proceed to closing regardless of the testing results.
2. **The Property will be disposed of in "As Is" condition.**

**J. Deed Provisions**

The Deed shall prescribe the following, post-closing, covenants and conditions that shall encumber the Property:

1. If the following conditions are not satisfied, then Holding Company, in consultation with and on behalf of SUNY, shall have the right to declare that it is exercising its right of re-acquisition for condition broken and may thereupon re-enter the proposed health-care use portions of the Property, without paying Successful Offeror or any subsequent owner of the Site any consideration:
  - a) The Successful Offeror has not provided health services in accordance with a schedule to be agreed upon with SUNY prior to the execution of a contract of sale.
  - b) Commencement of construction and/or renovation of the Property to be used for health services has not occurred within six (6) months from the date of conveyance, or such other time frame as agreed upon with SUNY prior to the execution of a contract of sale.
  - c) Licensing or similar authorizations necessary for the provision of health services is not in effect by the completion of construction or lapses, or is revoked, suspended, or surrendered, and a substitute provider reasonably acceptable to SUNY is not secured within — ( ) months of such event a period of time to be agreed upon with SUNY prior to the execution of a contract of sale.
  - d) Successful Offeror has not obtained a Temporary Certificate of Occupancy ("TCO") for the properties in which health services are to be provided within a

prescribed time period after commencement of construction, such time period to be agreed upon with SUNY prior to the execution of a contract of sale.

The time period for the satisfaction of the above conditions shall be subject to extensions as a result of "Unavoidable Delays". Unavoidable Delays shall mean delays incurred by Successful Offeror or its tenants due to strikes, lockouts or other labor disputes, severe weather conditions, earthquakes or other acts of God, inability to obtain labor or materials due to restrictions of Governmental Authorities, enemy action, civil commotion, fire or other casualty, acts of war or terrorism, or court orders not resulting from any unlawful action or breach of contract of Successful Offeror or any affiliate thereof; provided, in each case. Successful Offeror shall have given SUNY and Holding Company notice of such unavoidable delays promptly following Successful Offeror having obtained knowledge of the occurrence of same, and where and when possible the Successful Offeror diligently pursues the completion of the project.

2. For any parcel(s) of real estate to be used for the delivery of the medical-services plan by the Successful Offeror, deed restrictions will be placed on those parcel(s) to assure the use of the property for community health services for not less than 20 years.

**L. Other**

1. As Is
  - a) At the closing of the transactions contemplated by the Agreement, the Successful Offeror will covenant that it is fully familiar with the physical condition, state of repair ~~of and tenancies or occupancies encumbering~~ the Property, will not make any claim regarding the condition of the Property, and agrees to accept the Property "as is". The Successful Offeror will be responsible for all required environmental remediation.
  - b) SUNY and/or Holding Company shall convey marketable title to the premises vacant and free of any leases or tenancies and without any covenants, restrictions, rights, licenses, easements, rights of way or other encumbrances or agreements that could, in any material way, restrict or limit or impose any cost on the development or redevelopment of the properties in accordance with current zoning laws, rules and regulations.
  - c) At the closing of the transactions contemplated by the Agreement, the Selected Offeror will covenant that it has not been induced by and has not relied upon any representations, warranties or statements, whether oral or written, express or implied, made by SUNY or Holding Company, or any agent, employee or other representative of any of them or by any broker or any other person representing or purporting to represent any of them concerning the Property, its state of title, condition or state of repair, the absence or presence of hazardous waste and materials upon or under the Property or this transaction which are not expressly set forth in the agreement.
2. Continuing Obligations
  - a) The Deed for each Property to be used for health care services shall provide that no subsequent sale ~~or refinancing~~ shall occur without SUNY or Holding

- Company's prior approval (such entity to be designated in the contract of sale) ~~for a period of after closing, and as to such Property as will be used for health services,~~ for a period of after closing to be designated in the contract of sale.
- b) The Deed for each Property to be used for the provision of health services as specified in the contract of sale shall provide that all leases for spaces to be used for health services shall be subject to the prior approval of the New York State Department of Health for a period of 10 years after closing, provided, however, that the initial leases with NYULMC and LFHC, and the residual 5,000 SF reserved for community space, and the residual 10,000 SF reserved for the expansion of existing and/or new health care services (all excluding the freestanding ED and services provided under an Article 28 license) will not be subject to DOH approval.
- c) The foregoing provisions shall run with the land.

# Projected Sources & Uses at Acquisition

## ATTACHMENTS

- Submission Identification Form (Attachment 1)
- Registration and Confidentiality Agreement (Attachment 2)
- Non-Collusive Bidding Certification (Attachment 4)
- Procurement Lobbying Act Procedure Certification (Exhibit B)
- MWBE Form 104 – EEOE Policy Statements
- MWBE Form 107 – Utilization Plan
- MWBE Form 108 – EEO Staffing Plan
- Term Sheet
- Projected Sources & Uses at Acquisition
- Letter of Intent for Lease between Fortis Property Group, LLC and NYU Langone Medical Center
- Letter of Intent for Lease between Fortis Property Group, LLC and Lutheran Family Health Centers
- Letter of Intent for Lease between Fortis Property Group, LLC and Lutheran Medical Centers
- Letter of Intent for Lease between Fortis Property Group, LLC and L+M Development Partners Inc.
- Letter of Intent for Lease between Fortis Property Group, LLC and Full Spectrum of NY, LLC
- Letter of Intent for Lease between Fortis Property Group, LLC and KF Brock, LLC
- Letter of Intent for Debt Financing from NorthStar Realty Finance
- Letter of Intent for Equity Investment from Arbor Realty Trust, Inc.
- Vendor Responsibility Questionnaires
- Confidentiality Letter
- Letters of Support

Letter of Intent for Lease between  
Fortis Property Group, LLC and  
NYU Langone Medical Center



December 30, 2013

Mr. Joel Kestenbaum  
 Fortis Property Group, LLC  
 45 Main St. Suite 800  
 Brooklyn, NY 11201

**Re: Letter of Intent for NYU Langone Hicks Street Lease**

Dear Mr. Kestenbaum:

Set forth below are the basic terms under which NYU Hospitals Center and NYU School of Medicine, collectively NYU Langone Medical Center ("Tenant"), would agree to lease the premises described below (the "Premises") from Fortis Property Group, LLC, or its affiliate ("Landlord"), if (and at such time that) Landlord acquires the Othmer Pavilion at 339 Hicks Street / 91-95 Pacific Avenue, Brooklyn, NY ("Othmer") and the Polak Pavilion at 363 Hicks Street, Brooklyn, NY ("Polak").

**PREMISES & USE:**

**Othmer & Polak.** Approximately 50,000 –60,000 square feet in all or portions of the sub-basement, basement and floors 1-4 of Othmer and floor 1 of Polak for the following:

Ambulatory Surgery: 15,000 sf,  
 Multispecialty Services: 25,000 sf (including primary care services, *cardiology, gastroenterology, pulmonary, urology, orthopedics, physiatry* and cancer services,  
 Radiology and Diagnostic Imaging: 10,000 – 12,000 sf ; and  
 Approximately 8,000 sf on the first floor of Polak to be used for a Freestanding Emergency Department ("FED")<sup>1</sup> which would include an urgent care center.

All space will be subject to Tenant's inspection and will be measured prior to Lease Commencement to determine the exact amount of rentable square feet.

**LEASE**

**COMMENCEMENT:**

Upon Landlord's acquisition of the Buildings and execution of a lease agreement.

**RENT**

**COMMENCEMENT:**

Upon completion of Landlord's Work (as described below) and delivery of the space to Tenant.

<sup>1</sup> It is anticipated that union personnel will be utilized in a manner consistent with Tenant's current operations.

- LEASE TERM:** Twenty (20) years.
- RENTAL RATE:** \$55 per rentable square foot NET rent, with 2% annual increases. Rental rate shall be subject to further negotiation based upon Tenant's inspection of the premises and Tenant's valuation pertaining to fair market value.
- OPERATING EXPENSES:** As a NET lease, Tenant will pay any and all expenses arising directly from or with respect to the Premises and its proportionate share of common / Building expenses including, without limitation, real estate taxes and insurance.
- LANDLORD WORK AND TENANT WORK:** At Landlord's cost, Landlord will provide Tenant with a 'White Box,' at Othmer and Polak including access and egress stairways and elevators completed to meet all code requirements for Tenant's use of the space, walls, basic floors, ceilings, lighting, basic electrical, fire alarm, plumbing, mechanical installations, HVAC and the requirements set forth in Article 28 of the New York State Public Health law with respect to architectural design requirements (not medical equipment, furniture, etc.). The aforementioned requirement shall be based upon plans to be developed in coordination between Landlord and Tenant by architects and engineers selected by Landlord and approved by the Tenant. The "White Box" will be ready for Tenant's further installations. In connection with the FED at Polak, Tenant is willing to provide up to \$10 million for improvements, renovations and installations necessary to operate and maintain a full-service, code-compliant, freestanding emergency department.
- The amount payable by Tenant for improvements and renovations shall be subject to further negotiation based upon Tenant's inspection of the premises and Tenant's valuation pertaining to fair market value.
- Notwithstanding the foregoing, Landlord's work and build out of the space shall be subject to further negotiation and shall be set forth in a written work letter which shall be mutually agreed upon prior to Lease Commencement.
- ELECTRICITY:** Electricity will be sub-metered to the Premises and paid by Tenant.
- PARKING:** Reserved parking spaces to be mutually agreed upon by Landlord and Tenant.
- ASSIGNMENT AND** Tenant shall not be permitted to assign the lease, or sublet all or any

**SUBLETTING:** portion of the Premises, without Landlord's prior written consent. Notwithstanding the foregoing, it is agreed that Landlord consent shall not be required for Tenant's assignment of the lease or sublet to an affiliate of Tenant or to Tenant's license of the space to a physician who maintains medical staff privileges at Tenant's hospital.

**BROKER:** Neither Landlord nor Tenant has dealt with any broker in connection with this transaction.

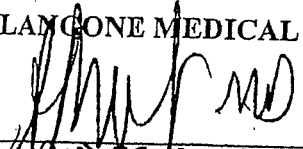
**SECURITY DEPOSIT:** The lease shall set forth the Tenant's obligations related to security deposit, if any.

This letter of intent is not intended to be a lease, agreement, offer, or acceptance of any kind; but is merely a statement of the present intentions and understanding of the parties. This letter is not contractually binding and creates no obligations whatsoever. It is agreed that either party may provide the other party two (2) days advance written notice of its intention not to proceed with this transaction.

We look forward to working with you on this project.

Sincerely,

NYU LANGONE MEDICAL CENTER

By: 

Name: ANDREW W. BROTMAN, MD

Title: SENIOR VP AND VICE DEAN FOR CLINICAL AFFAIRS AND STRATEGY, CHIEF CLINICAL OFFICER

Date: 12/30/13

3.

Letter of Intent for Lease between  
Fortis Property Group, LLC  
and Lutheran Family Health Centers



January 8, 2014

Mr. Joel Kestenbaum  
 Fortis Property Group, LLC  
 45 Main Street, Suite 800  
 Brooklyn, NY 11201

Re: Letter of Intent for Lutheran Family Health Centers Lease on LICH Campus

Dear Mr. Kestenbaum:

This letter shall serve as an expression of intent by Lutheran Family Health Centers ("Tenant") to enter into a lease agreement with Fortis Property Group, LLC, or its affiliate ("Landlord"), if (and at such time that) Landlord acquires the Long Island College Hospital ("LICH") Campus from the State University of New York. Set forth below are the terms the parties have discussed to date:

**PREMISES & USE:** Approximately 10,000 square feet in space on the LICH Campus to be mutually agreed upon by Landlord and Tenant (the "Premises").

Tenant will use the Premises to provide general primary health care and specialty health care (dental and behavioral health) services. This Article 28 facility will be staffed by union personnel in keeping with Tenant's standard policies and procedures, and will be operated as a Federally Qualified Health Center ("FQHC").

The space will be measured prior to Lease Commencement to determine the exact amount of rentable square feet.

**LEASE COMMENCEMENT:** Upon Landlord's acquisition of the Buildings and execution of a lease agreement.

**RENT COMMENCEMENT:** Upon completion of Landlord's Work (as described below) and delivery of the space to Tenant.

**LEASE TERM:** To be determined by Landlord and Tenant. Minimum of five (5) years.

**RENTAL RATE:** The rental rate for the Premises shall be subject to further negotiation between Landlord and Tenant.

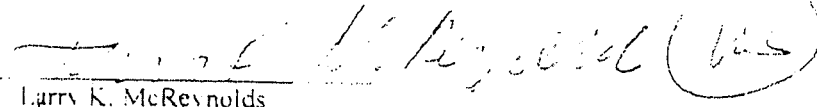
- OPERATING EXPENSES:** In connection with the further negotiation of the rental rate, the Landlord and Tenant will consider whether Tenant will pay any and all expenses arising directly from or with respect to the Premises and its proportionate share of common / building expenses including, without limitation, real estate taxes and insurance.
- LANDLORD WORK AND TENANT WORK:** Landlord will build out the Premises and equip the space (turnkey) in accordance with specifications mutually agreed to by Landlord and Tenant. The amount of Tenant's contribution toward the costs of such work is subject to further negotiation between Landlord and Tenant. All efforts will be made to re-use the existing dental equipment at LICH.
- ELECTRICITY:** Electricity will be sub-metered to the Premises and paid by Tenant.
- PARKING:** Reserved parking spaces to be mutually agreed upon by Landlord and Tenant.
- ASSIGNMENT AND SUBLETTING:** Tenant shall not be permitted to assign the lease, or sublet all or any portion of the Premises, without Landlord's prior written consent.
- BROKER:** Neither Landlord nor Tenant has dealt with any broker in connection with this transaction.
- SECURITY DEPOSIT:** The lease shall set forth the Tenant's obligations related to security deposit.

This letter of intent is not intended to be a binding lease, agreement, offer, or acceptance of any kind; but is merely a statement of the present intentions and understanding of the parties. This letter is not contractually binding and creates no obligations.

We look forward to working with you on this project.

Sincerely,

**LUTHERAN FAMILY HEALTH CENTERS**

By   
 Name: Larry K. McReynolds  
 Title: Executive Director

Date: 1-3-14

Letter of Intent for Lease between  
Fortis Property Group, LLC  
and Lutheran Medical Centers



150 55th Street  
Brooklyn, NY 11220-2574  
Telephone: 718-630-7000

March 14, 2014

Mr. Joel Kestenbaum  
Fortis Property Group, LLC  
45 Main Street, Suite 800  
Brooklyn, NY 11201

Dear Mr. Kestenbaum:

This Letter of Intent will confirm the intention of the Lutheran Medical Center ("LMC") to provide the health care services referenced in the proposal to be submitted by Fortis Property Group, LLC ("Fortis") on or about March 19, 2014. This letter is not intended to be legally binding.

Assuming Fortis's proposal is accepted and all parties successfully conclude all necessary documents and regulatory approvals, it is LMC's intent to collaborate with its affiliate, Lutheran Family Health Centers, in the opening of a new health care facility on the premises currently occupied by Long Island College Hospital ("LICH") and to provide other health care services, including inpatient and trauma care, as outlined in Fortis's proposal.

We are excited about the prospect of working with Fortis and its partners on this proposal and bringing our health care services to the communities around the LICH property.

Sincerely,

Lutheran Medical Center

A handwritten signature in black ink, appearing to read "Claudia Caine", written over a horizontal line.

Name: Claudia Caine  
Title: President/COO

Letter of Intent for Lease between  
Fortis Property Group, LLC  
and L+M Development Partners Inc.

Joel Kestenbaum  
 President  
 Fortis Property Group, LLC  
 45 Main Street, #800  
 Brooklyn, NY 11201  
 p: (718) 907-7702  
 f: (718) 907-8702

**Re: Letter of Intent for Residential Redevelopment at LICH Campus**

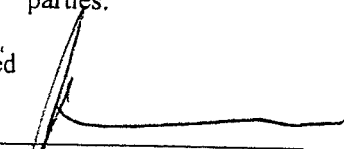
Dear Joel:

This Letter of Intent is intended to outline the understanding of Fortis Property Group, LLC or its to-be-named affiliate ("Fortis") and L+M Development Partners or its to-be-named affiliate ("L+M") with respect to the residential redevelopment of portions of the Long Island College Hospital campus (the "LICH Campus") in the Cobble Hill section of Brooklyn, NY. The relevant portions of the LICH Campus are those that will be redeveloped as residential properties (the "Residential Properties"), not those to be used for the provision of health care services, as described in Fortis' proposal submitted in response to the Request for Proposal X002654 of the State University of New York (the "RFP").

While this letter is not intended to convey all of the terms of our agreement, we agree that (if the Fortis proposal is awarded the RFP contract) the basic understanding between L+M and Fortis is as follows:

- L+M and Fortis will work collaboratively with each other to design, develop, and operate a successful redevelopment of the Residential Properties on the LICH Campus;
- L+M and Fortis will work collaboratively – during predevelopment and after RFP designation – with community groups, SUNY, elected officials, and other interested parties to deliver a mutually supported development;
- L+M will be responsible to develop, at a minimum, the affordable housing component of the Residential Properties on the LICH Campus;
- Fortis will act as lead developer of the other components of the LICH Campus redevelopment (including, without limitation, the portions of the LICH Campus that will be redeveloped as health care facilities and market rate residential); and
- Fortis will guide the production and submittal of the response to the RFP, and will act as primary contact for community groups, SUNY, elected officials, and other interested parties.

Agreed

  
 \_\_\_\_\_  
 Ron Moelis  
 CEO, L+M Development Partners Inc.

\_\_\_\_\_  
 Joel Kestenbaum  
 President, Fortis Property Group, LLC

Letter of Intent for Lease between  
Fortis Property Group, LLC  
and Full Spectrum of NY, LLC

IF OFFEROR(S) (ARE) A CORPORATION, COMPLETE THE FOLLOWING:

**NYU LANGONE MEDICAL CENTER**, comprised of NYU HOSPITALS CENTER and NYU School of Medicine, an administrative division of NEW YORK UNIVERSITY

**NYU HOSPITALS CENTER**

NAME

LEGAL RESIDENCE

Robert I. Grossman, MD  
Chief Executive Officer

550 First Avenue  
New York, NY 10016

Annette Johnson, Esq.  
Senior Vice President, General Counsel and  
Secretary

550 First Avenue  
New York, NY 10016

Michael T. Burke  
Senior Vice President and Corporate Chief  
Financial Officer

550 First Avenue  
New York, NY 10016

**NEW YORK UNIVERSITY on behalf of the SCHOOL OF MEDICINE**

John Sexton  
President

70 Washington Square South  
New York, NY 10012

Bonnie Brier  
Senior Vice President, General Counsel and  
Secretary of the University

70 Washington Square South  
New York, NY 10012

*Martin Dorph*  
Executive Vice President  
Finance and Information Technology

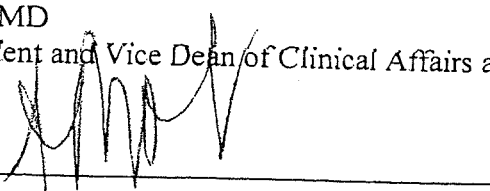
*70 Washington Square South*  
New York, NY 10012

**Identifying Data**

Offeror: **NYU Langone Medical Center** (comprised of NYU Hospitals Center and NYU School of Medicine)  
Street Address: 550 First Avenue  
City, Town, Zip: New York, NY 10021  
Telephone: (212) 263-2362  
Title: Vice Dean and Senior Vice President of Clinical Affairs and Strategy

Andrew Brotman MD  
Senior Vice President and Vice Dean of Clinical Affairs and Strategy

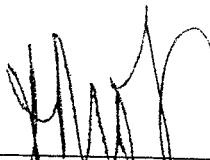
Signature



Joint or combined proposals by companies or firms must be certified on behalf of each participant:

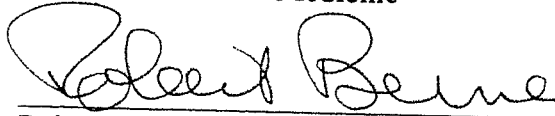
Legal name of person, firm or corporation

**NYU HOSPITALS CENTER**



\_\_\_\_\_  
Andrew Brotman, MD  
Senior Vice President and Vice Dean of  
Clinical Affairs and Strategy  
550 First Avenue  
New York, NY 10016

**NEW YORK UNIVERSITY, on behalf of  
the NYU School of Medicine**



\_\_\_\_\_  
Robert Berne  
Executive Vice President for Health  
70 Washington Square South  
New York, NY 10012