

MINUTES OF THE PUBLIC SESSION OF THE NUHEALTH BOARD OF DIRECTORS' MEETING  
HELD ON NOVEMBER 7, 2013

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Directors Present

\*Craig Vincent Rizzo, Esq., Chair  
Joseph Capobianco, Esq.  
\*Steven Cohn, Esq.  
Vincent A. Gallo, MD  
\*Paul J. Leventhal, CPA  
Jemma Marie-Hanson, RN  
\*John T. McCann, PhD  
\*Greg-Patric Martello, Esq.  
\*Linda Reed  
Asif M. Rehman, MD  
\*John A. Venditto, MD  
Andrew Zucaro

Non-Voting Directors Present

Arthur A. Gianelli, President/CEO  
Krishan Kumar, MD

Hospital Administration

John Ciotti, EVP General Counsel  
John Maher, EVP CFO  
Larry I. Slatky, EVP, Operations  
Steven Walerstein, MD, EVP Medical Affairs  
Kathy Skarka, RN, SVP Patient Care Services  
Maureen Roarty, SVP Human Resources  
Joan A. Soffel, Assistant to the Board/CEO

Not Present

George W. Miner, MD, MBA  
David J. Sussman, MD  
Frank J. Saracino, EdD

\*Executive Committee Members

1. Craig Vincent Rizzo, Chair, Board of Directors of the Nassau Health Care Corporation, noted that a quorum was present. The meeting was opened at 9:00 a.m.
2. **Adoption of Minutes.** The minutes of September 24, 2013 were approved.
3. **Report of the President/CEO.** Mr. Gianelli noted that the meeting was taking place in the new Board Room which is a component of the build out of the 19<sup>th</sup> Floor. Ms. Tabai, under the direction of Mr. Slatky, has done an excellent job. It is high-class professional office space that was done in the direction we want to take this corporation. The funding came from the HEAL grant to build out this space for administration and to free up space on the 1<sup>st</sup> Floor for primary care. Construction will start at the end of this year.

Reporting on the financials, Mr. Gianelli said the sizeable gap is driven by the decline in admit volume here and all of Long Island. The decline is not in medical/surgery it is in other disciplines. We will see \$17-20 million in onetime funds and once identified we should be able to report to the Board before the end of the year and how that will offset the gap. Mr. Gianelli is meeting regularly with staff to identify gap closing measures to feed into the 2014 budget. There is \$13 million targeted for expense cuts that need to be executed before the end of the year. Those measures combined with other initiatives (opening the 8<sup>th</sup> operating room, Medicare DSH increases, etc.) should collaborate to produce a balanced 2014 budget, assuming the decline in admissions will debate. It does not address the 2015 wage increase, principle amortization, and the County elimination of historic mission payments. There are also negotiations with NYS on the waiver for delivery system reform and a series of projects to transform the delivery system. We could receive enough to retire all of our debts, but we have no idea what we will get at this time.

We were successful in securing the Collaboration Bill that enables to secure certain savings while remaining autonomous. It enables us to work with any collaborator, including North Shore. We need to improve access and quality and expand services in the underserved communities. This was the first Bill of this nature and gained national attention. The Attorney General had some concerns regarding price savings, but the DOH receives a report from us. There is significant money, anywhere from \$20-30 million once the Bill is fully

operational. We are meeting with North Shore next week regarding next steps in implementation.

In addition to the 19<sup>th</sup> Floor construction, there will be construction in the lobby. Bethpage Federal Credit Union and Walgreens Pharmacy will be built out. Funded by the AUC, a simulation center will be constructed in what is now the auditorium. Later this month there will be a ribbon cutting ceremony for the new Library (funded by the AUC). The real estate agreement should be settled in December for the Board's consideration to renovate resident housing, build out a medical office building, imaging center, and Chamberlain School of Nursing.

4. **Report of the CFO.** Mr. Maher reported that as of August, the year-to-date consolidated loss was \$18.5 million. It is expected that the loss will be \$27 million by the end of the year. There are roughly \$21 million in initiatives to offset those losses and brought into the financial statements by the end of the year for a projected loss of \$6-8 million. A lot depends on the discharges that occur. The offsets include VAP grant (\$8 million), real estate recoveries (\$6 million); HealthFirst bonus payment (\$4 million), Affordable Care Act DSH payment (\$1 million), and funds owed from Affinity (\$500 thousand). Mr. Rizzo asked if Mr. Maher was confident that we would receive that and the answer was yes.
5. **Report of the Medical Director.** None
6. **Report of the Medical Professional Affairs Committee and Medical Director.** John McCann, PhD, Chair of the Committee, reported that the committee met on October 21, 2013 and there were no issues to report.
7. **Report of the Finance Committee.** Paul Leventhal, Chair of the Committee, reported that the committee met on October 23, 2013. Mr. Maher presented an update on the financial condition. Mr. Leventhal asked the Board to approve the minutes of January 29, May 14, June 19 and August 13, 2013. The minutes were accepted.
8. **Report of the Contract Committee.** Mr. Rizzo will discuss contracts in the Executive Session.
9. **Report of the Ambulatory Care, Managed Care and Community Physician Committee.** Dr. Sussman, Chair of the Committee, was not present.
10. **Report of the Extended Care and Assisted Living Facility Committee.** Dr. Venditto, Chair of the Committee, reported that the committee met on October 23, 2013. There was nothing new to report at this time.
11. **Report of the Legal, Audit and Governance Committee.** None.
12. **Report of the Facilities and Real Estate Development Committee.** Ms. Reed reported that she keeps in contact weekly with the individuals involved with real estate, usually via phone calls. In the next week or two construction bids should be opened for 533 parking spaces, the contract will have to come to the Contracts Committee for approval. Health Care Reit continues to meet weekly and everything is coming along very nicely.
13. **Subsidiaries/Foundation Committee.** None.
14. **Other Business.** None.
15. **Public session.** Mr. Rizzo opened the meeting for public comment. Mr. Cardoza said that a friend's father was admitted here (96 years of age) and the family was very pleased with

the care that he received. In addition an East Meadow firefighter's mother was admitted to A. Holly Patterson and the family is thrilled with the care she is receiving.

16. **Adjournment.** Upon a motion, duly made and unanimously approved, the meeting was adjourned at 9:25 a.m. to Executive Session to discuss governance, performance improvement, collective bargaining, personnel matters, contract negotiations or litigation.
17. **Report from Executive Committee.** Upon return to Public Session, the Board reported that the following actions were taken:

Mr. Rizzo reported that the Contracts Committee met on October 17, 2013 and recommended approval of various contracts with certain abstentions and recusals.

**Upon a motion made, duly seconded and unanimously approved, the Board of Directors adopted the Resolution Approving Contract Committee Recommendations, dated October 17, 2013 as set forth in the attached. Master Resolution M-222-2013.**

**Watral Brothers.** [Amount exceeds \$250,000]. **Upon a motion made, duly seconded and approved the Board of Directors approved a contract with Watral Brothers for construction services. The bid is to create a parking area on the site of the former parking garage. The work includes grading and paving and curbs, drainage, and lighting for the parking lot in an amount not to exceed \$1,309,885 for the project for a term of three months with an anticipated start date of 11/01/13. Resolution No. 223-2013.**

**Air Tech Lab Inc.** [Amount exceeds \$250,000]. **Upon a motion made, duly seconded and approved the Board of Directors approved a contract with Air Tech Lab Inc. to do the demolition and abatement of the first floor to prepare for construction of the new Primary Care area. It also includes abatement as needed of adjacent areas on the ground floor and the basement level. It will be done in at least two phases and requires that work be scheduled over a 24 hour day to provide minimal impact on the operating rooms above part of this area. It also includes re-spraying of fire proofing material where removed in an amount not to exceed \$1,500,000 for the project for a term of three months with an anticipated start date of 11/15/13. Resolution No. 224-2013.**

**Foley & Lardner, LLP.** [Multi-year contract, amount exceeds \$250,000]. **Upon a motion made, duly seconded and approved the Board of Directors approved an amendment of a contract with Foley & Lardner, LLP to provide consulting services and legal services related to clinical integration, health insurance plans, strategic planning, lobbying, etc. in an additional amount of \$580,000 to the current contract for a term of one year with an anticipated start date of 01/01/13. Resolution No. 225- 2013.**

**Garfunkel Wild.** [Multi-year contract]. **Upon a motion made, duly seconded and approved the Board of Directors approved an amendment to a contract with Garfunkel Wild to engage Garfunkel and Health ROI to pursue patient claims previously denied by HIP. This proposal was initially recommended in 2011 but was never pursued. The fees associated with this project are contingency based and capped at 20%. The scope of the project may go back to 2009. From 2009 through 2012 HIP denied approximately \$3.5 million in claims. The term is one year with an as soon as possible start date for 20% of recovery. Resolution No. 226-2013.**

**Park Strategies, LLC.** [Multi-year, amount exceeds \$250,000]. **Upon a motion made, duly seconded and approved the Board of Directors approved an amendment to a contract with Park Strategies, LLC (Resolution No. 220-2013) to correct an error. The**

**additional amount is not to exceed \$520,000 for a term of two years, effective 08/15/13.  
Resolution No. 227-2013.**

**Upon a motion made by Dr. McCann and duly seconded by Dr. Rehman, the Board  
unanimously adopted the terms as provided to the CEO. Resolution No. 228-2013.**

**Upon a motion made by Dr. McCann and duly seconded by Ms. Hanson, the Board  
unanimously adopted the resolution to allow the Chairman of the Board to execute  
the CEO separation agreement upon advice of counsel. Resolution No. 229- 2013.**

18. **Close of Regular Meeting.** Craig Vincent Rizzo, Chair, closed the meeting at 10:25 a.m.
19. The next meeting will be announced.

Approved:

  
Craig Vincent Rizzo, Chair  
Board of Directors