

MINUTES OF THE PUBLIC SESSION OF THE NASSAU HEALTH CARE CORPORATION BOARD  
OF DIRECTORS' MEETING HELD ON FEBRUARY 25, 2008

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Directors Present

Lawrence E. Elovich, Esq.  
John M. Brickman, Esq.  
Joseph Capobianco, Esq.  
Bradley L. Gerstman, Esq.  
Barbara Ross-Lee, DO  
George W. Miner, MD, MBA  
Frank J. Saracino, EdD

Not Present

Martin D. Payson, Chair  
Leonard A. Benedict, MD, MPH  
Rosemarie Guercia, MD  
Jemma Marie-Hanson, RN  
Greg-Patric Martello, Esq.  
John F. Ragano, Esq.

Non-Voting Directors Present

Arthur A. Gianelli, President/CEO  
Asif M. Rehman, MD

Hospital Administration

Gary Bie, SVP/CFO  
Julie L. Mirkin, RN, SVP for Patient Care Services  
Sharon Popper, Esq., SVP for Legal Affairs  
Paul J. Rowland, SVP/COO  
Larry Slatky, SVP Extended Care  
Steven J. Walerstein, MD, SVP Medical Affairs  
Joan A. Soffel, Assistant to the Board/CEO

1. George W. Miner, Chair Pro Tem, Board of Directors of the Nassau Health Care Corporation, opened the meeting at 8:45 a.m. Dr. Miner observed the absence of a quorum; therefore, minutes could not be adopted, nor any actions taken. The Executive Committee will be convened at a later date to review items for resolution at a special meeting.

Dr. Walerstein announced with great sadness the recent passing of Dr. Harvey Aiges, Chairman and Program Director for the Pediatric Department. Dr. Aiges joined the NHCC staff in 2005 and was the first of a new generation of chairs at the institution. Dr. Aiges was an icon in the North Shore Health System, was a huge Mets fan and ran the residency programs at North Shore for over twenty years. Dr. Aiges passed away in December; a memorial service was held last week. In recognition of Dr. Aiges' many accomplishments during his tenure at NHCC, the chair of pediatrics will be henceforth entitled "The Harvey Aiges Chair of Pediatrics".

2. **Adoption of Minutes.** Approval of the minutes of the January 28, 2008 Board of Directors meeting were tabled.
3. **Report of the Chairman.** None.
4. **Report of the President/CEO.** Mr. Gianelli reported that the January financials were not as strong as he would have liked. NUMC held its own in areas like medical/surgical. The weaknesses were in Detox census and PM&R census. PM&R drop in census is seasonal and subsequently increased in February. Other reasons were the delays in signing the Successor Agreement. It is critically important over the next several months to build an infrastructure at the medical center and connect with community physicians with voluntary referrals.

**State Budget.** The New York State Budget came out in late January. Normally, administration would know with a good deal of certainty what the impact of a proposed budget would be and then develop strategies. Unfortunately, this year, the State has not provided detailed hospital-specific information to any of the hospital associations. All hospitals are working in the dark related to the State budget. This budget is more complicated with major policy changes that could have dramatic impact on the hospital.

The Board recently voted to approve the ECMS recommendation to create a Department of Community Medicine as of April 1, 2008 with Dr. Mitchell Rubin as the Chair. This week, administration is kicking off an effort to convert the community health centers to federally qualified health centers that would provide significant reimbursement changes and access to funding streams. NHCC has been successful in coming to terms with two pieces of property in Hempstead one for the relocation of the health center and one for the community imaging center. These two items were included in the board packet for approval.

Mr. Benrubi reported on two leases that were negotiated. One for 135 Main Street (the old Signature Health site) which is a four-story building; three floors are residential senior housing with 7,700 square feet available for lease. It is already built out as a health center and almost ready to move in condition. Signature Health lost their Article 28 and are being evicted. This involves minimal cost to move in to this site. It would have cost approximately \$3.5-4 million to build out a health center. The price is \$16/per sq. ft, less than 100 Main Street and is diagonally across from the present site, easy to move into with no impact on patients. It is near a major LI railroad and bus terminal and there is space in the basement in case additional space is needed for our programs. The second lease is at the corner of North Franklin and Hempstead Turnpike with good access. The cost is \$19/per sq. ft., which is below market (\$22-28). It will take some time to build out and with the process of getting a certificate of need completion will probably take one year. Mr. Gianelli said that the bottom line is that these are two strategic locations with very prominent signage. We identified our property and are on the way to getting situated in them.

SEQRA. Mr. Benrubi reported that there needs to be a modification to SEQRA. The financial team will be voted on at the next meeting. It was strongly suggested that the real estate transactions take place in three parts and that the Board declare themselves as lead agency for the A. Holly Patterson new building, DTC, assisted living and dialysis centers. During the kick off meeting with the finance team, underwriters and bond counsel strongly recommended that in order to effectuate bond financing, subdivisions of the property need to take place for the separate lots. NHCC could go ahead with the approved SEQRA and later proceed with a new SEQRA for subdivisions, but what we recommend is to amend what was approved by the Board last month and add the subdivision activity as part of the overall action. Mr. Capobianco asked what is the benefit? Mr. Benrubi said that when NHCC retires \$14 million in debt at AHP it will relate specifically to lots comprising 14 acres on which the new facility will be constructed and which then can be mortgaged. Mr. Gianelli said AHP gained \$514 thousand 6-7 months AHP before the State budget impact, the good news is that the home will be smaller and more efficient and will generate more to the bottom line and help with access at hospital.

On Tuesday and Wednesday there is an off site retreat at Hofstra to discuss quality improvement and patient satisfaction, working through issues and weaknesses in the current quality and patient satisfaction performance. The retreat is similar to the offsite retreat on volume growth.

Master Plan. The Board has had a presentation on our Master Plan, Capital Budget and ED plans. Staff has spent a long time developing these plans and working through a number of issues to come up with the ED design concept. Mr. Gianelli said that the team did a tremendous job and he thanked Brad Gerstman, Michael Ade, Paul Rowland, Ross Fraser, Perkins and Eastman and Gilbane who had to balance a number of considerations with the proposed capital budget. The budget represents choices made and resources are finite. The plan is our best estimate of what our priorities need to be. The bulk of the money is for the ER, health centers and A. Holly Patterson. There are a host of other projects. Mr. Gianelli believes that the proposed capital plan and ED design are what this Corporation needs and they are the right choices for the Corporation. Mr. Gerstman said we had a

recent meeting where the entire board was invited to review in detail, the Master Plan, Capital Improvement Plan and the ED presentation and subsequent building plan.

Master Plan. Mr. Rowland reported that the Master Site Plan was sent to the Board in advance. An RFP was let in 2007 and Perkins Eastman was chosen. The detailed report focused on the DCB building and did not deal with buildings in the back of the property. Perkins Eastman, working with the construction firm Gilbane, presented estimates to the Board on two previous occasions. The Master Plan is a work in progress. Mr. Rowland reviewed the details of the plan which includes moving the ICU units to the 19<sup>th</sup> floor, PM&R expansion on the 5<sup>th</sup> floor, Neonatal ICU renovations and LDR's (labor and delivery rooms). Mr. Rowland noted that there is also a need for on-call rooms for the residents to sleep and work. In early 2007, Cannon Design (architects) came in with a few options for the ED and Radiology projects with cost estimates for the various options. Administration is recommending a new version that is more expensive (an additional \$8 million) that includes a new building added on with a helicopter pad on the roof.

Capital Plan and Budget for 2008-2017. Mr. Rowland reported that this is a ten-year program that projects how the funds from the Tobacco and Successor Agreements will be used and other sources of funds. The plan also addresses capital for information technology and dialysis plans for A. Holly Patterson. There is some additional money from the County to correct flooding problems on Hempstead Turnpike. Over the next ten years other projects will include the health centers, imaging center, parking garage renovations, plan of correction for the psychiatric areas, wayfinding (signage throughout the building) and Veterans clinic housed on campus.

5. Report of the Medical Professional Affairs Committee and Medical Director. Dr. Miner reported that the committee did not meet yet this month.
6. Report of the Legal and Audit Committee. Mr. Brickman, chair, reported that the committee meets every two months.
7. Report of the Finance Committee. Mr. Elovich reported that the Committee met in February and there are a number of contracts that were reviewed and need to be approved by the Board. Since a quorum is not present, he suggested that the contracts be approved at a meeting of the Executive Committee, or next month. Mr. Elovich asked Mr. Bie to report on finances.

Finance Report. Mr. Bie reported that Mr. Rowland and his team did a tremendous job over the past six months in preparing the Master Plan and \$400 million Capital Spending Plan. In 2006, NHCC was discussing a \$240 million Capital Spending Plan. There are a number of projects in the plans that are not funded. As Mr. Gianelli indicated our appetite was bigger than the food on our plate. With the number of projects proposed, the cost was about \$500 million and administration needed to prioritize what should be worked on in the early years to drive volumes up at the Medical Center. The plan appropriately prioritized the feeder networks; i.e., Emergency Room, Community Health Centers, etc. The reconciliation from the original \$240 million plan to the current \$400 million plan is as follows:

1. Seven additional years of NHCC normal capital appropriate (\$105 million)
2. Health II & IV additional capital funding secured (\$27 million)
3. Successor Agreement with Nassau County additional capital funding secured (\$13.9 million)
4. Assumed capital financing or other leasing arrangements (\$14.1 million)

The Corporation did not have a strong January which is not unusual due to seasonality, a lower case mix and extra holiday in January. On a budgeted loss of \$1.3 million the Corporation lost \$1.6 million with the majority at the hospital (\$1.5 million).

A. Holly Patterson had a surplus of \$100 thousand for the month, after investment income. This is due to good management, better reimbursement and a higher case mix index which went from 1.07 to 1.12 over the last several years. The home downsized from 889 beds to 589 and focused on higher acuity patients, received bed hold reimbursement, and increased patient review instrument (PRI) scores. Reimbursement enhancements include: hospital based status (\$5.5 million); bed hold (\$1.5 million), PRI (\$2.2 million), for a \$9.2 million ongoing increase in reimbursement. Mr. Gianelli also noted that Medicare days went up at the nursing home and there is better outside network of referrals. When A. Holly Patterson goes to 320 beds the acuity will be substantially higher.

Mr. Bie reported that NHCC is awaiting renewal of the Methadone license for Detox and NUMC had to stop admitting Methadone patients several months ago. Psychiatry's new programs are slightly below 95% occupancy (budgeted for 130 and actual was 122). The PM&R census in January was 19 and budgeted for 23.

Mr. Bie wanted to publicly thank Richard Bernash and Rodney Venten for the fantastic job they did in preparing the Capital Spending Plan for the Board.

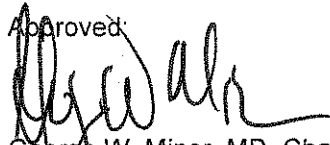
8. **Report of the Community Health Committee.** Dr. Guercia, chair, is on vacation. No report this month.
9. **Report of the Extended Care Committee.** Mr. Saracino, chair, is away and will report after his next meeting is held.
10. **Report of the Facilities Committee.** Mr. Gerstman, chair, reported that the committee met, but there was no new information to report.
11. **Other.** None
12. **Close of Regular Meeting.** George W. Miner, MD, Chair Pro Tem, closed the meeting and opened the floor for public comment.
13. **Adjournment**

Upon a motion, duly made and unanimously approved, the meeting was adjourned at 9:50 a.m. to Executive Session to discuss governance, performance improvement, collective bargaining, personnel matters, contract negotiations and litigation.

14. **Report from Executive Session.** No actions regarding the expenditure of public funds were taken during the Executive Session.

The next regularly scheduled meeting is March 24, 2008 in the Auditorium.

Approved:



George W. Miner, MD, Chair Pro Tem  
Board of Directors  
Nassau Health Care Corporation

NASSAU HEALTH CARE CORPORATION  
BOARD OF DIRECTORS

RESOLUTION APPROVING FINANCE COMMITTEE RECOMMENDATIONS

Resolution No. 033-2008

March 24, 2008

WHEREAS, by Resolution (No. 023-2007) of the Board of Directors of the Nassau Health Care Corporation, the Board of Directors delegated to its Finance Committee the responsibility for, among other things, overseeing and making recommendations to the Board regarding the Corporation's procurement and contracting policies; and

WHEREAS, there is attached to this Resolution a schedule dated January 23, 2008 (the "Schedule") of resolutions regarding transactions and/or procurement and contracting policies, which require action by the Board and which the Committee has reviewed, discussed and recommends be adopted;

NOW THEREFORE,

BE IT RESOLVED, that the Board of Directors of the Nassau Health Care Corporation hereby approves and adopts the resolutions recommended by its Finance Committee as set forth in the attached Schedule, with the following exceptions:

Resolution(s) No. \_\_\_\_\_

[or]

Without Exception.

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NASSAU HEALTH CARE CORPORATION  
FINANCE COMMITTEE  
February 20, 2008  
CONTRACTS EXHIBIT

Motions and Resolutions Requiring Action by the Board of Directors

\*NCO Financial Systems, Inc. (Renewal of existing contract for three years). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the renewal of an existing contract chosen through a competitive bid process, for NCO Financial Systems, Inc. to provide inpatient and outpatient "Day One" self-pay dunning and customer service for the period 04/01/08-03/31/11 in an amount of \$750,000/year contingent upon performance. Resolution No. 035 -2008

\*NCO Financial Systems, Inc. (Renewal of existing contract for three years). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the renewal of 1) an existing contract chosen through a competitive bid process for NCO Financial Systems, Inc. to provide bad debt collection services on inpatient self pay accounts (40/40/20% split among NCO; Peters & Dean; and Jzanus Ltd., respectively – allocating a total annual expense of \$185,000 (contingent upon performance) as follows - \$74,000 to NCO; \$74,000 to Peters & Dean; and \$37,000 to Jzanus); 2) an existing contract chosen through a competitive bid process for NCO Financial Systems, Inc to provide inpatient and outpatient commercial and managed care insurance follow-up (50/50 split with Peters & Dean – allocating a total annual expense of \$100,000 (contingent upon performance) as follows - \$50,000 to NCO and \$50,000 to Peters & Dean); 3) an existing contract chosen through a competitive bid process to provide Medicaid Eligibility Services (50/40/10% split among Jzanus Ltd; HCE LLC; and NCO, respectively – allocating a total annual expense of \$650,000 (contingent upon performance) as follows - \$325,000 to Jzanus Ltd.; \$260,000 to HCE, LLC; and \$65,000 to NCO) for the period 04/01/08-03/31/11. Resolution No. 036-2008

\*Peters & Dean. (Renewal of existing contract for three years). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the renewal of 1) an existing contract chosen through a competitive bid process for Peters & Dean to provide bad debt collection services on inpatient accounts (40/40/20% split among Peters & Dean; NCO Financial Systems, Inc; and Jzanus, Ltd. respectively – allocating an annual expense of \$185,000 (contingent upon performance) as follows - \$74,000 to Peters & Dean; \$74,000 to NCO Financial Systems, Inc.; and \$37,000 to Jzanus Ltd.) and 2) an existing contract chosen through a competitive bid process for Peters & Dean to provide inpatient and outpatient commercial and managed care insurance follow-up (50/50 split with NCO – allocating a total annual expense of \$100,000 (contingent upon

performance) as follows - \$50,000 to Peters & Dean and \$50,000 to NCO Financial Systems, Inc.) for the period 04/01/08-03/31/11. Resolution No. 037-2008.

\*NRA. (Renewal of existing contract for three years). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the renewal of an existing contract chosen through a competitive bid process for NRA to provide outpatient bad debt collection services in the amount of \$100,000/year (contingent upon performance) for the period 04/01/08-03/31/11. Resolution No. 038-2008.

\*Jzanus, Ltd. (Renewal of existing contract for three years). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the renewal of an existing contract chosen through a competitive bid process for Jzanus, Ltd. to provide 1) Medicaid Eligibility Services (50/40/10% split among Jzanus Ltd; HCE LLC and NCO Financial Systems, Inc., respectively – allocating a total annual expense of \$650,000 (contingent upon performance) as follows - \$325,000 to Jzanus Ltd; \$260,000 to HCE LLC; and \$65,000 to NCO Financial Systems, Inc) and 2) the granting of a new contract chosen through a competitive bid process for Jzanus Ltd to provide bad debt collection services on inpatient self-pay accounts (20/40/40% split among Jzanus Ltd; NCO Financial Systems, Inc; and Peters & Dean, respectively – allocating a total annual expense of \$185,000 (contingent upon performance) as follows - \$37,000 to Jzanus Ltd; \$74,000 to NCO Financial Systems, Inc.; and \$74,000 to Peters & Dean) for the period 04/01/08-03/31/11. Resolution No. 039-2008.

\*HCE LLC. (Renewal of existing contract for three years). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the renewal of an existing contract chosen through a competitive bid process for HCE LLC to provide Medicaid Eligibility Services (40/50/10% split among HCE LLC; Jzanus Ltd; and NCO Financial Systems, Inc., respectively – allocating a total annual expense of \$650,000 (contingent upon performance) as follows - \$260,000 to HCE LLC; \$325,000 to Jzanus Ltd; and \$65,000 to NCO Financial Systems, Inc.) for the period 04/01/08-3/31/11. Resolution No. 040-2008.

\*Health/ROI. (Contract in excess of one year). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of a contract chosen through a competitive bid process for Health/ROI to provide clinical review and medical necessity appeal services in the amount of \$150,000/year (contingent upon performance) for the period 04/01/08-03/31/11. Resolution No. 041-2008.

\*Tritech Healthcare Management. (Contract in excess of one year). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of a contract chosen through a competitive bid process for Tritech Healthcare Management to provide inpatient and outpatient follow-up on no-fault

and workers' compensation accounts in the amount of \$100,00/year (contingent upon performance) for the period 04/01/08-03/31/11. Resolution No. 042-2008.

\*BDO Seidman, LLP. (Renewal option: contract exceeds one year). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of a contract for BDO Seidman, LLP for the period 01/01/08-12/31/08 to audit the NHCC Deferred Compensation Plan assets for the years 2005 and 2006 in an amount not to exceed \$44,000. Resolution No. 043-2008.

\*Ali Safavi, MD. (Renewal of a contract resulting in a contractual relationship in excess of one year). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of a contract for Ali Safavi, MD to provide back up coverage for Dr. Barrett (cardio-thoracic service) upon finding it to be in the best interests of NHCC to contract via negotiation in an amount not to exceed \$104,000/year (\$1,000/session) for the period 02/18/08-02/17/09. Resolution No. 044-2008.

\*Physiologic Assessment. (Renewal of a contract resulting in a contractual relationship in excess of one year). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of a contract for Physiologic Assessment to provide interoperative monitoring for spinal cases in an amount not to exceed \$35,000/year for the period 01/01/08-12/31/08. Resolution No. 045-2008.

\*Allied Speech. (Contract, let via RFP resulting in a contractual relationship in excess of one year). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of a contract for Allied Speech to provide evaluations and treatment of NUMC patients who exhibit speech-language and swallowing problems in pediatric and adult patients in an amount not to exceed \$100,000 (\$50.00 per therapy session; \$60.00 per evaluation) for the period 01/01/08-12/31/08. Resolution No. 046-2008.

Allied Speech. (additional funds for services rendered in 2007) Upon a motion made, seconded and unanimously approved, the Finance Committee approved an additional \$11,000 (on a \$100,000 contract for 2007) for Allied Speech. Resolution No. 047-2008.

\*Hawkins, Delafield & Wood, LLP. (contract may exceed one year). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of a contract chosen through the request for proposal process for Hawkins, Delafield & Wood, LLP, as bond counsel, regarding financing for all projects related to the construction of the new A. Holly Patterson Extended Care Facility in an amount not to exceed \$95,000 plus disbursements not to exceed 10% of fees. Resolution No. 048-2008.

Citi-Simms Underwriting-AHP. Upon a motion made, seconded and unanimously approved, the Finance Committee approved a contract for Citi Group and Simms



Financial and Mortgage Funding to begin preparation to sell bonds in an amount not to exceed \$40,000. Resolution No. 049-2008.

\*Cannon Design Inc. (contract term in excess of one year and additional funds). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval to amend the contract for Cannon Design, Inc. for additional architectural services with respect to the renovation of the Emergency Department and Radiology Department due to the expanded scope of the Emergency Department project to include \$847,200 for additional engineering fees (original contract was \$1,928,080) for an amended amount of \$2,775,280 for the period 05/01/07-05/30/10. Resolution No. 050-2008.

LIJ/Schneider Children's Hospital (Michael Frogel, MD). Upon a motion made, seconded and unanimously approved, the Finance Committee approved a contract for LIJ/Schneider Children's Hospital (Michael Frogel, MD), negotiated in the best interests of NHCC, to provide part-time services of Michael Frogel, MD, as acting Chair of the Department of Pediatrics for a minimum fee of \$45,750 for three months and a maximum fee of \$91,500 for six months. Resolution No. 051-2008.

Lorey Pollack, MD. Upon a motion made, seconded and approved with one abstention (George W. Miner, MD), the Finance Committee approved a contract with Lorey Pollack, MD, to consult in the Department of OB/GYN and provide recruitment, teaching services for residents and interns and advising the Department regarding quality and risk management issues negotiated, in the best interests of NHCC, in an amount not to exceed \$100,000/year. Resolution No. 052-2008.

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\*Requires approval of the Board of Directors

\*\*Standardization requires 3/5 (9 votes in favor) approval of Board of Directors.