

# NHCC ANNUAL BOARD OF DIRECTORS MEETING

April 16, 2020 at 6 p.m.

Via Teleconference 888-278-0254; Access Code 5367444

## MINUTES

### Attendance on call

- Robert Detor, Chairman NHCC Board (in person)
- Steve Cohn, Esq., Board Director
- Linda Reed, Board Director
- Dr. Bobby Kalotee, Board Director
- Warren Zysman, Board Director
- John Sardelis, Board Director
- Ryan Cronin, Esq., Board Director
- Jan Figueira, Board Director
- Waylyn Hobbs, Jr., Board Director
- Martin Glennon, Esq., Board Director
- Eva Pearson, Board Director
- John Maher, CFO (in person)
- Megan Ryan, General Counsel (in-person)
- Dr. Anthony Boutin, Interim CEO/CMO (in-person)
- Janice Pateres, Chief Nursing Officer (in-person)

### ***Others (Online):***

- Carl Dryer, NIFA
- Jeremy Wise, NIFA

### ***Others in-person (CSEA):***

- Jerry Laricchiuta
- Lynn Kramer
- Ron Gurrieri
- Shakira Settles

## **I. Call to Order**

Chairman Detor called the meeting to order at 6:04 pm after Ms. Ryan noted there was a quorum. He said before he gave his report he wanted to talk a little about the last meeting which was cancelled. He also wanted Ms. Ryan to do a roll call of the donors before he gave his report. He thanked Ms. Pearson for the initiative she took to start the effort for meals so that the Board would have the opportunity to continue the meals to the staff. He also thanked Mr. Glennon for the work he did on the GoFundMe page.

Chairman Detor noted there was not a lot of staff present in the hospital but that he was thankful for the staff that was here, for the hard work they have done and for the risks they are taking every day and the risk they are continuing to take. He said he understood how dedicated they are and that they have inspired confidence. He praised the pharmacy, purchasing, security, housekeeping, and engineering departments, and the kitchen who have all pitched in and worked together to keep the hospital running smoothly. He commended the staff for what they have done. Chairman Detor then asked Mr. Ryan to give a quick rundown of the donors.

Ms. Ryan commenced her report by stating that apart from doing all the legal work in executing the contracts and purchase orders and keeping compliance with all the daily updated regulations coming out of the state, approvals were received from JCOPE under the governor's executive order to assume fundraising and donation responsibilities instead of going through our Foundation in order to accept the donations. She said this has been a big success.

Firstly, Ms. Ryan said she would also like to thank Ms. Pearson, Board Member, for organizing the dinner that was paid for and donated by all the Board members. The

donation went to all the units here at the hospital and at AHP and the staff was very appreciative. Secondly, she wanted to thank Mr. Glennon, Board Member, for creating the GoFundMe page to fund the meals to the staff and which also supported the local businesses. She said that as of an hour ago the page had \$17,476.00. Ms. Ryan said that she and Dr. Boutin received many thanks from the staff who were very happy that the page was set up for them.

Ms. Ryan said that Mr. Glennon coordinated a donation drive which is currently in effect for the public to drop off donations at three locations. He also coordinated with the Nassau County IDA to have donations of over 400 bagels and pallets of water, which consists of thousands of bottles of water. Additionally, Mr. Glennon had another delivery set up by Nestle for the following week. Ms. Ryan went on to state that other items were delivered directly to NUMC for distribution across our campuses. Out of that contact, NYRA came last Saturday and donated over 900 flowers to staff to boost the morale and spirits of the staff. Ms. Ryan said that she, along with Lynn Kramer, Union President, and Carmine Carbone, Director of Housekeeping and his staff brought the flowers to the auditorium.

Ms. Ryan also thanked Dr. Bobby Kalotee, Board Member. He has had over 500 meals donated by La Novella Restaurant and Rajbhog Cafe in Hicksville. Additionally, Dr. Kalotee coordinated with Dr. Euromish and dropped off donations of 8,000 surgical masks and over 15,000 pairs of gloves. Ms. Ryan said she would like to thank the Board for their dedication and the staff is very appreciative of their efforts. Also, Senator Kevin Thomas arranged for a food truck to come to campus and feed 200 employees for lunch about two weeks ago and then he came back this past Tuesday morning and donated 500 N95 masks. Congresswoman Rice arranged for breakfast and lunch to be sent yesterday

from The Manor Deli. Legislator John Foretti came yesterday as well and delivered hundreds of thank you cards and pictures from local children thanking all the health care workers. The NAGTA Air Traffic Union Control Officers Union donated hundreds of meals and the Merrick and Levittown libraries made face shields from their 3-D printer and donated them to the hospital. She said those were already being utilized by the staff in the lab and employee health resources departments.

Ms. Ryan announced that right before the last meeting the Board was emailed a list of all the businesses that had donated meals and supplies. There were 53 donations as of 3 pm, and about 20 more in the last two hours. Ms. Ryan said she would update the list and send it out over the weekend.

Ms. Ryan thanked Lynn Kramer and Ron Gurrieri from the Union, and Carmine who worked with her on the food donations and distributing them. She said they are in communication with each other and the donors from 6 pm until midnight all seven days of the week. Together, they make sure that the food goes to every shift and every department including AHP, Corrections and the health centers without using any of the GoFundMe funds. She said the Mom groups, community groups, car clubs and local schools have been very supportive. They usually donate once and then call back the same day to set up additional donations.

In closing, Ms. Ryan said they started the Rainbow campaign where the public can have their children send pictures of rainbows at the hospital's website. She would then post them on social media and around the campuses. Not only does the public send pictures, but they are also writing thank you emails and sending pictures of their children and even their pets. Ms. Ryan said she ordered "Heroes" and "Thank You" signs for the campuses

trying to boost morale. She said they have had overwhelming support from the Board, the community and all the local businesses and the staff was deeply appreciative. Ms. Ryan said she would keep the Board apprised of future donations and an accounting of all the spending from the GoFundMe site at the next meeting. She thanked all the Board for all their hard work and all of the contacts provided to the hospital.

Chairman Detor asked if anyone wanted to make a comment on what Ms. Ryan had reported. Mr. Glennon said he echoed everything about the staff and what they have done and that wanted to give a shout out to Ms. Ryan who had been a tremendous help in the GoFundMe page and getting it out there and also with the by-laws. Mr. Glennon said he has been coordinating it from party to party and getting it out to everybody. He stated that Ms. Ryan is going above and beyond what is normally required from his standpoint and he wanted on the Board to know what she is doing during this crisis.

Dr. Kalotee also joined Mr. Glennon in thanking Ms. Ryan for all her hard work in the donations and in communicating and responding to his questions at all times, along with Dr. Boutin. Dr. Kalotee said he personally wanted to thank Ms. Ryan, Dr. Boutin, the doctors and all the staff for all they are doing.

Ms. Reed also joined in thanking Ms. Ryan and Dr. Boutin, the doctors, nurses, lab and nurses' aides. Ms. Reed said that everyone had stepped up to the plate.

Mr. Cohn chimed in to say he echoed everything that everybody had said, that the staff and everyone had stepped up tremendously.

Dr. Kalotee wanted to find out if some kind of compensation could be given to the health care workers for going above and beyond their normal scope of duties to show

appreciation for their hard work. Chairman Detor said he would look into it. Since there were no more comments, the meeting moved on to the next item on the agenda.

## **II. Report of the Chairman**

Chairman Detor said it would be a brief report. He said his report was not as detailed as in the last board meeting but he felt compelled to make sure that he discussed it with the Board so that all the trustees and all the interested parties could understand where the hospital stands and the crisis it is facing. He stated that there are two sides to the story – firstly the amazing job the staff is doing in the Covid crisis and the fact that the community is thankful that NUMC and AHP are here, and secondly the crisis the Corporation is facing. Chairman Detor noted that there was a looming crisis even before the Northwell engagement when the Board looked at the future financial viability of the hospital. He stated that this had precipitated the NIFA involvement. He went on to say that NIFA had planned to move ahead with the engagement and Alvarez and Marsal, who was the leading contender to take a look at the financial position and structure of the operations. Alvarez and Marsal was then supposed to develop a foundation for planning so the Board could make decisions for the future of NHCC. Chairman Detor stated that prior to the Covid crisis, the Board had been working the New York State Department of Health on the liquidity crisis.

Chairman Detor stated that the reason that conversation started was when the catheter program was pulled off the agenda and he approached the State to register our complaint and to discuss why this happened. The response was that in the care and competence departments, the hospital was okay but that in the fiscal viability department there were questions and the State did not feel they could move forward with the program.

Subsequently, the Board began to work with the State around the liquidity crisis and using the State's fiscal year, projected a cash shortfall in November or December 2020. In February, the hospital completed negotiations with Nassau County for receivables they owed through 2018, a total of \$16.4 million, which the county had intended to pay in June. With that agreement, he said they were able to extend that cash shortfall crisis from December 2020 to end of March or beginning of April, 2021.

Chairman Detor noted that the Covid crisis had complicated the projections and financial picture for the hospital. After working with Mr. Maher on the financial projection, there is expected to be a financial shortfall by March or April, 2021. Chairman Detor said that one of his nightmares in the last few weeks was making sure that the hospital had capital and cash to keep the hospital running because of the increased burn rate of \$10 million per month right now. Over the next three months he projected that would be a \$19 million expenditure that was totally unexpected. He announced that even though CMS had given them \$24 million and there was some more funds from the CARES Act, the hospital still had a significant cash flow problem.

Chairman Detor said the plan to address the crisis was to work with the New York State Department of Health in an effort to get the necessary financial support to maintain operations, while working towards a structure for the future that met the community needs and was financially viable. He announced that the State had made clear they were not going to give the hospital any more money unless there was a realistic plan that was achievable and in place. Chairman Detor said he had hoped that the NIFA engagement through Alvarez and Marsal would have been the linchpin to begin strategic planning but that had been delayed, which was of great concern to him. He said that even with the

commitment, the available dollars from New York State before Covid to support the hospital had been limited.

The last cash flow projection showed the need in fiscal year 2021-2022, which begins in April 2021 for the State, for a \$57 million infusion in cash to keep the hospital viable. He stated that he was not sure where the negotiations stood at this point in time given the fact that the State has run up against a financial wall because of the burn rate they are experiencing from the Covid crisis. He stated that the State's position is now in jeopardy and their support may now be limited or not sufficient to stabilize the hospital's operations. He said he is hoping that the hospital will get some federal funding because it is constantly in flux now and that would help the hospital along. Chairman Detor pointed out that the hospital will continue to provide the care needed during the Covid crisis with the additional money from the government and from the CARES Act and keep the hospital solvent until hopefully the first quarter of 2021 when he could negotiate something with the State.

Chairman Detor remarked that he felt the need to put these facts before the Board so that they understood that while the hospital was doing great things, there is a looming crisis underneath the surface of the hospital operations that potentially could jeopardize the stability of the institution. He said that was his report today and that he doesn't have an answer. He stated that the negotiations which the hospital had going forward with the State have been stopped and there was no plan right now to reinstate the negotiations until the hospital got through the crisis which created an even shorter runway for the hospital to come up with a solution. He said that while the finances will be discussed more in the financial report session, he felt it was incumbent upon him to let the Board



know what was going on. He then asked if anyone had any questions about what he had said.

Mr. Zysman thanked the Chairman for his thorough report and said he had a question. He wanted to know if there was any projection on the financial impact pre-Covid.

Chairman Detor said he knows that the hospital already has a \$10 million expenditure beyond what was anticipated and he expects approximately \$19 million expenditure over the next ninety days taking into account capital, vents purchased, pharmaceuticals, and leasing beds in addition to other expenses. He noted that the CMS advance to the hospital of \$24 million was keeping the hospital afloat. He stated that the CARES Act which initially distributed \$5.9 million is in the bank right now.

Chairman Detor announced that the case index is up so the hospital may generate more revenue per medical case than in the past, but the increased expenses and burn rate may eat that away. He said that the initial cash flow projection was that there would be \$16 million in the bank by March 2021. He announced that with the Covid rate right now, the \$24 million from CMS and the \$5.9 million from the CARES Act, the cash flow projection says that there will be \$249,000 left in the bank. He said that there may some changes and the hospital may get some more revenue due to the increased case index, but the way it is right now there will have some significant issues in March 2021 and the Board will have to address it.

Mr. Zysman asked if any efforts are being undergone to get funding from the federal government. Chairman Detor said that the hospital has an opportunity to get 75% of the \$19 million back in addition to 75% of other expenses that the hospital may incur. He noted that the CARES Act is a grant so it does not have to be paid back.

Mr. Glennon asked if there was anyone tracking the role of NUMC through this crisis because that would be helpful in going back to Albany in terms of what the hospital took in percentage-wise as compared to the other hospitals and the services the hospital provided to the community. Chairman Detor replied that has been done and pointed out that NUMC has been a backstop in a couple of instances. He said that Dr. Boutin has been trying to make additional capacity and move things around to accommodate other hospitals. Chairman Detor said that the County is very aware of what the hospital is doing.

Chairman Detor announced he has been working with the testing of the police officers so that they had a quick turn-around for the Covid testing. He said they are working right now on rapid testing for them.

Chairman Detor reiterated that he wanted to make sure the Board was aware of what was going on and that he would be reporting to the Board regularly as things move forward. Since there were no more questions, he turned to the next item of the agenda which was the report of the Interim CEO, Dr. Anthony Boutin.

### **III. Report By Interim Chief Executive Officer**

Dr. Boutin said he would give a quick summary of what was done over the past month. He said they had a small team approach and the team met on a regular basis at 9:30 am with senior leadership of the departments. In late February or early March when they realized the Covid crisis had reached the hospital, they implemented a number of things. The team gave the staff early warning that the crisis was coming and that everyone had to work together to treat patients. Shortly after, when the governor's mandate to increase the bed capacity by 50% came through, he engaged in a number of calls with the

governor and the county executive, and the team started decanting the building. Dr. Boutin said that the majority of times the bed capacity is approximately 250, but the hospital has the capacity of going up to 528 beds. The ICU beds are 40 in total, but has the capacity to go up to 82 possible beds. He said that as of today, the hospital is running at 67 ICU beds, which is a lot more than the hospital usually has.

Dr. Boutin said that he decanted the 18<sup>th</sup> floor initially and patients who came in who were Covid positive did not make it through the Emergency Department but went directly to the bed. He closed the building down, with two entrances for patients and one for employees. He redeployed the current staff from the clinics to help the floors. Dr. Boutin said they went from having 8 to 10 medical teams to about 30 teams around the clock. He pointed out that, along with the union and their leadership who were very supportive, they put safety programs in place for the staff on how to put on their PPEs. He said they had PCAs and RNs ready to be redeployed and do things they were not comfortable doing but they stepped up. He stated that they increased the funding for outside agencies to help procure staffing.

Dr. Boutin announced that they put up two tents - one at the Carman Avenue entrance and another one by the Emergency Department where they did testing and screened patients. He turned part of the primary care area into a negative pressure room and renamed it a Covid unit. He also turned the entire Emergency Department into a Covid unit with health care workers donning and doffing the PPEs on the way in and out. In terms of morgue space for patients, the hospital went from a fifteen patient space to having three trucks which are not seen from the outside. The current count is 71. The hospital went from having 40 ICU spaces to 82 ICU spaces. Dr. Boutin said that ventilators went from the usual count of 42 to 67 and there are currently 77 ventilators in

the hospital. The hospital also changed some of the bipap machine to actual ventilators. Elective surgery was stopped and the staff redeployed to help on the floors.

Dr. Boutin said that he was able to procure beds, ventilators, N95 masks, surgical masks, and along with donations from OEM, staff was secure in terms of face shields, gowns and masks. He remarked that health care workers in the patient care areas were able to have N95 masks, face shields and gowns on a daily basis. In terms of the meals, besides the meals that is being donated from the community, the cafeteria is delivering meals to the staff so they don't have to leave the floors. Dr. Boutin noted that a command center was developed where all the calls and all the needs for the one area were redeployed.

In terms of what the hospital is doing for Covid patients for treatment and medication, Dr. Boutin said that the hospital was involved in a couple of studies so there is the nothing the hospital is missing. He announced that AHP lent the hospital 18 ventilators in the initial process before the hospital received ventilators from the state. Dr. Boutin said he had also allocated space at AHP in case there was a surge and it was ready with beds. However, he pointed out that since there was no excess staff, he would have had to get staff from OEM and the state. He said that concluded his report.

Chairman Detor gave kudos to Dr. Boutin and Ms. Pateres for their dedication and in doing an excellent job of keeping the hospital operational given the restrictions. Dr. Boutin said what made it easy was that they took the information about what was happening in New York City and elsewhere and started planning beforehand. He noted that residents, nurses and fellows all worked together, and he thanked the union for motivating the staff and letting them know we had to stick together. He said it was an easy sell and so when the crisis hit, everyone stepped up.

Mr. Glennon thanked Dr. Boutin for all the work he had done in spite of all the trials and was joined in other members of the Board.

Ms. Pearson had a question about whether cases were declining at NUMC. Dr. Boutin replied that they had. However, Dr. Boutin pointed out things would most likely be different when the large percentage of people who were staying home came out. He said there may be a small bump in cases in the near future once people started coming out but that there will be a plateau for a long time. Ms. Pearson again congratulated him and everyone at NUMC on handling the crisis so well.

There being no further questions for Dr. Boutin, Chairman Detor took a moment to let the union know that he appreciated how honest and supportive they were of the staff in the newspaper interview about the hospital.

#### **IV. Report by Chief Financial Officer**

Mr. Maher said he had the information about the February financials and that he would be brief and just talk about what was going on with the Covid situation. For February, the year to date loss of operations before OPEB and some of the other non-cash items was \$13.2 million. He noted that a lot of this relates back to the automatic increase in compensation that the hospital has to record for the banked sick and vacation time in January. He said that moving forward he is seeing a leveling off of salary expenses because the hospital has not been able to fill a lot of the positions that was requested inside the budget. He said the Covid expenses will likely change this. Mr. Maher stated that with respect to Covid he estimated that the extra spend per month would be \$3 million in supplies of which \$2 million would be for pharmaceuticals mostly for patients on vents. He noted that the supplies are not only for Covid patients but for all patients

since all expenses have to be made across the board. Mr. Maher noted that on the revenue side, the only payor that is increasing their rates right now is Medicare. Medicare is raising their rates related to Covid by about 20%. He announced that they are estimating that 20% over a period of time will yield about \$10.8 million, but that is compared to almost \$20 million in expenses for Covid related items. He said there is some talk right now that self-pay patients may be paid at the CMS rate instead of the Medicaid rate but that it was all talk at this point in time. He stated that in regard to the money received from CMS there were two charges Chairman Detor had referred to before. The Medicare advance is \$24.2 million. He said that money is scheduled to be repaid since it is an advance against future Medicare billings. The \$5.9 million through the CARES Act is a grant that is not expected to be paid back. He said that it poorly designed and not really designed for most hospitals in the hotspot where they have a high degree of Medicaid patients. Mr. Maher noted that the next round of monies coming out should be addressing that issue but he would not know that for the next couple of weeks. He stated that Medicare is the only one paying increased rates, Medicaid is not. Mr. Maher announced that they are gathering information on extra salary costs related to Covid, supplies above our normal operating supplies, and capital equipment that is Covid related, which would be implemented in the submission to the FEMA portal. He stated that the hospital should get back 75% of the costs and most likely the other 25% from the state. He remarked that he is not sure what is going to happen but that they are preparing all the information to submit.

Ms. Reed asked if it is likely that there would be a different outcome with FEMA as opposed to when Storm Sandy hit when FEMA was not too forthcoming with assistance. Mr. Maher said that the formulas are not out as yet but that the virus is very different as it

is uncharted waters. He stated that FEMA is a real estate price team and since this is virus related, they have not done this before. However, the hospital will be submitting all of the necessary expenses that were implemented due to the Covid crisis.

Dr. Kalotee said Mr. Maher did explain to him that the Medicare advance for \$24.2 million had to be repaid only if the funds were not used for Medicare patients and wanted clarification. Mr. Maher said he could give him the current guidelines for a Periodic Interim Payment (PIP) hospital such as NUMC. He noted that there was a mechanism established in the federal government that they could advance hospitals money but that the advance was conditioned upon having the money repaid. The government rushed the \$24.2 million out so that the hospitals could have the cash in hand. He explained that the cash started 120 days from the date when we received it, around April 9<sup>th</sup>. The government is going to start to offset that advance if the hospital covers it against Medicare claims. He stated that this is not a loan, it is an advance against future Medicare billings. Mr. Maher noted that if we don't meet the full amount of the Medicare billings going forward whether it is through the increased case mix or the increased number of Medicare patients that we treat, right now the legislation is that we have to pay the money back.

Ms. Reed asked what the timeline was. Mr. Maher explained that Medicare will start the offset 120 days from April 9<sup>th</sup>. However, the full repayment must be made within twelve months of the receipt of the money. He explained that in a sense the hospital has eight months from when they start recouping to pay everything back. Ms. Reed asked how the money was going to be paid back since the hospital had no money. Mr. Maher said that was in the cash flow Chairman Detor referred to before. He said that we have

incorporated the dollars we received and the dollars we have to pay back into that and that is why we only have about \$276,000 by March, 2021.

Chairman Detor said there is some talk that the American Hospital Association is lobbying to make the PIP a forgivable loan because many hospitals are going to be in a similar position. They will be losing a tremendous amount of money during this period and will not be able to pay this money back. He said there is a great deal of effort to make this a grant or a forgivable loan. Mr. Maher said things are constantly changing and that Board members will most likely be provided with an update sheet with what is going on with the different amounts of monies. There being no more questions, Chairman Detor moved to the next item on the agenda.

## V. **Corporate Action**

### 1. **Exhibit A – Approval of Corporate Officers**

The next item on the agenda was the installation of the officers for the Board of Directors at the annual meeting. Chairman Detor pointed out the resolution and the list of officers listed. Chairman Detor asked for a motion to cast one ballot for the officers. Ms. Reed asked if it could be done separately and Chairman Detor agreed.

Mr. Glennon made the motion for Mr. Detor as Chairman of the Board of Directors of NHCC, Ms. Reed seconded, none were opposed and the vote was passed unanimously.

Mr. Hobbs made a motion for Dr. Boutin as Chief Medical officer and Executive Vice President for Medical Affairs and Ms. Pearson seconded. None were opposed and the vote was passed unanimously.



Mr. Zysman made a motion for John Maher as Chief Financial Officer, Treasurer and Executive Vice President and was seconded by Mr. Hobbs and Ms. Pearson. Ms. Reed, Dr. Kalotee and Mr. Cohn opposed the motion. However, the vote still passed.

Dr. Kalotee made a motion for Megan C. Ryan, Esq. as Chief Legal Officer, Secretary, and Executive Vice President. Mr. Cohn seconded, all were in favor and the vote passed unanimously.

Mr. Cohn made a motion for Janice Pateres, Chief Nursing Officer and Executive Vice President and Dr. Kalotee seconded. Ms. Reed and Dr. Kalotee opposed, but the motion passed.

Dr. Kalotee made a motion for Kent Kessler, Executive Vice President for Human Resources and Ms. Reed seconded. All were in favor and the motion passed unanimously.

Chairman Detor congratulated everyone and moved on to the next item on the agenda which is the report of the Legal and Audit Committee.

Mr. Cohn reported the committee voted unanimously on a number of contracts to pass but pulled two out of the vote. Dr. Kalotee then made a motion that the Board approve all of the contracts approved by the Contracts Committee and Mr. Cohn seconded the motion.

Mr. Zysman had a question. He said some of the contracts had an increase in the current contract cap amount, but did not state the dollar amount of the contract. Some of them were also lacking a description. He asked for that information to be included in the

future. He specifically noted 45-20, 47-20 and 50-20. All were in favor, none opposed and the vote carried unanimously.

Chairman Detor said he was going to present the two contracts that were pulled out of the vote of the Legal and Audit Committee. He said the contracts that he will be discussing are Alvarez and Marsal for \$1,160,000 exclusive of expenses for a term of 90 days, and Storm Petrel LLC to provide software and training for the grant gateway portal in an amount not to exceed \$10,200 with an anticipated start date of April 10, 2020.

Chairman Detor explained that when the emergency for Covid was announced and approved, FEMA entered the picture with a bundle of money which people have to apply to get. In addition to FEMA, there is the CARES Act which is about \$300 million which we have access to as a hospital. So, two pots of money became available for hospitals, not-for-profits and other entities in response to the crisis. The governor issued Executive Order 202 and in the governor's order he dispensed with all of the procurement regulations related to purchasing supplies and equipment in response to the Covid crisis.

Chairman Detor said he looked at this and executed contracts so that supplies and equipment could be purchased. He said he spent \$10 million for additional costs such as pharmacy, ventilators, and other equipment so that the hospital could take care of all the patients that came in. The governor's order was in response to the fact that hospitals and other entities had to act expeditiously to execute their contracts so as to acquire equipment and supplies to be able to have the capacity for a certain number of beds.

Chairman Detor stated that in looking at what was available in FEMA and the CARES Act, he had a discussion with other hospital executives and the county and everyone was in agreement that the hospital needed to move as quickly as possible to get the

applications in because they did not know what the rules were. He stated he wanted to get the expertise to put together the claims which meant gathering the documents, putting them in a formula acceptable to FEMA, documenting them properly and submitting them through the portal. He explained that it was a good bit of work and he felt it required a certain amount of expertise and experience. Chairman Detor stated that the quality of the application and the understanding of the terminology and the rules are extremely important to submit these applications because often it is how you do the application determines the amount of money that you get reimbursed. He said he went ahead and looked for a consulting group that could provide the hospital with the expertise and the human resources to achieve this task. He looked at a couple of different vendors and then realized that Alvarez and Marsal was the leading group interviewed by NIFA for the engagement with the hospital.

Chairman Detor said he contacted Alvarez and Marsal to see if they had the expertise to do a FEMA application and found out that they have a group within their company that specializes in FEMA applications and other disaster recovery dollars. He asked them for a proposal and they gave it to him in the form of a menu of things they could do. He socialized the proposal among the senior leadership at the Corporation and made a determination that we wanted to access the expertise because we wanted to get the cash as quickly as possible. He said he checked with NIFA so they would not run into problems with them. He announced he was given the go ahead as NIFA also concurred with the fact that the governor's Executive Order 202 allowed us to do this type of contracting without bidding. He mentioned that he also spoke with the Office of the State Comptroller and they told him the hospital could do this under the governor's Executive Order 202. The only caveat was that if the hospital had a contract for \$1 million or more,

once the contract was executed it had to be submitted to the office of the state comptroller and they would keep it on file. Chairman Detor stated that he felt the hospital had the authority to move ahead and execute the contract.

Chairman Detor explained that the second contract was a software contract that goes in tandem with the consulting contract which allows the hospital to get quicker access to the FEMA portal and to organize the submission in a way that flows right through it.

Chairman Detor said he decided to engage Alvarez and Marsal and they sent a letter of engagement. They gave a cap of \$1,160,000 over three months. He said the reason for three months is that FEMA prefers a closed end contract. He remarked that at the end of three months, the Board can sit down and see where we are. He stated that it is an hourly rate, it is not a set fee and that he had negotiated a discounted government rate so the hospital would not be billed at the rate on the engagement letter. He said the amount of money that will be spent will be dependent upon the amount of work the hospital does so that the more grunt work we do, the less it will cost. He announced that he had the first meeting last Tuesday with the team and they were impressive. Chairman Detor said at that meeting they were informed that in order to get more points with FEMA and to get a higher probability of getting the top reimbursement possible, it was better for the Board to approve the contracts. The \$1.1 million is part of those services, supplies and equipment the government allows you to purchase, and services under the FEMA contract are reimbursable at 75%. He said that if we spent the \$1.1 million it would be reimbursed at about \$750,000, but would cost us only about \$300,000. He noted that since the hospital was going to spend \$19 million in the next 90 days, if the hospital gets 75% of that reimbursement of \$10 million, that's \$7.5 million for a \$300,000 expenditure which he believed was a good investment. Chairman Detor said the two contracts were

for that purpose and he felt strongly the Board should go ahead and execute the contracts. He said he had discussed it with Mr. Cohn and Mr. Cohn had an issue with bidding it out and with the price. Chairman Detor said he was ready to move on the contracts and to take any questions.

Dr. Kalotee said that as long as there is no legal issue related to the fee or anything else, he has no problem.

Mr. Zysman asked about sentence in the contract that said Alvarez and Marsal's current work with the hospital would enhance their future engagement. Chairman Detor said he thought that was a positive issue in terms of engaging them because they are going to begin to work with us right now to do this FEMA work and the CARES Act. As they begin to work with us they will become more familiar with our operations so when they do the future engagement for NIFA they will hit the ground running. Mr. Zysman asked if there were any other vendors already procured by the hospital that have the competence and expertise such as the health care law firms or accounting firms that could do the job for less. Chairman Detor said that this was the only firm that had a portal with direct access to FEMA.

Mr. Cohn asked if anyone from the hospital had talked to any other vendor to see if there was a comparison with other firms. He said he was uncomfortable with the cost of the project.

Ms. Figueira said she felt that the Chairman was correct in acting quickly.

Mr. Cohn remarked that since the application is the same for FEMA, there may be another company is familiar with it could do the work for less. He said he felt uncomfortable with the cost for the three months of work.

Mr. Zysman said he had a suggestion that would meet everybody's needs. He announced he would be comfortable with putting forward a motion He said the senior leadership of the hospital could reach out to the hospital's current vendors in health care law firms and accounting firms by phone and see if they could do it for a better price. If they can do it, Mr. Zysman said he would go forward with the motion to RFP and if they are not able, the motion would give authority to Alvarez and Marsal to move forward. Chairman Detor then asked if there were any public comments.

## **VI. Public Comment**

The Region One President for the CSEA, Jerry Laricchiuta, had a comment. He thanked Chairman Detor and the Board for their time. He said there are questions that have to be addressed and that the Board had the right idea. One thing he wanted to address was the format of the agenda. He asked if public comments could be put after each contract in the Legal and Audit Committee Meeting and if public comment could be the first thing on the agenda at the full Board meeting. He said he hoped that the format would be changed so that public comment came before contracts on the agenda.

Mr. Laricchiuta said he wanted to speak to the Board about the Alvarez and Marsal contract. He said that 95 union members were positive for Covid and five had passed away. He stated that he wanted to believe that Alvarez and Marsal was only going to be here for the FEMA application, but he felt that was not the case. He said that on Alvarez and Marsal's website, they state that they are a restructuring company. He pointed to the

fact that they led the closing of the Lehman Brothers, which is a huge company. He felt that the Board was leaving this public safety net hospital business. He said he felt the union and the Board had two different agendas as to the future of the hospital with the union trying to keep the hospital as a public safety net hospital and the Board moving more towards restructuring the hospital.

Lynn Kramer, Union President of the CSEA Unit at NUMC, took the floor and pointed out that the hospital had taken care of a good portion of the sick people in the community in Nassau County. She said we should all be mindful of the need of the hospital and if the hospital is not here, it would definitely cause a hardship to the community. Ms. Kramer asked about the rate Chairman Detor had negotiated and why Alvarez and Marsal would not put that in the engagement letter. Chairman Detor explained that it sometimes takes away from their competitive edge when they are in the other markets. Ms. Kramer wanted to also find out if there was a conflict of interest to the community since Alvarez and Marsal was also working with NIFA. Chairman Detor said he did not believe that was the case.

Ron Gurrieri, CSEA Local 830 President, asked whether the Board could put together a committee to look at the mental and physical wellness of the health care workers after the Covid crisis. He said that he, Mr. Laricchiuta, and Ms. Kramer would like to be a part of the mission to help the future of the hospital along with the Board.

Ms. Pearson had a question about how Chairman Detor came to select Alvarez and Marsal. Chairman Detor said that when he realized he had to move expeditiously on the FEMA application he talked to a few CEO of other hospitals. He said the fact that he had met the Alvarez and Marsal team in the vetting process with NIFA; and NIFA had vetted

their background and found they were a good company, and NIFA was not going to approve an exorbitant price for services rendered all played into his decision. He said he was exercising his best judgment in the interest of the hospital.

Chairman Detor also replied to Mr. Laricchiuta's comments and said if the union wanted to partner with the Board in terms of finding a solution as to the future of the hospital, he would be happy to do so.

Mr. Zysman said he was hearing that everyone wanted to move quickly and he reiterated that the senior leadership of the hospital should talk to the firms already procured by the hospital in the next 24 hours to find out if they can do the work at a better price. He stated that if they could, we can move forward with them and if they can't, then we can move forward with this contract. He explained that if done this way, there would be no more delay.

Ms. Figueira asked Mr. Zysman to define what he meant by a better price. Mr. Zysman said that the hospital has vendors in place that may be able to do the work at a lesser price.

Chairman Detor asked Dr. Kalotee if he had any comments and Dr. Kalotee said as long as there were no legal issues, he consented to the Board moving ahead with the contracts.

Mr. Hobbs chimed in to say that he was hearing everyone's concern but that the Board had to decide what the motion was going to be because after the motion had to be put up then everyone could put forth their questions. Chairman Detor asked Mr. Zysman to set forth a motion as Mr. Zysman had mentioned earlier.



Mr. Zysman said the motion would say we authorize the Chairman of the Board to negotiate and enter into an agreement for the services as written in the Board packet and that before he moves forward with the vendor he selected, that he contact law firms and accounting firms that are already procured at the hospital that would have potentially the expertise and the competency and if they would do it for a more competitive price. If they could, then the Board could make a decision on how best to move forward. Mr. Zysman said that if possible, he would like to see if the FEMA application could be done at a lower price and equal competence.

Chairman Detor asked Mr. Zysman to amend the motion to say Chairman Detor would check with our current vendors to see if they had the capability of doing this and to seek out a price, and then he (Chairman Detor) could take that information and make a judgment and execute a contract.

Dr. Kalotee was in agreement with Mr. Zysman. However, Ms. Ryan said that the motion had to either move forward with this action or not move forward.

Mr. Cohn said that the reason you were bringing it to the Board was because our FEMA score would be improved if the Board approved. He wanted to know if the extra language in the motion would that compromise our ability to get an improved FEMA score. Ms. Ryan said the guidelines that we were told were an approval by the Board to take action.

Mr. Cohn asked Ms. Ryan to explain exactly what the guidelines were and she did so. A discussion ensued between the Board members as to whether or not to go ahead with the motion.

Mr. Zysman said that if he made the motion in the form of a framework and gave the Chairman the ability to sign the contract with somebody that meets the experience, capability and the pricing, then the Board members would have fulfilled their due diligence.

Ms. Pearson wanted to clarify if FEMA would reimburse the hospital for the consultants. Chairman Detor said the current rule was 75% of the expenses were reimbursable and that included the consultants.

Mr. Cronin said he looked at the bylaws and the authority could be delegated to the Executive Committee. Mr. Cronin then made a motion for the Executive Committee to have the authority to enter into the contract with Alvarez and Marsal. Mr. Zysman seconded the motion. All were in favor and the vote was unanimous.

Chairman Detor said he would try to get in contact with other vendors the next day and then have a teleconference call the following evening with the Executive Committee to report what he found and their recommendation. He asked if everyone agreed to that and they said all in agreement. The call was set for 9 pm on Friday, April 17, 2020


## **VII. FYI – Amended NHCC Bylaws**

Chairman Detor asked if there was any other business. Mr. Cronin asked if everyone received the proposed Amendment to NHCC Bylaws. Chairman Detor acknowledged that the bylaws were sent out and according to the bylaws there are two readings, and tonight was the first reading.

**VIII. Motion to Adjourn**

A motion was made by Mr. Cohn to adjourn. Ms. Reed seconded the motion and the vote was unanimously approved. The meeting was adjourned at 8:10 pm.

Dated: April 16, 2020



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Robert Detor  
Chairman, NHCC Board of Directors