Angela White (Buildings)

From:

Brooke Schafran <brooke@capalino.com>

Sent:

Tuesday, November 17, 2015 5:35 PM

To:

Scott Pavan (Buildings); Martin Rebholz (Buildings)

Cc:

Sabinah Nimrod (Buildings); Steven Figueiredo; Fred Kreizman 8 West 70th St. (121328919) Request for Hold on Revocation

Subject: Attachments:

8 West 70th Audit Response Letter.pdf

Good Evening Commissioners,

Per our conversation yesterday I would ask that you, Commissioner Pavan, please confirm that in conjunction with the attached signed and sealed letter from the architect the Department of Buildings will hold off revocation proceedings for job # 121328919 and allow for the existing permits to remain active while the architect properly addresses the audit objections.

Thank you again on behalf of Congregation Shearith Isreal.

Please do confirm and have a great night,

Brooke Schafran
Executive Vice President
Capalino+Company
T: 212-616-5828
C: 917-428-8314
brooke@capalino.com
www.capalino.com

November 12, 2015

Mr. Scott D. Pavan R.A.
Deputy Borough Commissioner, Development Hub
New York City Department of Buildings
80 Centre Street, 3rd Floor
New York NY 10013

Re: BIS Job #121328919

Address: 8 West 70th Street, Manhattan

Block 1122, Lot 37

Dear Commissioner Pavan:

We are the architects for Congregation Shearith Israel, applicant for the above referenced project. We are in receipt of your comments dated October 9, 2015 in which you list several objections, specifically with reference to differences between the approved BSA drawings and the approved DOB drawings for the project.

We are working to answer each of your objections in a way that is acceptable to the Department of Buildings, to the Board of Standards & Appeals, and to our client. The process of resolving questions of this nature with two agencies and an institutional client is not quick, and it will take us a bit of time to work it out to the satisfaction of all parties.

We respectfully request that the Department of Buildings allow us a reasonable amount of time to develop a resolution. We further request that DOB not act to rescind the permit until we have had a chance to complete that process.

Please feel free to call me at 646-343-0678 or email me at swhite@pbdw.com with any questions about this request.

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Rick D. Chandler, P.E.

Commissioner

December 10, 2015

Martin Rebholz, R.A.

Borough Commissioner

BARBARA REISS

(Owner)

8 WEST 70TH STREET

NEW YORK NY 10023

280 Broadway New York, NY 10007 SAMUEL WHITE

(Applicant)

PLATT BYARD DOVELL WHITE LLP

20 WEST 22ND STREET, NEW YORK NY 10010

+1 212 393 2615 tel

+1 646 500 6170 fax

RE: INTENT TO REVOKE APPROVAL(S) AND PERMIT(S)

8 WEST 70TH STREET

Block: 01122 Lot: 00037 Application #: 121328919

Dear Sir or Madam:

The Department of Buildings (the "Department") intends to revoke the approval and permit issued in connection with the application referenced above, pursuant to Sections 28-104.2.10 and 28-105.10.1 of the Administrative Code of the City of New York ("AC"), within fifteen calendar days of the posting of this letter by mail unless sufficient information is presented to the Department to demonstrate that the approval and permit should not be revoked.

Pursuant to AC §§ 28-104.2.10 and 28-105.10.1, the Department may revoke approval of construction documents for failure to comply with the provisions of the AC, other applicable laws or rules, or whenever a false statement or misrepresentation of material fact in the submittal documents upon the basis of which the approval was issued, or whenever any approval or permit has been issued in error.

The Department intends to revoke the approval and permit for the reasons set forth on the attached Objection Sheet, dated October 06, 2015.

In order to prevent revocation of the approval and permit upon the expiration of the fifteen day notice period, you must fax the appropriate borough office immediately to schedule an appointment to present information to the Department demonstrating that the permit should not be revoked. Your response may be deemed unresponsive if the architect or engineer of record fails to attend the appointment.

Sincerely,

Martin Rebholz, R.A. Borough Commissioner

MR/DM

Cc: Martin Rebholz, Borough Commissioner

Borough Commissioner's Office

Revocation File

Calvin Warner, Chief Construction Inspector Application Folder

Premises file



NYC Development Hub Department of Buildings 80 Centre Street Third Floor New York, New York 10013 nycdevelopmenthub@buildings.nyc.gov

Notice of Comments

Owner: Barbara Reiss

Date: October 09, 2015

Job Application #: 121328919 Application type A1 - New Building

Premises Address: 8 West 70 Street, MN

Zoning District: R8B, R10A

Applicant: Samuel G. White Platt Byard Dovell White

20 West 22 Street, NY, NY 10010

Block: 1122 **Lots:** 37 **Doc(s):**

Plan Examiner at NYC Development Hub: Scott D. Pavan, RA - Deputy Borough Commissioner

Examiner's Signature:

| No. | Section of ZR and/or MDL | Comments | | |
|-----|--------------------------|---|--|--|
| 1. | 74-07-BZ | The proposed interior floor layouts are substantially changed from those approved under BSA approved plans calendar no. 74-07-BZ. Provide updated modified BSA approved plans. | | |
| 2. | 74-07-BZ | The proposed caretaker apartment location is substantially changed from those approved under BSA approved plans calendar no. 74-07-BZ. Provide updated modified BSA approved plans. | | |
| 3. | | | | |

METRO EXCLUSIVE

City's top lobbyists living the high life thanks to de Blasio

By Rich Calder January 25, 2016 | 2:56am



Bill de Blasio
Photo: Splash News

Many of the city's top-earning lobbyists are longtime allies of Mayor de Blasio and have significantly helped bolster his campaign coffers and the nonprofit fundraising arm that he uses to push his progressive agenda, a Post analysis has found.

James Capalino, Harold Ickes, Sid Davidoff and other politically connected lobbyists have seen their city-related business over the past two years skyrocket while scoring sweetheart deals and other positive results for clients after private sit-downs with the mayor, records show.

For example, Capalino's firm gave de Blasio's nonprofit Campaign for One New York \$10,000 in May — and the next day was granted face-time with the mayor at City Hall to discuss a City Council bill to eliminate chopper tours at the Downtown Manhattan heliport.

There has been little movement on the bill, which Capalino's tourism industry clients oppose, since its introduction last year.

On Jan.11, de Blasio's longtime mentor, Ickes, helped client AEG Live score a controversial permit to host a Coachella-style major music festival on Randall's Island — on the same day he bundled \$13,000 in donations for the mayor's re-election campaign.

"The whole pay-for-play system is worse than ever at City Hall," said state Sen. State Sen. Tony Avella (D-Queens), a former councilman who

previously worked as an aide for former Mayors Koch and Dinkins.

"It goes to show you that the mayor and lobbyists don't even care now about the appearance of impropriety. They believe they're untouchable."

The alleged pay-to-play scenarios also involve city unions and special-interest groups.

Anti-horse-carriage lobbyists Steve Nislick and Wendy Neu have donated \$125,000 combined to de Blasio's nonprofit — which doesn't fall under campaign-finance law restrictions — and landed three meetings with Hizzoner through August. The huddles included a March 2 meeting that occurred three days after the lobbyists gave the nonprofit \$50,000 each.

Capalino – who records show had at least two other private meetings with the mayor through May of last year – led all city lobbyists in 2014, collecting \$8.2 million in client fees. City records for the first nine months of last year show he's on pace to topple that number, amassing nearly \$8.3 million in fees — or nearly double the \$4.6 million his firm amassed all of 2013 during the last year of the Bloomberg administration.

His dozens of new clients include Uber, which wants to avoid further city-imposed regulations as it competes with the yellow-cab industry. It paid Capalino \$150,000 the past two years to push its agenda.

Sid Davidoff, another longtime de Blasio pal and fundraiser, got a face-to-face meeting with deBlasio in September 2014 to discuss his client, Hunts Point Terminal Market. Six months later, the mayor announced plans for a \$150 million infrastructure upgrade there. Besides seeing his company's City Hall work jump from \$2.1 million during the last two years of the Bloomberg administration to \$4.2 million 1 3/4 years into the de Blasio administration, Davidoff scored another private business session last May with de Blasio to discuss a "civil rights museum," records show.

He even convinced Hizzoner in April 2014 to perform his first City Hall wedding and marry him and his bride, Daily News columnist Linda Stasi.

"I can assure you I was not discussing clients on my wedding day," Davidoff told The Post.

He said that while prospective clients are more likely to choose lobbyists like him with longtime work relationships and friendships within the city administration, he attributes most of his extra business to an "increased demand" throughout the lobbying industry for representation on land-use issues.

However, another top lobbyist attributes much of the uptick in city-based lobbying work to the changing of the guard.

"I think a lot of these good government types were spoiled by Mike Bloomberg and forgot how politics work because we had a billionaire mayor in office for 12 years who would could not be bought," said the lobbyist.

Ickes operated out of Washington DC and didn't even have a New York office until after his protégé de Blasio ascended to power. He's collected at least \$862,550 from 14 clients with city business since the mayor took office in 2014 – compared to \$61,305 off a single client the previous 12 years under Bloomberg.

Besides AEG Live, which shelled out \$150,000 in fees, Ickes' other clients include Amalgamated Transit Union Local 1181-1061, which spent \$42,000 before Ickes delivered \$42 million in taxpayer funds to boost private bus driver salaries.

Mayoral spokesman Peter Kardushin said, "Every day, individuals lobby New York City on a broad range of issues. All decisions by the de Blasio administration are made on the merits."

Susan Lerner, executive director of the watchdog group Common Cause New York, said she believes a bigger issue than lobbyists is "lack of transparency" over a select group of consulting firms who have pocketed millions of dollars in fees from the mayor's nonprofit to boost his progressive agenda.

These public affairs firms, such as BerlinRosen, are not obligated to register as lobbyists — even though critics say they could be perceived as doing lobbying work because they have clients with business before City Hall while also having easy access to deBlasio.

"There's the appearance of a shadow government here," she said.

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Lobbying Receipts Reach Record \$86 Million in New York

A firm headed by one of Mayor Bill de Blasio's friends and fundraisers earned \$12.9 million

By JOSH DAWSEY

March 1, 2016 6:29 p.m. ET

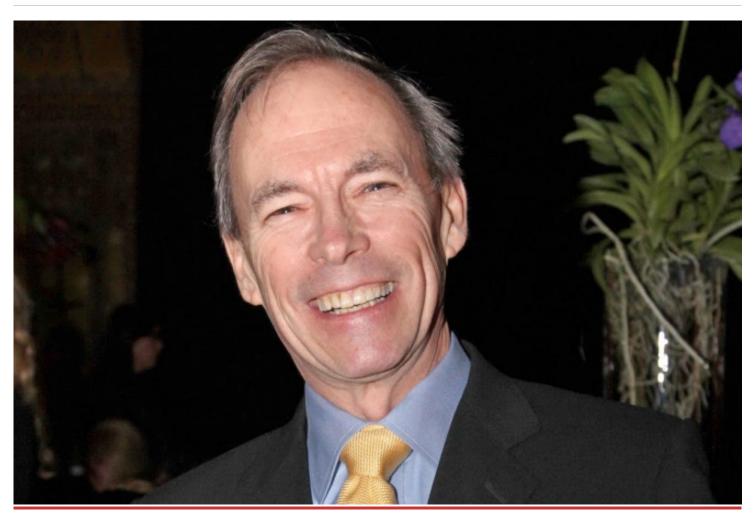
Lobbying receipts rose to an all-time high of \$86 million in New York City last year, boosted in part by a single-firm record of nearly \$13 million for an outfit headed by one of Mayor Bill de Blasio's friends and fundraisers.

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METRO

Lobbyists just keep getting richer during de Blasio's reign

By Michael Gartland March 1, 2016 | 10:55pm | Updated



James Capalino
Photo: Patrick McMullan

A lobbyist who is a pal and fundraiser for Mayor de Blasio saw his earnings soar more than 50 percent last year, according to data released by the City Clerk Tuesday.

Veteran lobbyist James Capalino pulled in \$12.9 million in 2015, up from \$8.2 million in 2014, one of the largest increases on record.

Capalino, whose clients include real estate powerhouses such as SL Green and Silverstein Development, has almost tripled its earnings since de Blasio took office.

In 2013, Mayor Bloomberg's last year in City Hall, Capalino's firm reported earning of \$4.7 million.

"Jim advertises the fact that he's close to de Blasio, and there are lots of people who buy into that," said George Arzt, a Democratic consultant and former City Hall press secretary under Mayor Koch.

"People who were in under Bloomberg are not the people who are in under de Blasio."

Overall earnings for lobbyists who try to influence city government also climbed last year to a record \$36.1 million, up 37 percent from \$62.6 million in 2013.

Each of the city's top 10 lobbying firms saw increased revenue in 2015.

Second-ranking firm Kasirer Consulting took in \$9.5 million last year compared with \$7.8 million in 2014 and third-ranking Pitta Bishop Del Giorno hauled in \$4.2 million compared to \$3.3 million the year before.

As Capalino has gained access, both his firm and many of his clients have donated to de Blasio's political interests.

"Capalino has rounded up \$29,260 for the mayor's re-election in 2017 and donated \$10,000 to the Campaign for One New York, the non-profit that's raised more than \$4.3 million to back de Blasio's agenda."

Capalino clients Two Trees, Toll Brothers, Asphalt Green, Brookfield Properties and Douglaston Development also contributed to the Campaign for One New York.

FILED UNDER BILL DE BLASIO, LOBBYISTS

Recommended by



POLITICO New York

SECTIONS

PRO

As lobbying money rises, de Blasio's agency disclosure pledge goes unfulfilled



De Blasio. (AP Photo/Mike Groll)



By **LAURA NAHMIAS** 5:23 a.m. | Mar. 9, 2016

Mayor Bill de Blasio promised in his 2013 run for the office that he would have the most transparent mayoral administration in history.

As part of that pledge, he vowed that he would continue a practice of proactively disclosing all meetings he'd had with lobbyists. But he also promised to go even further — requiring "that city officials in executive agencies publicly disclose meetings with registered lobbyists on a monthly basis," according to "One New York — Rising Together," the 75-page book of policy promises he released in June 2013 as he embarked on his mayoral campaign.

More than two years after he first took office, de Blasio has yet to fulfill that pledge.

An annual lobbying report released last week by the City Clerk's office shows the amount of money spent on lobbying each year has skyrocketed during de Blasio's term as mayor to this point, increasing from roughly \$62 million in 2013 to \$72 million in 2014 and \$86 million in 2015, an increase of 37 percent over the two-year period.

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And while de Blasio has proactively disclosed some of his meetings with lobbyists on a dedicated city website, only a small fraction of the city's lobbyists are directly lobbying the



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mayor's office, the report showed. Just seven percent of lobbying in 2015 was directed toward the Office of the Mayor. The single largest share of lobbying last year— 32 percent — was directed at city agencies, whose executives' meetings with lobbyists de Blasio had promised to disclose.

"The Mayor's position is that lobbyist meetings with officials at city agencies should be reported," de Blasio spokeswoman Karen Hinton said in an emailed statement to POLITICO New York in response to questions about the 2013 pledge. "The administration is

discussing changes to require lobbyists to report meetings with city officials, in addition to other ways to improve reporting, such as encouraging more frequent reporting and more details about subject matter."

There's currently no timeline for those discussions, Hinton said.

The largest share of clients who sought to lobby the city in 2015 — 37 percent of the total — were from the real estate industry.

Sixteen percent of clients were from nonprofits, and 12 percent were building construction and trade groups.

The two largest areas in which lobbyists lobbied the city were the city's annual budget, and on nonprocurement contracts, those contracts that don't have to go through the city's public bidding process.

Asked last week why lobbying expenditures are increasing under his mayoralty, de Blasio said "I have no analysis of that." He conjectured, though, that it could be because of the number of new initiatives the city is undertaking.

"We are moving a lot of items, we're moving a lot in the city in terms of a very, very aggressive agenda, so a lot's happening."

"But I have no clue how people make their decisions on lobbying. I really don't," he added.

The city's highest-earning lobbying firm, James F. Capalino and Associates, reported earning \$12.9 million in compensation in 2015. The firm's founder, James Capalino, enjoys a close relationship with Mayor de Blasio.

Other lobbyists who have close relationships with the mayor, like Democratic national political strategist Harold Ickes and Sid Davidoff, have also seen their firms' billings increase under the de Blasio administration, the Wall Street Journal recently reported.

And de Blasio isn't strictly following his own pledge to disclose every single meeting he has with a registered lobbyist, the New York Post recently reported.

The Post's analysis found roughly two dozen meetings with lobbyists that were listed on records of his public schedules, but never disclosed on the lobbying list.

For example, while his lobbying disclosures show he has met three times in recent months with Steve Nislick and Wendy Neu, the wealthy backers of NYCLASS, the group pushing for a ban on horse carriages in city streets, the mayor's public schedules show he actually met with the pair two additional times that were not disclosed in the list of lobbyist meetings.

MORE: CITY HALL 2013 MAYORAL CAMPAIGN BILL DE BLASIO CITY CLERK CITY HALL HAROLD ICKES JAMES CAPALINO LOBBYING TRANSPARENCY



Author: LAURA NAHMIAS

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NYC LOBBYIST SEARCH

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Client Name: Trustees of the Congreation Shearith Israel

Client Address: 8 West 70 Street

New York, NY 10023 United States of America (212) 873-0300

Begin Date: 06/01/2015

End Date: 12/31/2015

Principal & Additional Lobbyists: James F. Capalino & Associates, Inc.

Fred Kreizman Steven Figueiredo Brooke Schafran

Lobbyist Address: James F. Capalino & Associates, Inc.

233 Broadway, Suite 710 New York, NY 10279 United States of America (212) 616-5810

Lobbyist Officer: James F. Capalino

Details: Target: Buildings, Department of (DOB), Landmarks Preservation Commission

(LPC)

Subject: Determination regarding real property

| | PI | P2 | Р3 | P4 | P5 | P6 | Iotai |
|---------------|--------|--------|-------------|-------------|-------------|-------------|-------------|
| Compensation | \$0.00 | \$0.00 | \$13,709.00 | \$17,000.00 | \$17,000.00 | \$17,000.00 | \$64,709.00 |
| Reimbursement | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

NYC LOBBYIST SEARCH

Print This Page

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Subject: Determination regarding real property

 P1
 P2
 P3
 P4
 P5
 P6
 Total

 Compensation
 \$10,000.00
 \$10,000.00
 \$0.00
 \$0.00
 \$0.00
 \$0.00
 \$20,000.00

 Reimbursement
 \$0.00
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 \$0.00
 \$0.00

Memo

To:

Deputy Mayor Lilliam Barrios-Paoli

From:

James Capalino

Date:

January 15, 2014

Re:

Rivington House - The Nicholas A. Rango Healthcare Facility

Dear Deputy Mayor Barrios-Paoli;

I am writing to request your assistance regarding the potential sale of an AIDS nursing home located on the Lower East Side named Rivington House - The Nicholas A. Rango Health Care Facility. Rivington House was the country's largest AIDS-specific skilled nursing facility and Rivington House, together with its affiliated health care providers in the VillageCare network, is one of the country's oldest and leading AIDS service providers. Rivington House purchased the property (a former school building on the Lower East Side) from the City and constructed the facility in the early 1990s. As set forth below, the need for AIDS nursing homes has dramatically decreased since then, and accordingly, Rivington House has determined that its resources can best be used to serve people living with HiV/AIDS through other programs in the community. Since the facility is on previously owned City property, however, there are some complications in changing its use.

When Rivington House first opened, there were no other long term care facilities for people living with AIDS and patients were sicker and had fewer options for treatment, as very few anti-retroviral treatments were available and AIDS care needed complex medical management by staff who were comfortable working with people living with HIV. When Rivington House first opened, staff struggled to provide end of life care for most of its residents; its goal was to keep patients and residents as comfortable as possible and to live in dignity before the HIV virus inevitably took their lives. Today, the reality of living with HIV is far different from those early and dark days of AIDS.

As you might imagine, the dramatically improved treatments for HIV have made the need for an AIDS specific nursing facility a thing of the past. Rivington House is struggling to keep its beds full, and accordingly, Rivington House has determined that its resources can best be used to serve persons living with HIV/AIDS through other programs in the community.

The purchase of the property from the City in 1990 included a restrictive covenant that required the building to be used for not-for-profit residential health care uses. The deed provides that if the property were to be used by Rivington House or sold to a third party for any other type of use a large part of the proceeds would be taken by the City. DCAS has now determined that it will remove both of the deed restrictions in consideration for payment by Rivington House of an estimated \$8.25 million (or it will remove one of the restrictions in consideration for payment of \$4.25 million). In that event millions of dollars Rivington House invested in the property will not be accounted for and \$8.25 million will be directed away from much-needed heelth care programs.

The Woolworth Building, 233 Broadway, Suite 850 | New York, NY 10279 | T: 212.616.5810 | F: 212.626.5830 | www.capalino.com

Rivington House and its parent organization VillageCare are looking to sell the property and use the proceeds to operate care management, home-care and out-patient programs (which are subject to budget cuts, as are so many other health care programs). Policy and reimbursement changes underway make the ongoing operation of Rivington House financially unviable due to changes in Medicaid reimbursement (e.g., mandatory managed care enrollment and reductions in the rates of payment to providers). Very soon, Medicaid managed care will include coverage for skilled nursing services. When that happens, we believe that Rivington House will face drastic financial challenges in the operation and sustainability of the facility.

As a result of all this, Rivington House reviewed its many options, based on multiple criteria such as finances, mission, skills, and difficulty of implementing. The options were converting to a 'generic' nursing home, to a mixed use facility, to supportive housing, or selling the facility and using the proceeds for mission-critical programs. After much debate, it was decided that the only viable option is to sell the facility. (I can provide you with greater detail on this decision, which includes very interesting analysis of all the factors.)

A sale would require that the organization's mission still be met, which is caring for persons with HIV/AIDS, the elderly and persons with chronic disabilities, and acting as a safety net for the community. The sale proceeds would be used to provide case management services to Medicaid enrollees with chronic conditions, including HIV/AIDS, to reduce medical costs and improve outcomes, long term care services for the HIV/AIDS Medicaid-eligible population who require long term care services and case management and who can return to or remain in the community, and provide other services through other programs operated by Rivington House and its affiliates (including VillageCare Home Care, VillageCare Rehabilitation and Nursing Center, the VillageCare Diagnostic & Treatment Center, and the AIDS and geriatric Adult Day Health Centers). In addition, proceeds could position VillageCare to pursue other important opportunities to fill the unmet needs of today's vulnerable populations and to continue to be a pioneering and innovative healthcare organization.

As part of the decision-making process an appraiser valued property under two scenarios:

- \$29,595,000 if sold as a skilled nursing facility with no restrictive covenant requiring it to be operated by a not-for-profit entity (note there have been no nursing home acquisitions by not-for-profit entities in the last several years, but there have been several sales to for-profit entities)
- \$32,200,000 if sold with no restrictions for the "highest and best" use

For perspective, the fixed asset cost (excluding land) was \$69,648,579 at the end of 2012. This is based on very significant investment made to convert the school to the residential facility, plus continuing investments made over the years.

Additional costs associated with the sale would include:

- Broker fees, legal expenses, etc. of \$600,000 and \$1,000,000
- union pension liabilities of approximately \$18,000,000 (if sold to a nursing home operator, the liability could be avoided if purchaser assumes obligation and future contribution requirement)
- transition expenses (approximately \$3,500,000 if sold to a developer or approximately \$1,000,000 if sold to a nursing home operator who retains some/all of staff and residents)

Based on these projected costs, the owner believes that both its finencial condition and mission would best be served if a reputable for-profit nursing home operator purchases the facility and continues to operate it. In either scenario, the community will be best served if VillageCare is able to recoup its capital investment, secure financial viability, and use its expertise in caring for the poor, elderly and chronically ill with strengthened and innovative community-based programs.

I would like to meet with you as soon as possible to see how we can find a way to eliminate the taking of a huge portion of the sales price by DCAS. By allowing VillageCare to keep the proceeds, the funds could be used to continue much-needed programs; if necessary VillageCare will enter into an agreement to use the proceeds for programs, even though it would do so without a binding agreement.

The Woolworth Building, 233 Broadway, Suite 850 I New York, NY 10279 I T: 212.616.5810 I F: 212.626.5830 I www.capalino.com

Memo

To:

Commissioner Stacey Cumberbatch

From:

James Capalino

Date:

February 19, 2014

Re:

Rivington House - The Nicholas A. Rango Healthcare Facility

Dear Commissioner Cumberbatch;

I am writing to request your assistance regarding the potential sale of an AIDS nursing home located on the Lower East Side named Rivington House - The Nicholas A. Rango Health Care Facility. Rivington House was the country's targest AIDS-specific skilled nursing facility and Rivington House, together with its affiliated health care providers in the VillageCare network, is one of the country's oldest and leading AIDS service providers. Rivington House purchased the property (a former school building on the Lower East Side) from the City and constructed the facility in the early 1990s. As set forth below, the need for AIDS nursing homes has dramatically decreased since then, and accordingly, Rivington House has determined that its resources can best be used to serve people living with HIV/AIDS through other programs in the community. Since the facility is on previously owned City property, however, there are some complications in changing its use. The main issue is that the property is encumbered by a deed restriction that requires it continue to be used as a restricted facility, even after sale. We ask that this restriction — and the policy of deed restrictions that handleap not-for-profit owners — be reviewed and changed to take into consideration the changing situation of not-for-profits who need to unlook the potential of valuable property to continue their programs at less expensive locations or through altered methods of service delivery.

When Rivington House first opened, there were no other long term care facilities for people living with AIDS and patients were sicker and had fewer options for treatment, as very few anti-retroviral treatments were available and AIDS care needed complex medical management by staff who were comfortable working with people living with HIV. When Rivington House first opened, staff struggled to provide end of life care for most of its residents; its goal was to keep patients and residents as comfortable as possible and to live in dignity before the HIV virus inevitably took their lives. Today, the reality of living with HIV is far different from those early and dark days of AIDS.

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The purchase of the property from the City in 1990 included a restrictive covenant that required the building to be used for not-for-profit residential health care uses. The deed provides that if the property were to be used by Rivington House or sold to a third party for any other type of use a large part of the proceeds would be taken by the City. DCAS determined that it will remove both of the deed restrictions in consideration for payment by Rivington House of an estimated \$8.25 million (or it will remove one of the restrictions in consideration for payment of \$4.25 million). In that event millions of dollars Rivington House invested in the property will not be accounted for and \$8.25 million will be directed away from much-needed health care programs.

Rivington House and its parent organization VillageCare are looking to sell the property and use the proceeds to operate care management, home-care and out-patient programs (which are subject to budget cuts, as are so many other health care programs). Policy and reimbursement changes underway make the ongoing operation of Rivington House financially unviable due to changes in Medicald reimbursement (e.g., mandatory managed care enrollment and reductions in the rates of payment to providers). Very soon, Medicald managed care will include coverage for skilled nursing services. When that happens, we believe that Rivington House will face drastic financial challenges in the operation and sustainability of the facility.

As a result of all this, Rivington House reviewed its many options, based on multiple criteria such as finances, mission, skills, and difficulty of implementing. The options were converting to a 'generic' nursing home, to a mixed use facility, to supportive housing, or selling the facility and using the proceeds for mission-critical programs. After much debate, it was decided that the only viable option is to sell the facility. (I can provide you with greater detail on this decision, which includes very interesting analysis of all the factors.)

A sale would require that the organization's mission still be met, which is caring for persons with HIV/AIDS, the elderly and persons with chronic disabilities, and acting as a safety net for the community. The sale proceeds would be used to provide case management services to Medicaid enrollees with chronic conditions, including HIV/AIDS, to reduce medical costs and improve outcomes, long term care services for the HIV/AIDS Medicaid-eligible population who require long term care services and case management and who can return to or remain in the community, and provide other services through other programs operated by Rivington House and its affiliates (including VillageCare Home Care, VillageCare Rehabilitation and Nursing Center, the VillageCare Diagnostic & Treatment Center, and the AIDS and gentatric Adult Day Health Centers). In addition, proceeds could position VillageCare to pursue other important opportunities to fill the unmet needs of today's vulnerable populations and to continue to be a pioneering and innovative healthcare organization.

As part of the decision-making process an appraiser valued property under two scenarios:

- \$29,595,000 If sold as a skilled nursing facility with no restrictive covenant requiring it to be operated by a notfor-profit entity (note there have been no nursing home acquisitions by not-for-profit entities in the last several years, but there have been several sales to for-profit entities)
- \$32,200,000 If sold with no restrictions for the "highest and best" use

For perspective, the fixed asset cost (excluding land) was \$69,648,579 at the end of 2012. This is based on very significant investment made to convert the school to the residential facility, plus continuing investments made over the years.

Additional costs associated with the sale would include:

- Broker fees, legal expanses, etc. of \$600,000 and \$1,000,000
- union pension liabilities of approximately \$18,000,000 (if sold to a nursing home operator, the liability could be avoided if purchaser assumes obligation and future contribution requirement)
- transition expenses (approximately \$3,500,000 if sold to a developer or approximately \$1,000,000 if sold to a nursing home operator who retains some/all of staff and residents)

Based on these projected costs, the owner believes that both its financial condition and mission would best be served if a reputable for-profit nursing home operator purchases the facility and continues to operate it. In either scenario, the community will be best served if VillageCare is able to recoup its capital investment, secure financial viability, and use its expertise in caring for the poor, elderly and chronically ill with strengthened and innovative community-based programs.

I look forward to meeting with you as soon as possible to see how we can find a way to eliminate the taking of a huge portion of the sales price. By allowing VillageCare to keep the proceeds, the funds could be used to continue much-needed programs; if necessary VillageCare will enter into an agreement to use the proceeds for programs, even 'though it would do so without a binding agreement.

From:

Williams, Dominic [/O=NYCMAYOR/OU=EXCHANGE ADMINISTRATIVE GROUP

(FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=WILLIAMS, DOMINICDC4)

Sent:

7/28/2014 3:01:S7 PM

To:

Subject:

Re: TIME SENSITIVE - VillageCare New York

No

From: 1

Sent: Monday, July 28, 2014 10:52 AM

To: Williams, Dominic

Subject: FW: TIME SENSITIVE - VillageCare New York

is this ok to schedule?

From: 1

[@capalino.com]

Sent: Monday, July 28, 2014 10:49 AM

To:

Cc:

; James Capalino; Williams, Dominic

Subject: TIME SENSITIVE - VillageCare New York

Dear The last

I am writing to ask for your kind assistance in setting up a meeting ASAP with Dom. Our client, VillageCare, which is one of the nation's oldest and most respected HIV service providers, has been working on a plan to close its residential facility (Rivington House, on the Lower East Side) since the model of HIV/AIDS health care delivery no longer requires residential treatment. The model is now to service patients a home and in the community. The one issue complicating the sale is a deed restriction on the property that VillageCare has requested be removed. The removal would increase the value of the property significantly, allowing VillageCare to pay off its mortgage, pay off a major penalty, and pay into the pension fund on behalf of the 200+ workers who will no longer be working on site. We have been speaking with HRA and DCAS about this, and just learned that HRA and HPD plan to use the property for other purposes (although it is still owned by VillageCare).

The situation is critical and if not resolved quickly could result in VillageCare being unable to meet its obligations, becoming insolvent very quickly, failing to be able to pay its obligations to the 1199 pension fund, and being unable to provide services to thousands of patients.

Can you help arrange a meeting for Jim Capalino to meet with Dom this week?

Best,

Capalino+Company The Woolworth Building 233 Broadway, Suite 710

New York, NY 10279

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@capalino.com facebook.com/capalino www.capalino.com