

Terms of a proposed revised development agreement between CPMC and CCSF
3/5/13

ITEM	REVISED AGREEMENT TERMS
Project Description:	120-Bed Hospital at St. Luke's, 274-304-Bed Hospital at Cathedral Hill. Garage spaces at Cathedral Hill Campus (3 buildings) shall not exceed the lesser of 990 total spaces or 125% of the Planning Code minimum required number of spaces.
Payment Schedule	<p>The City and CPMC agree that the cash payments to be made by CPMC to the City for public benefits listed below and further described in this Term Sheet shall be \$14 million per year for 5 years (for a total of \$70 million) starting on the Date Approvals are Finally Granted, provided (a) certain cash payments (as set forth below) shall be made on the Effective Date (which payments equal the amount cash payments previously negotiated to be due on the Effective Date under the Existing Draft DA), and (b) amounts paid by CPMC on the Effective Date shall reduce the amounts payable by CPMC during the 5th year following the Date Approvals are Finally Granted so as to not exceed the \$70 million cap.</p> <ul style="list-style-type: none"> • Healthcare Innovation Fund • Payment to Mayor's Office of Housing low-moderate income affordable housing fund • Funding for workforce training programs • Payment in lieu of Transportation Impact Development Fee • Funding for Van Ness and Geary Bus Rapid Transit Projects • Cathedral Hill campus streetscape/pedestrian safety items <p>Other payments described in this Term Sheet are not included in this \$70 million amount. The City will adjust the payment schedule for these cash payments in the final DA as required to meet this agreement (the "Payment Schedule").</p> <p>The following cash payments shall be due on Effective Date</p> <ul style="list-style-type: none"> - \$3 million for housing - \$3 million for innovation fund - \$300,000 for enforcement and traffic safety at Pacific campus - \$300,000 for Tenderloin lighting and traffic safety - \$300,000 for transit and safety improvements in the neighborhoods around the Cathedral Hill campus

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<i>Healthcare:</i>	
Additional 30 “shelled” beds at Cathedral Hill hospital	The new hospital at Cathedral Hill will have 274 built-out beds, with an additional half-floor of 30 “shelled beds.” These shelled beds shall not be built and placed into operation until the new hospital at St. Luke’s is open and has an average Monday through Friday (excluding weekends and holidays) daily census of at least 90 patients (75 percent of 120 beds) for a CPMC Fiscal Year, as set forth in a Compliance Report.
Hospital Commitment	<p>CPMC must open the new hospital at St. Luke’s within X months from the date that they open the new hospital at Cathedral Hill. X to be determined after looking at new construction schedules but before Board of Supervisor vote on the development agreement. The parties will revise the milestones to reflect the new construction schedule.</p> <p>No change to the existing liquidated damages provisions for failing to open hospital at St. Luke’s, including the annual liquidated payments to the City for up to 20 years.</p>
St. Luke’s Operating Covenant	This obligation is replaced by 50% larger hospital at St. Luke’s, with emergency room, comprehensive general acute care hospital services and centers of excellence as outlined in this term sheet.
St. Luke’s Services	<p>The Services to be provided at St. Luke’s, as set forth in Exhibit F, section 7.b. in the Existing Draft DA, including the centers of excellence in senior and community health, shall remain as set forth in the Existing Draft DA. The hospital at St. Luke’s will be a 120-bed General Acute Care Hospital with comprehensive emergency medical services (pursuant to sections 70451-70459 of Title 22 of the California Code of Regulations).</p> <p>CPMC shall provide the following services on-site at the St. Luke’s Campus: Inpatient services, including cancer, cardiology, endocrinology, respiratory, neurology, gastroenterology, orthopedics, infectious disease, urology, general and vascular surgery, intensive care unit, labor & delivery, gynecology, special care nursery, telemedicine; urgent care; and outpatient services, including internal medicine, ambulatory surgery, cardiology, diagnostic imaging, gastroenterology, laboratory services, obstetrics, orthopedics, hepatology, neurology, oncology, orthopedics, respiratory therapy, child development, retail pharmacy, lab services.</p> <p>As provided in the existing draft DA, Exhibit F, section 7.b.v, CPMC may, in the exercise of its reasonable discretion, and in compliance with San Francisco’s Proposition Q Community Healthcare Planning Ordinance, adjust, modify, reduce, close, eliminate, sell, lease or transfer the programs, services or service lines to meet evolving community needs, operational cost-effectiveness or quality standards, as long as the hospital continues to qualify as a General Acute Care Hospital with emergency medical services, and subject to an agreed upon review</p>

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	process with DPH as stated in Development Agreement.
Baseline Charity Care Commitment	<p>1) CPMC shall continue to care each year for a “Baseline” number of total unduplicated charity care and Medi-Cal patients. The Baseline shall be the higher of the annual average of the number of such patients for either (a) calendar years 2009 through 2011 or (b) calendar years 2010 through 2012 - whichever is higher.</p> <p>2) In addition to serving the number of patients described in paragraph (1) above, CPMC shall spend at least \$8 million per year in community benefits. For purposes of this section, “community benefits” shall mean unreimbursed costs incurred by CPMC for items as defined in Guideline 3 of the Catholic Health Association of the United States. A Guideline for Planning and Reporting Community Benefit (CBISA).</p> <p>3) The “Baseline Commitment Carryover”, permitting averaging over 2 years as described in Exhibit F, Section 1.b of the Existing Draft DA, shall apply to the number of patients served in paragraph (1) above and the community benefits costs in paragraph (2) above, each measured separately.</p> <p>4) Liquidated damages for not meeting the number of patients served in paragraph (1) above shall be equal to 150% of the average cost of one unduplicated patient from previous reported year times the shortfall in number of patients. The liquidated damages for the St. Luke’s Opening Commitment, the New Medi-Cal Beneficiaries Commitment, and the Centers for Excellence shall remain as set forth in the Existing Draft DA.</p> <p>5) The “Baseline” number of patients in paragraph (1) above and the community benefits costs in paragraph (2) above shall not include patients served and costs incurred under the New Medi-Cal Beneficiaries Commitment.</p> <p>6) The “Baseline” number of patients in paragraph (1) and the community benefits costs in paragraph (2) above shall be established by an independent third party auditor engaged by the City and CPMC jointly, but paid for by CPMC (as set forth in Section 12.g of Exhibit F of the Existing Draft DA). [If these numbers are determined before execution of a development agreement, the set numbers will be included in the development agreement. If not, they will be determined as soon as possible but in no event later than 3 months following execution.] The annual unduplicated patient counts and community benefit costs shall be verified annually each year thereafter by the same process, at CPMC’s cost, to be completed within 90 days following the end of the applicable year.</p> <p>7) To ensure a smooth transition to changes in healthcare insurance that are occurring as a</p>

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	<p>result of the Affordable Care Act, CPMC will maintain charity care policies that are no more restrictive than current charity care policies as set forth in the CPMC Fiscal Year 2011 Charity Report through the end of calendar year 2015, After such time, CPMC shall maintain charity care policies that are in compliance with State law, and CPMC will not deny charity care patients access to inpatient services.</p> <p>8) All of the obligations under this Baseline Commitment section shall begin on the date that Approvals are Finally Granted, and shall continue for a period of ten (10) years thereafter (the "Baseline Commitment Period"). Any partial calendar year will be prorated, as set forth in the Existing Draft DA.</p>
Net New Medi-Cal Lives	<p>1) To reflect the reduced size of CPMC hospitals, CPMC will be the hospital partner for 5,400 new Medi-Cal managed-care lives. Accordingly, the New Medi-Cal Beneficiaries Commitment shall be reduced from 10,000 (as set forth in the Existing Draft DA) to 5,400. The cost of providing care for these New Enrollees shall not be included in the Baseline Commitment.</p> <p>The baseline against which the 5,400 new Medi-Cal managed care lives shall be calculated shall be the number on January 1, 2012 of Medi-Cal managed care beneficiaries that are enrolled in the San Francisco Health Plan and assigned to a provider network that designates CPMC's California, Pacific or Davies Campuses as their primary hospital, as set forth in the Existing Draft DA, plus the number on December 31, 2012 of Healthy Families beneficiaries enrolled in the San Francisco Health Plan and assigned to a provider network that designates CPMC's California, Pacific, or Davies Campuses as their primary hospital (i.e., the Healthy Families participants shall not be "New Enrollees").</p> <p>2) 1,500 of the New Enrollees will come through a partnership with a primary care provider serving the Tenderloin, if and when available from the Effective Date through 12/31/15, consistent with Section 2.g of Exhibit F of the Existing Draft DA . If a new MSO with a primary care provider base located in the Tenderloin becomes available during this period, then CPMC shall contract with such MSO to satisfy this commitment for 1,500 New Enrollees, and CPMC may not avoid this commitment based upon CPMC's satisfaction, before that date, of the New Medi-Cal Beneficiaries Commitment from other MSOs in other locations of the City. [In other words, if a new MSO serving the Tenderloin is formed after CPMC has 5,400 New Enrollees, then CPMC must still seek to enroll 1,500 New Enrollees from the Tenderloin-serving MSO.]</p> <p>3) The New Medi-Cal Beneficiaries Commitment will begin on the Effective Date and continue for 10 years (same as the Existing Draft DA).</p>

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	<p>4) Unreimbursed expenditures for the New Medi-Cal Beneficiaries Commitment will be capped at \$5 million per year, subject to annual increases and a 2 year rolling average as set forth in the Existing Draft DA.</p> <p>5) Liquidated damages for not meeting this obligation – same as in Existing Draft DA.</p> <p>6) To qualify as a New Enrollee, the patient must be assigned to a limited provider network that designates CPMC's California, Pacific or Davies hospital and, upon opening, the new hospital at Cathedral Hill, as its primary hospital – same as in Existing Draft DA.</p>
Healthcare Innovation Fund	CPMC shall fund an \$9 M cash endowment of a new healthcare innovation fund to be used to support non-profit health and human service providers, including those that provide community-based care and services that reduce unnecessary hospitalizations. [The timing of payments adjusted in accordance with the Payment Schedule.) These funds shall be administered by the San Francisco Foundation, as outlined in the previous DA
St. Luke's Centers of Excellence	<p>Exhibit F, Section 7(b) (ii) and (ii) shall be revised to strengthen the St. Luke's Centers of Excellence, as follows:</p> <p>ii. CPMC shall establish, operate and maintain at all times during the St. Luke's Operating Commitment a Center of Excellence in Community Health at the St. Luke's Campus. This Center of Excellence shall screen and manage individuals with or at risk for developing chronic diseases, would building on CPMC's existing HealthFirst Program. <u>This Center of Excellence shall and annually offer approximately 800 patients from St. Luke's Health Care Center access to a primary care medical home to support self-management of chronic illness. The Center will recruit and train health workers from the community to work in an interdisciplinary care team setting, providing culturally competent and linguistically appropriate services (as set forth in Section 11 of this Exhibit F). CPMC shall create a community advisory board to provide input into the operation of the Center.</u></p> <p>iii. CPMC shall establish, operate and maintain at all times during the St. Luke's Operating Commitment a Center of Excellence in Senior Health at St. Luke's Campus. This Center of Excellence would be based upon the Hospital Elder Life Program ("HELP") and annually provide care to approximately 600 seniors over age 70. HELP is a targeted program of care for hospitalized older adults designed to prevent or decrease the severity of delirium and increase or maintain function, improve hospital care, maximize the patient's independence at discharge, assist the patient with transition from hospital to home, prevent unplanned readmission, and prevent the hazards of hospitalization that sometimes lead to a cascade in decline. <u>This Center of Excellence shall provide services designed to enable seniors to live successfully in the community and reduce unnecessary hospitalizations. These services may include health education, resource referrals, case management, dementia care, services to reduce isolation,</u></p>

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	<p><u>and caregiver support.</u> The Center will provide culturally competent and linguistically appropriate services (as set forth in Section 11 of this Exhibit F).</p>
<p>St. Luke's Medical Office Building (MOB)</p>	<p>Section 7.c(i) and the first paragraph of 7.c(ii) of Exhibit F to the Existing Draft DA shall be modified to read as follows:</p> <ul style="list-style-type: none"> <li data-bbox="961 358 1906 906">i. CPMC shall submit a proposal for the development of a new MOB on the St. Luke's campus on the site of the current Hospital (hereafter in this section, "new MOB") to the Sutter West Bay Board within ninety (90) days after the following conditions are met (but CPMC is not required to submit the proposal before the date that is 3 years after the opening of the new hospital at St. Luke's Campus): (A) the new hospital at St. Luke's has an average Monday through Friday (excluding weekends and holidays) daily census of at least 90 patients (75 percent of 120 beds) for a CPMC Fiscal Year, as set forth in a Compliance Report; and (B) there is demonstrated demand, through formal pre-leasing commitments for at least seventy-five percent (75%) of the proposed seventy two thousand (72,000) rentable gross square feet of the new MOB. A final decision to proceed with construction of the new MOB shall be subject to approval by the Sutter West Bay Board (in the exercise of its sole and absolute discretion) and, if applicable, an agreement with a third party medical building developer and operator, including an acceptable economic structure and financing terms. <li data-bbox="961 943 1906 1393">ii. If the Sutter West Bay Board decides not to proceed with the construction of the new MOB, or fails to act with respect to such decision within six (6) months after its submittal to the Board in accordance with Section 7(c)(i), or if the conditions set forth in Section 7(c)(i) have not been satisfied on or before the date that is five (5) years following the opening of the new Hospital on the St. Luke's campus, then the City may request that the Parties meet and confer in good faith regarding the potential for development of the new MOB. If, within six (6) months following the start of the meet and confer period, CPMC has not agreed to build the new MOB, then upon notice being delivered by City within sixty (60) days after said six (6) month period (the "Option Commencement Date"), a City option shall arise to lease from CPMC the new MOB site solely for purposes of City constructing and operating a medical office building, subject to the following terms and conditions:

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	<p>The following language shall be added to the end of Section 7.c(ii)(B):</p> <p style="padding-left: 40px;">CPMC shall promptly demolish the existing hospital building (1970) tower at no cost to the City before the start of the 55-year term (according to a schedule included in the lease, and subject to force majeure delays) and deliver the site to the City vacant and ready for vertical development of the new MOB.</p> <p>The following language shall be added to the start of Section 7.c(ii)(H):</p> <p style="padding-left: 40px;">Tenants of the building shall include physicians and other healthcare professionals who have admitting privileges at the new hospital on the St. Luke's campus, and City shall not discriminate against any such persons in leasing opportunities for the building. The City shall offer available spaces in the new MOB first to physicians and other healthcare professionals who have admitting privileges at the new hospital on the St. Luke's Campus; next to CPMC, Sutter Health and their affiliates; and thereafter, to the extent vacancies remain, to other physicians and healthcare professionals.</p>
City Healthcare Service System (HSS)	CPMC shall limit premium increases to insurers for HSS to no more than 5% annually for years 1 through 3 (i.e., calendar years 2014 through 2016) and no more than the medical rate of inflation plus 1.5 % annually for years 4 through 10.
Housing:	
Residential Unit Replacement	CPMC shall pay to the Mayor's Office of Housing \$4,138,620 as compensation for units displaced by construction of the Cathedral Hill Medical Office Building. (Same as the Existing Draft DA.) (Not included in the \$70 million referenced above for public benefits or the Payment Schedule.)
Payment to Mayor's Office of Housing low-moderate income housing fund	CPMC shall pay \$36.5 million to the Mayor's Office of Housing. (Increased from \$29 million in the Existing Draft DA; timing of payments adjusted in accordance with the Payment Schedule.)
Workforce:	
Local Hire for construction jobs	30% overall and by trade. (Same as the Existing Draft DA.)

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Other construction-related provisions	(Same as the Existing Draft DA.)
Local hire for end-use jobs	CPMC shall make at least 40% of all permanent entry-level hires annually for the duration of the development agreement from the City's workforce system; targeting residents of the Western Addition, Tenderloin, Mission/SOMA, Outer Mission/ Excelsior, Chinatown and Southeastern neighborhoods.
Funding for workforce training programs	CPMC shall pay \$4 million to OEWD to fund workforce training programs. (Increased from \$2 million in the Existing Draft DA, and timing of payments adjusted in accordance with the Payment Schedule.) OEWD shall target these funds to educational institutions and non-profit organizations with an existing track record of working in the impacted communities.
Transportation:	
Payment in lieu of Transportation Impact Development Fee	CPMC shall pay \$6.5 million to MTA. (Reduced from \$10.4m in the Existing Draft DA, to reflect the decreased size of the new hospital at Cathedral Hill, with the timing of payments adjusted in accordance with the Payment Schedule.)
Funding for Van Ness and Geary Bus Rapid Transit Projects	CPMC shall pay \$5 million to MTA. (Same as the Existing Draft DA, but timing of payments adjusted in accordance with the Payment Schedule.)
Cathedral Hill Parking fee	CPMC shall collect and pay to MTA a fee of \$0.50 off-peak and \$0.75 peak per entry and exit from Cathedral Hill garages for 10 years. (Same as the Existing Draft DA.) (Not included in the \$70 million referenced above for public benefits or the Payment Schedule.)
Annual Transportation Surveys	CPMC shall implement the Transportation Demand Management Plans dated March 24, 2011 (each a "TDMP") for each of the St. Luke's, Cathedral Hill, Pacific and Davies Campuses, respectively. CPMC shall conduct, or shall have conducted, at no cost to the City, surveys, annual employee surveys and tri-annual surveys for patients/visitors, each as described in the TDMP, to assess the implementation of each TDMP. The surveys shall commence within one (1) year following the Opening of the new hospital at St. Luke's, the Opening of the new hospital at Cathedral Hill (including for Pacific Campus) and the opening of the Neurosciences Institute Building, respectively. Once started, the surveys shall continue for a total of 10 years. As part of the Compliance Statement submitted by CPMC, CPMC shall provide the results of each survey most recently completed prior to the submission of the Compliance Statement. Each survey shall be completed within 90 days following the end of the applicable 1 year period. CPMC will share the results of these surveys with the Planning Department and

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	<p>SFMTA promptly following completion.</p> <p>If any two (2) consecutive surveys show that an applicable target single occupancy vehicle percentage (the "SOV Percentage") is not being attained , CPMC shall consult with Planning Director and the SFMTA Director of Transportation to identify feasible measures that can reasonably be implemented by CPMC to reduce the SOV Percentage. The applicable target reduction of single occupancy vehicles is 15 percent in the aggregate system-wide as described in the TDMP.</p>
Additional Transportation Studies for Cathedral Hill	<p>CPMC shall fund the cost of additional transportation studies up to \$40,000 (in FY 2013 dollars adjusted by the Bay Area Consumer Price Index)(the "Cost Cap") for the operation of the intersections as well as operational characteristics of the Cathedral Hill Campus in its immediate vicinity as determined by the SFMTA to assist the City in monitoring future congestion and effects of the Cathedral Hill project on the City's transportation network. The SFMTA may request such funding up to 3 times, each subject to the Cost Cap, provided it shall not first request such funding until at least 3 years after the new hospital at Cathedral Hill is opened and not more frequently than every 3 years thereafter. If it is determined that area congestion exceeds currently projected levels or that the transportation-related operational characteristics (e.g., freight loading, parking garage access, passenger loading, etc.) of the Campus adversely affect the network, CPMC will consult with the SFMTA to determine if there are additional feasible transportation demand management measures or other measures that might reasonably be implemented by CPMC, at no cost to the City, to reduce its contribution to transportation congestion in the area. (Any payments made by CPMC under this section are not included in the Payment Schedule.)</p>
Additional Funds for Transportation Demand Management at Cathedral Hill	<p>If any of the scheduled transportation surveys for Cathedral Hill employees, patients and visitors show in the aggregate that the Drive Alone mode split percentages for daily use exceed those shown in Table 30 of the CPMC LRDP Transportation Impact Study (June, 2010), CPMC shall pay to SFMTA \$75,000 (in FY 2013 dollars adjusted by the Bay Area Consumer Price Index) within 60 days following the completion of the survey. This funding will be used by SFMTA solely for transportation demand management or transportation improvements related to the Cathedral Hill Campus traffic area as determined by SFMTA, which uses may include, but are limited to, additional employer and visitor social marketing or any parking management program. (Any payments made by CPMC under this section are not included in the Payment Schedule.)</p>
Clipper Cards	<p>1) CPMC shall set up a master account for all employees with Clipper/Wage Works.</p>

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	<ol style="list-style-type: none"> 2) CPMC shall encourage all employees (new and existing) to enroll and purchase a Clipper Card as a part of its Transportation Demand Management plan. As part of normal TDM activities, CPMC shall promote the use of the subsidy by including TDM/subsidy information in new hire packets and orientation, reinstating the transportation services newsletter, providing TDM communication board in each campus cafeteria, enhancing the TDM page on our intranet, promoting at our annual Transportation Fairs at each campus, and undertaking additional outreach as necessary to drive up adoption and hit our SOV reduction goals. 3) CPMC shall share the cost of Clipper Card up to the value of a Fast Pass (currently \$64) equally between employer and employee. 4) CPMC shall make good faith efforts to include an “opt-out” provision for Clipper Cards in future labor contracts.
<i>Cathedral Hill Garage Opening Hours</i>	CPMC's Cathedral Hill Campus garages shall only be available to visitors, employees and staff of the Campus after 7 p.m.
<i>Streetscape/Pedestrian Safety:</i>	
Cathedral Hill Campus:	<ol style="list-style-type: none"> 1) CPMC shall pay \$4.25 million to the City for pedestrian lighting and sidewalk widening in the Tenderloin. (Reduced from \$8 Million, and timing of payments adjusted in accordance with the Payment Schedule.) 2) CPMC shall pay \$200,000 to the City to fund a Tenderloin safe passage pilot grant through a local nonprofit organization. (Same as the Existing Draft DA, but the timing of payments adjusted in accordance with the Payment Schedule.) 3) CPMC shall pay \$3 million to the City for enforcement and traffic safety improvements around the CPMC Pacific and California Campuses. (Revised from the Existing Draft DA, with the timing of payments adjusted in accordance with the Payment Schedule.) 4) CPMC shall pay \$1.55 million to the City for transit and safety improvements in the neighborhoods around the Cathedral Hill campus.
St. Luke's Campus	CPMC shall cause to be constructed a specified list of streetscape and pedestrian safety

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	improvements, with an estimated value of \$3.3 million (Same as the Existing Draft DA.)
Davies Campus	CPMC shall cause to be constructed a specified list of streetscape and pedestrian safety improvements, with an estimated value of \$475,000 (Same as the Existing Draft DA.)