

***Proposed for Consideration at the October 28, 2010 Meeting of the
New Jersey Health Care Facilities Financing Authority***

First Amendment to Contract for Professional Consulting Services

This First Amendment (the "Amendment") dated as of _____ to the Agreement (the "Original Agreement") made as of March 22, 2010 between the New Jersey Health Care Facilities Financing Authority (the Authority"), having a mailing address at P.O. Box 366, Trenton, New Jersey 08625-0366 and Navigant Consulting, Inc. having a mailing address of 1801 K Street, NW, Suite 500, Washington DC 20006 ("Navigant");

Whereas, the Authority was duly created and now exists pursuant to the New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c. 29, as amended, N.J.S.A. 26:2I-1 et seq. (the "Act") for the purpose of ensuring that all health care institutions have access to financial resources to improve the health and welfare of the citizens of the State; and

Whereas, as a condition of Hospital Stabilization Grants, Christ Hospital, Hoboken University Medical Center and Jersey City Medical Center are each required to allocate a portion of their grant awards for the immediate procurement of a health care consulting firm; and

Whereas, the scope of the engagement of the Original Agreement was to evaluate the current inventory of health care services in the primary service areas of Christ Hospital, Hoboken University Medical Center and Jersey City Medical Center to determine whether there is duplication of services and unused capacity in these service areas and to propose recommendations for consolidation or regionalization of services if there is duplication or overcapacity; and

Whereas, the results of the report were to be presented to the Commissioner of the Department of Health and Senior Services ("DHSS") no later than June 1, 2010; and

Whereas, before the report was issued, Hoboken Municipal Hospital Authority ("HMHA") issued a request for proposals seeking proposals from parties interested in acquiring Hoboken Medical Center ("HMC") and continuing to operate it as an acute-care hospital; and

Whereas, HMHA has received a number of responses to its request for proposals, and is in the process of evaluating such proposals; and

Whereas, the DHSS and the Authority have determined that it is necessary and desirable to expand the scope of the Original Agreement to provide that Navigant shall evaluate the terms of the winning proposal chosen by HMHA and in particular the effects of such bid on the health care system in Hudson County; and

Whereas, DHSS and the Authority have determined that it is necessary and desirable that such evaluation of the winning bid be reflected in the report to be provided by Navigant; and

Whereas, Navigant and the Authority are amenable to expanding the scope of the Original Agreement to include the evaluation of the winning bid for HMC in the report; and

Whereas, the Authority and Navigant wish to set forth the terms and conditions for the revised scope of work of Navigant as the consultant;

Now, therefore, in consideration of the mutual promises set forth herein, it is agreed by the Authority and Navigant as follows:

1. Scope of Services.

In addition to the Services Navigant has agreed to provide under the Original Agreement, Navigant will review the proposal selected as the winning bidder by the HMHA (the "Selected Proposal") for acquiring or partnering with HMC, which selection is expected to occur by the end of November, 2010. Navigant will incorporate an evaluation of the Selected Proposal under the Original Agreement, and will prepare an analysis of the following:

- a. An evaluation of the viability of the Selected Proposal as it relates to the potential impact on the region including but not limited to:
 - i. How any duplicative services and/or unused capacity identified in the service areas or at the three hospitals will be addressed by the Selected Proposal;
 - ii. How any alternative uses for non-essential acute care facilities identified in the service areas will be addressed by the Selected Proposal;
 - iii. The financial impact of the Selected Proposal, including the adequacy of revenues and the effect on third party reimbursement, potential cost savings and the need for capital expenditures for all three hospitals; and
 - iv. The effect on quality of services that the Selected Proposal would have on the other health care facilities in the service areas.
- b. Additional recommendations, either related or unrelated to the Selected Proposal, that present viable regional health planning solutions to the community including both short term and long term strategies.

2. Time.

Navigant will complete the tasks specified in Section 1 within forty-five (45) days of the publication by HMHA of the winning bid.

3. Professional Fees and Expenses.

- 3.1 Professional Fees. As provided in the Original Agreement, Authority shall pay Navigant the sum of \$432,675 for its consulting services as detailed in the Navigant Proposal. As consideration for Navigant to perform the additional work required under the revised scope of services set forth in Section 1 hereof, the Authority shall

pay Navigant the sum of not to exceed \$85,000 with additional travel costs and other project related expenses (billed at actual cost upon presentation of itemized invoices and related documentation) of not to exceed \$2,500.

3.2 Method of Payment. Navigant will bill monthly in April, June, July, August, September October, November and December of 2010 for incurred fees and expenses subject to the limits of Sections 3.1 and 3.2 of this contract. Any payments made pursuant to this Agreement shall comply with all applicable terms, condition and requirements of the RFP and any applicable State law regulations and procedures.

4. Miscellaneous.

4.1 New Jersey Law Governs. This First Amendment shall be governed by New Jersey law, including the provisions of the New Jersey Contractual Liability Act (N.J.S.A. 59:13-1 *et seq.*) governing the Authority's liability in any dispute that may arise under this Agreement.

4.2 Integration; Amendment. This First Amendment, together with the Agreement and its Exhibits, constitutes the sole agreement of the parties with respect to the subject matter hereof and supersedes all oral negotiations and prior writings with respect to the subject matter hereof and thereof. No additional amendment of the Original Agreement and no waiver of any one or more of the provisions hereof shall be effective unless set forth in writing and signed by the parties hereto.

4.3 Counterparts. This First Amendment may be executed simultaneously in several counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

4.4 Severability. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections in this Agreement shall not affect the validity or enforceability of the remaining portions of this First Amendment, or any part thereof.

4.5 Headings. Section headings in this First Amendment are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purposes

4.6 Full Force and Effect. Except as expressly amended by this First Amendment, the Original Agreement is in all respects ratified and confirmed and the terms, provisions and conditions thereof are and shall remain in full force and effect. From and after the effective date of this First Amendment, all references to the Agreement shall mean such agreement as amended by the terms hereof.

4.7 Authority to Sign. The parties hereto represent that they have the proper authority to sign on behalf of the entities entering this Agreement and they fully intend for the Authority and Navigant to be legally bound hereby.

In Witness Whereof, the parties have caused this Agreement to be duly executed and delivered by their respective officers as of the date first above written.

New Jersey Health Care Facilities Financing Authority

By:

Name: Mark E. Hopkins
Title: Executive Director

Navigant Consulting, Inc.

By:

Name: Kevin C. Nolan
Title: Managing Director