



City of New Bedford

IN COMMITTEE

November 12, 2020

The Honorable City Council
133 William Street
New Bedford, MA 02740

Dear Honorable Members of the City Council:

The Committee on Finance at a Meeting held on Monday, October 19, 2020, considered a COMMUNICATION, Council President Lopes submitting a copy of an email from Assistant City Solicitor Jaikes, regarding the background information on the two closed nursing homes in New Bedford to deal with Covid-19 patients. (Ref'd 05/14/2020)

On motion by Councillor Lopes and seconded by Councillor Giesta, the Committee VOTED: To recommend to the City Council to take "No Further Action" on the COMMUNICATION, Council President Lopes submitting a copy of an email from Assistant City Solicitor Jaikes, regarding the background information on the two closed nursing homes in New Bedford to deal with Covid-19 patients. This motion passed on a voice vote.

IN COMMITTEE ON FINANCE

Linda M. Morad

Councillor Linda M. Morad, Chairperson

LMM: dmb

From: Eric Jaikes
Sent: Wednesday, April 29, 2020 12:18 PM
To: Joseph Lopes <Joseph.Lopes@newbedford-ma.gov>

Subject: Nursing Home background information

Council President Lopes

As you are aware, on behalf of the City I negotiated and drafted two agreements with the owners of two closed nursing homes in New Bedford, one on Rockdale Ave and the other in the north end of the City on Acushnet Ave. You have asked me to provide a summary of the transaction for you and your fellow City Council members.

Early in the pandemic there was identified state wide a need for additional facilities to house and treat Covid 19 patients in addition to local hospitals. There were three vacant nursing homes in New Bedford that potentially fit the profile for this need. One of the three was physically in poor condition and ruled out as a possibility. However, the Rockdale Ave and Acushnet Ave nursing home buildings had the potential to add 200 plus beds in New Bedford to deal with Covid 19 patients.

As a result, Agreements were negotiated and entered into by the City with HAR Capital, LLC, (the owner of the Rockdale Ave real estate) and with Lesson Learned, LLC (the owner of the Acushnet Ave real estate). Both are short term agreements terminable by the City at will or when the State of Emergency declared by the Mayor on March 13, 2020 ceases. In both instances work/repairs to the facilities were required to meet State and Federal standards. That work was done at City expense. The City is applying to FEMA for reimbursement of the majority of those costs.

As to each facility, the City is making monthly rent payments to the Owners which are initially received by an escrow agent. A portion of the monthly rent is returned to the City by the escrow agent each month to be applied towards the cost of improvements/repairs done to the property by the City. Also, a portion of the monthly rent is returned to the City each month by the escrow agent and is applied to the current real estate tax bill for each property. The balance of each month's rent continues to be held by the escrow agent on behalf of the Owner. If, at the termination of the agreement, the rent payments have not returned sufficient funds to the City to offset its costs of work/repairs to each of the two facilities, that portion of rent escrowed each month on behalf of the Owner will be applied towards the outstanding work/repairs costs prior to any funds being released to the Owner.

The monthly payment for the Rockdale Ave facility is \$35,500. Of that monthly payment \$21,300 is returned to the City to offset improvement/repair costs to the building, \$4,200 is to be applied to the current real estate tax bill and \$10,000 is to be held in escrow by the escrow agent for the Owner (but not released unless the City recoups all of its improvement/repair costs at Rockdale Ave).

As to the Acushnet Ave facility, the monthly payment by the City is \$47,000. Of that monthly payment \$25,880 is returned to the City to offset improvement/repair costs to the building, \$11,120 is to be applied to the current real estate tax bill and \$10,000 is to be held in escrow by the escrow agent for the Owner (but not released unless the City recoups all of its improvement/repair costs at Acushnet Ave).

Although no one knows for sure how long there will be a need for these two facilities, the Agreement was based upon an expected occupancy approximating six months. The two nursing homes are being operated by a separate entity unrelated to the City. Operational expenses are paid to the Operator by outside entities (including private insurance, Medicare etc.) and not by the City.

Finally, the agreements were entered into in accord with Gov. Baker's March 2020 State of Emergency declaration and the provisions of Chapter 639 of the Acts of 1950 and also the provisions of Chapter 17 Section 2A of the General Laws.

Should you have further questions please do not hesitate to contact me.

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