HHC Capital Corporation
Semi-annual Meeting

January 9, 2020, 11:00 am
125 Worth Street – 5th Floor Board Room
New York, New York 10013

AGENDA

I. Call to order
   Adoption of minutes for the HHC Capital Corporation Meeting held on May 30, 2019
   Freda Wang

II. HHC Outstanding Bond Portfolio
    Linda DeHart

III. HHC Bonds: issuance History
     "

IV. 2010 Bonds: Construction Fund Balance
    "

V. Short Term Financing Program
    "

VI. 2015 JP Morgan Chase Loan
    "

VII. 2017 Citibank Loan
     "

VIII. Old business, new business and adjournment
     Freda Wang
MINUTES

HHC Capital Corporation
Semi-annual Public Meeting

Meeting Date: May 30, 2019, 2:00 p.m.
Location: 125 Worth Street
           Fifth Floor Board Room

ATTENDEES

Members of the HHC Capital Corporation Board of Directors
Freda Wang, Chair
Mitchell Katz, M.D. President
José A. Pagán
Feniosky Peña-Mora
Robert Nolan

NYC Health+ Hospitals Staff
Andrea Cohen, General Counsel and Senior Vice President, Legal Affairs and Secretary to the Board
Linda DeHart, Assistant Vice President, Debt Finance & Corporate Reimbursement Services
Paulene Lok, Senior Director, Debt Finance & Corporate Reimbursement Services
Brenda Schultz, Assistant Vice President, Debt Finance & Corporate Reimbursement Services
Colicia Hercules, Secretary to the Corporation, Chairman’s Office

Others
Gordon Campbell, member of the NYC Health and Hospitals Corporation Board of Directors
Sally Hernandez-Piñero, member of the NYC Health and Hospitals Corporation Board of Directors
Jessika Graterol, OMB, Senior Analyst
HHC Capital Corporation – Semi-annual Public Meeting
Thursday, May 30, 2019

Ms. Freda Wang chaired the meeting of the HHC Capital Corporation Board of Directors (the “Board”). Andrea Cohen, Secretary of the HHC Capital Corporation kept the minutes thereof.

Call to Order:

The semi-annual HHC Capital Corporation meeting was officially called to order at 2:10 p.m. by Ms. Wang.

Minutes:

Ms. Wang asked for a motion to adopt the minutes of the previous meeting that was held on November 29, 2018. The Board unanimously adopted the minutes. Ms. Wang then stated that this is the semi-annual meeting of the HHC Capital Corporation where the status of the System’s bond financing program and other debt is presented, and introduced Ms. Linda DeHart to provide the update to the Board.

Ms. DeHart referred to the HHC Capital Corporation Semi-Annual Meeting Presentation and began her update to the Board.

HHC Outstanding Bond Portfolio:

Page 1 shows NYC Health + Hospitals’ current outstanding bonds of approximately $624 million, where a majority of bonds (78%, value $484 million) are fixed rate bonds, and the remaining 22% (value $140 million) are variable rate bonds. The 2008 Series B, C, D & E variable rate bonds are supported by letters of credit provided by JP Morgan Chase Bank and TD Bank, with expiration date of the letters of credit in July 2022 and September 2023, respectively.

HHC Bonds - Issuance History:

Ms. DeHart pointed to page 2 which shows a history of bonds issued. The outstanding bonds are the 2008 Series A-E, the 2010 Series A and the 2013 Series A bonds, with a total outstanding par amount of $624 million. Ms. DeHart mentioned that we are exploring the opportunity to potentially refund certain outstanding bonds for savings in February/March 2020.

Construction Fund Balance on the 2010 Bonds:

Ms. DeHart described page 3 which shows that the unspent balance for the HHC Series 2010 construction fund is approximately $0.76 million. Ms. DeHart further explained that most projects were completed, and the remaining balance will be spent down when OFD completes their reconciliation efforts with various vendors on the projects financed by 2010 Bonds.
A question regarding whether the 2010 Bonds have incurred any arbitrage liability was asked. Ms. DeHart answered no, but committed to check and to confirm after the meeting.

A question on how much capital investment was made in each of the facilities over the last 5-10 years was asked. Ms. DeHart responded that we could provide that information.

A question on how NYC Health + Hospitals decides what projects to fund was asked. Ms. DeHart and Ms. Schultz described the capital budget process, where the facilities submitted their initial capital project requests to the Capital Budget Committee for central review and approval. Board members discussed interest in the process for setting capital project priorities and funding decisions. Ms. DeHart indicated that the Capital Budget Committee could explore ways to involve the NYC Health + Hospitals Board in the process.

Short Term Financing Program:

Ms. DeHart provided an overview of the organization’s short term financing program on page 4. Through multiple resolutions approved by the Board in 2013 and 2015, NYC Health + Hospitals authorized the Chief Financial Officer (CFO) to borrow up to $120 million on an “as-needed” basis.

As of now, NYC Health + Hospitals has borrowed $60 million from JPMorgan Chase Bank and another $60 million from Citibank, therefore no additional borrowing authority remains under the short term financing program.

2015 JP Morgan Chase Loan:

Ms. DeHart presented page 5 which outlined the status of the JPM Chase loan. The $60 million loan was borrowed at 2.088% fixed rate interest with a final maturity of July 1, 2022. As of the end of April 2019, NYC Health + Hospitals expended approximately $59.3 million of the proceeds, and the outstanding loan amount is $39.6 million.

2017 Citibank Loan:

Ms. DeHart presented page 6 which outlined the status of the Citibank loan, of which $30 million was borrowed as a fixed rate loan at the interest rate of 2.17% with final maturity of November 1, 2022; and the remaining $30 million was borrowed on October 30, 2018 as variable rate loan with final maturity of October 30, 2023.

As of the end of April 2019, NYC Health + Hospitals expended approximately $54.1 million of the proceeds, and the outstanding loan amount is $53.3 million.
Adjournment:

There being no further business before the Board, Ms. Wang adjourned the meeting at 2:50 p.m.

Andrea Cohen, Esq.
Secretary to the Board of Directors
HHC Capital Corporation
Semi-Annual Meeting

Date: January 9, 2020
Time: 11:00 am
Location: 125 Worth Street,
5th Floor Board Room
New York, NY 10013
H+H Outstanding Bond Portfolio

H+H has $139.8 million (22.4%) of tax-exempt variable rate bonds and $483.9 million (77.6%) of tax-exempt fixed rate bonds outstanding.

- Variable rate bonds are supported by letters of credit ("LOC") provided by TD Bank (72.2%) and JPMorgan Chase Bank (27.8%)
- The final maturity for the Series 2008 B-E variable rate bonds is 2/15/31
- JPMorgan’s LOC expires 7/1/22
- TD Bank’s LOC expires 9/3/23
- Variable rate bond interest rates
  - 1.53% for FY2019
  - since inception (up to 11/30/19), 0.47% and estimated $60.6 million interest savings
  - Latest weekly rate reset at 0.97% - 1.07% on 12/04/19
### Bonds: Issuance History (as of 11/30/19)

Credit Ratings: Moody’s Aa2, S&P A+ and Fitch AA-

<table>
<thead>
<tr>
<th>Issuance Date</th>
<th>Bond Series</th>
<th>Initial Par Amount (in $ millions)</th>
<th>True Interest Cost (TIC)</th>
<th>Refunding Savings (in $ millions)</th>
<th>Outstanding Par Amount (in $ millions)</th>
<th>Final Maturity</th>
<th>Fixed or Variable Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/15/93</td>
<td>1993 A</td>
<td>550.000</td>
<td>N/A</td>
<td>-</td>
<td>-</td>
<td></td>
<td>Fixed</td>
</tr>
<tr>
<td>4/10/97</td>
<td>1997 A-D</td>
<td>320.000</td>
<td>N/A</td>
<td>-</td>
<td>-</td>
<td></td>
<td>Variable</td>
</tr>
<tr>
<td>3/1/99</td>
<td>1999 A (1)</td>
<td>235.700</td>
<td>12.900</td>
<td>-</td>
<td>-</td>
<td></td>
<td>Fixed</td>
</tr>
<tr>
<td>7/1/02</td>
<td>2002 A</td>
<td>192.700</td>
<td>4.269%</td>
<td>N/A</td>
<td>-</td>
<td></td>
<td>Fixed</td>
</tr>
<tr>
<td>7/1/02</td>
<td>2002 B-H (2)</td>
<td>397.750</td>
<td>(included above)</td>
<td>(included above)</td>
<td>-</td>
<td></td>
<td>Auction</td>
</tr>
<tr>
<td>1/15/03</td>
<td>2003 A (3)</td>
<td>245.180</td>
<td>4.754%</td>
<td>12.876</td>
<td>-</td>
<td></td>
<td>Fixed</td>
</tr>
<tr>
<td>8/21/08</td>
<td>2008 A (4)</td>
<td>268.915</td>
<td>4.485%</td>
<td>N/A</td>
<td>75.275</td>
<td>2/15/2026</td>
<td>Fixed</td>
</tr>
<tr>
<td>9/4/08</td>
<td>2008 B-E (5)</td>
<td>189.000</td>
<td>3.102%</td>
<td>N/A</td>
<td>139.780</td>
<td>2/15/2031</td>
<td>Variable</td>
</tr>
<tr>
<td>10/26/10</td>
<td>2010 A (6)</td>
<td>510.460</td>
<td>3.875%</td>
<td>35.608</td>
<td>299.300</td>
<td>2/15/2030</td>
<td>Fixed</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td>84.411</td>
<td>623.660</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note:  
(1) Advance refunded certain 1993 Series bonds  
(2) Refunded the entire 1997 Series bonds and issued new money  
(3) Refunded the remaining 1993 Series bonds  
(4) Refunded the 2002 B,C,H Series bonds and issued new money, includes both refunded and new money bonds  
(5) Refunded the 2002 D,E,F,G series bonds  
(6) Refunded the entire 1999 Series and substantially all of the 2002 Series A bonds, and issued new money  
(7) Refunded the entire 2003 A and a portion of the 2008 A Series bonds
## 2010 Health System Bonds

### Construction Fund – Cash Flow

(Unaudited, in $millions)

<table>
<thead>
<tr>
<th>Drawdown Period</th>
<th>Activity/Action</th>
<th>Construction Fund Balance</th>
<th>(Withdrawals)</th>
<th>Construction Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/26/2010</td>
<td>Construction Fund at Issuance Date</td>
<td>199.758</td>
<td></td>
<td>199.758</td>
</tr>
<tr>
<td>FY 2011</td>
<td>Drawdown</td>
<td></td>
<td>(9.483)</td>
<td>190.275</td>
</tr>
<tr>
<td>FY 2012</td>
<td>Drawdown</td>
<td></td>
<td>(57.938)</td>
<td>132.337</td>
</tr>
<tr>
<td>FY 2013</td>
<td>Drawdown</td>
<td></td>
<td>(83.838)</td>
<td>48.499</td>
</tr>
<tr>
<td>FY 2014</td>
<td>Drawdown</td>
<td></td>
<td>(31.438)</td>
<td>17.061</td>
</tr>
<tr>
<td>FY 2015</td>
<td>Drawdown</td>
<td></td>
<td>(10.446)</td>
<td>6.615</td>
</tr>
<tr>
<td>FY 2016</td>
<td>Drawdown</td>
<td></td>
<td>(3.913)</td>
<td>2.702</td>
</tr>
<tr>
<td>FY 2017</td>
<td>Drawdown</td>
<td></td>
<td>(0.746)</td>
<td>1.955</td>
</tr>
<tr>
<td>FY 2018</td>
<td>Drawdown</td>
<td></td>
<td>(1.825)</td>
<td>0.130</td>
</tr>
<tr>
<td>FY 2019</td>
<td>Drawdown</td>
<td></td>
<td>(0.393)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Interest Earnings (as of 11/30/2019)**: 1.024

**Totals**: 200.782 (200.020) 0.762

<table>
<thead>
<tr>
<th>As of</th>
<th>Total Drawdowns</th>
<th>Total Encumbered</th>
<th>Total Encumbered Less Drawdown</th>
<th>Encumbered balance exceeds Construction Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/30/19</td>
<td>200.020</td>
<td>200.793</td>
<td>0.773</td>
<td>(0.011)</td>
</tr>
</tbody>
</table>

(a) Drawdowns are not reflective of actual capital spending.

(b) OFD continues to review and reconcile the projects with open encumbrances. Excess funds will be re-purposed for other priority projects.
Through resolutions approved in July 2013, April 2015 and September 2015, the NYC Health + Hospitals Board authorized equipment and other short term financing of up to $120 million, with the goal of allowing the system to establish a flexible short term financing program with “as needed” access to capital funds from one or more banks over multiple years.

This short-term financing program is secured by a secondary lien on the Health Care Reimbursement Revenue (i.e. after the Bondholders lien).

Under this program, there are two borrowings currently outstanding:

- $60 million with JPMorgan Chase to finance medical equipment purchases; closed in July 2015 and maturing in July 2022
- $60 million with Citibank to finance routine renovation and IT projects; closed November 2017
  - $30 million fixed rate loan borrowed at closing, matures on 11/1/22
  - $30 million variable rate loan borrowed on 10/30/18, matures on 10/30/23

No additional borrowing authority remains under these authorizations.
### 2015 JP Morgan Chase Loan ($millions)

#### Terms:
- $60 million outstanding loan converted to fixed rate @ 2.0880% with final maturity date of July 1, 2022

#### Interest Rates:
- Avg. variable rate during drawdown period (to 8/1/17): 1.1687%.
- Final variable rate was set at 1.6270% prior to fixed rate conversion

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity/Action</th>
<th>Remaining Loan Capacity</th>
<th>Borrowed Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/09/2015</td>
<td>Issuance</td>
<td>60.000</td>
<td>0.000</td>
</tr>
<tr>
<td>07/09/2015</td>
<td>Initial Drawdown: Borrowed Amount</td>
<td>(10.000)</td>
<td>10.000</td>
</tr>
<tr>
<td>07/31/2017</td>
<td>Final Drawdown: Borrowed Amount</td>
<td>(50.000)</td>
<td>50.000</td>
</tr>
<tr>
<td>08/01/2017</td>
<td>Converted to Fixed Rate @ 2.0880%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>0.000</strong></td>
<td><strong>60.000</strong></td>
</tr>
</tbody>
</table>

- **Vouched Capital Expenses as of November 30, 2019**
  - (59.187)
- **Cost of Issuance**
  - (0.128)
- **Vouched Funds**
  - (59.315)

- **Encumbrances as of November 30, 2019**
  - 59.779

- **Outstanding Loan as of November 30, 2019**
  - 33.713
## 2017 Citibank Loan ($millions)

### Fixed Rate Loan:
- **Term:** 5-years
  - matures on November 1, 2022
- **Interest rate:** 2.17%

### Revolving Loan:
- **Term:** 5-years
  - matures on October 30, 2023
- **Interest rate:** reset weekly based on SIFMA index. Initially: 2.20%. Latest: 1.95% on 5/15/19.

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity/Action</th>
<th>Remaining Loan Capacity</th>
<th>Borrowed Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/01/2017</td>
<td>Issuance</td>
<td>60.000</td>
<td>0.000</td>
</tr>
<tr>
<td>11/01/2017</td>
<td>Initial Fixed Rate Loan Drawdown</td>
<td>(30.000)</td>
<td>30.000</td>
</tr>
<tr>
<td>10/30/2018</td>
<td>Revolving Loan Drawdown</td>
<td>(30.000)</td>
<td>30.000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>0.000</strong></td>
<td><strong>60.000</strong></td>
</tr>
</tbody>
</table>

- **Vouched Capital Expenses as of November 30, 2019:** (54.327)
- **Cost of Issuance:** (0.250)
- **Vouched Funds:** (54.577)
- **Encumbrances as of November 30, 2019:** 56.340
- **Outstanding Loan as of November 30, 2019:** 44.390