HHC Capital Corporation
Semi-annual Meeting

September 24, 2020, 1:00 p.m.
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 January 9, 2020
   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: January 9, 2020, 11:00 a.m.
Location: 125 Worth Street
Fifth Floor Board Room

ATTENDEES

Members of the HHC Capital Corporation Board of Directors
Freda Wang, Chair
Matt Siegler (on behalf of Mitchell Katz, M.D. President)
José A. Pagán

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
Colicia Hercules, Secretary to the Corporation, Chairman’s Office

Others
Sally Hernandez-Piñero, member of the NYC Health and Hospitals Corporation Board of Directors
HHC Capital Corporation – Semi-annual Public Meeting  
Thursday, January 9, 2020

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 11:25 a.m. by Ms. Wang.

Minutes:

Ms. Wang asked for a motion to adopt the minutes of the previous meeting that was held on May 30, 2019. The Board unanimously adopted the minutes. Ms. Wang then introduced Ms. Linda DeHart to provide the update to the Board.

Ms. DeHart provided a brief description of the creation and purpose of the HHC Capital Corporation, and then referred to the HHC Capital Corporation Semi-Annual Meeting presentation to update the Board.

HHC Outstanding Bond Portfolio (page 1):

Page 1 of the presentation provides a snapshot of NYC Health + Hospitals’ current outstanding bonds portfolio, including the distribution between variable and fixed rate bonds, as well as details of the letters of credit supporting the variable rate bonds. Ms. DeHart noted that through November 2019, these variable rate bonds are estimated to have generated approximately $60 million of savings compared to what the cost would have been if these bonds had been issued as fixed rate. Ms. DeHart also noted that since preparation of the presentation, the variable interest rates were reset to 0.88% - 0.91% by Morgan Stanley and 0.90% by Citi Bank.

HHC Bonds - Issuance History (page 2):

Ms. DeHart noted that the table format was revised from previous presentations to provide more insight into the performance of the financings. The information presented now includes the interest cost for each of the issuances, as well as savings associated with refundings at the time they were done. Over the course of our issuance history, we have generated $84.4 million savings related to refundings. Ms. DeHart also noted that we anticipate refunding two of our outstanding bond series this spring.

There was a discussion of the system’s planning and decision-making processes related to capital finance needs.
Construction Fund Balance on the 2010 Bonds (page 3):

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.

Short Term Financing Program (pages 4-6):

Ms. DeHart pointed out that the short term financing program was created for the purpose of providing “just-in-time” borrowing to address some of the hospitals’ short term needs, which focused primarily on equipment and other short-term projects. She presented an overview of the two agreements (with JPMorgan and Citibank) entered under this program, including terms, amounts vouched, and outstanding balance.

Adjournment:

There being no further business before the Board, Ms. Wang adjourned the meeting at 11:40 a.m.

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

Date: September 24, 2020
Time: 1:00 p.m.
Location: 125 Worth Street,
5th Floor Board Room
New York, NY 10013
H+H Outstanding Bond Portfolio

H+H has $134.6 million (23.8%) of tax-exempt variable rate bonds and $430.5 million (76.2%) of tax-exempt fixed rate bonds outstanding.

- Variable rate bonds are supported by letters of credit (“LOC”) provided by TD Bank (75%) and JPMorgan Chase Bank (25%)
- 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
  - 1.12% for FY2020
  - since inception (up to 8/31/20), 0.49% and estimated $63.6 million interest savings
  - Latest weekly rate reset at 0.08% - 0.10% on 9/09/20
**Bonds: Issuance History** (as of 09/10/20)

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>66.155</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>134.600</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>255.740</td>
<td>2/15/2030</td>
<td>Fixed</td>
</tr>
<tr>
<td>3/28/13</td>
<td>2013 A (7)</td>
<td>112.045</td>
<td>2.385%</td>
<td>23.027</td>
<td>108.560</td>
<td>2/15/2023</td>
<td>Fixed</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>84.411</strong></td>
<td><strong>565.055</strong></td>
<td></td>
<td></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>199.758</td>
<td></td>
</tr>
<tr>
<td>FY 2011</td>
<td>Drawdown</td>
<td>(9.483)</td>
<td>190.275</td>
<td></td>
</tr>
<tr>
<td>FY 2012</td>
<td>Drawdown</td>
<td>(57.938)</td>
<td>132.337</td>
<td></td>
</tr>
<tr>
<td>FY 2013</td>
<td>Drawdown</td>
<td>(83.838)</td>
<td>48.499</td>
<td></td>
</tr>
<tr>
<td>FY 2014</td>
<td>Drawdown</td>
<td>(31.438)</td>
<td>17.061</td>
<td></td>
</tr>
<tr>
<td>FY 2015</td>
<td>Drawdown</td>
<td>(10.446)</td>
<td>6.615</td>
<td></td>
</tr>
<tr>
<td>FY 2016</td>
<td>Drawdown</td>
<td>(3.913)</td>
<td>2.702</td>
<td></td>
</tr>
<tr>
<td>FY 2017</td>
<td>Drawdown</td>
<td>(0.746)</td>
<td>1.955</td>
<td></td>
</tr>
<tr>
<td>FY 2018</td>
<td>Drawdown</td>
<td>(1.825)</td>
<td>0.130</td>
<td></td>
</tr>
<tr>
<td>FY 2019</td>
<td>Drawdown</td>
<td>(0.393)</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td><strong>Interest Earnings (as of 8/31/2020)</strong></td>
<td></td>
<td>1.026</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td>200.784</td>
<td>(200.020)</td>
<td>0.764</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>As of 8/31/20</th>
<th>Total Drawdowns</th>
<th>Total Encumbrances</th>
<th>Total Encumbrances Less Drawdowns</th>
<th>Encumbered balance exceeds Construction Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/31/20</td>
<td>200.020</td>
<td>200.793</td>
<td>0.773</td>
<td>(0.009)</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.
Short Term Financing Program

- 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></td>
<td><strong>Total</strong></td>
<td><strong>0.000</strong></td>
<td><strong>60.000</strong></td>
</tr>
</tbody>
</table>

- **Vouched Capital Expenses as of August 31, 2020** (59.187)
  - Cost of Issuance (0.128)
  - **Vouched Funds** (59.315)

- **Encumbrances as of August 31, 2020** 59.779

- **Outstanding Loan as of August 31, 2020** 24.709
### 2017 Citibank Loan ($millions)

<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 August 31, 2020**

- Total: **(54.327)**

**Cost of Issuance**

- Total: **(0.250)**

**Vouched Funds**

- Total: **(54.577)**

**Encumbrances as of August 31, 2020**

- Total: **56.340**

**Outstanding Loan as of August 31, 2020**

- Total: **41.390**

### 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: 0.68% on 9/09/20.