50 Water Street
New York, NY 10004

HHC Capital Corporation
Semi-annual Meeting

January 25, 2024, 1:00 p.m.
50 Water Street – 17th Floor Boardroom
New York, New York 10004

AGENDA

I.	Call to order Adoption of minutes for the HHC Capital Corporation Meeting held on July 27, 2023	Freda Wang
II.	H+H Outstanding Bond Portfolio	Linda DeHart
III.	2008 Series B-E Bonds Historical Interest Rates	"
IV.	H+H Bonds – Issuance History	"
V.	2020 Bonds A Bonds – Construction Fund Balance	"
VI.	2020 Bonds A (NM) Bonds – Project Activity Update	"
VII.	Outstanding Equipment Loans	"
VIII.	2017 Citibank Loan	"
IX.	2022 JPMorgan Loan	"
X.	Final Arbitrage Rebate Report for Citibank Revolving Loan	"
XI.	Update – Arbitrage Rebate Refund for 2013 Series A Bonds	"
XII.	Old business, new business and adjournment	Freda Wang

MINUTES

HHC Capital Corporation
Semi-annual Public Meeting

Meeting Date: July 27, 2023, 1:16 p.m.
Location: 50 Water Street
17th Floor Board Room

ATTENDEES

Members of the HHC Capital Corporation Board of Directors
Freda Wang, Chair
Dr. Mitchell Katz
Robert F. Nolan
Sally Hernandez-Piñero

Other members of the NYC Health and Hospitals Board of Directors
Dr. William Fisher (representing Deepa Avula)
Karen St. Hilaire (representing Molly Wasow Park)
Patricia Marthone, MUDr
Vincent Calamia, MD
Jackie Rowe-Adams

NYC Health + Hospitals Staff
Jeremy Berman, Deputy Counsel, Legal Affairs
Dr. Machelle Allen, Senior Vice President, Medical and Professional Affairs
Linda DeHart, Vice President, Debt Finance & Corporate Reimbursement Services
Paulene Lok, Senior Director, Debt Finance & Corporate Reimbursement Services
Colicia Hercules, Secretary to the Health and Hospitals Corporation, Chairman's Office
Anniqua Brown, Senior Director, Office of Facility Development

HHC Capital Corporation – Semi-annual Public Meeting
Thursday, July 27, 2023

Ms. Freda Wang chaired the meeting of the HHC Capital Corporation Board of Directors (the "Board").

Call to Order:

The HHC Capital Corporation meeting was officially called to order at 1:16 p.m. by Ms. Wang. Ms. Wang noted for the record that Karen St. Hilaire is representing Molly Wasow Park, and Dr. William Fisher is representing Deepa Avula – all in a voting capacity.

Adoption of Minutes:

Ms. Wang asked for a motion to adopt the minutes of the previous meeting that was held on January 26, 2023. The Board unanimously adopted the minutes.

Ms. Wang then introduced Ms. Linda DeHart to provide an update to the Board. Ms. DeHart referred to the HHC Capital Corporation Semi-Annual Meeting Presentation for the period ending June 30, 2023 to update the Board on the System's debt finance program.

HHC Outstanding Bond Portfolio (slide 1):

Ms. DeHart provided an overview of NYC Health + Hospitals Corporation's ("H+H") current outstanding tax-exempt bonds portfolio totaling $428 million, of which about $118 million are variable rate bonds, and the remaining balance are fixed rate bonds. The variable rate bonds are supported by letters of credit provided by TD Bank and JPMorgan Chase Bank.

HHC 2008 Series B-E Bonds Historical Interest Rates (slide 2):

Ms. DeHart explained that the graph on slide 2 shows the variable rate interest rates bonds performance since inception. She noted that in recent months the interest rates had fluctuated more than usual due to geopolitical issues, inflation and the Federal Reserve interest rate hikes.

HHC Bonds - Issuance History (slide 3):

Slide 3 of the presentation provides a history of bond issuances by H+H, as well as the refunding savings over the years.

Ms. DeHart pointed out that in February 2023, Fitch Ratings upgraded the New York City's ratings, and since H+H's rating is tied to the City's rating, H+H's rating was upgraded to AA- accordingly.

Construction Fund Balance on the 2020 Bonds (slide 4):

Ms. DeHart reported the status of H+H's $100 million 2020 Series A construction fund. Ms. DeHart reported that withdrawals through June 2023 from the 2020 bonds issuance totaled $61.8 million to reimburse H+H for project expenditures, with a remaining balance of $39.7 million.

2020 New Money Bonds – Project Activity Update (slide 5-7):

Ms. DeHart reviewed planned spending for the $100 million new capital money that was allocated to various facilities. Ms. DeHart also provided an update of total infrastructure project spending through June 2023 as well as an overview of minor extensions made to the infrastructure project spending timeline related to some anticipated change orders. Ms. Brown further explained that certain supply chain issues impacted equipment delivery schedules and delayed project starts. Certain contractors submitted invoices late, thereby delaying the project cashflow spending timeline. However, the payments will be caught up in coming months.

Outstanding Equipment Loan (slide 8-10):

Ms. DeHart explained that in addition to the bond program, the H+H Board has authorized equipment loan financing up to $120 million at any time. Ms. DeHart reported that as of June 2023, there are two loans outstanding totaling $44.6 million, and provided the status of the two loans.

Final Arbitrage Rebate Report (slide 11):

Referring to slide 11 Ms. DeHart reported that the 2013 Series A bonds matured in February 2023. A final arbitrage rebate analysis was performed by Hawkins, Delafield and Wood, and determined that no arbitrage rebate liability was incurred by the bonds.

Discussion:

A question was asked whether the TD Bank letters of credit require another extension in 2027. Ms. DeHart explained that we normally will request an extension a year prior to the letters of credit expiration date.

A question was asked whether or not H+H has the authority to extend the construction fund spending timeline. Ms. DeHart answered yes and explained that arbitrage rules allow the issuer to keep some of the excess interest earnings if H+H meet certain timely spend down schedules.

Adjournment:

There being no further business before the Board, Ms. Wang adjourned the meeting at 1:35 p.m.

Andrea Cohen, Esq.
Secretary to the Board of Directors

HHC Capital Corporation

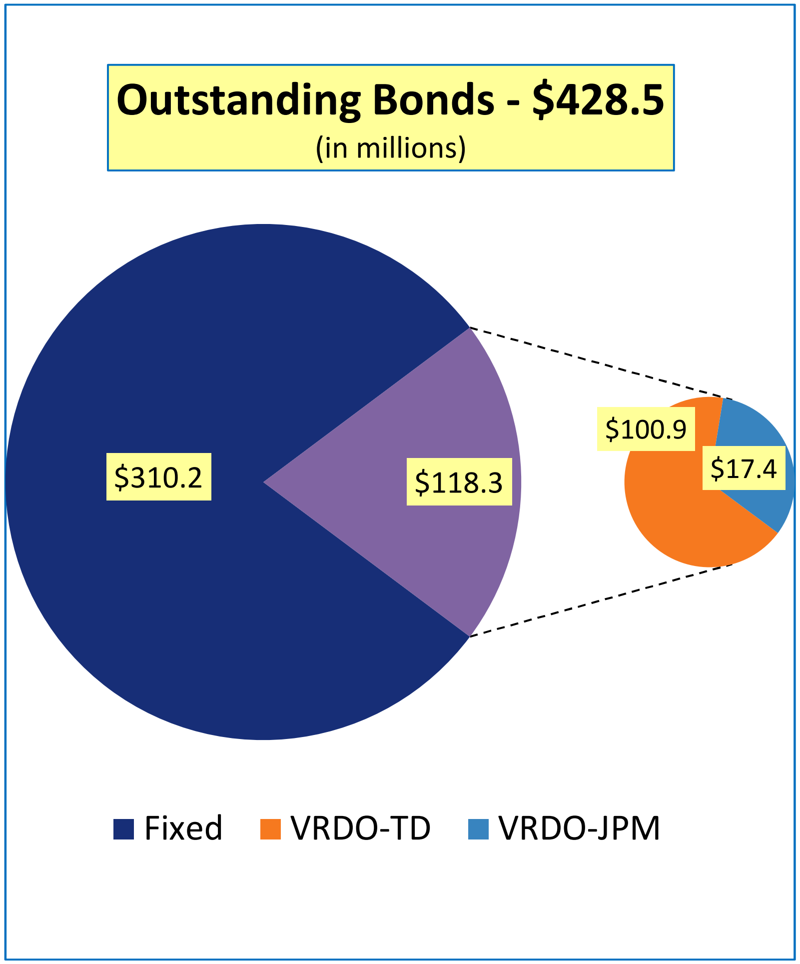
Semi-Annual Meeting for Period Ending December 31, 2023

Date: January 25, 2024
Time: 1:00 p.m.
Location: 50 Water Street,
17th Floor Boardroom
New York, NY 10004

H+H Outstanding Bond Portfolio

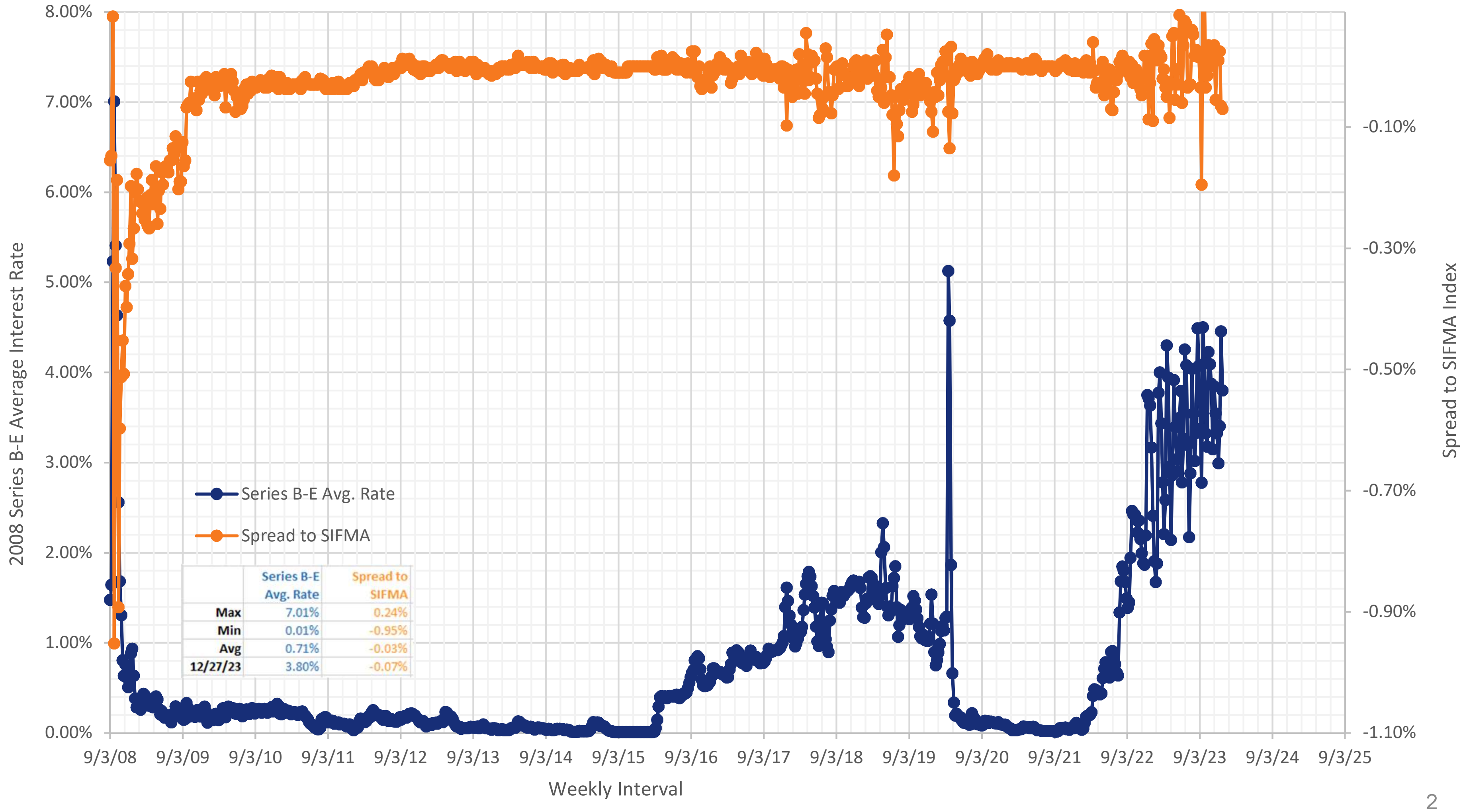
As of December 31, 2023, H+H has $118.3 million (27.6%) of tax-exempt variable rate bonds and $310.2 million (72.4%) of tax-exempt fixed rate bonds outstanding.

- Variable rate bonds are supported by letters of credit ("LOC") provided by TD Bank (85.3%) and JPMorgan Chase Bank (14.7%)
- The final maturity for the Series 2008 B-C variable rate bonds is 2/15/31, supported by TD Bank's LOC, which was successfully extended to 9/3/27.
- The final maturity for the Series 2008 D-E variable rate bonds is 2/15/26, supported by JPMorgan's LOC, which expires 2/15/26 (same as the bonds).
- Variable rate bond interest rates
  - FY24Q2 last weekly rate reset at 3.80%-3.81% on 12/27/23
  - Latest weekly rate reset at 1.85%-2.01% on 1/10/2024
  - Estimated $74.0 million interest savings from inception through 12/31/23 compared to fixed rate debt



2008 Series B-E Bonds Historical Interest Rates

2008 Series B-E Weekly Interest Rate and Spread to SIFMA Since Inception



	Series B-E Avg. Rate	Spread to SIFMA
Max	7.01%	0.24%
Min	0.01%	-0.95%
Avg	0.71%	-0.03%
12/27/23	3.80%	-0.07%

Bonds: Issuance History (as of 01/05/24)

H+H Credit Ratings: Moody's Aa3, S&P A+ and Fitch AA-

Issuance Date	Bond Series	Initial Par Amount (in $ millions)	True Interest Cost (TIC)	Refunding Savings (in $ millions)	Outstanding Par Amount (in $ millions)	Final Maturity	Fixed or Variable Rate
5/15/93	1993 A	550.000		N/A	-	-	Fixed
4/10/97	1997 A-D	320.000		N/A	-	-	Variable
3/1/99	1999 A (1)	235.700		12.900	-	-	Fixed
7/1/02	2002 A	192.700	4.269%	N/A	-	-	Fixed
7/1/02	2002 B-H (2)	397.750	(included above)	(included above)	-	-	Auction
1/15/03	2003 A (3)	245.180	4.754%	12.876	-	-	Fixed
8/21/08	2008 A (4)	268.915	4.485%	N/A	-	-	Fixed
9/4/08	**2008 B-E** (5)	**189.000**	**3.102%**	**N/A**	**118.320**	**2/15/2031**	**Variable**
10/26/10	2010 A (6)	510.460	3.875%	35.608	-	-	Fixed
3/28/13	**2013 A** (7)	**112.045**	**2.385%**	**23.027**	**0.000**	**2/15/2023**	**Fixed**
1/5/2021	**2020 A** (8)	**310.195**	**1.789%**	**60.506**	**310.195**	**2/15/2048**	**Fixed**
	Total	-		**144.917**	**428.515**		

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
(8) Refunded the entire 2008 A and 2010 A Series Bonds and issued new money

NYC HEALTH+ HOSPITALS

2020 Health System Bonds

Construction Fund – Cash Flow as of December 31, 2023

(Unaudited, in $millions)

Drawdown Period	Activity/Action	Construction Fund = Deposits at Issuance + Interest Earnings	(Withdrawals)	Construction Fund Balance
01/05/2021	**Construction Fund at Issuance Date**	**100.000**		**100.000**
	Interest Earnings (as of 12/31/2023)	**2.110**		102.110
FY 2021	Drawdown		(1.403)	100.707
FY 2022	Drawdown		(24.690)	76.017
FY 2023	Drawdown		(35.732)	40.285
FY 2024	Drawdown (up to 12/15/2023)		(16.480)	23.805
	Totals	**101.527**	**(78.305)**	**23.805**

As of	Total Drawdowns	Project CP Approved	Total PO Encumbrances	Total PO Encumbrances Less Drawdowns	Encumbered balance exceeds Construction Fund Balance
12/31/23	78.305	98.293	94.901	16.596	(0.00)

(a) Earned $1,214K interest from Jan'23 to Dec'23. Construction Fund invested in U.S. Treasury bills at rates ranging from 4.55% - 5.35%.
(b) Drawdowns are not reflective of actual capital spending.
(c) OFD continues to review and reconcile the projects with open encumbrances. Excess funds will be re-purposed for other priority projects.

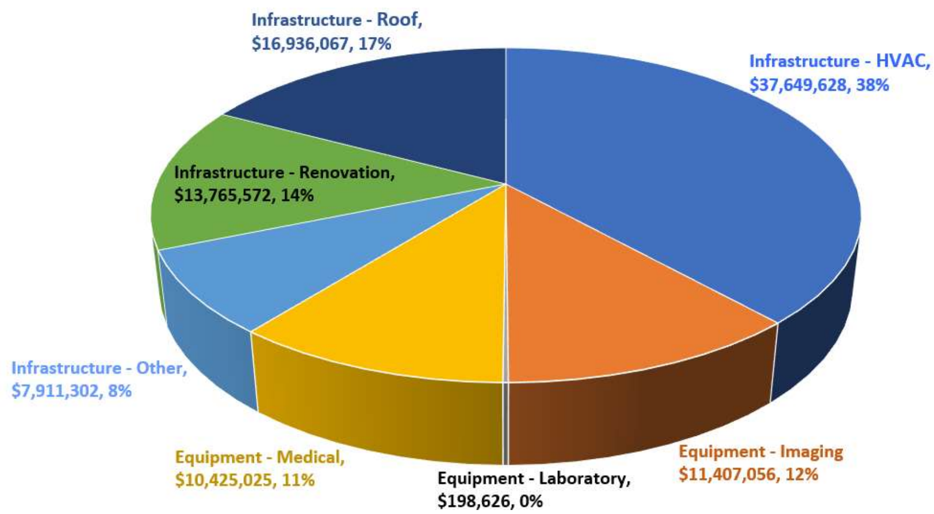
H+H Bond Funded Activity Update

- $78.3 million total spending through December 2023
- Infrastructure
  - Total spending through December 2023 of $56.3 million; $23.9 million remains unspent
  - Spent $16.3 million from July 2023 to December 2023, compared to projected spending for the period of $29.1 million
  - Projected timeline to fully spend the remaining funds extended to June 2025 from June 2024, however, substantial completion - approximately $20.9 million of spending – is projected by December 2024. Final project close out is projected to take an additional six months during which the remaining $3.0 million will be spent
- Equipment
  - All projects were completed as of December 2022, with total project spending of $22 million

2020 Series A Bonds - $100M New Money

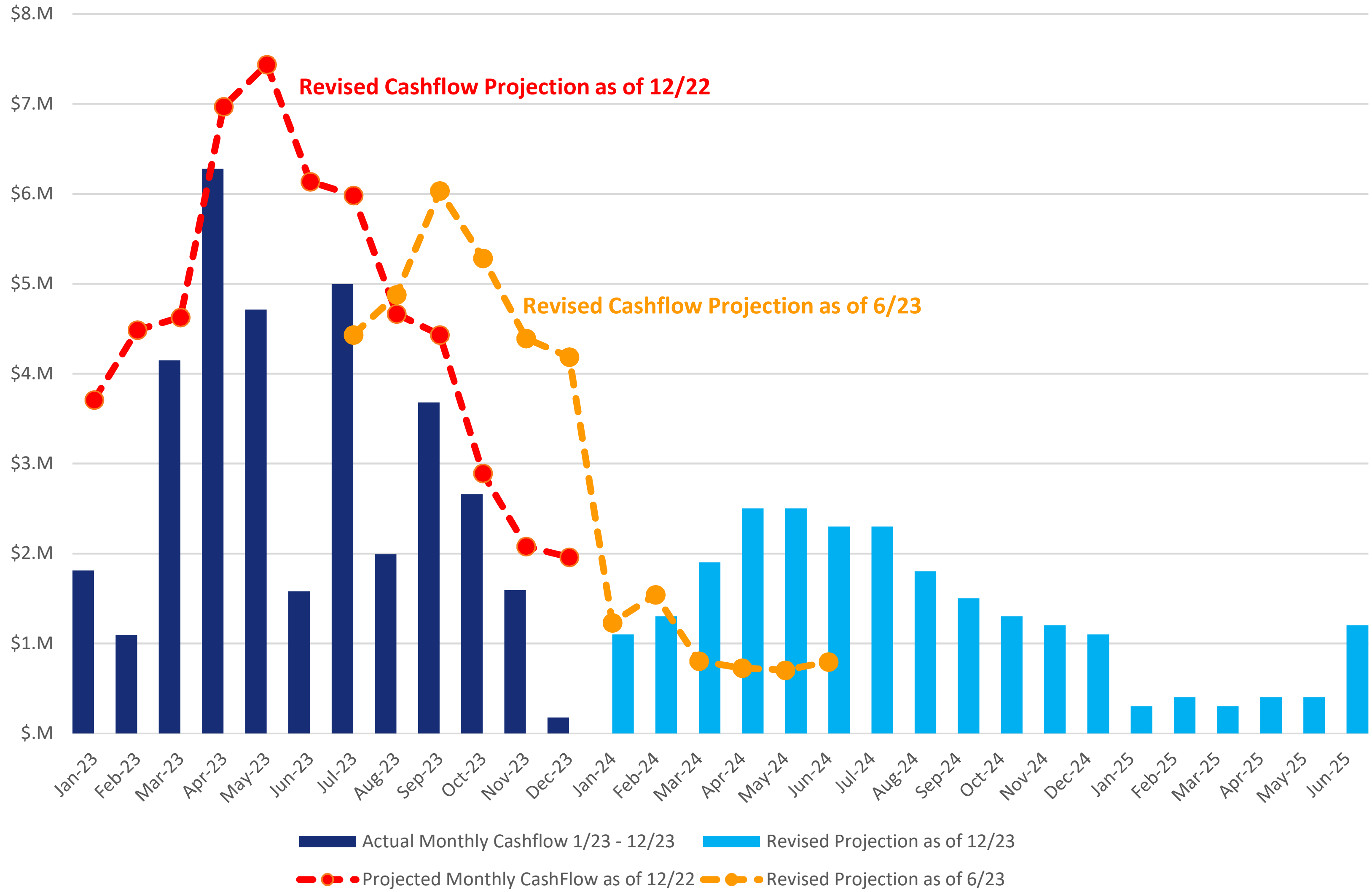
Project Budget as of 12/31/2023

(in millions)				
Facility	**Equipment**	**Infrastructure**	**Grand Total**	**%**
Bellevue	5.939	24.608	30.547	31.1%
Coney	0.523	0.754	1.277	1.3%
Cumberland		1.535	1.535	1.6%
Elmhurst	0.912	7.150	8.062	8.2%
East NY		1.654	1.654	1.7%
Harlem	2.074	5.617	7.691	7.8%
Jacobi	2.119	2.430	4.549	4.6%
Kings	2.889	4.024	6.913	7.0%
Lincoln	0.758	11.297	12.055	12.3%
Metropolitan	1.987	3.927	5.914	6.0%
Morrisiana	0.432		0.432	0.4%
NCB	0.254	1.803	2.057	2.1%
Queens	1.388	4.692	6.079	6.2%
Belvis		2.371	2.371	2.4%
Woodhull	2.756	4.402	7.158	7.3%
Total	**22.031**	**76.263**	**98.293**	**100%**



Blended average life = 17.2 years

Bond Funded Infrastructure Cash Flow



Outstanding Equipment Loans ($millions)

- H+H Board has authorized equipment loan borrowing not to exceed $120 million outstanding at any time

Date	Loans	Total Borrowed Loan ($ million)	Outstanding Loan Amount ($ million) (as of 12/31/2023)
07/09/2015	2015 JPMorgan Loans (Paid-off 7/1/2022)	60.000	0.000
11/01/2017	2017 Citibank Loans (Paid-off 10/30/2023)	60.000	0.000
06/15/2022	2022 JPMorgan Loans (refund NYPA Loans, due 6/15/2037)	39.751	36.445
Total		**159.751**	**36.445**

2017 Citibank Loan ($millions)

Date	Activity/Action	Remaining Loan Capacity	Borrowed Funds
11/01/2017	Issuance	60.000	0.000
11/01/2017	Initial Fixed Rate Loan Drawdown	(30.000)	30.000
10/30/2018	Revolving Loan Drawdown	(30.000)	30.000
	Interest earned (as of 12/31/23)	1.639	1.639
Total			**61.639**
Vouched Capital Expenses as of December 31, 2023			**(55.539)**
Cost of Issuance			(0.163)
Vouched Funds			**(55.702)**
Encumbrances as of December 31, 2023			**57.938**
Outstanding Loan as of December 31, 2023			**0.000**

Fixed Rate Loan:

- Term: 5-yrs
  matured on November 1, 2022
- Interest rate: 2.17%

Revolving Loan:

- Term: 5-yrs, matured on Oct 30, 2023
- Interest rate: Initial rate estimated at 2.71%, but actual average rate at 1.855%.
- Saved $1.04 million

2022 JPMorgan Chase Loan ($millions)

Date	Activity/Action	Remaining Loan Capacity	Borrowed Funds
06/15/2022	Issuance – 2022A Loan (Elmhurst Boiler Project)	0.000	19.389
06/15/2022	Issuance – 2022B Loan (Metropolitan Boiler Project)	0.000	20.362
Total		**0.000**	**39.751**
Outstanding Loan as of December 31, 2023			**36.445**

- Background: Refunded 2018 NYPA boiler project variable rate loans originally scheduled to mature on August 1, 2038
- Term: 15 years, tax exempt fixed rate matures on June 15, 2037
- Interest rate: 2.6436%

<u>Final</u> Arbitrage Rebate Report for 2018 Citibank Revolving Loan

- If interest earnings on tax-exempt bond proceeds exceed the bond yield, issuers will incur arbitrage liability which must be rebated to the IRS.
  - Per Section 148 of the Internal Revenue Code, issuers must file Arbitrage Rebate forms with the IRS every fifth bond year and at final maturity to identify and repay any arbitrage rebate liability.
- The $30 million 2018 Citibank Revolving Loan (the "Loan") matured on October 30, 2023, requiring final arbitrage report.
- Accordingly, H+H's rebate consultant, Hawkins, Delafield and Wood LLP, prepared a final arbitrage rebate report for the Loan. The analysis indicated that H+H incurred **$11,987.42** arbitrage rebate liability on the Loan. This was due primarily to higher amount of interest earned in the later half of 2022 and 2023.
- As such, H+H requested M&T (the "Escrow Agent") to issue a check from the Escrow Fund (from earned interest income), and submitted the 8038-T form to the IRS along with the $11,987.42 check on H+H's behalf on 12/28/23.

Update - Final Arbitrage Rebate Report for 2013 Series A Bonds

- The $112 million 2013 Series A Bonds (the "Bonds") matured on February 15, 2023. Accordingly, a final arbitrage rebate report for the Bonds was prepared, which indicated that H+H incurred no arbitrage rebate liability over the full life of the Bonds.

- However, in the Bonds' 5th year arbitrage rebate analysis (2018), H+H incurred $581,458.02 of rebate liability due primarily to the higher rate of return on the U.S. Treasury Note in which the Capital Reserve Fund (CRF) was invested at that time. Therefore, H+H made an arbitrage rebate payment to the IRS in 2018.

- Subsequent investments of the CRF occurred in a much lower interest rate environment, leading to the finding of no arbitrage rebate liability in the final arbitrage rebate liability analysis.

- H+H requested a refund of the rebate overpayment of $581,458.02 from the IRS in May 2023, and received payment of the refund in November 2023