

HHC Capital Corporation Semi-annual Meeting

September 26, 2024, 1:00 p.m.
50 Water Street – 17th Floor Boardroom
New York, New York 10004

AGENDA

- | | | |
|-------|--|--------------|
| I. | Call to order | Freda Wang |
| | Adoption of minutes for the HHC Capital Corporation Meeting held on January 25, 2024 | |
| II. | H+H Outstanding Bond Portfolio + Profile | Linda DeHart |
| III. | 2008 Series B-E Bonds Historical Interest Rates | “ |
| IV. | 2020 Bonds A Bonds – Construction Fund Balance | “ |
| V. | 2020 Bonds A (NM) Bonds – Project Activity Update | “ |
| VI. | Outstanding Equipment Loans | “ |
| VII. | Looking Ahead – H+H Capital Financing | “ |
| VIII. | Old business, new business and adjournment | Freda Wang |

MINUTES

**HHC Capital Corporation
Semi-annual Public Meeting**

Meeting Date: January 25, 2024
Location: 50 Water Street
17th Floor Board Room

ATTENDEES

Members of the HHC Capital Corporation Board of Directors

José A. Pagán, Chair
Dr. Mitchell Katz

Other members of the NYC Health and Hospitals Board of Directors

Dr. William Fisher (representing Deepa Avula)
Karen St. Hilaire (representing Molly Wasow Park)
Anita Kawatra
Barbara Lowe
Dr. Patricia Marthone
Dr. Vincent Calamia
Jackie Rowe-Adams

Participating Virtually in Listening Capacity

Freda Wang
Sally Hernandez-Piñero

NYC Health + Hospitals Staff

Andrea Cohen, Senior Vice President and General Counsel and Secretary, HHC Capital Corporation
Dr. Mabelle Allen, Senior Vice President, Medical and Professional Affairs
Linda DeHart, Vice President, Finance
Paulene Lok, Senior Director, Debt Finance
Colicia Hercules, Secretary to the Health and Hospitals Corporation, Chairman's Office

HHC Capital Corporation – Semi-annual Public Meeting Thursday, January 25, 2024

Mr. José A. Pagán 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 1:14 p.m. by Mr. Pagán. Mr. Pagán 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:

Mr. Pagán asked for a motion to adopt the minutes of the previous meeting that was held on July 27, 2023. The Board unanimously adopted the minutes.

Mr. Pagán 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 December 31, 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 (27.6%) are variable rate bonds, and the remaining \$310 million (72.4%) 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 the interest rates had considerable volatility in recent months due to geopolitical issues, inflation, the Federal Reserve interest rate hikes, and market activities and conditions.

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 H+H borrowed infrequently in recent years. As a result, H+H’s current outstanding debt level is relatively low.

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 December 2023 from the 2020 bonds issuance totaled \$78.3 million to reimburse H+H for project expenditures, with a remaining balance of \$23.8 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 December 2023 as well as an overview of extensions made to the infrastructure project spending timeline; anticipated projects funds will be substantially spent down by December 2024.

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 December 2023, there are two loans outstanding with JPMorgan Chase Bank totaling \$36.4 million, and the Citibank loan matured in October 2023. Ms. DeHart provided the status of the outstanding loans.

Final Arbitrage Rebate Report for 2018 Citibank Revolving Loan (slide 11):

Referring to slide 11 Ms. DeHart reported that the 2018 Citibank Revolving Loan matured in October 2023. A final arbitrage rebate analysis was performed by Hawkins, Delafield and Wood, and determined that an arbitrage rebate liability of \$11,987.42 was incurred by the loan due to excess interest earning, A check was issued and submitted to the IRS with the filing of 8038-T form.

Update - Final Arbitrage Rebate Report for 2013 Series A Bonds (slide 12):

Referring to slide 12 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. As such, the IRS had refunded \$581,485 of arbitrage rebate overpayment made (in 2018) by H+H to the IRS.

Discussion:

A question was asked about capital project planning, funding, and prioritization. Ms. DeHart noted that there is an extensive list of needed capital projects that exceeds available funding. In large part, the capital budget is funded by the City in its 10-year capital plan. The system plans to apply for available State capital grant funding and will continue to look at additional borrowing as well. As to project prioritization, the Office of Facilities Development team works with all the facilities to develop a comprehensive list of needs, and also to identify critical projects.

Adjournment:

There being no further business before the Board, Mr. Pagán adjourned the meeting at 1:32 p.m.



Andrea Cohen, Esq.
Secretary to the Board of Directors



HHC Capital Corporation

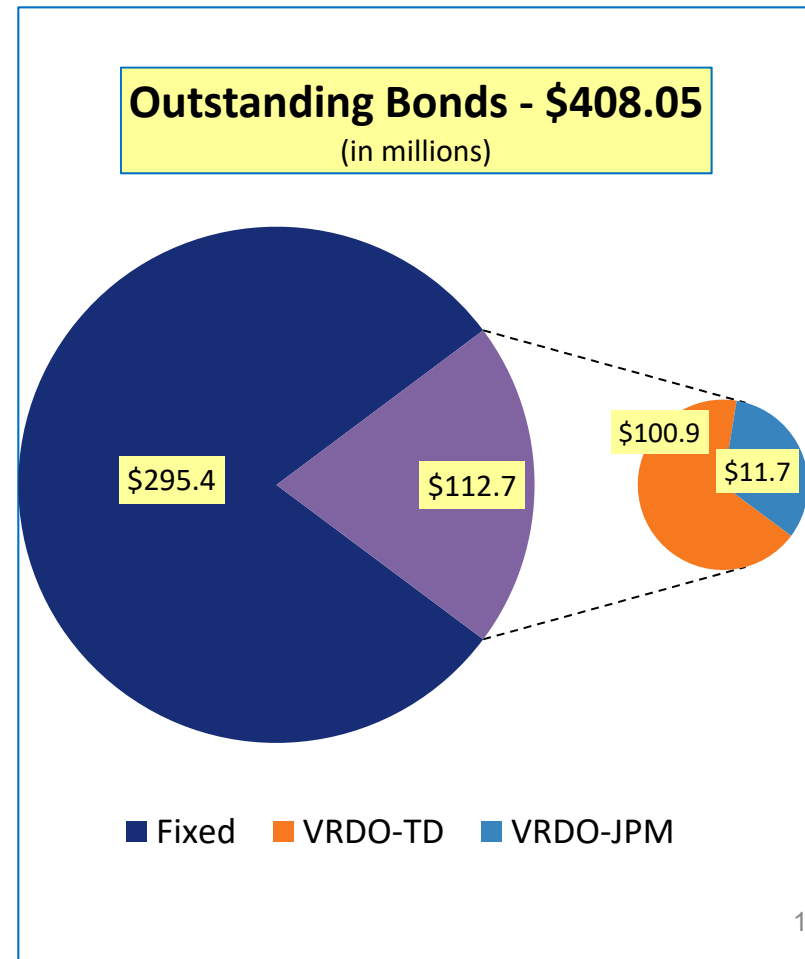
Semi-Annual Meeting for Period Ending June 30, 2024

September 26, 2024

H+H Outstanding Bond Portfolio

As of June 30, 2024, H+H has \$112.655 million (27.6%) of tax-exempt variable rate bonds and \$295.395 million (72.4%) of tax-exempt fixed rate bonds outstanding.

- Variable rate bonds are supported by letters of credit (“LOC”) provided by TD Bank (89.6%) and JPMorgan Chase Bank (10.4%)
- The final maturity for the Series 2008 B-C variable rate bonds is 2/15/31, supported by TD Bank’s LOC, which expires 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 bonds are remarketed by Morgan Stanley for Series 2008 B&D and TD Securities (replaced Citi in February) for Series C&E
- Variable rate bond interest rates
 - FY24Q4 weekly rate reset at 3.83% on 6/26/24
 - Average weekly rate of 3.40% since January 2024
 - Latest weekly rate reset at 4.20% on 9/11/24
 - Estimated \$74.3 million interest savings from inception through 6/30/24 compared to fixed rate debt

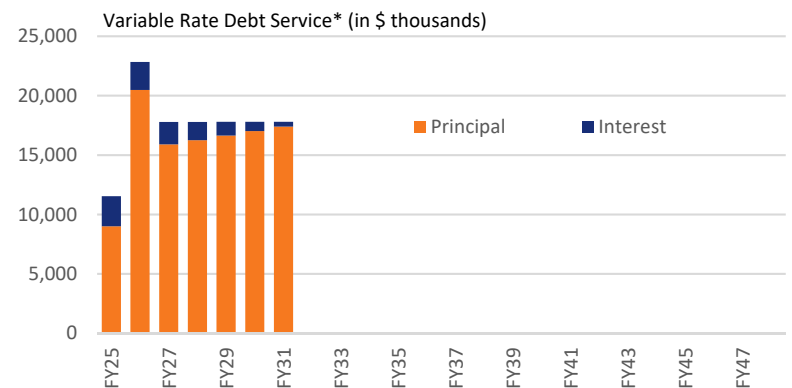
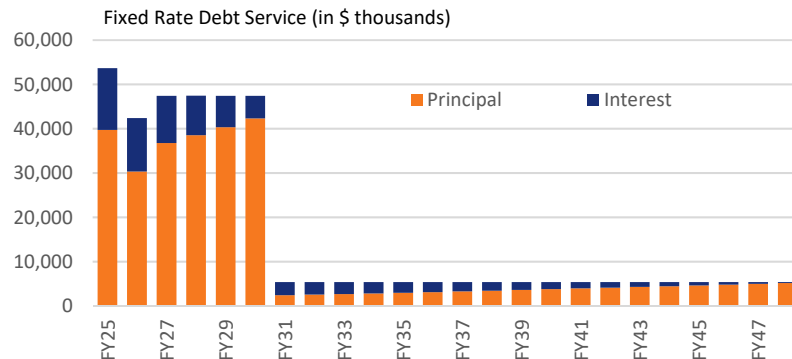
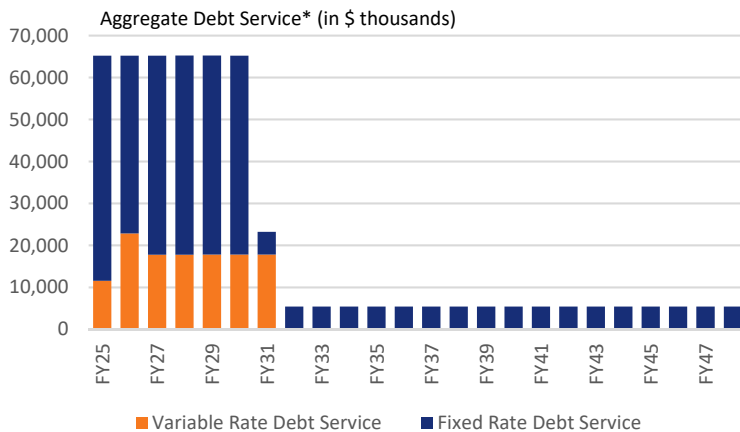


Outstanding Bonds Profile

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

- Since 1993, the Systems has issued eleven bond series with a total par amount of \$3.33 billion including refundings, which over the life of the program has saved approximately \$145 million.
- As two remaining outstanding bond series begin to amortize, existing aggregate debt service shows a drop starting in FY2031 and level debt service thereafter.

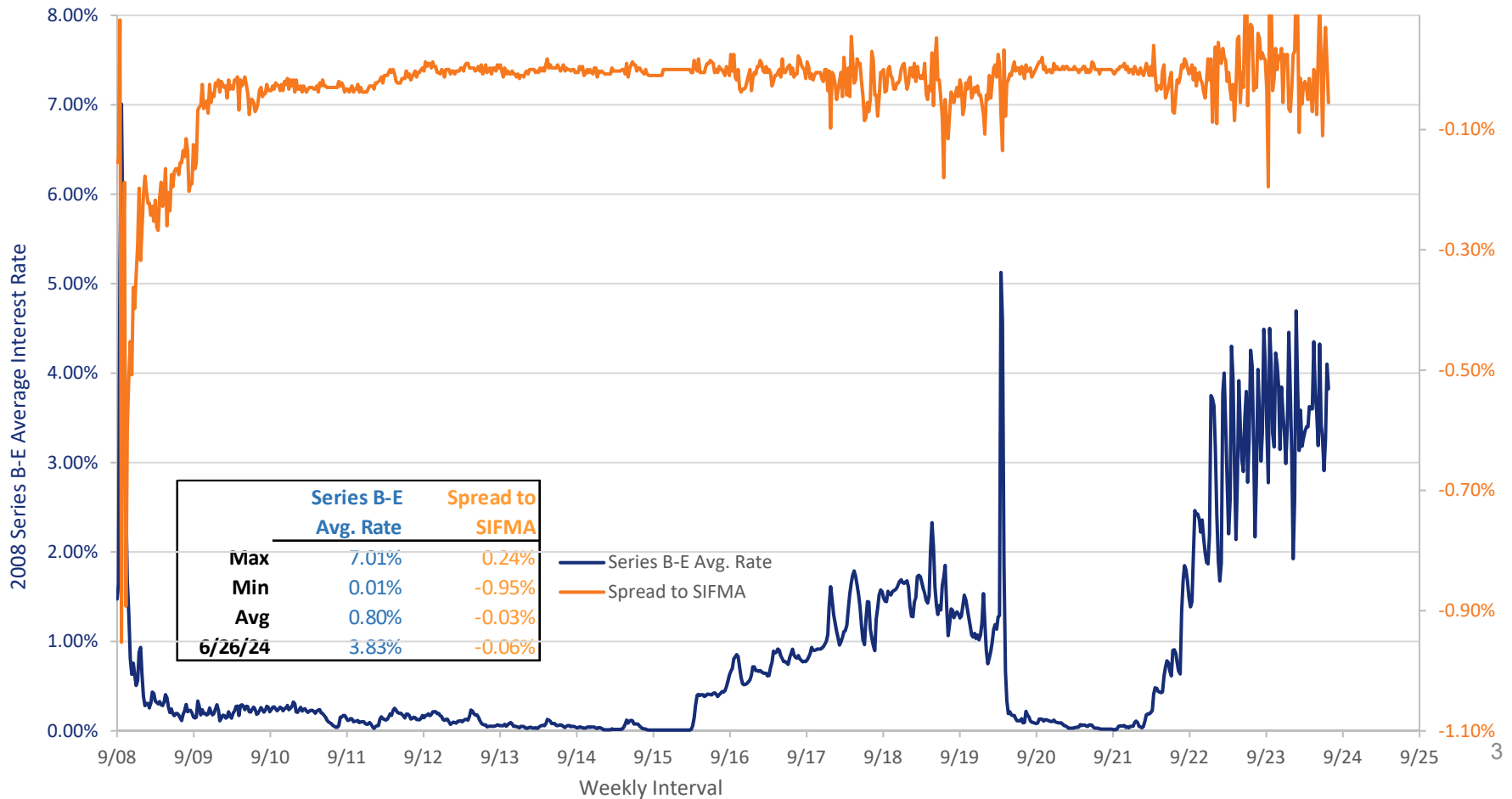
Date	Bond Series	Initial Par Amount (in \$ millions)	True Interest Cost	Refunding Savings (in \$ millions)	Outstanding Par Amount (in \$ millions)	Final Maturity	Mode
9/4/08	2008 B-E	189.000	3.102%	N/A	112.655	2/15/31	Variable
1/5/21	2020 A	310.195	1.789%	60.506	295.395	2/15/48	Fixed
	Total	499.195		60.506	408.050		



*Assumed 2.25% interest rate for variable rates bonds until maturity

2008 Series B-E Bonds Historical Interest Rates

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



2020 Health System Bonds

Construction Fund – Cash Flow as of June 30, 2024

(Unaudited, in \$millions)

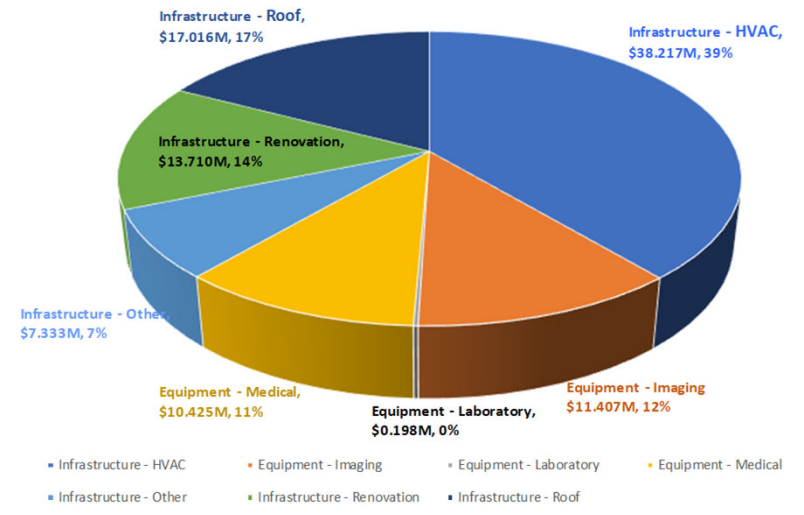
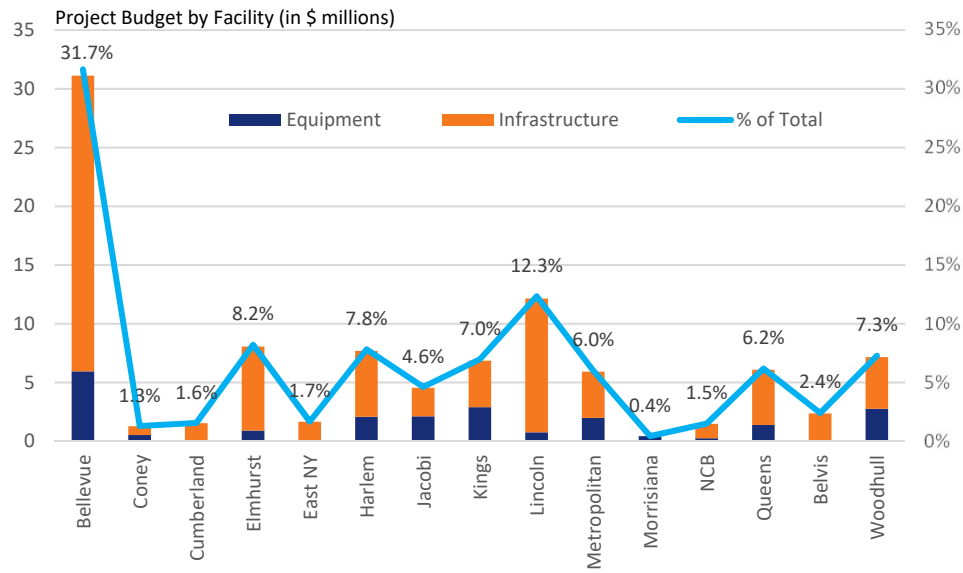
Drawdown Period	Activity/Action	Construction Fund = Deposits at Issuance + Interest Earnings	(Withdrawals)	Construction Fund Balance
01/05/2021	Construction Fund at Issuance Date	100.000		100.000
	Interest Earnings (as of 6/30/2024)	3.440		103.440
FY 2021	Drawdown		(1.403)	102.037
FY 2022	Drawdown		(24.690)	77.347
FY 2023	Drawdown		(35.732)	41.616
FY 2024	Drawdown		(22.091)	19.524
	Totals	103.440	(83.916)	19.524

As of	Approved Project Budget ("CPs")	Total PO Encumbrances	Total Drawdowns	Encumbered Construction Fund Balance	Unencumbered Construction Fund Balance
06/30/24	98.309	97.219	83.916	13.303	6.221

- (a) Earned approximately \$3.44 million since inception with an estimated annualized yield of 0.976%.
- (b) Drawdowns are not reflective of actual timing of capital spending.
- (c) OFD continues to review and reconcile the projects with open encumbrances. Any project close out results in excess funds will be re-purposed for other priority projects.

2020 Series A Bonds - \$100M New Money

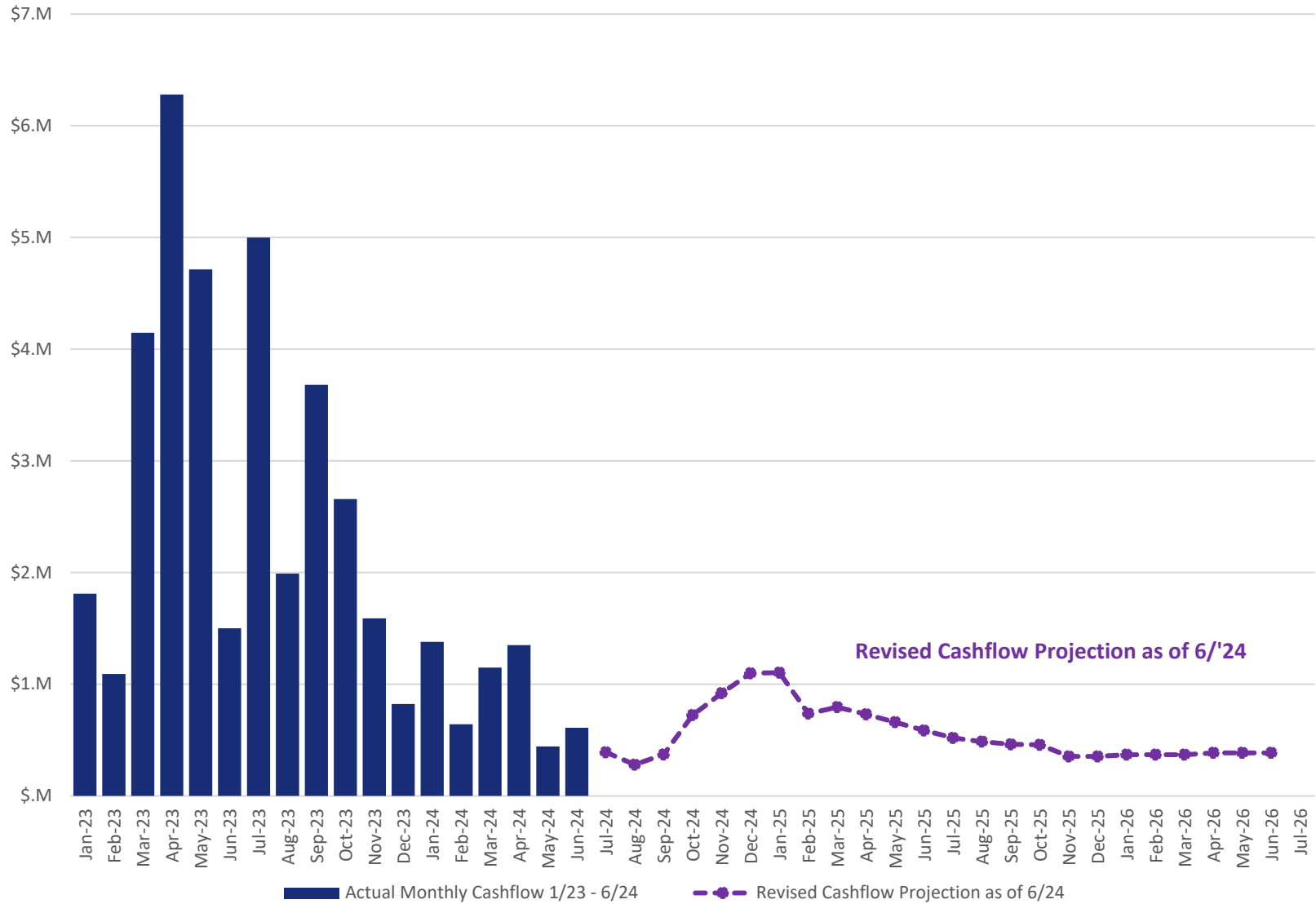
Project Budget as of 6/30/2024



H+H 2020 Bond Funded Activity Update

- \$83.9 million total spending through June 2024
- Infrastructure
 - Total spending through June 2024 of \$61.9 million; \$19.5 million remains unspent
 - Spent \$5.6 million from January 2024 to June 2024, compared to projected spending for the period of \$11.6 million
 - Projected timeline to fully spend the remaining funds extended to June 2026 from June 2025, however, substantial completion - approximately \$8.4 million of spending – is projected by June 2025. Final project close out is projected to take an additional 12 months during which the remaining \$4.9 million will be spent
- Equipment
 - All projects were completed as of December 2022, with total project spending of \$22 million

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.
- As of June 30, 2024, approximately \$35 million is outstanding under 2022 JPMorgan Chase loans

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 June 30, 2024			35.314

- 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%

Looking Ahead – H+H Capital Finance

- The System has started to plan and prepare for increased H+H financing activity to help meet its unfunded capital needs.
- Finance asked OFD, EITS and Supply Chain to identify the highest priority unfunded critical infrastructure, technology and medical equipment projects for potential H+H financing in September 2024.
- This project list, including forecast cashflow needs, will inform H+H decision making regarding specific timing and size of future financings.
- We anticipate launching a working group to plan an initial financing related to this project list this fall.
 - The H+H Debt Finance and Legal Departments are completing RFPs for municipal advisor, underwriter and bond counsel services, which will be key components of the working group.