

HHC Capital Corporation Semi-annual Meeting

February 27, 2025, 3:00 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 September 26, 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. | Old business, new business and adjournment | Freda Wang |



MINUTES

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

Meeting Date: September 26, 2024
Location: 50 Water Street
17th Floor Board Room

ATTENDEES

Members of the HHC Capital Corporation Board of Directors

Freda Wang, Chair
José A. Pagán, PhD
Matthew Siegler (representing Dr. Mitchell Katz)
Sally Hernandez-Piñero

Other members of the NYC Health and Hospitals Board of Directors

Dr. William Fisher (representing Dr. Jean Wright II)
Karen St. Hilaire (representing Molly Wasow Park)
Anita Kawatra
Dr. Vincent Calamia
Jackie Rowe-Adams

NYC Health + Hospitals Staff

Andrea Cohen, Senior Vice President and General Counsel and Secretary, HHC Capital Corporation
Linda DeHart, Vice President, Finance
Thomas Tran, Senior Director, Debt Finance
Paulene Lok, Senior Director, Debt Finance
Mahendranath Indar, AVP, Facilities Development Administration
Anniqua Brown, Senior Director, Facilities Development Administration
Colicia Hercules, Secretary to the Health and Hospitals Corporation, Chairman's Office
Janny Jose, Associate Director, Board of Directors Office

**HHC Capital Corporation - Semi-annual Public Meeting
Thursday, September 26, 2024**

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 1:14 p.m. by Ms. Wang. She noted for the record that Karen St. Hilaire is representing Molly Wasow Park, Matthew Siegler is representing Dr. Mitchell Katz, and Dr. William Fisher is representing Dr. Jean Wright - 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 25, 2024. The Board unanimously adopted the minutes.

Ms. Wang then introduced Ms. Linda DeHart to provide an update to the Board.

Ms. DeHart reminded the Board that the HHC Capital Corporation was created as part of the security structure for NYC Health + Hospitals' ("H+H") bonds. Ms. Dehart noted that the meeting today would present information from the period ending June 30, 2024. Ms. Dehart introduced Mahendranath Indar and Anniqua Brown from the Office of Facilities Development (OFD); Paulene Lok and Thomas Tran from the Debt Finance team.

HHC Outstanding Bond Portfolio (slide 1):

Mr. Tran provided an overview of H+H's current outstanding tax-exempt bonds portfolio totaling \$408 million, of which about \$295 million are fixed rate bonds and \$112 million are variable rate bonds. The variable rate bonds are supported by letters of credit provided by TD Bank and JPMorgan Chase Bank. TD Securities has replaced Citigroup in February as remarketing agent.

HHC Bonds - Outstanding Bonds Profile (slide 2):

Slide 2 of the presentation shows a drop of existing aggregate debt service in FY2031 and a summary table of the outstanding fixed and variable rate bonds. Mr. Tran pointed out that H+H's outstanding debt level has significantly dropped; of total issuances of approximately \$3.3 billion since 1993, \$408 million is currently outstanding.

HHC 2008 Series B-E Bonds Historical Interest Rates (slide 3):

Mr. Tran explained the weekly interest rate and spread to SIFMA for H+H's variable rate bonds performance since inception. He noted that interest rates had trended upward with considerable volatility since 2022 due to geopolitical

issues, rate hikes by the Federal Reserve to reduce inflation, and wide fluctuation in the SIFMA index.

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

Mr. Tran reported the status of H+H's \$100 million 2020 Series A construction fund. Mr. Tran reported that withdrawals through June 2024 from the 2020 bonds issuance totaled \$83.9 million to reimburse H+H for project expenditures, with a remaining balance of \$19.5 million.

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

Mr. Tran described that the \$100 million planned spending activity was allocated to various facilities and by equipment types. Mr. Tran also provided an update of total infrastructure project spending through June 2024 as well as an overview of extensions made to the infrastructure project spending timeline. He noted that anticipated projects funds will be substantially spent down by June 2025.

Outstanding Equipment Loan (slide 8):

Separately from the bond program, Mr. Tran explained that the H+H Board has authorized short-term financing up to \$120 million at any time. Mr. Tran reported that as of June 2024, there are two series of short-term loans outstanding with JPMorgan Chase Bank totaling \$35.3 million.

Looking Ahead - H+H Capital Finance (slide 9):

Mr. Tran indicated that the finance team is working with OFD, EITS and Supply Chain to prepare a list of capital projects to determine the size and timing of future financings. Mr. Tran also reported that the finance and legal departments are in the process of completing several RFPs related to bond financings.

Discussion:

Ms. Wang commented that having some variable rate exposure has been favorable despite market volatility. Ms. Wang also noted the decrease in the outstanding debt over time has produced additional debt capacity to issue new debt in the future.

A question was asked about the extended time to spend down the 2020A construction fund balance relative to the upcoming financing for capital needs. Ms. DeHart reported that a small unencumbered amount in the construction fund balance is being held in case of project overages and for use on small projects. Mr. Indar also indicated a lot of encumbered projects were put on pause during COVID which resulted in significant time needed to restart the program. The remaining funds are already committed to specific projects.

Adjournment:

There being no further business to bring before the Board, Ms. Wang adjourned the meeting at 1:37 p.m.



Andrea Cohen, Esq.
Secretary to the Board of
Directors



HHC Capital Corporation

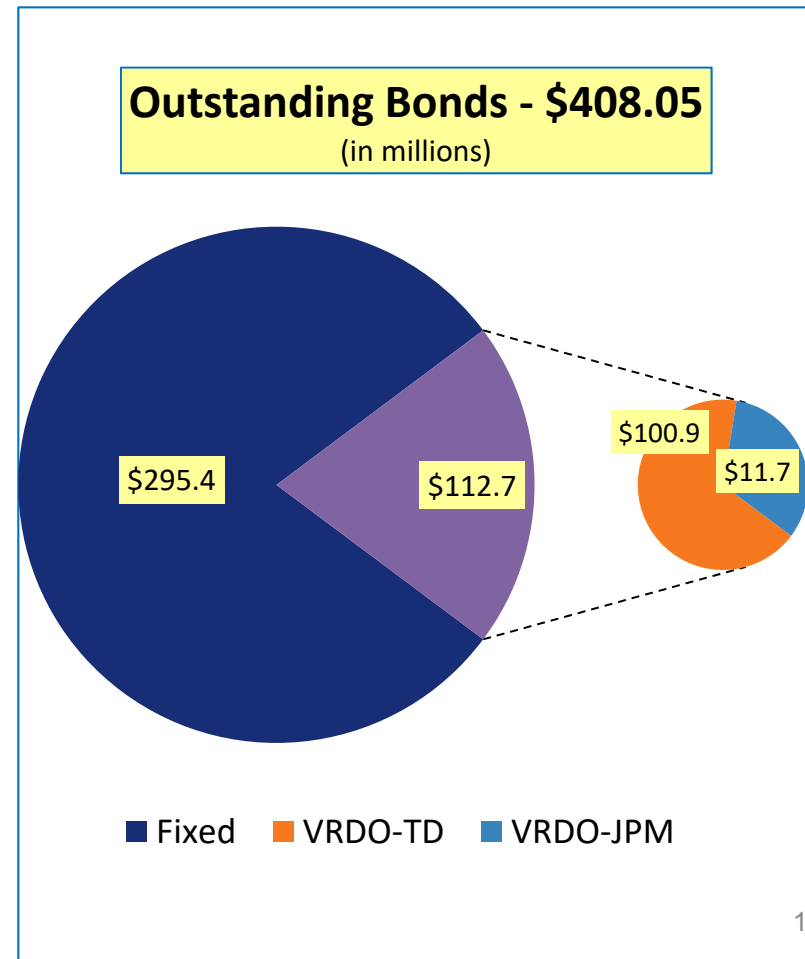
Semi-Annual Meeting for Period Ending December 31, 2024

February 27, 2025

H+H Outstanding Bond Portfolio

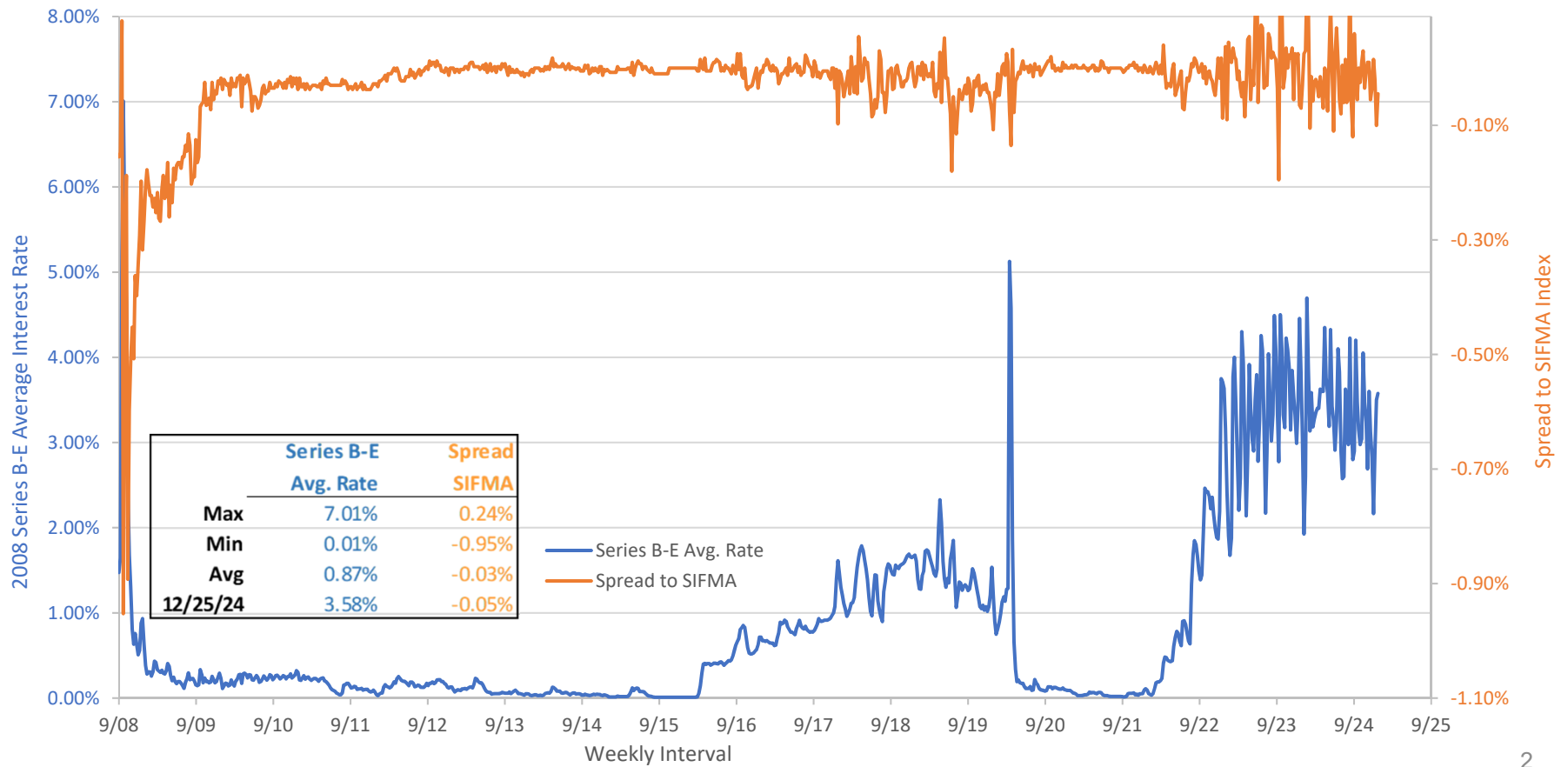
As of December 31, 2024, H+H has \$112.655 million (27.6%) of tax-exempt variable rate bonds and \$295.395 million (72.4%) of tax-exempt fixed rate bonds outstanding.

- 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).
- As a result of S&P downgrading TD Bank in October 2024, the short term rating on the Series 2008 B-C bonds changed from “A-1+” to “A-1”.
- As a result of S&P upgrading JPMorgan Chase Bank in November 2024, the short-term rating on the Series 2008 D-E bonds changed from “A-1” to “A-1+”.
- Variable rate bond interest rates
 - FY25Q2 weekly rate reset at 3.17% on 12/25/24
 - Average weekly rate of 3.34% for 2024
 - Latest weekly rate reset at 3.02% on 2/19/25
 - Estimated \$74.6 million interest savings from inception through 12/31/24 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

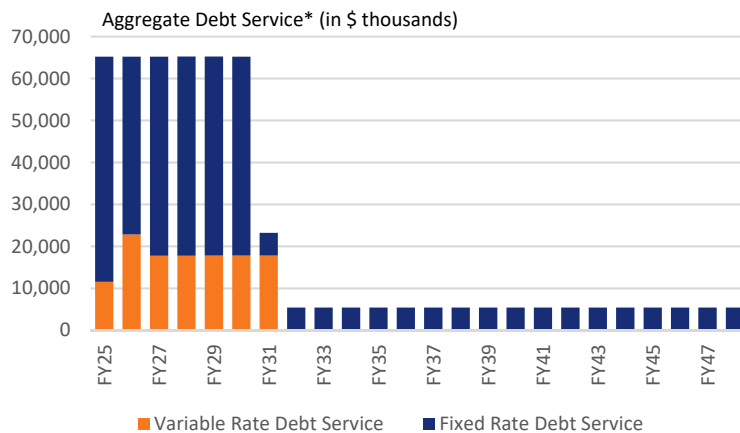


Outstanding Bonds Profile

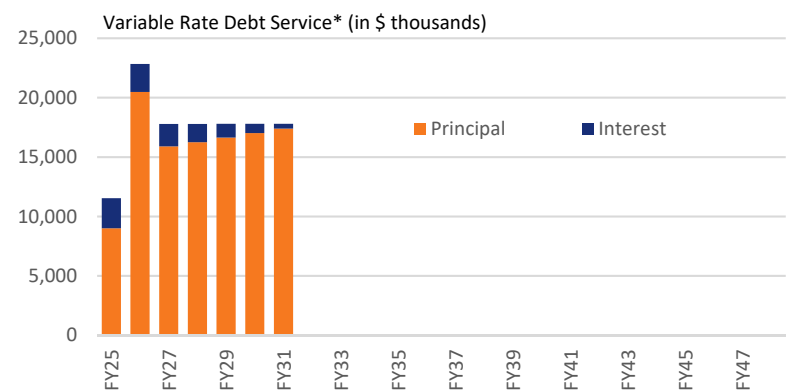
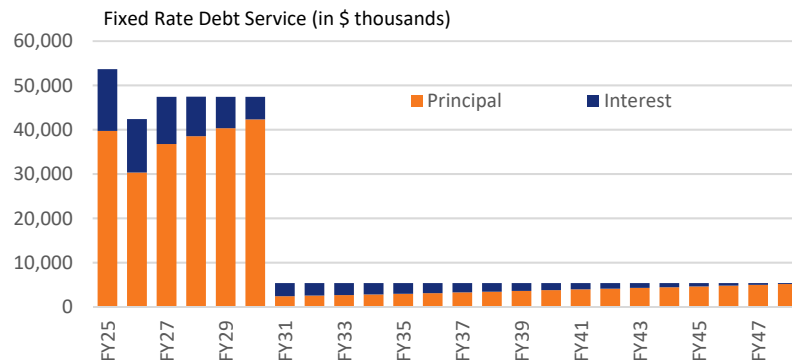
H+H Credit Ratings: Moody's Aa3, S&P A+ and Fitch AA-

- Since 1993, the System 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



2020 Health System Bonds

Construction Fund – Cash Flow as of December 31, 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 12/31/2024)	3.865		103.865
FY 2021	Drawdown		(1.403)	102.462
FY 2022	Drawdown		(24.690)	77.772
FY 2023	Drawdown		(35.732)	42.041
FY 2024	Drawdown		(22.091)	19.949
FY 2025	Drawdown		(5.141)	14.808
	Totals	103.865	(89.057)	14.808

As of	Approved Project Budget ("CPs")	Total PO Encumbrances	Total Drawdowns	Encumbered Construction Fund Balance	Unencumbered Construction Fund Balance
12/31/24	98.309	97.219	89.057	8.162	6.646

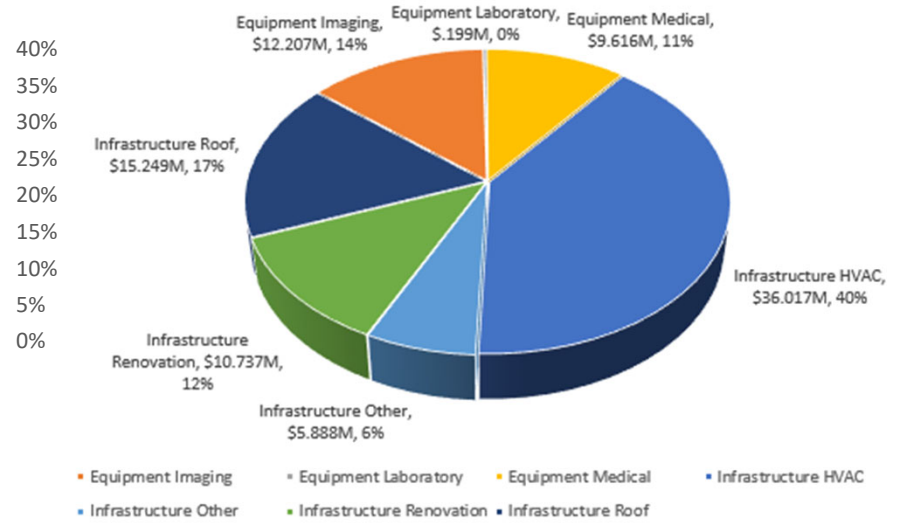
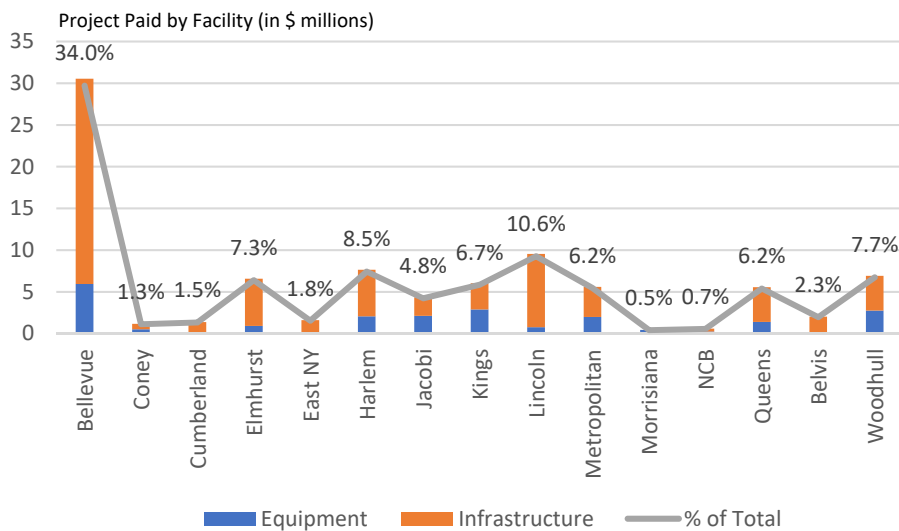
- (a) Earned approximately \$3.86 million since inception with an estimated annualized yield of 0.955%.
- (b) Drawdowns are not reflective of actual timing of capital spending.
- (c) OFD continues to review and reconcile the projects with open encumbrances. Any project close out results in excess funds will be re-purposed for other priority projects.

H+H 2020 Bond Funded Activity Update

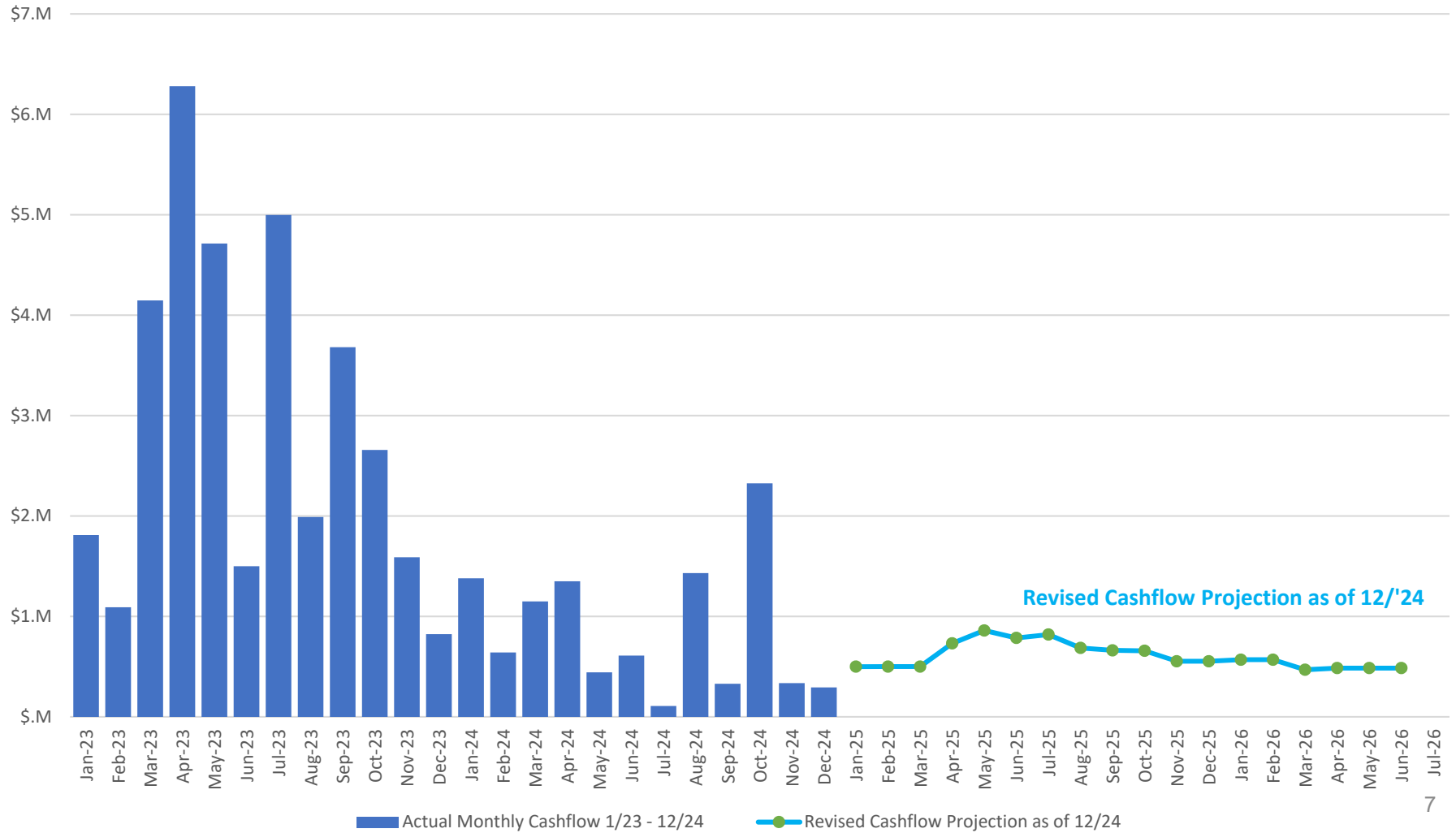
- \$91 million total spending through December 2024
- Infrastructure
 - Total spending through December 2024 of \$69 million; \$12.4 million remains unspent
 - Spent \$4.8 million from July 2024 to December 2024, compared to projected spending for the period of \$3.8 million
 - Projected timeline to fully spend the construction fund balance remains through June 2026, however, substantial completion for the (4) remaining active projects - approximately \$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 \$7 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 Paid as of 12/31/2024



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 December 31, 2024, approximately \$34 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 December 31, 2024			34.167

- 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%