NEW YORK STATE | DASNY

KATHY HOCHUL
Governor

LISA GOMEZ
Chair

REUBEN R. MCDANIEL, III
President & CEO

Memorandum

TO: Sara P. Richards, Esq., Chief of Staff

FROM: Robert S. Derico, R.A., Director, Office of Environmental Affairs

DATE: July 24, 2023

RE: *State Environmental Quality Review (SEQR)* Type II Determination for the New York and Presbyterian Hospital*'s Refinancing of the Hospital's 2013 taxable FHA Insured Mortgage Loan* (Hospitals Program)

Based on a review of the Dormitory Authority of the State of New York's ("DASNY's") *Single Approval Transaction Summary* (dated July 18, 2023, attached) for the New York and Presbyterian Hospital Obligated Group as part of DASNY's Hospitals program, it has been determined that the proposed action consists of DASNY's authorization of the issuance of one or more Series of fixed and/or variable rate, tax-exempt and/or taxable bonds in an amount not to exceed $400,000,000, with maturities not to exceed 20 years, to be sold at one or more times through a negotiated offering and/or a private placement.

More specifically, the New York and Presbyterian Hospital ("NYPH") is proposing to refinance its 2013 taxable FHA Insured Mortgage Loan in the amount of approximately $363 million. The proceeds of the 2013 taxable FHA Insured Mortgage Loan were used to finance a portion of the New York-Presbyterian David H. Koch Center, a multi-specialty ambulatory care center located in Manhattan's Upper East Side on York Avenue between 68th and 69th Streets.

The NYPH is a New York not-for-profit corporation created as a result of the 1998 merger of The Society of the New York Hospital and The Presbyterian Hospital in the City of New York. NYPH is a major academic medical center, providing a full range of inpatient and outpatient services to residents of the New York Metropolitan area as well as national and international patients. NYPH is the primary teaching facility for two of the country's leading medical colleges: The Joan and Sanford I. Weill Medical College of Cornell University and Columbia University Vagelos College of Physicians & Surgeons.

NYPH is the sole member of the Obligated Group and operates at eight campuses currently comprised of 3,402 certified beds. These campuses include the 879-bed New York-Presbyterian/Weill Cornell Medical Center, the 247-bed New York-Presbyterian Westchester Behavioral Health Center, the 180-bed New York-Presbyterian Lower Manhattan Hospital, the 738-bed New York-Presbyterian/Columbia University Irving Medical Center, the 284-bed New York-Presbyterian Morgan Stanley Children's Hospital, the 196-bed New York-Presbyterian Allen Hospital, the 590-bed New York-Presbyterian Brooklyn Methodist Hospital and New York-Presbyterian Westchester, which is certified for the 288 beds. The campuses New York-Presbyterian Lower Manhattan Hospital and New York-Presbyterian Brooklyn Methodist Hospital were formerly known as New York Downtown Hospital and New York Methodist Hospital, and were merged into NYPH in 2013 and 2022, respectively.

DASNY completed this environmental review in accordance with the *State Environmental Quality Review Act* ("*SEQRA")*, codified at Article 8 of the New York *Environmental Conservation Law ("ECL")*, and its implementing regulations, promulgated at Part 617 of Title 6 of the *New York Code, Rules and Regulations ("N.Y.C.R.R.")*, which collectively contain the requirements for the *SEQR* process.

The Proposed Project components would involve the "*…refinancing of existing debt,"* which is a Type II action as specifically designated by 6 *N.Y.C.R.R.* § 617.5(c)(29) of *SEQR*. Type II *"actions have been determined not to have significant impact on the environment or are otherwise precluded from environmental review under Environmental Conservation Law, article 8."*[1] Therefore, no further *SEQR* determination or procedure is required for a Proposed Project identified as Type II.

The Proposed Action was also reviewed in conformance with the *New York State Historic Preservation Act of 1980 ("SHPA")*, especially the implementing regulations of section 14.09 of the *Parks, Recreation and Historic Preservation Law ("PRHPL")*, as well as with the requirements of the Memorandum of Understanding ("MOU"), dated March 18, 1998, between DASNY and the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP"). In compliance with Article III, Section 3.0 of the MOU, OPRHP would be notified of the proposed Bond issuance. It is the opinion of DASNY that the Proposed Action would have no impact on historical or cultural resources in or eligible for inclusion in the National and/or State Registers of Historic Places.

Attachment

cc: Dena T. Amodio, Esq.
Matthew T. Bergin
David P. Ostrander
SEQR File
OPRHP File

[1] 6 *N.Y.C.R.R.* § 617.5(a)

Single Approval Transaction Summary

The New York and Presbyterian Hospital Obligated Group July 18, 2023
New York, New York

Program: Hospitals Purpose: Refinancing

New Issue Details

One or more Series of fixed and/or variable rate, tax-exempt and/or taxable bonds in an amount not to exceed $400,000,000 with maturities not to exceed 20 years are to be sold at one or more times through a negotiated offering and/or a private placement.

- Lead Manager – Goldman Sachs & Co. LLC
- Co-Bond Counsel – Hawkins Delafield & Wood LLP and D. Seaton and Associates, P.A.
- Underwriter's Counsel – Katten Muchin Rosenman LLP

Purpose

- The refinancing of The New York and Presbyterian Hospital's 2013 taxable FHA Insured Mortgage Loan ($363 million).

Security

- A general obligation of The New York and Presbyterian Hospital ("NYPH") and the Obligated Group (described below).

Expected Ratings: Moody's: Aa2
Fitch: AA

Overview

The New York and Presbyterian Hospital ("NYPH") is a New York not-for-profit corporation created as a result of the 1998 merger of The Society of the New York Hospital and The Presbyterian Hospital in the City of New York. NYPH is a major academic medical center, providing a full range of inpatient and outpatient services to residents of the New York Metropolitan area as well as national and international patients. NYPH is the primary teaching facility for two of the country's leading medical colleges: The Joan and Sanford I. Weill Medical College of Cornell University and Columbia University Vagelos College of Physicians & Surgeons. NYPH operates at eight campuses currently comprised of 3,402 certified beds. These campuses include the 879-bed New York-Presbyterian/Weill Cornell Medical Center, the 247-bed New York-Presbyterian Westchester Behavioral Health Center, the 180-bed New York-Presbyterian Lower Manhattan Hospital, the 738-bed New York-Presbyterian/Columbia University Irving Medical Center, the 284-bed New York-Presbyterian Morgan Stanley Children's Hospital, the 196-bed New York-Presbyterian Allen Hospital, the 590-bed New York-Presbyterian Brooklyn Methodist Hospital and New York-Presbyterian Westchester, which is certified for the 288 beds.

NYPH has a number of related entities that are not part of the Obligated Group but provide strength to the overall enterprise. Subsidiaries of NYPH include NYP Medical Group/Brooklyn Entities, NYP Medical Group/Westchester and Other Entities, NYP/Hudson Valley, and NYP/Queens. NYP Medical Group/Brooklyn Entities primarily consists of various physician practices located in Brooklyn while NYP Medical Group/Westchester and Other Entities primarily consists of physician practices located in Westchester County. NYP/Hudson Valley primarily consists of Hudson Valley Hospital Center, a 128-bed hospital located in Cortlandt Manor, New York. NYP/Queens primarily consists of a 535-bed hospital located in Queens, New York.

The New York-Presbyterian Foundation, Inc. is an affiliate that is linked to NYPH through the NYPH Board of Trustees. NYPH is also affiliated with several entities that are not members of the Obligated Group but support NYPH through fundraising and real estate holdings. These affiliated entities include New York-Presbyterian Fund, Inc., and three real estate holding companies: Royal Charter Properties, Inc., Royal Charter Properties-East, Inc., and Royal Charter Properties-Westchester, Inc. NYP Community Programs, a subsidiary of NYPH, serves as the parent entity of both NYP/Hudson Valley and NYP/Queens. Another affiliated entity, New York-Presbyterian Healthcare System, Inc. serves as the corporate link to other entities that are not members of the Obligated Group including Hospital for Special Surgery, Rogosin Institute, The New York Gracie Square Hospital and The Silvercrest Center for Nursing and Rehabilitation.

The Obligated Group and the MTI

NYPH entered into a Master Trust Indenture (the "MTI") in 2015 as representative of the New York and Presbyterian Hospital Obligated Group (the "Obligated Group"). NYPH is currently the sole member of the Obligated Group. The MTI establishes the parity nature of existing and future indebtedness and the conditions under which the Obligated Group incurs and secures debt. Each time the Obligated Group incurs debt, the Obligated Group issues an Obligation pursuant to the MTI to evidence the obligation with respect to repayment. Currently, as sole member of the Obligated Group, NYPH is solely liable for repayment of such Obligations.

Single Approval Transaction Summary

The New York and Presbyterian Hospital Obligated Group July 18, 2023
New York, New York

Program: Hospitals Purpose: Refinancing

Description of the Series 2023 Bonds

- The Bonds are a special obligation of DASNY.
- The Loan Agreement and the Obligation are general obligations of NYPH and the Obligated Group, respectively.
- The Bonds are payable from payments made pursuant to the Loan Agreement, the Obligation and all funds and accounts established under the Resolution.

Approvals

- SEQR Filing – July 24, 2023*
- PACB Approval – July 26, 2023*
- TEFRA Hearing – July 26, 2023*

*Anticipated date

Additional Information

- Refinancing Results: Under current market conditions, the refinancing is estimated to provide a net present value benefit of approximately $33.3 million which is approximately 9.2% of the debt being refinanced.
- Liquidity and Balance Sheet: The Obligated Group has consistently recorded over 110 days cash on hand and its cushion ratio has averaged approximately of 10.90 over the last five years.
- Results of Operations: Excluding the negative results in 2020 caused by the pandemic, the NYPH Obligated Group's operating gain and operating margin have averaged approximately $313 million and 4.37%, respectively, over the last four years.
- Payor Mix/Managed Care Contracting: As one of the larger integrated healthcare systems, NYPH has leverage when negotiating with payors. The negotiating power of NYPH has been critical to obtaining adequate reimbursement levels for services, especially because commercial payments have covered the revenue deficiencies from government payors and uninsured patients. The payor mix is favorable as compared to other providers in the region with a higher mix of commercial payors (55%) than Medicare (27%) or Medicaid (17%).
- Competition: The major competitors include several healthcare systems located in the New York City metropolitan area and Long Island and each system seeks to develop plans aimed at capturing additional market share and growing high-end services.
- Reimbursement – The impact of Federal Health Care Reform in New York State and future changes in Medicare reimbursement may present challenges in the future.

Recommendation

Staff recommends that the Board adopt the necessary documents for one or more series of bonds in an amount not to exceed $400,000,000.

This Transaction Summary was prepared solely to assist DASNY in its review and approval of the proposed financing described therein and must not be relied upon by any person for any other purpose. DASNY does not warrant the accuracy of the statements contained in any offering document or any other materials relating to or provided by the Institution or the Obligated Group in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution or the Obligated Group, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.

The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by the Institution and the Obligated Group pursuant to the Loan Agreement and the Obligation, certain funds established under the Resolution and other property, if any, pledged by the Institution or the Obligated Group as security for the Bonds.

Transaction Report

The New York and Presbyterian Hospital Obligated Group

THE INSTITUTION: The New York and Presbyterian Hospital ("NYPH") is a New York not-for-profit corporation created as a result of the 1998 merger of The Society of the New York Hospital and The Presbyterian Hospital in the City of New York. NYPH is a major academic medical center, providing a full range of inpatient and outpatient services to residents of the New York Metropolitan area as well as national and international patients. NYPH is the primary teaching facility for two of the country's leading medical colleges: The Joan and Sanford I. Weill Medical College of Cornell University and Columbia University Vagelos College of Physicians & Surgeons. NYPH is the sole member of the Obligated Group and operates at eight campuses currently comprised of 3,402 certified beds. These campuses include the 879-bed New York-Presbyterian/Weill Cornell Medical Center, the 247-bed New York-Presbyterian Westchester Behavioral Health Center, the 180-bed New York-Presbyterian Lower Manhattan Hospital, the 738-bed New York-Presbyterian/Columbia University Irving Medical Center, the 284-bed New York-Presbyterian Morgan Stanley Children's Hospital, the 196-bed New York-Presbyterian Allen Hospital, the 590-bed New York-Presbyterian Brooklyn Methodist Hospital and New York-Presbyterian Westchester, which is certified for the 288 beds. The campuses New York-Presbyterian Lower Manhattan Hospital and New York-Presbyterian Brooklyn Methodist Hospital were formerly known as New York Downtown Hospital and New York Methodist Hospital and were merged into NYPH in 2013 and 2022, respectively. Both hospitals were former DASNY financing clients.

NYPH has a number of related entities that are not part of the Obligated Group but provide strength to the overall enterprise. Subsidiaries of NYPH include NYP Medical Group/Brooklyn Entities, NYP Medical Group/Westchester and Other Entities, NYP/Hudson Valley and NYP/Queens. NYP Medical Group/Brooklyn Entities primarily consists of various physician practices located in Brooklyn while NYP Medical Group/Westchester and Other Entities primarily consists of physician practices located in Westchester County. NYP/Hudson Valley primarily consists of Hudson Valley Hospital Center, a 128-bed hospital located in Cortlandt Manor, New York. NYP/Queens primarily consists of a 535-bed hospital located in Queens, New York.

The New York-Presbyterian Foundation, Inc. is an affiliate that is linked to NYPH through the NYPH Board of Trustees. NYPH is also affiliated with several entities that are not members of the Obligated Group but support NYPH through fundraising and real estate holdings. These affiliated entities include New York-Presbyterian Fund, Inc., and three real estate holding companies: Royal Charter Properties, Inc., Royal Charter Properties-East, Inc., and Royal Charter Properties-Westchester, Inc. NYP Community Programs, a subsidiary of NYPH, serves as the parent entity of both NYP/Hudson Valley and NYP/Queens. Another affiliated entity, New York-Presbyterian Healthcare System, Inc. serves as the corporate link to other entities that are not members of the Obligated Group including Hospital for Special Surgery, Rogosin Institute, The New York Gracie Square Hospital and The Silvercrest Center for Nursing and Rehabilitation.

THE OBLIGATED GROUP AND THE MTI: NYPH entered into a Master Trust Indenture (the "MTI") in 2015 as representative of the New York and Presbyterian Hospital Obligated Group (the "Obligated Group"). NYPH is currently the sole member of the Obligated Group. The MTI establishes the parity nature of existing and future indebtedness and the conditions under which the Obligated Group incurs and secures debt. Each time the Obligated Group incurs debt, the Obligated Group issues an Obligation pursuant to the MTI to evidence the obligation with respect to repayment. Currently, as sole member of the Obligated Group, NYPH is solely liable for repayment of such Obligations.

Governance: The New York and Presbyterian Hospital is governed by a Board of Trustees comprised of 93 members. The NYPH Bylaws provide for seventeen active committees which cover every aspect of NYPH's operations. Two Columbia University trustees and two Cornell University trustees serve on the NYPH Board. The Board schedules meetings five times each year.

DASNY Financing History: NYPH and its legacy hospitals have been DASNY clients since 1981. Table 1 summarizes the borrowing history, however, as of June 30, 2023, NYPH had no debt outstanding with DASNY.

Table 1 -- Outstanding DASNY Debt

Series	Final Maturity or Defeasance	Amount Issued	Amount Outstanding
The Society of the New York Hospital			
1981	to 1984	$ 973,965,000	$0
The Presbyterian Hospital in the City of New York			
1987	to 1997	$ 1,151,654,927	$0
The New York and Presbyterian Hospital			
1998	2010	$ 709,520,000	$0
2004A	2012	312,490,000	0
2007	2012	296,075,000	0
		$1,318,085,000	$0

NYPH has always paid its debt service obligations on time and in full. NYPH campuses New York-Presbyterian Lower Manhattan Hospital (formerly known as New York Downtown Hospital) and New York-Presbyterian Brooklyn Methodist Hospital (formerly known as New York Methodist Hospital) were both former DASNY clients. Each had previously issued bonds through DASNY; however, the bonds that were issued are no longer outstanding.

Subsidiaries, NYP/Hudson Valley, and NYP/Queens had previously issued bonds through DASNY. The bonds were issued for their legacy hospitals, Hudson Valley Hospital Center, and New York Hospital Medical Center of Queens; however, these bonds are no longer outstanding. Affiliates, Hospital for Special Surgery and The Silvercrest Center for Nursing and Rehabilitation had also previously issued bonds through DASNY, however, these bonds are no longer outstanding. Royal Charter Properties-East, Inc., another affiliate of NYPH, currently has approximately $121.9 million of outstanding DASNY Series 2006A Bonds. None of the subsidiaries or affiliates are currently members of the Obligated Group.

THE REFINANCING: NYPH is proposing to refinance its 2013 taxable FHA Insured Mortgage Loan in the amount of approximately $363 million. The proceeds of the 2013 taxable FHA Insured Mortgage Loan were used to finance a portion of the NewYork-Presbyterian David H. Koch Center, a multi-specialty ambulatory care center located in Manhattan's Upper East Side on York Avenue between 68th and 69th Streets. Under current market conditions, the refinancing is estimated to provide a net present value benefit of approximately $33.3 million which is 9.2% of the debt that is being refinanced. Attachment I provides a savings analysis.

Security Provisions: The bonds will be secured by an Obligation issued under the Master Trust Indenture ("MTI") that will secure NYPH's payments under the Loan Agreement. NYPH is the sole member of the Obligated Group and is solely liable to repay all obligations and guarantees issued under the MTI. The MTI assures the parity nature of existing and future indebtedness and provides the basis under which the Obligated Group incurs and secures debt. The Loan Agreement and Obligation are general obligations of NYPH and the Obligated Group, respectively.

FINANCING DETAILS: The proposed refinancing will be used to pay off NYPH's 2013 taxable FHA Insured Mortgage Loan in the amount of approximately $363 million. NYPH will be contributing approximately $35.6 million in equity towards the refinancing. The equity contribution matches the existing FHA Insured Mortgage Loan's Mortgage Reserve Fund. Once the 2013 FHA Insured Mortgage Loan is paid off, the existing Mortgage Reserve Fund will be released to NYPH. Total costs of issuance, including underwriter's discount, are estimated at approximately $2.9 million. In order to provide for market fluctuations, a bond issue of an amount not to exceed $400,000,000 is being requested. Attachment II provides the estimated Sources and Uses.

Under the current plan of finance, NYPH is proposing to structure the refinancing to amortize primarily between the years 2028 through 2038 to provide for a more level aggregate debt service profile. The proposed refinancing is being structured without any extension of the existing maturity. Although the current plan of finance is to keep the existing maturity, NYPH would like the flexibility to extend the existing maturity by 5 years. This potential extension would also be subject to tax counsel review.

FEASIBILITY – DEMAND ANALYSIS: Table 2 presents the past five years of historical utilization results for NYPH. In 2022, New York-Presbyterian Brooklyn Methodist Hospital was merged into NYPH becoming NYPH's eighth campus adding its 590 beds and utilization statistics to the table below.

NYPH's primary service area includes four of the five boroughs of New York City (Manhattan, Bronx, Brooklyn and Queens) and Westchester County. Based on recent information, the primary service area accounts for approximately 82% of its total discharges. NYPH's secondary service area includes parts of the neighboring counties in New York (including Staten Island), New Jersey and Connecticut. The most recent information available shows that its next largest competitor is Northwell Health. NYPH continues to focus on providing a responsive patient care experience while facilitating patient access so that every patient in need of its services can access those services in a timely and convenient manner. To achieve this, NYPH has expanded its primary care services while recruiting primary care physicians and expanded its telemedicine program. NYPH's strategy also includes Practice Engagement Teams to help physicians' offices and their staff maximize capacity and access. Other enhancements include direct on-line scheduling capability and contact centers to help patients find and access the right care. NYPH continues to engage in strategies to become the leading academic integrated delivery system in the nation

With the exception of 2020, the occupancy rate, which measures total patient days to total licensed bed days available has approximated 75%. This is above the 2021 Statewide Median and is in line with the 2021 DASNY Median.

For the three-month period ending March 31, 2023, NYPH recorded increases in discharges, emergency room visits, outpatient clinic visits and ambulatory surgery procedures compared to the same period in 2022 leading to an increase in net patient service revenue. The growth in utilization is the result of the continuing recovery in New York City from the pandemic.

Table 2
The New York and Presbyterian Hospital
Utilization Analysis
Years Ended December 31,

	2018	2019	2020	2021	2022	2021 Statewide Median	2021 DASNY Median
Licensed Beds*	2,813	2,795	2,812	2,812	3,402		
Total Discharges*	121,296	122,028	105,124	112,617	139,132		
Total Patient Days*	768,096	774,471	715,202	775,631	925,148		
Outpatient Visits	2,524,848	2,571,605	1,893,938	2,269,833	2,609,044		
Full-time Equivalent (FTE) Employees	27,243	27,746	28,185	27,551	32,896		
Occupancy Rate (%)*	74.81%	75.92%	69.49%	75.57%	74.50%	44.74%	74.60%
Average Length of Stay*	6.33	6.35	6.80	6.89	6.65	5.14	5.56

*Excluding Nursery

NYPH's historical payor mix is presented below with Commercial and Managed Care constituting the largest portion of gross revenue followed by Medicare.

Payor Mix

	2020	2021	2022
Medicare	28.3%	25.7%	27.4%
Medicaid	15.8%	16.1%	16.9%
Com. and Mng. Care	55.3%	57.9%	55.3%
Self-Pay and Other	0.6%	0.3%	0.4%
Total	100.0%	100.0%	100.0%

FEASIBILITY – INCOME STATEMENT ANALYSIS: Table 3 presents the historical income statement analysis for NYPH for the period 2018 through 2022. With the exception of the negative impact caused by COVID-19 in 2020, total operating revenue has consistently outpaced total operating expenses. In 2022, the resulting operating gain was $318.3 million. In 2022, the 3.57% operating margin was above both the 2021 Statewide and DASNY Medians of 0.36% and -0.55%, respectively. The Excess Margin of 4.10% in 2022 was also above the 2021 Statewide and DASNY Medians of 2.48% and 0.86%, respectively.

NYPH's EBIDA debt service coverage ratio of 4.49 in 2022 was above the 2021 Statewide and DASNY Medians of 3.53 and 1.63, respectively. NYPH's EBIDA debt service coverage ratio has averaged 3.26:1.0 over the last five years. Excluding the low debt service coverage ratio in 2020 caused by the negative impact of COVID-19, NYPH's EBIDA debt service coverage ratio averaged 4.03:1.0. In the period shown, the negative amounts in non-operating activities have been driven by investment losses, while negative amounts in other changes in unrestricted net assets have been driven by pension and post retirement related changes.

Beginning in 2022, New York-Presbyterian Brooklyn Methodist Hospital was merged into NYPH. Prior to this occurring, their financials were accounted for separately. In 2021, New York-Presbyterian Brooklyn Methodist Hospital recorded approximately $1.0 billion in total operating revenues. In addition to the merger of New York-Presbyterian Brooklyn Methodist Hospital into NYPH, operating revenue growth has been attributed to increases in payment rates and increases in both inpatient and outpatient patient volumes. The growth in operating expenses has been attributable to not only the addition of New York-Presbyterian Brooklyn Methodist Hospital in 2022, but also to increases in salaries and wages and employee benefits (including the use of temporary and agency staffing) as well as increase in supplies and other expenses.

For the three-month period ending March 31, 2023, NYPH recorded operating income of $124.9 million and an operating margin of 5.3%. For the three-months ended March 31, 2023, net patient service revenue increased by $269.6 million or 14% compared to the same period in 2022. This increase was primarily driven by increases in both inpatient and outpatient volumes and increases in payments rates.

Table 3
The New York and Presbyterian Hospital
Income Statement Analysis
Years Ended December 31,
(in $000s)

	2018	2019	2020	2021	2022	2021 Statewide Median	2021 DASNY Median
Net patient service revenue	$6,021,789	$6,418,543	$5,734,047	$6,880,605	$8,350,179		
Other operating revenue	265,856	291,131	967,001	427,978	556,881		
Total operating revenue	$6,287,645	$6,709,674	$6,701,048	$7,308,583	$8,907,060		
Total operating expense	5,954,735	6,381,041	7,215,171	7,036,766	8,588,739		
Operating gain	332,910	328,633	(514,123)	271,817	318,321		
Total non-operating activities	(82,453)	495,104	378,453	804,260	(632,019)		
Excess revenues over expenses	250,457	823,737	(135,670)	1,076,077	(313,698)		
Total other changes in unrestricted net assets	283,634	(92,650)	(165,612)	404,109	360,371		
Increase in unrestricted net assets	$ 534,091	$ 731,087	$ (301,282)	$ 1,480,186	$ 46,673		
EBIDA debt service coverage (2,3)	4.82	4.54	0.18	2.28	4.49	3.53	1.63
Operating Margin (1)	5.29%	4.90%	-7.67%	3.72%	3.57%	0.36%	-0.55%
Excess Margin (2)	5.29%	4.90%	-7.86%	3.98%	4.10%	2.48%	0.86%
Net Profit Margin	8.49%	10.90%	-4.50%	20.20%	0.52%	6.05%	2.69%

(1) Ratio calculation excludes any unrealized gain/(loss), realized investment gain/(loss) / investment income, and unrestricted contributions as reported in the Audit.
(2) Ratio calculation includes realized investment gain/(loss)/ investment income and unrestricted contributions, and excludes any unrealized gain/(loss), as reported in the Audit.
(3) Statewide median for this ratio is based on only those institutions with long-term debt.

FEASIBILITY – BALANCE SHEET ANALYSIS: Table 4 presents the historical balance sheet analysis for NYPH for the period 2018 through 2022. During this time period, total assets have increased by approximately $5.7 billion while total liabilities have increased by approximately $2.4 billion. In 2022, NYPH's current ratio was 2.49 as compared to the 2021 Statewide and DASNY Medians of 1.47 and 1.62, respectively. Another indication of NYPH's financial position is the cushion ratio. This measures the ability to pay debt service from cash and unrestricted board designated funds. In 2022, the cushion ratio stood at 10.90 while the 2021 Statewide and DASNY Medians were 14.37 and 10.76, respectively.

NYPH has consistently recorded over 100 days cash on hand and recorded nearly 112 days of operating cash available in 2022, as compared to the 2021 Statewide and DASNY Medians of 98.98 and 127.18 days, respectively.

For fiscal year 2023, NYPH's cash to debt ratio was reported at 62.81%, while the 2021 Statewide and DASNY Medians were 152.55% and 87.53%, respectively. In 2023, the debt to capitalization ratio of 33.06% was between the 2021 Statewide and DASNY Medians of 19.88% and 50.59%.

For the three-month period ending March 31, 2023, NYPH reported a current ratio of 2.61 which was slightly higher than the level reported for the fiscal year ending December 31, 2022.

Table 4
The New York and Presbyterian Hospital
Balance Sheet Analysis
Years Ended December 31,
(in $000s)

	2018	2019	2020	2021	2022	2021 Statewide Median	2021 DASNY Median
Assets							
Current	$ 3,212,763	$3,375,951	$ 4,422,046	$ 4,372,630	$ 4,777,971		
Limited Use	2,464,139	3,495,622	4,528,533	5,110,536	5,125,710		
Long-Term	6,643,602	7,127,342	7,401,786	7,857,021	8,103,805		
Total Assets	$12,320,504	$13,998,915	$16,352,365	$17,340,187	$18,007,486		
Liabilities							
Total Current Liabilities	$ 1,298,979	$1,399,756	$ 2,093,310	$ 2,305,462	$ 1,922,583		
Long-Term	3,626,794	4,325,813	6,101,906	4,981,855	5,434,211		
Total Liabilities	$ 4,925,773	$5,725,569	$ 8,195,216	$ 7,287,317	$ 7,356,794		
Total Net Assets	7,394,731	8,273,346	8,157,149	10,052,870	10,650,692		
Total Liabilities and Net Assets	$12,320,504	$13,998,915	$16,352,365	$17,340,187	$18,007,486		
Detail							
Cash and Short-Term Investments	$ 2,071,204	$1,977,266	$ 2,964,241	$ 2,557,264	$ 2,501,536		
Current Portion of Long-Term Debt	$ 69,328	$ 78,374	$ 89,394	$ 259,277	$ 81,255		
Long-Term Debt	$ 2,686,333	$3,129,861	$ 4,087,882	$ 3,600,815	$ 3,901,311		
Unrestricted Net Assets	$ 5,364,640	$6,095,727	$ 5,794,445	$ 7,274,631	$ 8,063,057		
Current Ratio	2.47	2.41	2.11	1.90	2.49	1.47	1.62
Cushion Ratio (1)	12.82	10.80	13.44	6.49	10.90	14.37	10.76
Days in Accounts Receivable	45.87	48.65	44.52	50.24	50.95	39.46	48.04
Days in Current Liabilities	83.62	84.29	111.51	123.29	86.06	99.09	97.94
Days Cash on Hand	133.32	119.07	157.90	136.75	111.98	98.98	127.18
Cash to Debt (1)	75.16%	61.63%	70.96%	66.25%	62.81%	152.55%	87.53%
Debt to Capitalization	33.94%	34.48%	41.89%	34.67%	33.06%	19.88%	50.59%

(1) Statewide medians for these ratios are based on only those institutions with long-term debt.

<u>SUMMARY:</u> Staff recommends that the Board authorize and adopt the necessary documents for the issuance of one or more series of tax-exempt and/or taxable, fixed and/or variable rate Series 2023 Bonds issued at one or more times in an amount not to exceed $400,000,000.

This report was prepared solely to assist DASNY in its review and approval of the proposed financing described therein and must not be relied upon by any person for any other purpose. DASNY does not warrant the accuracy of the statements contained in any offering document or any other materials relating to or provided by the Institution or the Obligated Group in connection with the sale or offering of the Bonds, nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of the Institution or the Obligated Group, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.

The Bonds are special limited obligations of DASNY that are secured only by the amounts required to be paid by NYPH and the Obligated Group pursuant to the Loan Agreement and the Obligation, certain funds established under the Resolution and other property, if any, pledged by the Institution or the Obligated Group as security for the Bonds.

NEW YORK STATE OF OPPORTUNITY. | DASNY

The New York and Presbyterian Hospital Obligated Group
Savings Analysis

DEBT SERVICE COMPARISON

Date	Existing D/S	New D/S	Gross Savings	PV Savings
2023	7,461,418	0	7,461,418	7,389,420
2024	35,098,110	12,956,495	22,141,615	21,084,579
2025	35,008,187	14,621,750	20,386,437	18,666,532
2026	34,914,134	14,621,750	20,292,384	17,865,782
2027	34,815,760	14,621,750	20,194,010	17,095,358
2028	34,712,867	16,481,750	18,231,117	14,840,057
2029	34,605,247	37,628,750	(3,023,503)	(2,366,461)
2030	34,492,683	37,633,750	(3,141,067)	(2,363,920)
2031	34,374,948	37,630,750	(3,255,802)	(2,356,027)
2032	34,251,804	37,632,250	(3,380,446)	(2,352,139)
2033	34,123,003	37,630,000	(3,506,997)	(2,346,341)
2034	33,988,284	37,631,000	(3,642,716)	(2,343,406)
2035	33,847,377	37,631,750	(3,784,373)	(2,340,900)
2036	33,699,996	37,628,750	(3,928,754)	(2,336,740)
2037	33,545,845	37,628,500	(4,082,655)	(2,334,882)
2038	25,012,462	37,632,000	(12,619,538)	(6,939,567)
Total	$513,952,125	$449,610,995	$64,341,130	$68,861,346

PRESENT VALUE ANALYSIS SUMMARY

PV Debt Service Savings..	$68,861,346
Less: Refunding Funds on Hand	(35,562,061)
NET PRESENT VALUE BENEFIT...	$33,299,285
NPV BENEFIT OF REFUNDED PRINCIPAL..............................	9.20%
NPV BENEFIT OF REFUNDING PRINCIPAL.............................	11.39%

REFUNDING BOND INFORMATION

Refunding Dated Date..	Aug-23
Refunding Delivery Date..	Aug-23

The New York and Presbyterian Hospital Obligated Group
Sources and Uses of Funds

Sources of Funds:

Bond Proceeds		
Par Proceeds	$	292,435,000
Original Issue Premium		38,162,000
Equity		35,562,061
Total Sources	$	366,159,061

Uses of Funds:			% of Par
Project Fund Deposits			
Taxable FHA Insured Mortgage Loan Refinancing		363,233,000	
Costs of Issuance and Underwriter's Discount		2,926,061	1.00%
Total Uses	$	366,159,061	

Balance Sheets

Assets:		2018	2019	2020	2021	2022
Cash and Investments	$	2,071,204,000	1,977,266,000	2,964,241,000	2,557,264,000	2,501,536,000
Patient Receivables (Net)		756,803,000	855,466,000	697,541,000	947,137,000	1,165,530,000
Due From Affiliates		19,415,000	137,824,000	206,094,000	271,024,000	462,179,000
Other Current Assets		365,341,000	405,395,000	554,170,000	597,205,000	648,726,000
Total Current Assets		3,212,763,000	3,375,951,000	4,422,046,000	4,372,630,000	4,777,971,000
Restricted By Debt						
Other		2,464,139,000	3,495,622,000	4,528,533,000	5,110,536,000	5,125,710,000
Total Assets Limited Use		2,464,139,000	3,495,622,000	4,528,533,000	5,110,536,000	5,125,710,000
Net Property Plant Equip.		3,900,931,000	3,984,592,000	4,065,420,000	3,925,449,000	4,485,727,000
Long Term Investments						
Due From Affiliates						
Other Non Current Assets		2,742,671,000	3,142,750,000	3,336,366,000	3,931,572,000	3,618,078,000
Total Assets	$	**12,320,504,000**	**13,998,915,000**	**16,352,365,000**	**17,340,187,000**	**18,007,486,000**
Liabilities:						
Accts. Payable/Accrued		604,066,000	621,868,000	762,277,000	777,686,000	866,516,000
Accrued Salary/Benefits		311,793,000	364,701,000	511,924,000	518,778,000	545,843,000
Curr Portion L-T Debt/Cap Lease/Note Payable		69,328,000	78,374,000	89,394,000	259,277,000	81,255,000
Short-term Borrowings						
Due to Third Parties						
Due To Affiliates						
Other Current Liabilities		313,792,000	334,813,000	729,715,000	749,721,000	428,969,000
Total Current Liabilities		1,298,979,000	1,399,756,000	2,093,310,000	2,305,462,000	1,922,583,000
Long Term Debt (Net)		2,686,333,000	3,129,861,000	4,087,882,000	3,600,815,000	3,901,311,000
Long Term Capital Leases / Notes Payable						
Due To Third Parties, Long Term						
Due to Affiliates, Long Term						
Insurance Plan Obligations		379,019,000	408,148,000	460,840,000	483,298,000	719,137,000
Retirement Plan Obligations		201,951,000	268,675,000	572,570,000	142,220,000	22,474,000
Other Noncurrent Liabilities		359,491,000	519,129,000	980,614,000	755,522,000	791,289,000
Total Liabilities		**4,925,773,000**	**5,725,569,000**	**8,195,216,000**	**7,287,317,000**	**7,356,794,000**
Unrestricted		5,364,640,000	6,095,727,000	5,794,445,000	7,274,631,000	8,063,057,000
Temporarily Restricted		2,030,091,000	2,177,619,000	2,362,704,000	2,778,239,000	2,587,635,000
Permanently Restricted						
Total Net Assets		**7,394,731,000**	**8,273,346,000**	**8,157,149,000**	**10,052,870,000**	**10,650,692,000**
Total Liabilities and Net Assets	$	**12,320,504,000**	**13,998,915,000**	**16,352,365,000**	**17,340,187,000**	**18,007,486,000**

Statement of Activities

Operating Revenue:						
Patient Service Revenue, Net	$	6,021,789,000	6,418,543,000	5,734,047,000	6,880,605,000	8,350,179,000
Less provision for bad debt						
NPSR less provision for bad debt		6,021,789,000	6,418,543,000	5,734,047,000	6,880,605,000	8,350,179,000
Unrealized Investment Gain/(Loss)						
Realized Investment Gain/(Loss) / Investment Income						
Unrestricted Contributions						
Other Operating Revenue		265,856,000	291,131,000	967,001,000	427,978,000	556,881,000
Total Operating Revenue	$	**6,287,645,000**	**6,709,674,000**	**6,701,048,000**	**7,308,583,000**	**8,907,060,000**
Operating Expenses:						
Salaries and Benefits		3,584,823,000	3,828,505,000	4,196,046,000	4,054,712,000	4,994,193,000
Supply/Other General Admin		1,923,931,000	2,049,738,000	2,454,344,000	2,376,577,000	2,930,516,000
Interest Expense		92,263,000	104,723,000	131,082,000	134,851,000	148,141,000
Depreciation		353,718,000	398,075,000	433,699,000	470,626,000	515,889,000
Total Operating Expenses		**5,954,735,000**	**6,381,041,000**	**7,215,171,000**	**7,036,766,000**	**8,588,739,000**
Operating Income		**332,910,000**	**328,633,000**	**-514,123,000**	**271,817,000**	**318,321,000**
Non Operating Activities:						
Unrestricted Contributions						
Realized Investment Gain/(Loss) / Investment Income						
Unrealized Investment Gain/(Loss)		-82,453,000	495,152,000	389,923,000	784,644,000	-680,765,000
Other Non Operating Gains/(Losses)			-48,000	-11,470,000	19,616,000	48,746,000
Total Non Operating Activities		-82,453,000	495,104,000	378,453,000	804,260,000	-632,019,000
Operating Excess		**250,457,000**	**823,737,000**	**-135,670,000**	**1,076,077,000**	**-313,698,000**
Unrealized Investment Gain/(Loss)						
Realized Investment Gain/(Loss) / Investment Income						
Unrestricted Contributions						
Pension and Post Retirement Related Changes		-4,360,000	-163,944,000	-224,026,000	410,079,000	314,043,000
Transfers (to)/from Affiliates		-11,641,000	-20,107,000	-28,675,000	-55,875,000	-4,318,000
Other Changes		299,635,000	91,401,000	87,089,000	49,905,000	50,646,000
Total Other Changes in Unrestricted		**283,634,000**	**-92,650,000**	**-165,612,000**	**404,109,000**	**360,371,000**
Change in Unrestricted Net Assets	$	**534,091,000**	**731,087,000**	**-301,282,000**	**1,480,186,000**	**46,673,000**

Office of Portfolio Monitoring	***New York Presbyterian Hospital Obligated Group***
	Appendix B
Health Care Management and Monitoring	**Financial and Operating Ratios**

Existing DASNY Debt:

Bonds Issued:	**$0**	**Region:**	**New York City**
Bonds Outstanding:	**$0**		
Credit Enhancement:		**Beds:**	**3,402**
Bond Rating:			

	Year					2021 Statewide Median	2021 DASNY Median
	2018	2019	2020	2021	2022		
LIQUIDITY RATIOS							
Current	2.47	2.41	2.11	1.90	2.49	1.47	1.62
Cushion (3)	12.82	10.80	13.44	6.49	10.90	14.37	10.76
Days Revenue in Accounts Receivable	45.87	48.65	44.52	50.24	50.95	39.46	48.04
Days Expenses in Current Liabilities	83.62	84.29	111.51	123.29	86.06	99.09	97.94
Days Operating Cash Available	133.32	119.07	157.90	136.75	111.98	98.98	127.18
Cash to Debt (3)	75.16%	61.63%	70.96%	66.25%	62.81%	152.55%	87.53%
CAPITAL RATIOS							
Average Age of Plant	0.00	0.00	0.00	0.00	0.00	16.12	10.54
Remaining Useful Life	11.03	10.01	9.37	8.34	8.70	8.54	8.55
Long Term Debt to Fixed Assets	68.86%	78.55%	100.55%	91.73%	86.97%	31.81%	72.49%
Assets Financed by Liabilities	39.98%	40.90%	50.12%	42.03%	40.85%	53.82%	72.38%
EBIDA Debt Service Coverage (2),(3)	4.82	4.54	0.18	2.28	4.49	3.42	1.63
Capital Expense	2.85%	3.02%	3.21%	5.77%	2.81%	1.69%	2.98%
Capital Spending	0.00	0.00	0.00	0.00	0.00	0.91	0.81
Debt to Capitalization	33.94%	34.48%	41.89%	34.67%	33.06%	19.88%	50.59%
PROFITABILITY RATIOS							
Operating Margin (1)	5.29%	4.90%	-7.67%	3.72%	3.57%	0.36%	-0.55%
Excess Margin (2)	5.29%	4.90%	-7.86%	3.98%	4.10%	2.48%	0.86%
Net Profit Margin	8.49%	10.90%	-4.50%	20.20%	0.52%	6.05%	2.69%
EBIDA Margin (1)	12.39%	12.39%	0.76%	12.00%	11.03%	5.00%	6.52%
Return on Total Assets (2)	2.70%	2.35%	-3.21%	1.68%	2.04%	1.95%	0.78%
Bad Debt Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	1.49%	
PRODUCTIVITY AND COST RATIOS							
Salary and Benefit Expense per FTE	$131,587	$137,984	$148,875	$147,171	$151,818	$103,350	$136,310
Labor Expense : Net Patient Revenue	59.53%	59.65%	73.18%	58.93%	59.81%	62.81%	69.70%
Occupancy	74.81%	75.92%	69.49%	75.57%	74.50%	44.74%	74.60%
Average Length of Stay	6.33	6.35	6.80	6.89	6.65	5.14	5.56

(1) Ratio calculation excludes any unrealized gain/(loss), realized investment gain/(loss) / investment income, and unrestricted contributions as reported in the Audit.
(2) Ratio calculation includes realized investment gain/(loss) / investment income and unrestricted contributions, and excludes any unrealized gain/(loss), as reported in the Audit.
(3) Regional Medians for these ratios are based on only those institutions with long term debt.

NEW YORK STATE OF OPPORTUNITY. | Department of Health

KATHY HOCHUL
Governor

JAMES V. McDONALD, M.D., M.P.H.
Commissioner

MEGAN E. BALDWIN
Acting Executive Deputy Commissioner

To: Portia Lee, Managing Director, and Office of Public Finance
New York State Dormitory Authority

From: Kenneth Evans, Deputy Director KPE
Division of Health Economics and Provider Assistance

Date: July 14, 2023

Subject: DOH Recommendation on DASNY Resolution for the Adoption of Documents to Proceed with Proposed The New York Presbyterian Hospital Obligated Group

Introduction:

This memo will serve as the Department's recommendation to the Dormitory Authority of New York (DASNY) related to the resolution of the Adoption of Documents to proceed with the financing for The New York and Presbyterian Hospital Obligated Group (NYPH) proposed below.

NYPH is expected to issue one or more series of fixed and/or variable rate, tax-exempt and/or taxable bonds in an amount not-to-exceed $400,000,000 with maturities not-to-exceed 20 years, to be sold at one or more times through a negotiated offering and/or a private placement. NYPH is proposing to refinance its 2013 taxable FHA Insured Mortgage Loan in the amount of approximately $363 million with the proceeds of the 2013 taxable FHA Insured Mortgage Loan were used to finance a portion of the New York-Presbyterian David H. Koch Center, a multi-specialty ambulatory care center located in Manhattan's Upper East Side on York Avenue between 68th and 69th Streets.

Background:

The New York and Presbyterian Hospital ("NYPH") is a New York not-for-profit corporation created as a result of the 1998 merger of The Society of the New York Hospital and The Presbyterian Hospital in the City of New York. NYPH is a major academic medical center, providing a full range of inpatient and outpatient services to residents of the New York Metropolitan area, as well as national and international patients. NYPH is the primary teaching facility for two of the country's leading medical colleges: The Joan and Sanford I. Weill Medical College of Cornell University and Columbia University Vagelos College of Physicians & Surgeons. NYPH operates at eight campuses currently comprised of 3,402 certified beds. These campuses include the 879-bed New York-Presbyterian/Weill Cornell Medical Center, the 247-bed New York-Presbyterian Westchester Behavioral Health Center, the 180-bed New York-Presbyterian Lower Manhattan Hospital, the 738-bed New York-Presbyterian/Columbia University Irving Medical Center, the 284-bed New York-Presbyterian Morgan Stanley Children's Hospital, the 196-bed New York-Presbyterian Allen Hospital, the 590-bed New York-Presbyterian Brooklyn Methodist Hospital and New York-Presbyterian Westchester, which is certified for the 288 beds.

Subsidiaries of NYPH that are not members of the Obligated Group include NYP Medical Group/Brooklyn Entities, NYP Medical Group/Westchester and Other Entities, NYP/Hudson Valley, and NYP/Queens. NYP Medical Group/Brooklyn Entities primarily consists of various physician practices located in Brooklyn, while NYP Medical Group/Westchester and Other Entities primarily consist of physician practices located in Westchester County. NYP/Hudson Valley primarily consists of Hudson Valley Hospital Center, a 128-bed hospital located in Cortlandt Manor, New York. NYP/Queens primarily comprises a 535-bed hospital in Queens, New York.

Proposed Financing:

The Sources and Uses for the proposed financing are presented in the table on the following page. NYPH is proposing to refinance its 2013 taxable FHA Insured Mortgage Loan of approximately $363 million. The proceeds of the 2013 taxable FHA Insured Mortgage Loan were used to finance a portion of the NewYork-Presbyterian David H. Koch Center, a multi-specialty ambulatory care center located in Manhattan's Upper East Side on York Avenue between 68th and 69th Streets.

NYPH is proposing to structure the refinancing to amortize primarily between the years 2028 through 2038 to provide for a more level aggregate debt service profile. The proposed refinancing is currently structured without any extension of the existing maturity; however, although the current finance plan is to keep the existing maturity, NYPH would like the flexibility to extend the existing maturity by five (5) years. Under current market conditions, the refinancing is estimated to provide a net present value benefit of approximately $33.3 million.

Sources and Uses:

Sources:	
Bond Proceeds	
Par Proceeds	$ 292,435,000
Original Issue Premium	38,162,000

Equity	35,562,061
Total Sources	**$ 366,159,061**
Uses:	
Project Fund Deposits	
Taxable FHA Insured Mortgage Loan Refinancing	363,233,000
Costs of Issuance and Underwriter's Discount	2,926,061
Total Uses	**$ 366,159,061**

Recommendation:

The Department of Health recommends approval to DASNY for the Adoption of Documents to proceed with the proposed NYPH financing in an amount not to exceed $400,000,000. The proposed financing plan provides an acceptable debt structure and foundation by which NYPH can implement its various construction, renovation, and modernization projects. The Department supports this financing and the expected positive impact NYPH has on the health care delivery system for the communities it serves.

NewYork-Presbyterian Organizational Structure